

“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.



Farmer group that received training by HDC agronomic staff in passion fruit production.



During March, HDC’s efforts were focused in the field in order to achieve as much as possible before the rains arrived. During the month, HDC set up demonstration plots with farmer groups, provided in-field technical assistance and training to growers, evaluated potential new clients, and collected baseline data.

HDC received a group of 25 floriculture trainees from a USAID-funded project in Uganda, in addition to numerous other visitors that included buyers from the UK looking to find new sourcing opportunities from Kenya.

HDC staff participated fully in HORTEC with David Gray responsible for organising the technical seminars and Steve New making a presentation on a strategy for EUREPGAP certification of smallholders. HDC was invited to at least ten other conferences, workshops and seminars during the month, but, because of limited staffing and our priority on field-based activities, we were unable to attend every one. Please accept our apologies.

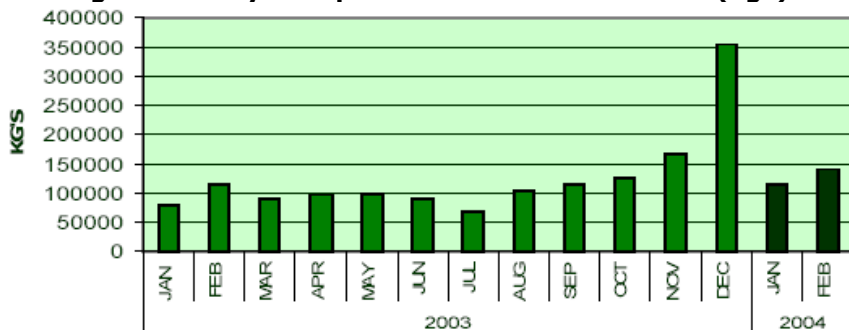
Passion Fruit

Five demonstration plots are now up and running in the Western, Rift and Central Districts. Due to the short supply of good quality planting material, HDC has entered into agreements with KARI and a private nursery in Eldoret to fast-track the production of clean, grafted plants.

Many small-scale growers are planting new fields of passion fruit this year. HDC is actively looking to strengthen the market by investigating and stimulating a local processing industry. To assist potential investors, HDC is collecting information on appropriate small-scale processing equipment for rural areas. Preliminary analysis show that likely minimum feasible investment will be around \$180,000 for a processing plant which could operate efficiently at 1-2 tonnes/hour of fresh fruit. This could produce at least 200 tonnes of concentrate per year with a gross value of about \$600,000. Profitability will depend on the price of the raw material, the quality of management, and the level of throughput. Additional information for interested investors will be available in May.

Figure 1 shows export performance of fresh passion fruit over the last 14 months, including encouraging year on year increases in January and February.

Figure 1: Kenyan Exports of Fresh Passion Fruit (kgs)



Source: HCDA



A smallholder's snow pea operation.



An onion trial showing potential in yield and quality. HDC will be replicating the agronomic principles used here on smallholder demonstration plots.



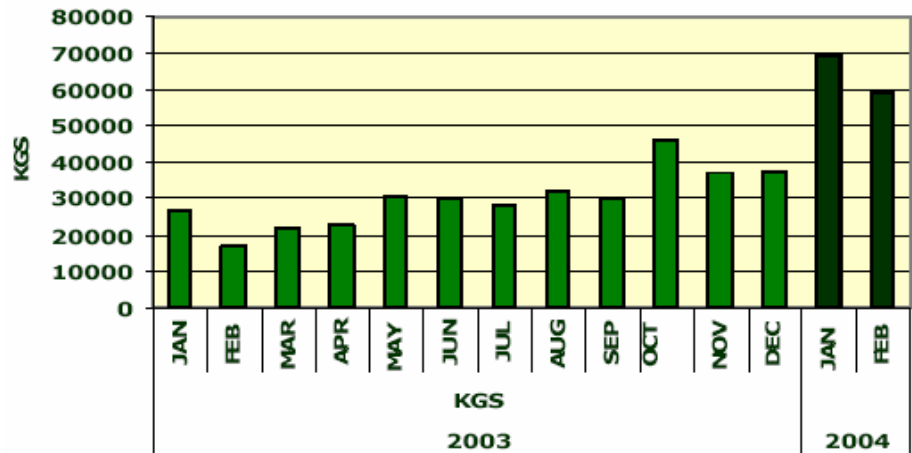
HDC agronomists training client farmers in passion fruit production techniques.

Chilli Products

HDC has promoted the planting of African birdseye chili (ABE) this month, particularly in the Western and Rift Districts. There is currently a world shortage of good quality ABE with prices as high as \$4,000/tonne, so there is no shortage of interest from buyers in the UK and Germany. However, HDC has a lot of work to do and HDC clients will not start producing container loads for another year.

The fresh chilli market is growing fast in Europe and Kenyan exports over the past year reflect this (see Figure 2).

