

“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.



Ruth Nyagah, MD of Africert, Kenya's own Eurepgap auditors, with the firm's new accreditation papers



This month

The horticulture sector has been strengthened in recent months with the revival by the Ministry of Agriculture of the National Task Force for Horticulture, which is chaired by KEPHIS and includes all the key private and public sector players in the industry. The task force will focus initially on Eurepgap, traceability and related policy issues which need urgent attention at all levels. The important work being done by the agriculture and marketing clusters of the Kenya-European Union Post-Lomé Trade Committee (KEPLOTRADE) at national level, will also have long-term impact on Kenya's competitiveness in export markets. This Committee is preparing technical papers for negotiations with the EU, to ensure that our products remain competitive in EU markets after 2007, when Kenya's preferential status (as a Least Developed Country) could expire.

The potential for horticultural exports to the USA, under AGOA duty-free conditions, received a boost this month with the arrival of Lloyd Garcia of APHIS. Lloyd will be based in Kampala but will be traveling frequently to Kenya to supervise the preparation of pest risk assessments (PRAs) which are necessary for any fresh products before they can be shipped to the USA. The HDC will be working closely with Lloyd. A warm welcome also goes to Mumbi Kimathi, who joins HDC in September as Marketing and Business Development Manager. Mumbi brings a wealth of experience, having previously worked successfully with smallholder farmers and leading supermarkets on commercialization of indigenous leafy vegetables and processed horticultural products. At the same time, Timothy Mwangi, will relocate from the Coast to Nairobi, to manage HDC's Eurepgap and traceability activities. *Steve New, Director, HDC*

Passion Fruit

As reported by HDC in this month's issue of Horticulture Marketing News, the market for passion fruit juice is growing, not just in Europe and the United States, but also in the developing world. However, data collected by the MOA and HDC in the main production areas show clearly that, although exports of fresh fruit are increasing, production is still far below the minimum necessary for a processing facility. This means that the potential investors in processing, who have been in discussion with HDC and other agencies, will need intensive technical support to accelerate production.

Chilli Products

The demand for dried African birds eye chilli remains strong and growers in Uganda are selling at up to Ksh180/kilo. So the HDC is working with Mace Foods to create a sustainable system for production of up to 20 tonnes per month by growers in Kenya. Each grower receives a marketing contract from Mace which includes a price guarantee. Contracted growers, mainly in western Kenya, transplanted 24,000 plants to the field in August.



Tissue –cultured vanilla plants at JKUAT, in preparation for planting out in the greenhouse



Turmeric grown by the Ministry of Agriculture, on demonstration plots, at the showground in Mombasa



Fred Ochieng' of HDC with growers at the Mumias Youth Group field day in Bungoma

Vanilla and Spices

The first 600 vanilla plantlets are now ready for transplanting to the green house at JKUAT and more are in the pipeline. From January 2005, a steady supply of plants should be available to supplement trials and small commercial plots being planted in different parts of the country. The MOA has also planted demonstration plots of spices, including ginger and turmeric, which were on display at the Mombasa Agricultural Society of Kenya (ASK) Show in August. They are doing well and could have excellent potential as cash crops for smallholders.

Smallholder Flowers

The HDC baseline survey of smallholder flower production and markets is complete and the some of the highlights from the report include:

- The FOB value of export flowers and foliage field-grown by small-scale growers is at least Ksh 400 million (\$5 million). The value of the local market is estimated at Ksh 300 million
- The top five smallholder products are *Eryngium*, *Arabicum*, *Ornithogalum*, *Papyrus*, and *Alstromeria*
- Prospects are good for smallholders who can respond to market requirements, improve their production technologies, and work together in groups
- Overall returns have been good over the past two years, although the prices of *Moby Dick*, *Eryngium*, *Alstromeria* and *Molucella* have dropped slightly over the period 2002-2004 (week 31)
- HDC interventions should concentrate on training growers in both new production techniques, and improving post-harvest systems - in cooperation with established export companies

