

"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.



HDC's official launch in December 2003.



Our First Issue

Welcome to the first issue of "Monthly Update," a new publication from the USAID-funded Horticulture Development Centre (HDC) to inform our agribusiness counterparts on recent and upcoming activities of the HDC. (HDC is the operational centre for the Kenya Horticulture Development Project). "Monthly Update" is available at HDC offices, from HDC field staff, or through e-mail subscription. To subscribe via e-mail, please send a request to hdc@fintrac.com.

HDC Official Launch

The Horticultural Development Centre was officially launched on December 10, 2003. More than 120 farmers, exporters, processors, and counterparts attended, including 20 small farmers representing the various production regions being targeted by HDC. Distinguished guests included Hon. Kipruto Arap Kirwa (Minister of Agriculture), Mr. Joseph Kinyua (Permanent Secretary of Agriculture), Mr. Andrew M. Mugambi (Deputy Director of Horticulture), Dr. Kiertisak Toh (USAID Mission Director), and Margaret Brown (Chief, Agriculture, Business and Environment Office, USAID/Kenya).

Presentations were given on "The Current Performance of Kenyan Fresh Produce on the UK Market," "The Uganda Vanilla Industry – a Successful Horticultural Crop for Smallholders," and "The Domestic Market for Fresh Produce in Kenya." Following the presentations, a one-hour panel discussion was moderated by Dr Stephen New, HDC Executive Director.

Field Offices Established

In January, HDC established field offices in Thika (for Central Kenya), Kisumu (Western), Eldoret (Rift Valley), and Mombasa (Coastal). Each field office is staffed with a HDC Agronomist and equipped with mobile offices and agronomic laboratories. To contact field representatives:

- Embu (Lydia Njuguna, Cell: 0721-761760)
- Kisumu (Fred Ochieng, Cell: 0721-761761)
- Eldoret (Irene Ngugi, Cell: 0721-761765)
- Mombasa (Timothy Mwangi, Cell: 0721-761762)

Target Sectors Selected

HDC is targeting six product categories during its 2003/2004 work programme:

- Passion fruit (fresh and processed)
- Chilli products (fresh, processed and dried)
- Vanilla and spices
- Smallholder flowers
- Tree crops for processing (mango and cashew)
- Local market vegetables (onion, carrot, cabbage, tomato, and indigenous vegetables)



Ornithogalum



Tuberose



Eryngium



Crocoshmia

Flowers grown by HDC small holder clients for both local and export markets.

The **Passion Fruit** programme will focus on increasing production and yields through improved planting material and agronomic techniques. In cooperation with KARI, grower associations are being trained to produce their own disease-tolerant rootstocks and select clean scion materials for grafting. New varieties and cultivars will be introduced for both the fresh and processing sectors, and for local and export markets. The nationwide programme is targeting 10,000 producers and will provide assistance in production, postharvest handling, and marketing. HDC is also talking to investors interested in setting up processing plants. We aim to make Kenya the leading passion fruit producer in Africa over the next two years.

The **Chilli Products** programme will introduce new crops targeted at the export market in both fresh and processed forms. Chilli crops being targeted include African Birdseye, jalapeno, ethnic hot peppers, and paprika. African Birdseye (ABE) is a particularly attractive crop for marginalised growers in Western and semi-arid areas such as Laikipia. Demand is strong since the capsaicin oil extracted from ABE chilli is being used increasingly as an ingredient in natural pharmaceutical products. We are also looking at the possibility of using it as a cheap and effective elephant deterrent in areas where elephants and farmers come into conflict.

The **Vanilla and Spices** programme is aimed at significantly increasing incomes of smallholders. Most spices are derived from labour-intensive cropping and processing systems for which smallholders have a comparative advantage. A commercial trial plot for vanilla has already been established at Maragua in Central Province and is doing well. It will be used for training and propagation. HDC is also working with two local tissue culture laboratories to produce vanilla plantlets for distribution to up to 2,000 smallholders this year. Other spices, including cardamom, ginger and turmeric, which have strong domestic demand, will be introduced to the programme during the year.

The **Smallholder Flowers** programme will be focusing on local market flowers and working with exporters who already have a market and are buying outdoor flowers from smallholders. Kenya is the leading African producer of flowers for the EU market. It has the potential to provide high income for smallholders who can adopt a professional approach. HDC will work with KARI, exporters and grower associations increase production, quality and explore new varieties and markets. Flower varieties suitable for smallholders include – *Ornithogalum sps*, Eryngium, Moby Dick (*Aesclepias sps*), Carthamus, Mollucella, Amy Majus, Calla lilies, Tuberose and Agapanthus. Europe will become increasingly dependent on East Africa for floriculture products in the future, and we are confident that smallholders can take a share of this lucrative market.

In the **Tree Crops** programme, HDC will be focusing on providing technical assistance to growers with **cashew nut** and **mango** trees. Global demand for cashews is strong and sufficient processing capacity already exists within the country to absorb more than three times the current production of less than 5,000 tonnes. Low yields per tree are mainly due to high levels of powdery mildew causing flower abortion. We are developing and IPM strategy and training programme which we hope will have a rapid impact on the quantity of nuts available for processing. With mango the problem is that Kenya is not competitive in the international market for fresh fruit.