Figure 2: Kenyan Exports of Fresh Chilli (kgs)

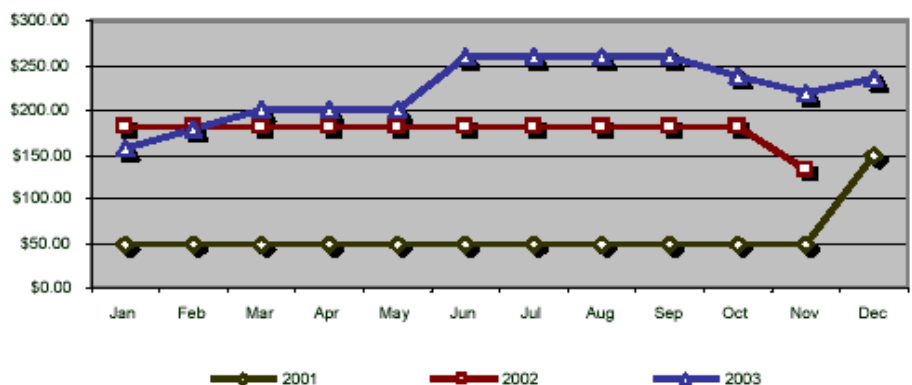


Source: HCDA

Vanilla and Spices

HDC's small field demonstration and the tissue culture propagation in two laboratories are going well. A good supply of planting material will be available in about nine months. Growers can expect their first crops about two years after planting. By that time the current astronomical price of \$400/kilogram for processed vanilla will be history. However, even at lower historical price levels, vanilla will be a crop for the future in higher rainfall areas. See Figures 3 and 4 for vanilla price trends over the last three years.

Figure 3: US Vanilla Prices
Madagascar Extract Grade, \$US per kg (fob)



Source: The Public Ledger

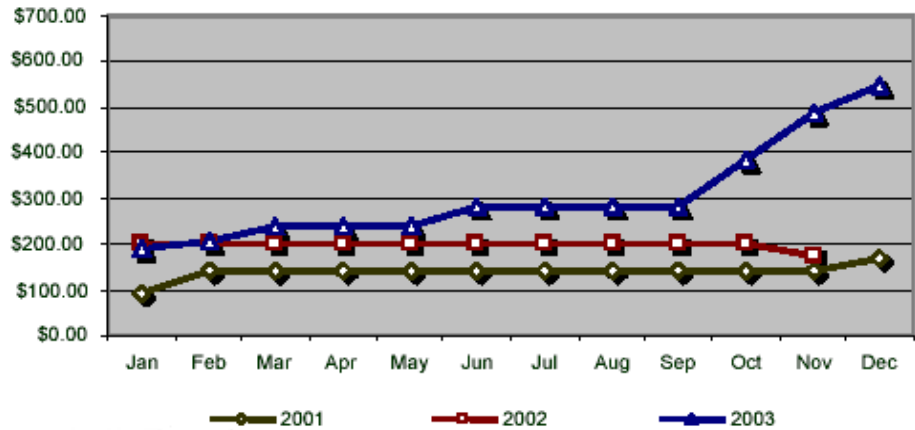


Vanilla being propagated in vitro.



Demonstration on correct planting and support techniques for vanilla vines.

**Figure 4: European Vanilla Prices
Madagascar Standard Grade, \$US per kg (fob)**



Source: *The Public Ledger*

Smallholder Flowers

HDC's February issue of "Monthly Update" generated much interest and enquiries on outdoor flowers. The BVA (Aalsmeer Auction) stand at HORTEC featured a range of high quality smallholder flowers. To respond to this interest, HDC will be carrying out a survey of growers' needs, production potential, varieties and market opportunities over the next two months.

Tree Crops

HDC has been busy researching information on disease management in cashew as well as low-cost equipment alternatives for mango pulp and juice extraction. Field work will start in April.

Local Market Vegetables

The first steps in HDC's program for improving production of cabbage, onion and tomato are now established in all Districts. At present, the newly installed demonstrations are providing technical guidance to farmers on selection of good varieties and nursery techniques.

The poor quality of fresh produce on the local market is much talked about and frequently features in the national press. In some ways, successful interventions on improving quality and reducing pesticide levels for the local market are more difficult than doing the same for the export market. The complexity of the domestic market is evident by the many different agencies that already have responsibility for standards, markets and health issues related to fresh produce. In March, HDC commissioned a detailed review of all the players involved in the local market, the laws and regulations which govern their activities, and the major issues which need to be addressed and where HDC can have the greatest impact. The report will be ready within three months, so watch this space for more information.

BDS/Partner Agreements

In March, HDC started to make disbursements under its National Smallholder Fund. The Fund can be used to pay for small interventions including seed, drip kits, minor equipment and other inputs to jump-start



Gary Tomlins, Fintrac Senior Agronomist & Marketing Specialist, visited in March to conduct an agronomic appraisal of HDC activities.



Newly planted passion fruit demonstration plot.