Tree Crops

In August, the National Cashew Technical Committee, supported by Actionaid, conducted a two-day workshop in Mombasa that brought together more than 100 stakeholders including the MOA, NGOs, cooperatives, exporters, processors and farmers. Presentations dealt with: crop husbandry, market prospects, credit availability, policy, regional competitiveness, group formation and processing. It concluded that the various stakeholders should coordinate their activities in order to have a greater impact on increasing the competitiveness of the cashew crop, as it has great market potential. During the Workshop, KARI introduced the A81 and A82, two new high-yielding and fast growing cashew varieties.

As part of HDC's work on improving cashew nut productivity through IPM technologies, in conjunction with Bayer (EA), Real IPM and others, we carried out spray efficacy trials on cashew trees of different sizes by water sensitive paper. Observations were:

- recommended spray volumes need to be determined more specifically in relation to tree size
- the knapsack sprayers being used have a vertical lift of 5 m, which cannot reach the canopies of many cashew trees – tree pruning and additional equipment will be needed to improve coverage
- although Bayfidan is an effective fungicide to combat powdery mildew, improved application systems are needed.



Welcome to Mumbi Kimathi who joins the HDC on September 1st to take responsibility for marketing and business development services



Ginger grown by the Ministry of Agriculture, on demonstration plots, at the showground in Mombasa

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Local Market Vegetables

Field days are an important aspect of the crop demonstrations and trials supported by HDC. Regina Seeds have held 26 field days so far this year as part of their cooperative agreement with us. A typical event took place on August 19th, jointly organized in Bungoma by the Mumias Youth Group, Regina Seeds and HDC. The field day was attended by 64 farmers as well as the area Chief, Michael Fwamba, and MOA District Crops Officer Electine Wabule, who both emphasized a "commercial approach to agriculture" in their presentations to farmers. Among the crops on the demonstration plots were several varieties of onions, cabbage, tomato, butternut squash and kales. Trial rows of birds eye chilli attracted a lot of interest, particularly because Tom Owuor of Mace Foods was present to "sign up" 15 new growers on marketing contracts with Mace Foods. This brings his total number of contracted growers to 50 in the Bungoma and Busia areas.

Market Economies Development and HDC completed a detailed study of the domestic market for horticultural produce in August. It shows that:

- 94% of horticultural produce grown by smallholders is sold on the local market
- inadequate market information, lack of efficient marketing organizations and poor monitoring/enforcement of standards are key constraints to market development
- smallholder farmers are at risk of losing their urban market share as consistency in supply and quality become key drivers, particularly by supermarkets
- there is increasing competition from imports
- the potential of the domestic market to improve smallholder incomes remains high
- investment in physical infrastructure, particularly in Nairobi, is urgently required to attract consumers to urban markets

EUREPGAP

This month, House of Quality, accredited trainers from South Africa, conducted a one-week Eurepgap training in Nairobi, sponsored by BSMDP. The two trainers, Mark Bodley and Richard Pike, took 12 trainees through the entire auditing process, equipping them with the skills to carry out internal audits for small-scale growers. The participants were from Care Kenya, Kenya Horticultural Exporters (KHE), East African Growers (EAGA), Myner Exporters, Value-Pak Ltd, Africert and HDC. In the course of the training it emerged that there was an urgent need to focus on Quality Management Systems, as a means of streamlining the production process. Design and adoption of an exporter-outgrower Eurepgap model that would serve as the industry standard, from training through to certification for compliance, was proposed. According to House of Quality, the efforts being made in Kenya to ensure compliance by smallholders are commendable and are recognized by the Eurepgap Technical Committee. Additionally, they felt a 'domesticated' approach to some of the critical control points should be investigated, taking into account the smallholder production environment. HDC and partners will be producing a report and recommendations for this approach during September.