

December - February in Review

Kenya BDS is a USAID-funded Program to enhance rural competitiveness within the Lake Victoria Fish and Tree-Fruit value chains.

As critical constraints are identified, the program designs commercially viable interventions to overcome these challenges.



Lucy Njui is a member of the Kithungurini Group in Embu District. She has over 500 vines of mature grafted purple passion fruit which produces over 15,000 Kgs per year.

To ensure a sustainable supply of planting material, Lucy has developed her own nursery which is stocked with 3,000 seedlings for both personal use and commercial sale.

Through the passion fruit business Lucy has bought a motorbike, built a new house, and most importantly educated all of her children.

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The political and economic unrest stemming from the recent presidential elections has significantly challenged Kenya's development momentum.

During the January – February period, the violence in Western and Nyanza Province led to a stand-still of most activities within the Lake Victoria Fish subsector. Some exporters had their processing sites entirely destroyed, while others faced a total breakdown of transport given the roadblocks and insecurity. With processors unable to reach their markets,

buying and selling at the beaches grounded to a halt. With no fishing taking place, there was also no demand for catfish fingerling as long-line bait.

Fortunately aside from a few days of no activity, tree-fruit (in Central Kenya) have largely continued with “business as usual.”

Passion fruit exporters are continuing to collect 15-20 MTs per week from farmers, while the 4 rural based market linkage firms continue to operate on full commercial terms. In the lower zones, some farmers have

already commenced harvesting Fuerte avocados. The fact that tree-fruit producers, buyers, and service providers are able to continue without further donor support even in times of crises is perhaps the best test for sustainability!

In this issue, Kenya BDS details some of the coping mechanisms and intervention principles adopted during this period of unrest, as well as recently commenced projects that will further strengthen the competitiveness of targeted sectors.

Political and Economic Crises – Guidelines for Intervention

Periods of crisis may lead to unanticipated shocks within a market system.

The immediate response by a donor may be to throw money at the situation, or provide mass levels of subsidies that would normally be unwarranted. Unless a system has degraded into complete market failure, it is important that a donor remains consistent within the parameters of responsible market facilitation.

Even within periods of market failure, a donor can intervene in ways that do not distort commercial signals. First is to avoid the introduction of subsidies at transaction level.

For example, say an input such as seedlings becomes unavailable since the nurseries have been looted or destroyed. The immediate response for a donor would be to acquire and hand-out free seedlings to

farmers. Such signals are distortionary.

Rather, it is preferred that the intervention focus on getting a cadre of nurseries up and running again as soon as possible, to ensure an ample supply is available to meet demand.

Assistance to the nurseries could include facilitation of credit terms to re-stock supply, technical assistance in nursery construction and management, assistance in sourcing clean planting materials, registration with HCDA, and perhaps marketing support to sensitize farmers that the nurseries are up and running.

Remember also that in a market system there is no prescriptive response. Markets are dynamic, particularly under periods of unrest or fragility. It is therefore unnecessary to stray from our core principles

of reading market signals, maintaining flexibility, and responding accordingly.

Finally, during periods of unrest a donor may focus on interventions that are needed but not directly affected by the current crises.

For example, given the present road insecurity the Lake Victoria fish sector is operating at 15-20% capacity. While access to markets is limited, interventions may commence that are not dependent upon the day-to-day functioning of the end market (in the short term). One such example is the development of commercial slot-size inspectors. (See page 2.)

Regardless of the approach, to the extent that donors adhere to common principles on intervention, the chances for rapid market recovery are increased.

AFIPEK – Self-Monitoring of Slot Size for Sustainable Management

Lake Victoria has faced a steady decline in fish sizes and overall depletion of its resources due to illegal fishing methods.

Although the Kenya Government Fisheries Act, Chapter 378 includes a provision for the management of the Lake Victoria fisheries resources through restricted net mesh sizes, prohibition of fishing in selected areas, prohibition of trawling, and restriction on the number of fishermen, actual enforcement has been limited. Rough assessment on some of the beaches indicates that 10-35% of the Nile Perch landed could be juvenile fish (Abila and Jansen, 1997).

