



HDC
horticulture
development
centre

Monthly Update

July/August 2005

“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.



Meg Brown in her office – ensuring that horticulture remains a priority for USAID/Kenya. Sadly, we will be saying goodbye to Meg in September, but wish her great success in her new career.



This month

Before the next Update comes out, we will be saying goodbye to Meg Brown, Chief of USAID’s Agriculture, Business and Environment office. Over the past six years, Meg has been the person responsible for initiating and leading USAID’s support for horticulture in Kenya and we will miss her tremendously. On behalf of the whole industry we wish Meg all success as she “retires” from USAID and starts a new career on her horse farm in California.

The importance of horticulture to the national economy and to poverty alleviation was illustrated by the strength of support for the **Donor Horticulture Project’s Coordination Workshop** organized by FPEAK in July. More than 30 donor-funded projects and NGOs attended together with representatives from the public and private sector. This move towards a coordinated public-private sector strategy is crucial for Kenyan horticulture to maintain its impressive growth in the global market place. Modernization and restructuring of Government agencies, including those concerned with horticulture, is also moving fast. Our congratulations go to Dr Wilson Songa on his appointment as Agriculture Secretary (where we are sure he will continue to promote the interests of the horticulture industry) and Mr Paul Chepkwony, who takes over as Managing Director of HCDA. We wish them well in their new posts.

In July the UK trade press reported that Flamingo Holdings, parent company of Homegrown, acquired Lingarden Ltd, a major UK flower distributor. This makes Flamingo one of the UK’s leading suppliers of flowers and fresh produce to supermarkets, with 50% of its production coming from Kenya, including fine beans from EUREPGAP-certified smallholders. This is a massive achievement for a local company which started business in 1982, as Homegrown Kenya (growing strawberries), and is now a truly global operation, with more than 10,000 employees in Kenya, UK, Holland, South Africa and Guatemala. *Steve New, Director, HDC*

Local Market Fruits and Vegetables

The 2004 production data from the MOA are now available and show that more than 4.4 million tonnes of fresh fruits and vegetables were grown for the local market last year, with a wholesale value of more than Ksh85 million (US\$1.1 billion). This confirms our observations that more and more farmers countrywide are taking up horticulture, particularly higher value products such as “African indigenous vegetables” (AIVs), passion fruit and onions, to increase and diversify their sources of income. In the field, growers have been struggling to control diseases caused by unusually cold and humid weather, particularly in tomatoes. In response to this, HDC agronomists have stepped up training in IPM techniques.

In July/August HDC partner Hygrotech held five field days in Kitale, Kinangop, Sotik, Meru and Molo. A total of 647 farmers were shown how to manage small-scale drip irrigation systems on demonstration plots of hybrid tomato, cabbage, carrots, squash and peas. Yields obtained on the trial plots were 3-4 times greater than average. Mrs Rotich, a Sotik farmer receiving technical assistance from HDC and Hygrotech field staff, made Ksh 31,000 from her bumper harvest of various local market vegetables. Speaking to farmers at a field day, Mrs Sotik said "I am so happy because vegetable production has increased my income and I have managed to buy a heifer."



Chilli Products

The drive to make Kenya a leading grower and supplier of African birds eye chilli is going well. Exporters report that three containers have been shipped to Europe so far this year, equivalent to 21 tonnes, with a farm gate value of Ksh2.1 million. It is all produced by small-scale growers. Some of this has come across the border from western Uganda but Kenyan production is increasing rapidly. HDC is assisting partners Mace Foods and Equator Products to carry out continuous training with grower groups. Exports of fresh chilli are static with growers having difficulty finding "bullet" chilli seed and exporters facing strong competition in European wholesale markets.

Vanilla and Spices

More than 4,000 vanilla vines are growing successfully in nurseries and on-farm demonstrations in different parts of the country. HDC will be working with growers to increase this to 20,000 over the next year using various propagation techniques. World market prices for vanilla pods are low at the moment, but traders expect the market to stabilize at \$25-30/kg over the next two years before the first Kenyan vanilla is processed. Ginger trials in Coast Province have germinated successfully and we shall be planting much more if provisional agreements are confirmed with local and export market buyers.



