

**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.**



Kenya Business Development Services Staff in front of Nairobi Office.

From the left to right: Jane Mwaura, Josephine Mbula, Kenneth Marangu, Abbey Kavunaga, Nancy Amayo, and Vincent Matekwa.

**March-May 2008**

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**March- May in Review**

The effects of the post-election violence/chaos continued during this period; but gradually business is getting back to normal throughout the regions served by KBDS.

The principle harvest for export quality Fuerte avocado is over and that for Hass variety is underway. All avocado farmers are now selling their grade II fruits to oil processors. The general report is that this year is a substandard year for avocado production in Kenya with low volumes of both grades I and grade II fruit.

Passion fruit harvest is on-going but its peak season is over. There were issues with high levels of Minimum Residue Levels (MRL) amount some fruit shipped to Europe. This issue is being addressed by Fineline with its collaborating farmers in order to prevent similar occurrences.

In the fishery sector, the four month ban on Omena fishing is in effect from April, so there is no significant activity with the women groups.

Nile perch skin purchases were halted during the unrest and have only resumed in May, so the women processing groups were

inactive for much of this period.

Farmer groups raising tilapia and catfish in ponds are progressing rapidly despite the lack of balanced feed mixtures due to unrest caused transportation issues. Replication is increasing at a faster than expected rate as new groups seek to emulate the successes of nascent fish farmers.

Caged tilapia farming had initial start-up issues but with help from the Ministry of Fisheries technicians, solutions were developed and tilapia fingerlings have been distributed to the first four groups of fish farmers.

**Political and Economic Crises – Lingering Effects**

The political and economic unrest stemming from the recent presidential elections finally abated in March but its disruptions still affected KBDS and its farmers in a number of ways into May.

The Lake Victoria region was the most severely affected. Revenue for KBDS collaborating groups in the area was greatly reduced. The transportation sector was still recovering into April but was back to normal in May. Buying and selling of Omena on the beaches did not recover before the four month ban was imposed in April. Nile perch skins were not purchased by the tannery throughout March and April and only resumed in May. The Ministry of Fisheries Office in Kisumu was burned down and the illegal gear was stolen and is most likely being used to catch smaller Nile Perch. Balanced feed for pond raised tilapia and catfish was

unavailable for purchase due to the lack of transportation in March and mid-way through April. The avocado and passion fruit farmers also had reduced income during the period primarily due to the crippling effect on road blocks on the transportation sector. This occurred during peak harvest times for passion fruit and the beginning of the harvest for avocado. Fruit could not be picked up and delivered and inputs could not be obtained.

**KBDS Phase Out Activities**

The KBDS contract with USAID/Kenya comes to an end on September 30, 2008. KBDS has now entered into its phase out mode and is working to provide a smooth transition for market linkage firms, their farmer groups and collaborating exporters and processors.

During this past quarter KBDS has introduced market linkage firms with on-going projects which might be able to provide assistance to help the MFL to grow and offer more services to their farmer groups. Three organizations have expressed interests in working with KBDS market linkage firms: SNV, the Netherlands Development Organisation, GTZ, the German Development Organization and the USAID-funded Kenya Access to Rural Finance project.

Final intervention fund payments were made to: J Mantle, Ritz Africa & Ideal Spraying II during this period. Another consequence of the phase out, KBDS is sorry to say kwaheri to Kenneth Marangu, Deputy COP and Tree-fruit specialist who leaves the project on May 31<sup>st</sup> to begin work with another donor organization in micro-finance.

# An Avocado Season with Many Challenges

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Over the current season farmers continue to appreciate the market linkage intervention because collection of fruits is better organized and they have been able to sell their fruits though the program consistently unlike the previous season. Service delivery has also improved significantly and this is attracting groups that had become dormant to join the program again.

The current season has given mixed results that are characteristics of challenges and risks associated with farming. For a start the season started with a massive flower drop in both the sprayed and unsprayed orchards between October and November. This in effect meant the volumes of production for both grade I and grade II fruit was much lower than the previous years. Our market linkage firms estimated only a third of what was earlier projected will be achieved.

Avocado export season for grade I Fuerte fruits slowed down by the end of April on account of the prevailing rains. This has locked out a

number of groups, leading to frustrations since grade II oil processing factories had not opened by this time. Normally the export market stops when the oil processing factories are opening giving farmers an alternative to market produce.

On the other hand the oil processing factories do not open up until they are sure of the oil content is as per the required economic value. Often this leaves a gap in the market. The way forward is to establish contact with a wide range of exporters in order to accommodate this annual problem. This will mean exploring markets outside the European Union market.

Effects of the post election violence continued to be felt by the program since most groups cohesion was affected due to failure of holding regular meetings. During the season the quality of export fruit was a major challenge due to the prevailing heavy rains. The few deliveries made have resulted in high levels of rejects – close to 30% of the total deliveries. Although this is an improvement from the last season's 50% rejection rate, this exacerbates an already

poor situation in volumes and in value.

