

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.



Fish flayers undertake proper removal of Nile Perch skin. Women processors purchase 1 MT per week (approximately 4,000 skins) directly from the IFP which are then preserved through wet-salting for on-sell to tanneries.

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JULY - AUGUST IN REVIEW

The July-August period has been quite active for Kenya BDS.

In the Lake Victoria fish sector, Omena processing activities have commenced with lifting of the 4 month ban. Expansion of aquaculture production continues at an aggressive pace in Western Kenya, with the stocking of 39,144 Catfish and 19,062 Tilapia during the past few weeks. Since inception of the program fish farmers have constructed 26 new ponds that are fully operational. Development of the Nile Perch

Fish skin industry has also taken a positive turn as standing orders from both domestic and international tanneries currently exceed supply, justifying outreach activities with additional women processors.

In the treefruit sector, extended freezing temperatures in California, South Africa, and most recently Chile will significantly impact the supply of Hass variety avocados during the late August and early September period. This should present an opportunity for those Kenyan growers with late season Hass production.

Smallholder passion fruit farmers continue active production in Central and Eastern Province, however recent MRL violations and the lack of EurepGap certified produce will increasingly hamper grade 1 export opportunities.

To meet this challenge, this past period Kenya BDS commenced two programs to enhance the MIS capabilities and Quality Management Systems (QMS) of brokerage firms for increased efficiencies, better documentation, and enhanced crop management with smallholder producers.

FISH SKIN END MARKET OPENS UP

ESALIA Increases Outreach among Women Processors to Meet Rising Demand

For the past 9 months, local facilitator ESALIA (East and Southern African Leather Industries Association) has maintained a delicate balance of developing well-organized groups of fish skin processors, while simultaneously promoting the unique product among a variety of local and international buyers.

Such balance is necessary to avoid past mistakes whereby donors would promote a seemingly innovative product without any prior focus on the end market. This often resulted in failed projects that further impoverished the MSE producer.

Armed with supply projections from the pilot women processors, ESALIA has pursued a number of market channels for the fish skin product over the past several

months. Differentiated markets were targeted through participation in international trade fairs, while samples of white crust and finished leather were provided directly to prospective buyers.

The results have been positive, with standing orders from tanneries in both Kenya and Iceland now exceeding 1 ton per week.

In Kisumu, participating women have a formal arrangement with an industrial fish processor (IFP) to collect the fish skin by-product per an established production schedule. Through member savings, women are also able to pre-finance the collection of skin from the IFP.

Following the wet-salt preservation of the hide, the skin is delivered on a weekly basis to the tannery collection centre in

Kisumu. After the hides are graded, the women are paid by the tannery through their group account at Co-operative Bank of Kenya within a one week period.

Gross margins for the women range between 3-6 Kshs per hide. With anticipated production of 4,000 hides per week, a group has the opportunity for margins of Kshs 42,000-84,000 per month at full capacity.

With demand exceeding current supply, ESALIA has commenced an aggressive outreach campaign with additional IFPs and women processors.

During the months of September and October ESALIA will commence activities with additional IFPs in Homa Bay, while developing the capacities of 4 more women groups to process fish skin as a viable business.

QMS DEVELOPMENT AND EUREPGAP CERTIFICATION PROGRAM FOR SMALLHOLDER FARMERS LAUNCHED

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Food safety is an increasing concern among retail markets in Europe, with a growing emphasis on the need for EurepGap certified produce. Already last season, one exporter currently working with Kenya BDS lost an order of 1 container per week due to their inability to provide EurepGap – certified avocados. Passion fruit exporters have expressed similar pressures from their buyers.

Failure to achieve certification, as well as the possibility of maximum residue level (MRL) violations will increasingly limit the market opportunity for smallholder tree-fruit farmers in Kenya.

This past July Kenya BDS awarded a tender to local facilitator Standards & Solutions to develop and implement a cost-effective approach for certification that can be replicated without continual reliance upon donor support.

The approach will involve developing the capacity of select Kenya BDS-assisted brokerage firms to maintain and manage an effective quality management system

(QMS) for their respective smallholder groups, while ensuring the appropriate mechanisms, systems and procedures are in place for EurepGap certification.

The QMS manuals for passion fruit and avocados will be adapted from the GTZ/BSMDP-funded shareware platform for vegetables, or from exporters who have already developed a viable QMS and are interested in extending the system to their particular outgrowers.

Activities commenced this past July with a rapid assessment of Kenya BDS brokerage operations in the passion fruit and avocado sectors, followed by a strategy design for group selection and roll-out. This included detail on cost-sharing between farmers, exporters, and brokerage firms, as well as identification of key training requirements such as traceability, record-keeping, safe use and storage of agrochemicals, fruit handling and grading, and other critical technical areas for certification.

By early October, Standards & Solutions will finalize development of the QMS

manuals for passion fruit and avocados, including development of all relevant procedural documents for each of the collaborating lead firm production systems.

Once the appropriate QMS are in place and capacity-building of the brokerage firms and pilot farmer groups are complete, the facilitator will assist the select groups to carry out the pre-audit self-inspection, and assist in closing the non-compliances before actual certification.

Once the initial pilot groups have achieved certification, it is envisaged that the necessary skills, know-how, and procedures will be institutionalized among the staff of each brokerage firm such that additional groups may be brought on post-Kenya BDS support.

To support this process, Standards & Solutions will propose a number of information dissemination events to share experience and sensitize other potential farmer groups on the opportunities for certification.