Field trials of cabbage, tomato and squash using small-scale drip irrigation systems are being set up all over the country by HDC partners

Passion Fruit

In most areas production of fresh fruit is insufficient to meet demand, especially for good quality, traceable product which conforms to export requirements. Several fruit processors have equipment for producing juice and concentrate, but lack supplies of raw material. Nevertheless, because of strong local and global demand, HDC receives regular requests for information from potential new investors in fruit processing. Our current calculations show that the minimum investment cost is \$700,000 to establish a plant processing 28 tonnes of passion fruit per week into 2,610 x 3kg cans of pasteurized juice, with a payback period of 4-5 years. A higher capacity plant which could process 78 tonnes/week into 108 x 200kg drums of frozen concentrate would cost \$900,000 with a payback period of three years. Actual market prices this month are more than double those used in our calculation, so the business would be highly profitable if more fruit was available!



Good agricultural practices necessary for EUREPGAP certification are being adopted by increasing numbers of small-scale growers. Clean fields and appropriate technology, such as the “mini-store” for safe storage of small quantities of agrochemicals, are improving yields and profits for growers.

Tree Crops

A new Cashew Growers' Association was formed in July at a workshop organized by the Cashew Technical Committee and attended by leaders of the various farmer groups working on the KARI/MOA/HDC cashew productivity partnership. Temporary officials were elected with those present being called upon to publicize the Association among the farmers. This is a further boost to the various initiatives to improve the industry's performance. Strong demand and good prices are motivating growers to rehabilitate their trees, which could increase production by up to 3,000 tonnes over the next two years. However, new planting of higher yielding varieties is urgently needed for the future. HDC partners have planted more than 3,000 trees this year.

Smallholder Flowers

Following the HDC smallholder flower workshop in May, we have received many enquiries from growers and buyers relating to planting material sources, market opportunities and production systems. This has been encouraged by relatively good prices for *ornithogalum*, *eryngium* and other smallholder-grown flowers. We are in discussion with several buyers and grower groups, and hope to start field activities to boost production on a pilot scale in October. KARI's successful gladiolus trials for the local market have shown that small-scale farmers can realize KSh45, 000 per year from a 50m² plot. KARI has also introduced a range of coloured varieties which are performing well in the field and are popular with florists in the market. For more details on the agronomy and postharvest management of gladioli, growers should contact KARI-Thika.

EUREPGAP

There now seems to be universal acceptance of the benefits of good agricultural practices (GAP) for *all* growers, and that EUREPGAP represents a new opportunity rather than a threat to the livelihoods of Kenyan smallholders. But the next stage of obtaining certification for the majority of small-scale growers currently supplying vegetables for export is a big challenge. A provisional survey by HDC indicates that the current figure is still under a thousand, equivalent to less than 2% of the estimated total number of regular export growers. Many more have received training and are moving towards certification this year. As well as HDC, the DFID-funded BSMDP project and the EU-funded PIP project (and others) have been providing direct support to the private sector in this area.

This month a new initiative funded by the Government of the Netherlands was launched with the objective of certifying at least 300 smallholders over the next year. With the funds available and the benefit of experience gained so far by existing projects, the contractors NAK-Agro are confident that they can exceed this target. Speaking at a workshop to launch the project, the Dutch Ambassador to Kenya, Ms Tanya van Gool, told participants that - "The Dutch government is committed to supporting Kenyan smallholder certification, to ensure that they retain their European market."

Industry News & Views

The National Taskforce on Horticulture

On 20th July, more than 50 delegates representing donor-funded projects, NGOs, GOK agencies and the private sector, gathered at KEPHIS for FPEAK's **Donor Horticulture Project's Coordination Workshop**. An HDC-supported study by FPEAK, presented to the workshop by Simon Ehangatta, indicated that more than 30 separate donor-funded activities are ongoing which relate in some way to the horticulture sector, and that development funds of more than \$20 million per annum may be available specifically for horticulture. Mr Ehangatta and Tiku Shah, the Chairman of FPEAK, outlined the constraints faced by the industry and emphasized the need for cooperation to achieve the common goal of competitive production. This was supported by Dwight Smith, the Acting USAID (Kenya) Director, in his opening speech - "More than any other time before, the industry needs effectiveness and efficiency in order to remain competitive and to sustain its impressive growth."



