

**Ex-ante Evaluation Study Mission
For “Smallholder Horticulture Empowerment Project (SHEP)”**

**Data and Information Collected
In
Trans-nzoia District and
Bungoma District**

**By
MoA/
HCDA/
The Mission of JICA HQs**

1 – 3 September, 2005

Members of the Ex-ante Evaluation Study Mission

(1 – 3 September, 2005)

Mission Members from JICA HQs

Mr. NISHIMAKI, Senior Researcher, Department of Rural Development, JICA HQs

Dr. KUBO, Associate Professor (Post-harvest, Faculty of Agriculture, Okayama University, Japan

Mr. KOSUGI, Lecturer (Socio-economic survey, Agro-economics), Tokyo University of Agriculture and Technologies

Members from Kenya side

Mr. CHOKE, JICA Kenya Office

Mr. NAKAMURA, JICA Kenya Office

Ms. ARIM, MoA

Ms. OSORO, HCDA

List of Interviewees

Trans-nzoia District (1 September, 2005)

1. Interview with District/ Divisional Officers at the District Agriculture Office (DAO *district branch of Min. Agriculture) Trans-nzoia District 3
2. Interview with Local Marketers at the District Agriculture Office (DAO *district branch of Min. Agriculture) 6
3. Makhonge Self Help Group 8

Bungoma District (2 – 3 Sep, 2005)

4. Interview with District/ Divisional Officers at the District Agriculture Office (DAO) Bungoma District 11
5. Chwele Market 14
6. Chebukuyi Tomato Self Help Group 19

***In addition to the above-mentioned interviews and data-collection, an interview with KACE (Kenya Agriculture Commodity Exchange) was also held at its Bungoma branch office during this mission.**

Information will be put together with data collected at KACE HQs, Nairobi.

***Video material, which describes its services and ranges most of information collected in the two interviews, was presented by Dr. MUKHEBI, Executive Director of KACE.**

Questionnaire to Farmers Groups (Revised)

*The following questions are asked in interviews with farmers

Farmers Group Profile

1. Name of farmer or farmers group:
2. *Number of group members*
3. *What activities is the group doing? + How long?*
4. *What size is the collective farm?*
5. *Why do you start group activities?*
6. *What external supports do you receive for the activities?*
7. *What is your future plan of activities?*

Members of the Group/ Individual Farmers

(Livelihoods: on-farm, non-farm)

8. What is your house hold size – no. of members?
9. What is the farm size?
10. *Of which what size of land is under horticulture?*
11. What crops and livestock do you keep?
12. *Which crops are commercial?*
13. What are your other sources of income?
14. Is there any horticultural processing activity in the area? – if yes, explain.
15. *What are major sources of income?*
16. Who provides the labour?

(Marketing of Produce)

17. Where do you sell your produce? + *how + to whom*
18. Do you have marketing associations? – if yes, explain.
19. Do you linkage with local distributors or exporters? – if yes, explain.

(Constraints: production, marketing)

20. Do you face any difficulties with the horticultural production? – if yes, explain.
21. *How do you solve the difficulties?*
22. Do you face difficulties in marketing? – if yes, explain.
23. How do you solve the difficulties?

(Access to Support Services)

24. Do you get any support (training, extension, information, credit and material supports either for production or marketing) from GOK, NGO or private companies? – if yes, explain.
25. Do have access to credit services? – if yes, explain.
26. How do you get your farm inputs? – tools, equipment, fertilizers, agrochemicals
27. What kind of support is your priority in horticultural production?
28. What kind of support is priority for horticultural marketing?

Record of Interview

Name of Organisation: DAO Trans-nzoia (Meeting with division officers and frontline workers)

Date/Time: 1 Sep, 2005/ 10:30 am

Venue: DAO Trans-nzoia, Kitale Office

Postal Address: P.O. Box 1781, KTL

Tel: 054-30357

E-mail: _____

Interviewers/Attendees Mr. Nishimaki (JICA HQs), Dr. Kubo (Okayama Univ.), Mr. Kosugi (Consultant), Mr. Choke (JICA Kenya), Mr. Nakamura (JICA Kenya), Mr. Arim (MoA), and Ms. Osoro (HCDA)