OMENA SEASON COMMENCES IN LAKE VICTORIA

For Kenya, August represents the reopening of the Omena fishing season in Lake Victoria. Each year the Fisheries Department imposes a 4 month ban to allow for the replenishment of Omena stocks.

While well intended, the actual impact of such a ban is mitigated by the neighboring markets in Tanzania and Uganda, where Omena fishing

is allowed throughout the year. Typically market prices for Omena also undergo dramatic fluctuations in the months immediately preceding and following the ban. During the month of August, prices have reached as high as 80Kshs/Kg (dry), while during the regular season prices average 30 Kshs/Kg (dry).

Such fluctuations present challenges for lead firms when

negotiating fixed-price supply contracts for the entire season, forcing some buyers to adopt a two-tiered pricing system.

Other challenges have included rainy weather which impedes the lamp-fishing technique, as well as the nomadic nature of women processors who follow migratory patterns of the Omena fish.

Registration Open for 3rd National Conference of the BDS Donor Coordination Group!

The BDS Donor Coordination Group will host the 3rd National Conference from 14-16 November 2007 at the Serena Beach Hotel in Mombasa.

This 2½ day event will bring together senior level officials from the private and public sector as well as donor community to discuss and share practical experiences related to poverty alleviation and development through the private sector.

Response to last year's Conference was tremendous and a fruitful experience for all. To accommodate increased demand, the Conference has been expanded to incorporate a greater number of break-out sessions and participant capacity, as well as having integrated more time for networking and experience-sharing in a beautiful and relaxed environment.

At the plenary level, internationally-recognized experts will provide participants with cutting-edge thinking on "making markets work," value-chain facilitation, and how to effectively measure impact.

These discussions will be complemented through a series of breakout panel discussions led by thought-leaders from within Kenya and the region on themes related to: competitiveness, business development services, value-chain financing, policy formation, horizontal and vertical linkages, and private sector-led development.

Registration is limited to 100 participants, and will be confirmed upon payment on a first-come, first-served basis.

Those interested should contact the Danida Agriculture Business Development (ABD) Program who is serving as conference secretariat at bdsconference@abddanida.org or via telephone at +254-020-374-6764/354.

INCREASING EFFICIENCIES THROUGH MIS

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Management of information is critical for successful operation of a brokerage service. Data must not only be collected and reported on a regular basis, but it must be harmonized among all actors, as well as captured and organized such that quick decisions can be made.

This is currently a constraint facing Kenya BDS-assisted brokerage firms. In the Omena sector, it is often difficult to discern the outstanding levels of buyers credit at group level, quantities of fish collected and graded, as well as projections on anticipated catch.

For linkage firms in the tree-fruit subsector, harmonized record-keeping is lacking not only in areas related to production and sales, but also in critical areas vital to administration of a EurepGap-responsive quality management system (QMS).

During the month of August a contract was awarded to local facilitator Ritz Africa Consultants Ltd. to design and roll-out a simple but effective MIS system to support such brokerage firms. The award was based upon an open tender competed by Kenya BDS in July.

During the month of September, the facilitator will conduct a rapid assessment of Kenya BDS market linkage activities.

By mid-October, it is expected that the facilitator will undertake completion of the MIS system and handover of the software to targeted brokerage firms. As part of the system handover, the consultant will provide the necessary training such that field-based operators are capable of managing the system.



A simple field-based MIS system to manage production and marketing will enhance the quality and accuracy of brokerage services in the tree-fruit value chain.

AVOCADO FARMERS SELECT MARKETING AGENTS FOR 2008 SEASON

To ensure commercial uptake of a particular business service, it is essential that the service is demand-driven and perceived as having immediate tangible and practical value for the user.

True demand may only be measured if that service is priced and paid for on full commercial terms. Repeat purchase of a service is also a good indicator of perceived value.

During the month of August, Kenya BDS hosted a series of marketing meetings with avocado group leaders in select production clusters of Central Province. The purpose of the meetings was for group leaders to collectively decide how best to market and sell their avocados during the 2008 harvesting season.

The format of the meetings was similar to that of the coffee sector, whereby

registered marketing agents meet with farmers in large forums to market their brokerage service. Farmers then collectively decide upon an agent to contract for the upcoming season.

Farmers were free to select from a variety of options, such as: 1) contracting a Kenya BDS-developed brokerage firm; 2) selling directly to the exporter; or 3) selling as individuals through spot-market brokers.

For Kenya BDS it was a satisfying experience. The fact that group leaders were interested in having such meetings underscored the perceived value among farmers. Moreover, the presence of brokerage firms competing for business among farmers without the lure of donor subsidy is testament that a commercial opportunity exists and that money can be made.

The results were interesting.

In some production areas both the farmers as well as exporters agreed that a brokerage firm was necessary, and that the costs of which would be shared by both parties. In other words, the brokerage role was outsourced by the key value chain actors.

In another production area an exporter expressed interest in establishing a permanent field presence (office and staff) within a particular production cluster and sourcing from farmers directly. Farmers agreed to the scheme and will be selling to the exporter directly this season.

Regardless of the various linkage models that have emerged, it is interesting to note that the process was entirely demand-driven, and that neither farmers nor exporters wish to revert to the traditional practice of spot-market brokers.



During the month of August Kenya BDS hosted a series of marketing meetings for avocado group leaders in Central Kenya.



The forums provided an opportunity for farmers to interview and select marketing agents and buyers in advance of the 2008 harvesting season.

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