To address the issue of declining stocks, in March 2007 the three primary industry associations covering Lake Victoria decided in an MOU that self-regulation was the most practical option for lasting enforcement. In Kenya, the representative body leading these discussions was the Kenya Fish Processors and Exporters Association (AFIPEK).

In the MOU, it was agreed that each country-level association would police the industry by appointing

independent inspectors who would apply a standardized policing system to eliminate the processing, transporting, and export of juvenile Nile Perch.

In Kenya, buy-in to this approach was achieved by the primary AFIPEK member companies comprising Capital Fish (K) Ltd, Peche Foods Ltd, East African Sea Foods Ltd, W.E. Tilley (M) Ltd, Fish Processors (K) Ltd and Prinsal Enterprises Ltd.

Each industrial fish processor (IFP) agreed to observe a minimum slot size of 40cm for Nile Perch to be supplied to their establishments, which over time would progressively be increased towards the legal limit of 50cms.

Although self-regulation has been accepted by AFIPEK members, the industry has yet to establish actual independent inspection teams. IFPs were uncertain as to the specific processes by which to identify, train, and manage the inspection teams in a way that preserves integrity of the process. There was also no uniform methodology as to how enforcement of slot-size regulations would be conveyed to other actors within the value chain (i.e. agents, transporters, fisher-folk).

In short, while the goodwill and interest of IFPs is evident, actual self-regulation has yet to commence. This has resulted in Kenya lagging behind both Tanzania and Uganda on slot-size enforcement.

This past February Kenya BDS commenced design of a program with AFIPEK to identify, develop, and commercialize slot inspectors as BDS providers, while raising awareness among key stakeholders of the same.

It is envisaged that the program will commence early March 2008. Activities will include the identification and training of independent inspectors, development of the necessary processes and procedures within which they will operate, building their capacity through mentor-ship efforts and trial-inspection runs, and the launching of awareness campaigns among stakeholders to advance understanding of required slot sizes.

Once developed, inspection services will be fully financed through the contributions of member-IFPs.

past February members elected Mehrdad Ehsani (SNV) and Steve Collins (USAID/KMDP) as Chair and Vice-Chair respectively to replace outgoing Chair David Knopp.

Congratulations to both Mehrdad and Steve!



Kenya BDS will develop commercial fish inspectors to assist the Lake Victoria fish industry enforce a minimum slot-size catch of 40 cm.

Training Announcements!!

The 'Making Markets Work' programme - Springfield Centre: 13th – 25th July 2008, Glasgow, UK

This programme deals with the strategic and practical implications that emerge for organisations as they adopt a market development approach to different kinds of markets - such as services, products, commodities and finance.

Practical emphasis will focus on market development intervention rationale, as well as project design & management. For more information refer to: www.springfieldcentre.com.

Enterprise Development through Value Chains and Business Service Markets: A Market Development Approach to Pro-Poor Growth

This new ILO distance learning course is for professionals developing and implementing value chain and enterprise development projects in rural and urban areas.

Participants select a work challenge as an assignment during the course and get support from international experts that act as online tutors. The course is offered in optional modules to match your learning and scheduling needs. For more information refer to: www.itcilo.org/marketdev.

The BDS Donor Coordination Group Elects New Chair

In 2003, the BDS Donor Coordination Group was established to maximize the effectiveness of donor-led activities through active coordination and information sharing.

Membership has included partners from DFID,

USAID, DANIDA, World Bank, JICA, GTZ, SwissContact, IFC, UNDP, and the EU, among others.

At the inception of the Group, it was agreed by members that the position of Chair be a rotating position. Consistent with this understanding, this

Sunny Processors – An Emerging Force in Tree-Fruits

As one approaches Makuyu District on the Thika highway, a large structure is visible from quite a distance. Although this at first may be mistaken for a large airplane hanger, it actually represents the most recent investment in the tree-fruit sector.