List of Key Informants

<i>Name</i>	<i>Title/ Organisation</i>	<i>Contact (Tel, Mobile, E-mail)</i>
<i>Ms. Rebecca BIEGON</i>	<i>DAO Trans-nzoia</i>	<i>0723-392763 054-30357</i>
<i>Mr. Phillip P. TINGAA</i>	<i>Deputy DAO</i>	<i>0734-930160 pptingaa@yahoo.com</i>
<i>Mr. Bartuina KIPYEGON</i>	<i>North Rift Regional Supervisor</i>	<i>0722-460183 054-31356</i>
<i>Ms. Sarah MANGO</i>	<i>District Horticultural Crop Officer</i>	<i>0733-613417, 0724933079 sarahlmango@yahoo.com</i>
<i>Mr. Charles SISO</i>	<i>Extension Officer, HCDA Trans-nzoia/ Bungoma</i>	<i>0720-757883 054-31356</i>
<i>DAO Trans-nzoia: other District-level and Division-level Officers (total 19 persons)</i>		
<i>Mr. Martin KEYA</i>	<i>District Farm Mgt Officer</i>	<i>Box 1781, KTL 0733-819430</i>
<i>Mr. Abraham NJUGUNA</i>	<i>Divisional Crops Officer, Kaplamai Division</i>	<i>Box 1781, KTL 0720-794835</i>
<i>Mr. Jimmy S. WEKUNDA</i>	<i>Divisional Farm Management Officer</i>	<i>Box 1781, KTL 0733-673249</i>
<i>Mr. Robert SIMITY</i>	<i>Industrial Crops Officer</i>	<i>Box 1781, KTL 0734-830092</i>
<i>Mr. Stephen V. ENGASIA</i>	<i>Divisional Agricultural Extension Officer, Cherangany Division</i>	<i>Box 1781, KTL 0735-324795</i>
<i>Mr. Stephen W. MURIITHI</i>	<i>District Crops Officer</i>	<i>Box 1781, KTL 0721-523880 SWAMURIITHI@yahoo.com</i>

<i>Mr. Laurence OBINO</i>	<i>Divisional Agriculture Extension Officer, Sasoti Division</i>	<i>Box 1781, KTL 0735-800181</i>
<i>Mr. Kennedy OLWASI</i>	<i>Divisional Agricultural Officer</i>	<i>Box 1781, KTL 0735-290288 kolwasi@yahoo.com</i>
<i>Mr. Moses W. WAFULS</i>	<i>Divisional Crops Officer, Endebess Division</i>	<i>Box 1781, KTL moseswalela@yahoo.com</i>
<i>Mrs. Zippovoili SIMIYU</i>	<i>Divisional Crops Officer, Kiminini Division</i>	<i>Box 1781, KTL 0733-3871302</i>
<i>Ms. Mary NJUGUNA</i>	<i>Divisional Crops Officer, Central Division</i>	<i>Box 1781, KTL 0722-289954</i>
<i>Ms. Elizabeth KARIUKI</i>	<i>District Monitory and Evaluation Officer</i>	<i>Box 1781, KTL 0722-290993</i>
<i>Mr. Thomas N. WASIKE</i>	<i>Divisional Agricultural Extension Officer, Kwanza Division</i>	<i>Box 1781, KTL</i>
<i>Mr. Bunuka A. V. SHEWA</i>	<i>Divisional Crops Officer, Saboti Division</i>	<i>Box 1781, KTL</i>
<i>Ms. B. A. WACHIYE</i>	<i>Research Extension Liaison Officer</i>	<i>Box 1781, KTL 0733-696635</i>
<i>Mr. J. D. INYIMIRI</i>	<i>Mechanisation Extension Officer</i>	<i>Box 1781, KTL 0733-253650 japhethdiru@yahoo.com</i>
<i>Ms. Mary NZOMO</i>	<i>Marketing and Farm Inputs Officer</i>	<i>Box 1781, KTL 0722-875781 marianzomo@yahoo.com</i>
<i>Mr. Isaac MOTURI</i>	<i>Divisional Crops Officer, Kwanza Division</i>	<i>Box 1781, KTL 0733-364534</i>
<i>Ms. Stella KIMUTAI</i>	<i>Divisional Agricultural Extension Officer</i>	<i>Box 1781, KTL 0722-436986</i>

Purposes of the interview
To bid a courtesy call To explain the forthcoming project and the ex-ante mission To collect relevant data and information to the project
Itemized Information (Main points)
Both district-level and division-level of officers are summoned to describe the major constraints on horticulture marketing. Constraints on horticulture in the district include: <ul style="list-style-type: none"> • 65% of produce rejected by exporters; • Alleged ‘cheating’ practice by both middlemen and exporters; • Contracts not honored by exporters and farmers; • High costs of transportation;

- Lack of knowledge on markets;
- Lack of processing and value-addition in the region.