Etang, an HDC partner in Eldoret, has sold more than 10,000 seedlings of grafted passion fruit so far this year

Following discussions, a list of recommended interventions for increased coordination in the sector was developed. It was also agreed to form committees around the 5 key intervention areas identified: **EUREPGAP/KenyaGAP & SPS compliance; competitiveness; sustainable domestic & regional market development; policy and regulatory environment; market access and coordination of activities**, in consultation with the National Taskforce on Horticulture. Specifically, harmonization of the existing compliance codes; coordination of sub-sector training; rationalization of statutory audit requirements as well as information dissemination were identified as requiring urgent action. To receive copies of the study, workshop presentations and proceedings, please contact HDC.

In July/August the Taskforce also coordinated training of 83 plant inspectors and export company personnel on major causes of produce interceptions. Kenya has a good record on interceptions since new EU regulations were introduced, and the Taskforce is determined to maintain a high standard.

In recognition of the increasing significance of the horticulture sub-sector, the Minister of Agriculture, Hon. Kipruto arap Kirwa, participated in a familiarization field visit organized by the National Taskforce in August. Also present were leading exporters (WONI & Homegrown), the provincial administration, and the area MP (Hon. Alfred Nderitu). Farmers discussed with the Minister their various concerns that would require to be addressed in order for the industry to remain competitive. On his part, Hon Kirwa explained to them that the Taskforce had been formed to address the sub-sector's concerns. Additionally, he assured them that the Agricultural Finance Corporation (AFC) would avail credit to the farmers. Further, given the importance of the field extension workers, the government would be allocating funds within the Budget for 340 additional officers, and would be discussing a Bill on the same. In September, the Minister is scheduled to visit flower farms in Naivasha and horticultural export packhouses at Jomo Kenyatta International Airport in Nairobi. For more details on the work of the Taskforce, contact the MD, KEPHIS through: kephis@nbnnet.co.ke



Timothy Mwangi, HDC Agronomist, demonstrating trellising techniques to passion fruit farmers in Nakuru



A healthy lunch at HDC

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KEPHIS

As part of its expansion plan, to become a regional referral lab, the analytical chemistry lab at KEPHIS has acquired a new automatic machine, capable of analyzing 60 samples/day for pesticide residues. This will greatly reduce the sample testing time - a major industry concern. The audit evaluation of the KEPHIS laboratory to meet EU Standards will take place in September.

FPEAK

The National Eurep-Gap Technical Committee (NETC), coordinated by FPEAK, has developed a Quality Management System (QMS) template for use by members. The QMS contains samples of documents and records required by a grower to comply with KenyaGap, in anticipation of the national code being benchmarked against EUREPGAP in the near future. The QMS covers all field and post harvest data as well as equipment maintenance and personnel data. Unlike most Quality Management System manuals that dwell more on what needs to be done, the KenyaGap QMS includes other concepts such as: how to perform tasks, who is responsible, the competency of the personnel, the content of the training, the various options for complying with a particular requirement and rationale for the tasks. The QMS provides the farmer with options for complying with every KenyaGap clause. In addition, the Committee has developed draft interpretive guidelines for smallholder compliance with EUREPGAP. For more details and to receive a copy of the QMS, please contact info@fpeak.org.

HCDA

The Horticultural Research Fund (HRF), managed by HCDA, is funded by a levy on horticultural exports. The priority areas for funding this year are: reducing interceptions of horticultural produce in the EU; and food safety in the domestic market, with a focus on pest and disease control systems which minimise chemical residues. The HRF Secretariat was receiving applications for funding up to August 28th, and the Steering Committee which comprises HCDA, KARI, Nairobi University, JKUAT, ICIPE, KEPHIS, KFC and FPEAK will be evaluating these in September. More details are available from the HCDA website: www.hcda.or.ke.

KFC

Following last month's announcement of the EUREPGAP equivalence status of the KFC Code, the Council signed the MOU at a press conference held on the 21st July 2005. Kenya's main markets (The Netherlands, UK, France and Germany) were represented at the function by their diplomatic missions. The Government was represented by senior officials from the MOA, Kenya Bureau of Standards (KEBS) and KEPHIS, while HEBI and FPEAK represented the private sector. Kenya is currently awaiting the signed MOU from the EUREPGAP Secretariat.

Consultants from CBI, a market development agency funded by the Government of the Netherlands, visited 16 farms country-wide as part of its two week joint KFC/CBI Export Development Programme: Cut Flowers Kenya. The objective of the programme is to strengthen the capacity of Kenyan flower companies to compete in European markets by establishing good commercial relations with buyers and fulfilling the requirements for social and environmentally sound production. For more details please contact kfc@wananchi.com