Sunny Processors has been collaborating with the Kenya BDS Program since 2006 when they established an industrial-scale avocado processing plant. Since this time, the operation has sourced approximately 30-40 tons of avocados per day when in season. Fruit has been obtained through Kenya BDS-developed market linkage firms, whom the processor now contracts directly.

In approximately 3-4 months Sunny Processors will open the most recent addition to

their business. Located on a 15 acre plot at SunMango farms, the new 7,000 square meter processing plant will employ over 150 staff on-site.

According to Director Khilan Patel, once operational the plant will export 40 containers of grade 1 Hass and Fuerte variety avocados per season to Europe, as well as 30-40 containers of fresh mangoes per season to Europe and the Middle East.

Fresh-line operations will be complemented with a pulping facility capable of processing 5 to 6 tons per hour. Tomato, mango, passion fruit, and banana pulp puree and concentrate will be exported to the European and COMESA markets.

The firm will also bottle

mango and other fruit juices, as well as mineral water, carbonated soda, and flavored milk.

Future plans will include an avocado oil refinery and bottling operation at the Makuyu site, as well as establishment of a pulper in Garissa to lower the cost of transport. The firm will also leverage the farmer group networks established by Kenya BDS in Mpeketoni, Makueni, and Machakos Districts as a key supplier of mangoes.

The new plant at Sunny Processors signifies an additional outlet for over 50,000 farmers. For Kenya BDS, the development signifies further investment within the tree-fruit sector.



Khilan Patel, Director of Sunny Processors, Ltd. oversees construction of their new avocado fresh-line operation. The firm intends on exporting 40 containers of grade 1 avocados per season to Europe, and will also establish a refinery and bottling operation to capture value addition through avocado oils



Agronomist Japheth M. Amanda (pictured left) meets with group management officers Samuel Gikonyo and Wilfred Ndungu at the Agro-Outlets, Ltd. head office at Kenol Sub-Location, Makuyu District.

Tilapia Cage Farming Program is Launched

Kenya's aquaculture production has risen steadily and is currently likely to be almost 1500 metric tonnes. There still exists however a significant supply constraint for table size tilapia from Lake Victoria.

Diversification of fishing areas through aquaculture can significantly generate incomes through alternative, sustainable, low-cost family and community initiatives. In central Kenya, Tilapia production has been shown to increase tremendously when cage farming technology is practiced. Clearly this can be easily replicated in neighboring dams to produce more fish per unit area if correctly cultured.

This past Quarter Kenya

BDS launched an activity with local facilitator WMG Consulting to accelerate the development of cage fish farming of Tilapia in Central Kenya through formation of business-oriented production clusters.

Through technical assistance in propagation, production, and general cage culture, small-scale fish farmers will learn that improved management can lead to increased production. Through training in group formation, farmers will realize the improved efficiencies and commercial benefits of economies of scale.

Through assistance in enterprise budgeting and cash-flow analysis, they will learn how to critically

examine production methods and business decisions that impact their costing of inputs through output. Finally, by facilitating access to markets and ability to undertake buyer identification, farmers will realize sustainable outlets for their products.

Over the 6-month period it is expected that WMG Consulting will develop 120 small-scale cage farmers in Nyeri North, Nyeri South, and Kirinyaga Districts. As a result of this activity it is expected that 120 cages will be developed resulting in the production of 18,000 Nile Tilapia, with sales of Kshs 1.2 million in the first year.

Agro-Outlets is a commercial market linkage firm developed by Kenya BDS which links smallholder farmers with lead exporters and processors.

The officers meet every Monday for their regular planning session. At the meetings the officers review the previous week's activities and discuss issues related to training, picking, harvesting, grading, payment, and group management.

The officers also develop a program for the upcoming week, with particular emphasis on detailed projections as well as any incidents arising from pest and disease.

According to agronomist J.M. Amanda, "I enjoy empowering the farmer by helping them access markets for both their grade 1 and 2 fruits. It is also rewarding when we can not only understand a farmer's problem, but also become part of the solution."