Other players:

- KACE – provides information on markets to link buyers and sellers;
- Brokers – form cartels to set up prices;
- Government – marketing officer monitors the trend in prices.

Things to follow (any items need more study)

Other Remarks

Refer to interview at DAO Trans-nzoia in the previous visit. **The very similar issues are listed.**

Documents Obtained



Interview with District/ Divisional Officers



Record of Interview

Name of Organisation: DAO Trans-nzoia (Meeting with division officers and frontline workers)

Date/Time: 1 Sep, 2005/ 10:30 am

Venue: DAO Trans-nzoia, Kitale Office

Postal Address: P.O. Box 1781, KTL

Tel: 054-30357

E-mail: _____

Interviewers/Attendees Mr. Nishimaki (JICA HQs), Dr. Kubo (Okayama Univ.), Mr. Kosugi (Consultant), Mr. Choke (JICA Kenya), Mr. Nakamura (JICA Kenya), Mr. Arim (MoA), and Ms. Osoro (HCDA)

List of Key Informants

<i>Name</i>	<i>Title/ Organisation</i>	<i>Contact (Tel, Mobile, E-mail)</i>
<i>Mr. Eric KINYANJUI</i>	<i>General Manager, VEGCARE (K) Ltd.</i>	<i>0722-216832</i>
<i>Mr. Eliab MURIU</i>	<i>Managing Director, VEGCARE (K) Ltd.</i>	<i>0722-726388 054-30203</i>
<i>Mr. Battu SAKWA</i>	<i>Business Municipal Market</i>	<i>0735-582027</i>
<i>Mr. Titus OBWAKO</i>	<i>Business Municipal Market</i>	<i>0721-241790 P.O. Box 293, Kitale</i>
<i>Ms. Monica A. DUDI</i>	<i>Business Municipal Market</i>	<i>0723-414181 P.O. Box 260, Kitale</i>
<i>Mr. Frederick S. WOSILLA</i>	<i>Business Municipal Market</i>	<i>0721-443406 P.O. Box 260, Kitale</i>
<i>Mr. Benson MAILOKHA</i>	<i>Business Municipal Market</i>	<i>P.O. Box 260, Kitale</i>

Purposes of the interview

- To bid a courtesy call
- To explain the forthcoming project and the ex-ante mission
- To collect relevant data and information to the project

Itemized Information (Main points)

- Local marketers are summoned to describe the major constraints on horticulture marketing.
- Constraints on horticulture in the district include:
- Bad road leading to high transport costs;
 - Contracts not honored by farmers;
 - High costs of vegetable seeds;
 - No forum for exchange of information among different stakeholders (esp. producers and traders);
 - No adequate skills in conducting business;

- Poor grading of farm produce especially tomatoes;
- Inadequate capital to invest;
- Limited access to credit facilities;
- Lack of skills in export horticulture production
- Low volumes of production for the export and domestic market;
- Lack of irrigation facilities.

Things to follow (any items need more study)

Other Remarks

Interventions suggested by the mission members:

- Train farmers on proper use of agrochemicals;
- Farmers are required to use crop calendar;
- Need to train traders on better business skills;
- Organise a forum between farmers and traders for exchange of marketing information and experience;
- Provide wholesale market for commodity exchange.

Documents Obtained



Interview with local marketers

Record of Interview

Name of Organisation: Makhonge Horticulture Self Help Group

Date/Time: 1 Sep, 2005/ 3:30 pm

Venue: Their collection spot

Postal Address: _____

Tel: _____

E-mail: _____

Interviewers/Attendees Mr. Nishimaki (JICA HQs), Dr. Kubo (Okayama Univ.), Mr. Kosugi (Consultant), Mr. Choke (JICA Kenya), Mr. Nakamura (JICA Kenya), Mr. Arim (MoA), and Ms. Osoro (HCDA)

List of Key Informants

<i>Name</i>	<i>Title/ Organisation</i>	<i>Contact (Tel, Mobile, E-mail)</i>
<i>Mr. Johnson MAKOKHA</i>	<i>Chairman, Makhonge Horticulture Group</i>	<i>0724-354713</i>
<i>Mr. Lazarus WANYONYI</i>	<i>Vice Chairman</i>	<i>0734-763662</i>
<i>Mr. Joseph S MUTAMBA</i>	<i>Secretary</i>	
<i>Mr. Peter S. NANDWA</i>	<i>Treasurer</i>	
<i>Ms. Judith A. NJEBWE</i>	<i>Grader</i>	<i>0724-354713</i>

*In addition to the above mentioned key informants, approximately 40 group members attended.