Scouting done by technical staff from Kenya Agricultural research Institute KARI showed that avocado orchards had been attacked by *Cercospora* disease ranging from less than 10 % for the trees sprayed two or three time to as high as 80% for orchards not sprayed. It was clear that the sprayed trees withstood the disease much better than those unsprayed which is an indication that if spraying is consistently carried out the fruits can be better protected.

The rains that came in April and early May contributed to infection by creating ideal conditions for *Cercospora* disease. The attack is made worse by lack of pruning and poor hygiene in most of the farms. This in turn was caused by massive flower drop. One of the options the farmers have, particularly those ones with very old and tall trees, is to cut them back for rejuvenation. This would offer them an opportunity to graft with less susceptible cultivars like Hass and Pinkerton.



Kenya BDS supports Avocado farmers through market linkage firms in production and sale for both export and oil processing

## ***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](http://www.springfieldcentre.com).*

## ***Kenya Business Development Services Close-out Workshop***

*Plans are underway to hold a one day close-out workshop in Nairobi to analyze KBDS project achievements and lessons learned. The dates are still being discussed; it is expected to take place in either mid August or September.*

*The official USAID-EMG KBDS contract close out date is September 30,2008.*

*Invitations will be sent to all KBDS' partners once the date is finalized.*

## **AFIPEK Update**

The Kenya Fish Processors and Exporters Association (AFIPEK) signed a contract with KBDS on April 7, 2008 to implement activities to provide a sustainable harvest of Nile Perch from Lake Victoria. On May 24 AFIPEK conducted interviews at its headquarters in Nairobi of eight candidates for the project

inspectors. At the meeting it was decided that each of the five processors would nominate one candidate to participate on the inspection teams and that KBDS would nominate two candidates who would rotate as Team Leader on the inspection teams. Training for all inspectors will begin during the first week in June using

curriculum developed by counterpart inspection teams in Uganda and Tanzania. Trail inspections of fish processing factories will begin immediately after training through 20 June 2008. Factories shall not be penalized during this time but non-compliances shall be noted and reported to the regional associations.

## Tilapia Cage Farming – Enthusiastic start up in Central Kenya.

In the last quarter KBDS launched the tilapia cage farming program in Central Kenya through local facilitator WMG Consulting to accelerate the development of cage fish farming through the formation of business oriented production clusters.

87 fish farmers from 3 clusters located near Mutiithi, Rukenya and Kiunyu dams in Kirinyaga and Nyeri districts were formally registered as clusters to deal in fish cage culture. All members were trained on cage construction and 8 identified members pulled from all groups given more specialized training so they could act as group artisans –“cage fundis”- and are called upon as service

providers to assist groups in building new cages when required. A total of 17 cages and 3 happa nets have been made and stocked with 3,450 fingerlings.

The groups currently hold weekly meetings. Technical training has been provided on cage culture technology, local feeds and how to constitute them, basic record keeping and enterprise budgeting.

Growth rates from the formulated feeds has been very encouraging to the farmers. Sampling after one month showed that the fish stocked at an average weight of five (5) gms has now grown to an average of eighteen (18) gms showing

that the feed formulated is of reasonably acceptable quality.

Farmers are committed to actively invest in increasing the number of cages, stocking and feeding them. Key next steps include exploring linkages for the farmers in the potential markets, bringing on board one additional cluster and honing farmer skills in efficient production.

The initiative, being a new venture in the region is presenting a very exciting opportunity for the participating communities. They view it as another type of business endeavor in addition to dairy, poultry and crops which has been their traditional mainstay.



*Kenya BDS supports the training of tilapia fish cages by self help groups working under the direction of WMG Consulting in central province*



*WMG Consulting 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.*

*Below is a photograph of a KBDS group member de-scaling a Nile Perch fish skin as a part of the hide processing*



## Fish Skin Leather – Industry slowly picking up after post election disruptions

The entire Lake Victoria fish sector was severely hit by the recent post election disruptions resulting in the 5 major Industrial Fish Processors [IFP] in the region operating at only 15-20% capacity. This coupled with road insecurity greatly limited access to markets by women processors selling their tanned Nile Perch skins and led to a standstill of most activities in the region.

Local facilitator ESALIA (Eastern and Southern Africa Leather Industries Association) had just completed organizing 5 groups of Nile Perch fish skin processors and was promoting their unique product among a variety of local and international buyers. Lack of access to markets for the treated fish

skins has made the members de-motivated, unhappy and demoralized but also led to renewed effort by groups to try and recover as much revenue as they could once the situation normalized.