On-farm training by HDC Agronomist Irene Ngugi.

new production activities managed by smallholder groups and other service providers. HDC estimates that at least 500 growers were direct beneficiaries of the Fund and accompanying technical assistance during the month. Many other benefited or will benefit indirectly.

While it takes time to finalize formal agreements with private sector partners that meet commercial needs, promote smallholder production and follow USAID regulations, some agreements were completed in March and many others are near completion. In March, HDC started working in various ways, although not always with formal agreements, with a range of committed partners, including:

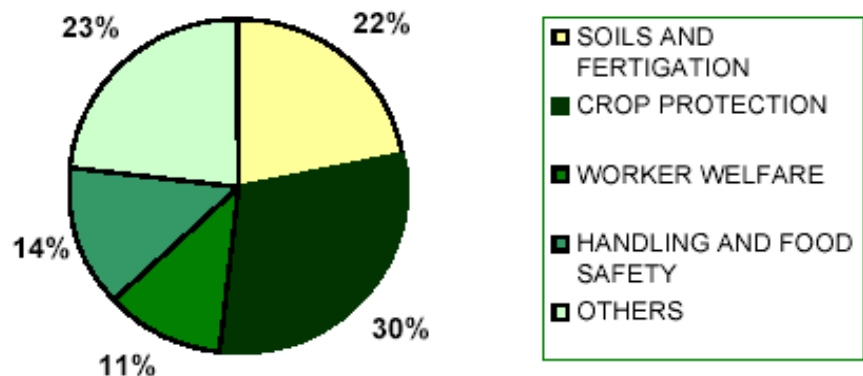
- KARI (Thika)
- ICIPE
- Jomo Kenyatta University
- Genetic Technologies
- Regina Seeds (vegetable production systems)
- Market Economies Development (local market study)
- Real IPM (passion fruit, cashew, Eurepgap)
- East African Growers (Eurepgap)
- Indu-Farm (passion fruit, Eurepgap)

EUREPGAP

The "EUREPGAP crisis for smallholders" received a lot of publicity in March. The standard HDC three-fives quote on the crisis is: "50,000 growers produce more than 50 percent of the fresh produce exported and less than 5 percent of them are certified". In theory, EU supermarkets will stop sourcing produce from uncertified growers on January 1, 2005. So, Kenyan smallholders have a big problem.

HDC Director Steve New gave a presentation on this to a full house at HORTEC, in which he clarified some of the myths surrounding EUREPGAP and smallholders, and outlined a cooperative strategy which the industry must take to solve the problem it faces. This involves "calibrating" the 210 EUREPGAP clauses in terms of smallholders' ability to conform, dialogue with the EUREPGAP management committee, management of new investment costs, and a focus on training. The HDC approach, which is still evolving, covers all of these areas.

EUREPGAP COMPONENTS



Field Activities (Training & Technical Assistance)

After two months establishing field offices, HDC field activities (on-farm training and technical assistance) were at full strength in March – 772 individuals (40 percent women) were trained in various production and postharvest activities through 28 events (see Table 1), and 38 additional technical visits were made to client farmers.



Farmers receiving hands-on training in use of seedling trays from HDC Agronomist.

Table 1: HDC Training Summary

Month	Trainees			# Events
	Males	Females	Total	
Jan 04	26	11	37	2
Feb 04	267	122	388	14
Mar 04	461	311	772	28
Total	754	444	1,198	44

Source: Fintrac Client Impact & Results Information System (CIRIS)

In the **Central region**, Lydia Njuguna provided training in: vanilla transplanting and production practices; passion fruit seedling transplanting; EUREPGAP requirements; and propagation of African birdseye chili.

In **Rift Valley Province**, Irene Ngugi conducted training in: transplanting of Hydrangea, Celosia, Gypsophilla, Craspedia; passion fruit transplanting; mixing top soil with manure and TSP; and drip line layout.

In **Coastal Province**, Timothy Mwangi trained farmers in: protective clothing and safe pesticide application techniques; kale production; birdseye chili nursery selection, propagation and watering; planting of banana suckers; use of seedling trays; and use of manure and poultry droppings.

In **Nyanza District**, Fred Ochieng conducted training in: preparation of planting media; drip kit installation and maintenance; transplanting passion fruit seedlings; production of manure from crop debris; and watering schedules.

Visitors

HDC received a group of 25 trainers and trainees from the USAID-funded IDEA project in Uganda. The trainees were all from large flower farms and service providers, and they had visited many of the large farms in Kenya during their previous five days. To contrast this, HDC took them to visit KARI outdoor flower trials in Thika and a small-scale flower grower who, being an ex-school teacher, gave a brilliant practical demonstration on how to grow gerbera, arabicum, tuberose and other flowers with minimal investment (and zero grazing!).

UK buyers Michael Jack (Four Seasons) and Mike Brook (Organic Herb Trading Company) visited HDC to discuss their interest in a range of herbs, chilli, and other food ingredient products.

HDC met with the EU Pesticides Initiative Programme (PIP) team from Belgium and agreed to cooperate in future on a range of SPS training and technical initiatives.

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