Purposes of the interview
To explain the forthcoming project and the ex-ante mission To collect relevant data and information to the project
Itemized Information (Main points)
[Answers to the Questionnaire] *Refer to a set of questions of the attached questionnaire. Q1. See the above Q2. 51 members (male 40: female 11) Q3. Production and sales of horticultural crops (for 1 year) Q4. None (individual plots only) *The group has totally 60 acre land for horticulture (approx. 1.2 acre/hhld). Q5. to gain bargaining power; to increase food security; to carry out reciprocal community work (e.g. road maintenance, construction of small bridges) Q6. MoA, HCDA (i.e. Executive members trained in Kita's training course); Exporter (i.e. INDU Farm gave farmers instruction on production techniques and grading.) Q7. Local markets: kale, cabbage, tomato, onion and other traditional vegetables (e.g. black night shed) Export-oriented: French bean, snow pea, sugar snap, garden pea* (exclusively sold to INDU Farm); passion fruits, avocado (yet to be shipped) *Peas are still in a trial period with 1.5 acre. Q8. 8

Q9. (skipped)
Q10. 1.2 acre
Q11. (skipped)
Q12. See. Q7
Q13. Not in particular except on-farm productions
Q14. Not in particular
Q15. On-farm productions esp. horticulture
Q16. family labour
Q17. Local markets: middlemen
Export market: INDU Farm
Q18. None existent
Q19. INDU Farm *still in a 'trial' phase.
Q20. Water
Q21. No measure
Q22. Middlemen
Q23. Collective action in bargaining (by the group)
Q24. Technical support (i.e. training, advice)
Q25. No
Q26. Seeds via INDU Farm
Q27. Procurement of farming inputs; training
Q28. Market information; mediation between buyers and the group; road maintenance

Things to follow (any items need more study)
Other Remarks
The group has a grading specialist trained and instructed by INDU farm.
Documents Obtained
Makhonge Horticulture Self Help Group (Background, Vision, Activities, Challenges)



Makhonge Group

Mission members checking the produce of farmers



Bridge built by the group as a part of its activity to improve community livelihoods

Date 2 Sep 2005

Reported by: Nakamura

Record of Interview

Name of Organisation: DAO Bungoma (Meeting with district and division-level officers/ Subject Matter Specialists (SMS))

Date/Time: 1 Sep, 2005/ 10:30 am

Venue: DAO Trans-nzoia, Kitale Office

Postal Address: P.O. Box 1781, KTL

Tel: 054-30357

E-mail:

Interviewers/Attendees Mr. Nishimaki (JICA HQs), Dr. Kubo (Okayama Univ.), Mr. Kosugi (Consultant), Mr. Choke (JICA Kenya), Mr. Nakamura (JICA Kenya), Mr. Arim (MoA), and Ms. Osoro (HCDA)

List of Key Informants

<i>Name</i>	<i>Title/ Organisation</i>	<i>Contact (Tel, Mobile, E-mail)</i>
<i>Ms. Electin N. WABWILE</i>	<i>District Crop Officer, DAO Bungoma</i>	<i>0733-871074</i>
<i>Mr.</i>	<i>District Marketing Officer, DAO Bungoma</i>	
<i>Mr. Simon I. KUBASU</i>	<i>District Farm Management Officer, DAO Bungoma</i>	<i>0733-526735</i>
<i>Mr. Jidick PEPELA</i>	<i>District Coffee Extension Officer</i>	<i>0734-241258</i>
<i>Ms. Stella WECHABE</i>	<i>District Home Economics Officer, DAO Bungoma</i>	<i>0735-259126</i>

Purposes of the interview

To bid a courtesy call

To explain the forthcoming project and the ex-ante mission

To collect relevant data and information to the project

Itemized Information (Main points)