Cabbages and tomatoes are important target vegetables for the local market.



Maragua farmers plant their first vanilla.

In cooperation with a large international processor, HDC is organizing the construction of a small-scale mango pulping facility that will be supplied with raw material from small-scale producers along the Tana River. If this pilot project is successful, it will be extended to other areas.

Although Kenya is an efficient and sophisticated producer of fine beans and other vegetables for the EU market, smallholder yields of local market vegetables are low and costs of production high. The goal of the **Local Market Vegetables** programme is to increase the supply, quality, and reliability of domestically produced fresh vegetables on the local market. Target products include onions, carrots, cabbage, tomatoes and indigenous vegetable, for which demand is increasing rapidly. In partnership with Regina Seeds and other input suppliers, HDC has started on a programme to establish 100 demonstration plots throughout the country. We are also negotiating supply contracts with supermarkets and wholesalers of domestic fresh produce.

Future issues of "HDC Monthly Update" will report on activities and results in each of these sectors.

Targets Set for HDC's 1st Year

For its first year of operations, HDC has set specific performance targets to achieve:

- Train 50 associations and 5,000 growers in EUREPGAP protocols and achieve certification for at least 10 groups. This will help to maintain production of at least 16,000 MTs and incomes of \$5 million, currently threatened by the new market quality and traceability regulations.
- Introduce and commercialize a range of horticultural crops through at least 30 commercial demonstrations of at least three new products.
- Increase the quantity and quality of selected horticultural crops for the domestic market through the establishment of at least 50 demonstration plots for onion, garlic, okra, sukuma wiki (kale), cabbages, and tomatoes.
- Identify market gaps and introduce calendarization.
- Negotiate at least five marketing arrangements for producer organizations to supply supermarkets.
- Increase income from domestic and export sales by \$4 million.

EUROEPGAP Programme Launched in Partnership with Leading Exporters

Although at least 60% of Kenya's exports come from smallholders, fewer than 5% have been EUREPGAP-certified so far. With the deadline for certification set by EU supermarkets just months away, Kenya risks losing a high proportion of its market to other countries who can meet the EUREPGAP requirements. The delay is because EUREPGAP was designed for large-scale farms and has only recently been modified slightly to accommodate smallholders. Kenya is affected disproportionately because of its large smallholder production base, particularly for fine beans and avocado. Most smallholders cannot afford the infrastructure and certification costs of adapting to EUREPGAP, and lack the necessary management experience and administrative systems necessary to ensure traceability. After much analysis, the HDC has now devised a training and certification model in conjunction with major exporters and local service providers, which we are confident can tackle this complex problem in time to retain the confidence of the major EU supermarket chains.

HDC Agronomists



Lydia Njuguna – Embu



Timothy Mwangi- Mombasa



Fred Ochieng – Kisumu



Irene Ngugi – Eldoret

Horticulture Development Centre
MPPS Building
Mombasa Road
P.O. Box 3074-00506
Nyayo Stadium, Nairobi

Phone: 20-556728/556807
Fax: 20-556804
Email: hdc@fintrac.com

Field Offices:
Embu, Kisumu, Eldoret, Mombasa

BDS Linkages

The HDC is working closely with local suppliers of business development services (BDS providers) to implement all of our activities. We have initiated activities with more than 20 firms and organizations, covering a range of specialist skills and services, including:

- Establishment of on-farm trials by **input supply companies** to demonstrate the value of improved seed, new varieties, drip irrigation and other agronomic techniques.
- Planting of new chilli varieties by **grower associations** to target specialist markets suitable for smallholders.
- Tissue culture of vanilla plants by **commercial tissue culture laboratories** to provide planting material for a smallholder vanilla industry.
- Smallholder flower trials and identification of new indigenous flower species with export potential by the **Kenya Agricultural Research Institute**.
- Provision of EUREPGAP and SPS training and analysis of constraints to the improvement of standards in the domestic market for horticultural produce by **specialist consultancy firms**.
- Organisation and training of outgrowers into Produce Marketing Organizations (PMOs) for EUREPGAP certification by major **fresh produce exporters**.
- Development of a pilot scale fruit processing plant to cater specifically for smallholder production, by an established **fruit processing company**.

Training This Month

During February, HDC Agronomists trained 373 individuals (264 males, 109 females). Training was primarily provided to groups on-farm. Topics included:

- Vanilla planting and production techniques
- Transplanting of vegetables
- Raised beds for yield improvement
- Drip irrigation systems demonstration and installation
- Passion fruit grafting
- Propagation of Birds Eye Chili using seedling trays
- Market requirements and Maximum Residue Levels (MRLs)
- Use of protective clothing when applying pesticides

Market Information

In conjunction with the Ministry of Agriculture market statistics department and Food Surveys of the UK, the HDC has set up a database for analysis of domestic and export price and market information. We are in discussion with local companies to publish this on a commercial basis. In the meantime, for more information contact the HDC to receive our monthly in-house Market News bulletin.