KBDS Featured Farmer – John Kamau Mwaura

John Kamau Mwaura is the Chairman of Kawendo B group in Ngararia location, Maragua District. He was born in 1941 and is married with one wife and seven children. Mr. Mwaura is a former employee of Kenya Agricultural Research Institute (KARI) Thika where he worked from 1963 as a telephone operator until he retired.

It was while he was working at KARI that Mr. Mwaura realized the economic importance of the avocado crop. During that period, he established an orchard in his 3.6 acre farm with both avocado and citrus.

He started by planting 102 avocado seedlings of Fuerte variety in 1986. During this time, he had to uproot the citrus after the trees became affected by disease and started drying.

Unlike citrus, the avocado crop was not affected by disease and the fruits were generally clean. The only problem was that farmers could only sell to brokers who were buying at ksh 50 cent per fruit.

Mr. Mwaura remarked that, although brokers dominated the market, the incomes were generally good and he could pay school fees for his children without struggle. He shared that during the second term he would clear school fees for almost the whole year with the incomes from avocado sale.

Unfortunately by 1992, the trees became affected by diseases which drastically lowered the quality of fruits. The fruits would event rot, fall down, and attract ants

making the farms a no go zone.

Such low quality allowed Mr. Mwaura to only sell to the local market, with a full sack of avocados priced at only Kshs 100. Mr. Mwaura remarked that he was lucky for his farm to be located near the main road so he could attract brokers. Due to the problems of disease and low price he had even started to cut down some trees for other food crops.

Mr. Mwaura remarks that the program launched by Kenya BDS in 2003 offered a new hope for him and avocado farmers. Of particular interest was the direct access to exporters for the first time, as well as the emphasis on grade 1 quality through integrated pest management. With the prospect of a high-value market and a favorable price, many of the farmers in his area rapidly rehabilitated their farmers to good standards.

He shared that through the KBDS intervention he also learned a lot on field hygiene, as well as methods to control pest and disease. He readily embraced the new concept of top working to convert some of his avocado trees from Fuerte to Hass variety. At present Mr. Mwaura now has 48 Hass trees, and has given 50 Fuerte trees to his son to manage and earn himself an income.

Since 2005, Mr. Mwaura began accessing spray services from Ideal Matunda Ltd. (IML) after seeing the difference in terms of yield and quality from properly applied agrochemicals.

(IML is a commercial spray services firm developed through Kenya BDS support.)

He reported that through the application of exporter-approved agrochemicals, the increased yields resulted in an income of Kshs 200,000 that year compared to less than Kshs 50,000 that he would receive in a typical season.

This season Mr. Kamau expects a better harvest since their group was able to access the overdraft facility from Equity Bank. The group has already done two cycles, and this will continue as the group does not need to struggle to finance agrochemical services.

He has also added Calcium ammonium nitrate (CAN) and Nitrogen Phosphorous and Potassium (NPK) and compost manure to his trees. He expects his fruits to be healthier and cleaner this season than even before.

Mr. Mwaura feels proud that the pickers he employs on his farm are able to make good money. He employs between two to four people who take home not less than Kshs 1,000 per day during the harvesting season. The young men have bought cows for their families and he is proud to be associated with them in their growth.

He is optimistic that if he continues to purchase effective and timely agrochemical services, coupled with other aspects of general crop husbandry, he will enjoy increased incomes in the future.



Avocado farmer John Kamau Mwaura and his wife.



Kenya BDS Welcomes Chief of Party Dave Dupras

During the month of March Kenya BDS will undergo a transition in leadership as Dave Dupras arrives in-country to replace David Knopp as Chief of Party. (Mr. Knopp is moving to Tanzania to manage a newly awarded project for EMG.)

With over 25 years of experience in agribusiness, value-chain facilitation, and rural development, Mr. Dupras will ensure that all Kenya BDS interventions continue on their pathway towards commercialization.

His experience in crop agronomy, extension, and marketing will enable him to rapidly understand the challenges facing smallholder farmers in Kenya, while his ability to provide business mentoring and firm-level support will serve as a further boost to Kenya BDS-assisted market linkage firms, processors, and exporters in their management and handling of product along the supply chain.

Welcome Dave!

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