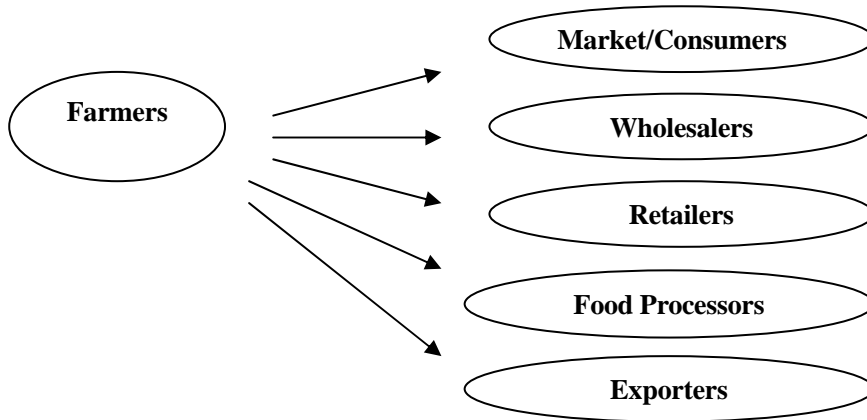
[Flow of market information under MoA's current system]

- Marketing Officer (one of Subject Matter Specialists posted to DAO) collects information on local markets in the district, and feed back the information to MoA HQs on daily basis.
- MoA HQs compile the information reported from each DAO, and provide it for farmers via mass-media (i.e. newspapers, radio news).
- Exchange of information at district-level is limited within neighbouring districts.
- Time lag (between 12hrs to a few days) is unavoidable under the current system of centralised data compilation (Undeveloped on-line network within MoA is a major constraint on compilation/distribution while limited availability of newspapers in remote areas is another.).
- As a result, farmers and other stakeholders do not always gain a timely access to information on market prices. They hardly make use of the information for their transaction practice.

- Report of market information and trend analysis is submitted monthly from each DAO to MoA HQs.

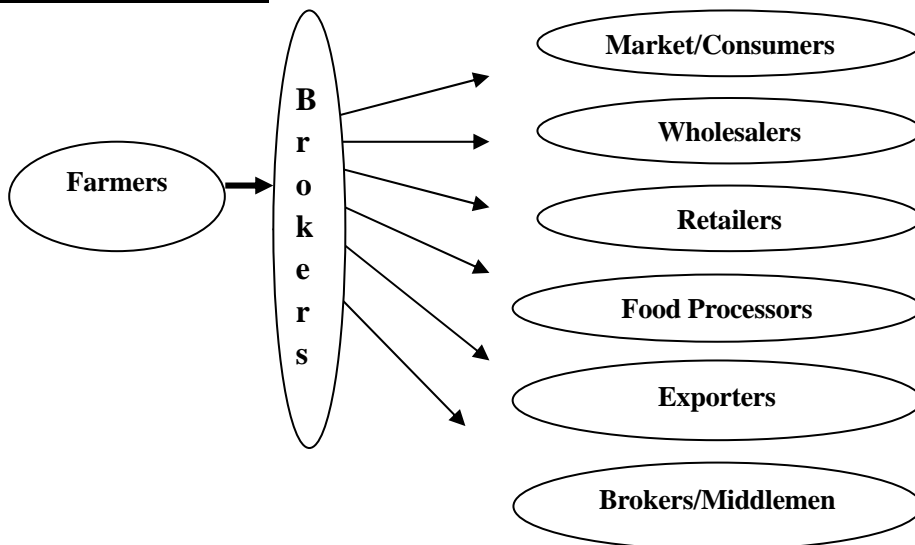
[Marketing Channels of Farmers]

Direct Sales



- In the case that farmers sell their own produce in a local market place, they have to arrange the means of transportation and pay the commission fee which is charged by County (or Municipal) Council on any commodity brought to the market.
- Farmers tend to avoid the risk that the produce is not sold out in the market place, and rely on local brokers/middlemen who can take such risk for them and somehow cash their produce.

Via Brokers/Middlemen



Things to follow (any items need more study)

Other Remarks

Market information is also 'perishables'.

Refer to interview at DAO Trans-nzoia in the previous visit. **The very similar issues are listed.**

Documents Obtained

"Bungoma District Horticultural Situation" (incl. additional information to the previously presented report)



Meeting with Subject Matter Specialists (SMS).