Within the last month, 2 groups from Homabay have managed to sell 1.2 tons of treated Nile Perch skins with a market value of Kshs 36,000. A key tannery in Nairobi has renewed their standing order of 2 tons of fish skins per week. Like before the post-election chaos, local women are already pre-financing the collection of skins from the IFPs, wet salting them for preservation and delivering the treated fish skins to collection centers in Kisumu.

Gross margins for the women range between 3-6 Kshs per hide and 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.

To ensure skin quality, the IFPs have agreed to train their staff in better flaying techniques to reduce the number of holes produced in the skins during this process.

Things are improving- the participating women agree that with the turn-around they definitely want to maximize their revenues and will explore the possibility of selling small and damaged skins to alternative animal feed markets.

## KBDS Featured Farmer – Virginia Wandia Macharia

Many smallholder farmers working with Sure Link have the basic prerequisite requirements for intensive farming; i.e., the knowledge, water, land and labour. However the lack of adequate and consistent markets discourages several farmers from farming as a business. Virginia Wandia Macharia is one of the farmers who have met these criteria and is participating with Sure Link by producing snow peas and sugar snap peas for the export market.

Over the last 10 years Virginia has been farming snow peas and sugar snaps in her rural family farm in Mt Kenya region, Narumoro, Kabura ini without good return on capital invested in the business. “Every year we kept hoping that the business will improve but the markets fluctuations distorted everything,” she says.

Virginia is a wife and mother to three grown up children. She is the full time farmer and manager of their farm since her husband works in the urban area. “I am the one who manages the business but my husband provides the support required especially the farm inputs; the prices have been skyrocketing and sometimes the business income is not adequate for all the farm needs.” She farms the

family land with one of her sons who is also a member of the same smallholder producer group- Gitinga Horticulture Self Help Group. In total the family have devoted 2 acres for farming of snow peas and sugar snap peas that are supplied to East African Growers [EAGA] through Sure Link on a contract farming arrangement that offers an all year round constant price and a 100% market for all of the crops produced on the plan with the company.

Her normal planting programmes comprise of 3 kgs of EAGA provided seeds per week. The planting programme is agreed upon by Sure Link as guided by the EAGA market demands. “This is good because we enjoy selling 100% of our crops for what we are asked to produce by Sure Link. I can confidently say that it is only after farming on contract with Sure Link that I have started enjoying constantly good results of my labour.”

Earlier the markets were so inconsistent that the money made in high season was eroded in the low season when markets were poor or non-existent; many farmers had abandoned the production of the cash crops. “With Sure Link’s services

the groups produce enough for the EAGA market and all 19 group members have continued to enjoy regular and consistent markets at a reasonable price. The returns on our capital investments in our farming businesses have greatly improved. May God bless Sure Link.” Virginia cannot conceal her joy as she anticipates making a bumper harvest from her produce that is looking promising.

Her proceeds are reinvested business and she hopes that regular water supply will all to expand her production. availability of regular water irrigation coupled with payment for produce is crucial the smallholder farmers to or and grow their businesses family has invested in a made dam for water storage bought a portable pump, piping and sprinklers for over irrigation to water the fields. As she ends she says that the farmers who refused to join the programme in the beginning are envious of their group’s successes. She thinks that the kind of farming they are doing is going to benefit many of the farmers in the project, especially the women, who manage and work most of the farms. Calling her daughter to join us she says she feels empowered and has chosen to utilize her income to send her daughter to a computer college in a near by shopping centre.

However, in Phoenix fashion, BSMDP will arise from the ashes as DANIDA will contribute approximately 250 M KSh to continue the project for an additional 2.5 years through MESPT. ASCU will soon advertise for bids on its 240M KSh innovation fund.



Virginia in her snow pea farm. Crop ready for harvest



The dam and pump for irrigation Water

### Kenya BDS New Chief of Party Dave Dupras

As part of the project KBDS close-out, EMG brought in a new David to replace the old one. Although the old David’s shoes will be hard to fill, the ‘Seasoned’ David travelled around Kenya visiting KBDS stakeholders as a part of his orientation. He enjoyed group meetings with farmers and fisher-folk and, coming from a production background, he especially enjoyed farm visits. He was particularly impressed with the progress the groups have made in increasing their productivity as well as their profitability under the guidance of KBDS and the collaborating market linkage firm partners. Many of the smallholder groups are en route to becoming self-sustaining and profitable entrepreneurs and some are already developing a commercial philosophy towards business.

### The BDS Donor Coordination Group Highlights

The BDS Donor Coordination Group will hold its 4<sup>th</sup> conference on 24-26 November on the Kenyan coast. The themes of this annual meeting are tentatively extension services, farmer associations and regional linkages: The BDSDC lost an

influential partner in April with the close-out of the DFID/DANIDA funded Business Services Market Development Project [BSMDP]. A one day workshop was held on April 4 in Nairobi. Handouts of the proceedings can be obtained from DANIDA.

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