Record of Interview

Name of Organisation: Chwele Market (controlled by County Council)

Date/Time: 2 Sep, 2005

Venue: Chwele Market, Chwele Division, Bungoma District

Postal Address:

Tel:

E-mail:

Interviewers/Attendees Mr. Nishimaki (JICA HQs), Dr. Kubo (Okayama Univ.), Mr. Kosugi (Consultant), Mr. Choke (JICA Kenya), Mr. Nakamura (JICA Kenya), Mr. Arim (MoA), and Ms. Osoro (HCDA)

Informants

Local traders (brokers/ middlemen) in the market

Purposes of the interview
To collect relevant data and information to the project
Itemized Information (Main points)
<p>[System of a local market]</p> <ul style="list-style-type: none"> • Each local market is run and controlled by a local 'County (or Municipal) Council'. • The council in charge imposes user-fees (varying according to Councils in charge). • Wholesalers pay according to the unit of commodities (i.e. number of crates, bags) they brought while retailers are charged on the space (i.e. number of plots) they occupy. • This market is the second largest open-air market in the western region, open daily for both wholesale and retail purpose. • Commodities concentrate especially on Mondays and Fridays. <p>[Local traders]</p> <ul style="list-style-type: none"> • Local traders (brokers/ middlemen) play a key role in exchanging farm products (incl. horticultural crops) among different districts and provinces. • There exists an informal union of local traders who deal with horticultural commodities in Chwele Market (KSHs 500 to gain a membership). • The union offers some club-goods (e.g. price discount, information, access to other trader groups) for its members. • According to a group of female traders who wholesale local potatoes, KSHs 20 is charged on each bag of potatoes (90kg) as user-fee by the council. • They purchase potatoes from local producers at KSHs 700-750/bag in this period, and sell at KSHs 800-850/bag to retailers or consumers.

Things to follow (any items need more study)
Other Remarks
<ul style="list-style-type: none">• Not ideal conditions to deal with perishables (See. Photos attached).• Bid-system apparently non-existent (prices decided on negotiation-basis?).• Detailed information on local traders collected by other Mission members (See. Reports written by Dr. Kubo and Mr. Kosugi).
Documents Obtained



Chwele Market



Cabbages brought by transporter who link with local traders



These cabbages are sold to wholesalers and retailers by bag



Plots for wholesalers



Plots for retailers



Many housewives undertake retailing and wholesale as a side-business. They even play a role as broker with informal networks to exchange information of local producers



Interview with local traders (brokers' union)



Exposed to strong sunlight and scattered on the ground. Open-air condition is not suitable for dealing with perishables_

Date 2 Sep. 2005

Reported by: Nakamura

Record of Interview

Name of Organisation: Chebukuyi Tomato Self Help Group

Date/Time: 2 Sep, 2005/ 3pm

Venue: Namunbi, Chebukuyi Sub-location, Lwandanyi Locaiton, Malakisi Division, Bungoma District

Postal Address: P.O. Box 4 Lwakhakha, Bungoma

Tel: _____

E-mail: _____

Interviewers/Attendees Mr. Nishimaki (JICA HQs), Dr. Kubo (Okayama Univ.), Mr. Kosugi (Consultant), Mr. Choke (JICA Kenya), Mr. Nakamura (JICA Kenya), Mr. Arim (MoA), and Ms. Osoro (HCDA)

List of Key Informants

<i>Name</i>	<i>Title/ Organisation</i>	<i>Contact (Tel, Mobile, E-mail)</i>
Mr. Fred WEKESA	Chairman	
Ms. Wychiffe B. OMELU	Secretary	
Ms. Violet WEKALAO	Treasurer	
Mrs. Francis EMUSOLO	Organising Secretary	
Mr. Charles KISACHI	Member of Standing Committee	
Mr. Geofry WEKALAO	Member of Standing Committee	
Mr. Joseph WEKESA	Member of Standing Committee	

*In addition to the above mentioned key informants, approximately 50 group members attended.

Purposes of the interview

1. To explain the forthcoming project and the ex-ante mission
2. To collect relevant data and information to the project

Itemized Information (Main points)

The group was officially registered as a community interest group on 10th March, 2004 (Min. Gender, Sports, Culture and Social Services).

[Answers to the Questionnaire] *See. the questionnaire attached to this report

- Q1. Chebukuyi Tomato Self Help Group
- Q2. 87 members (30 males vs 57 females)
- Q3. Horticulture production and sales (Tomato, chilly, onion) for 3 years (since 2003)
- Q4. Individual plots only.
- Q5. To generate income for daily expense (e.g. school fees, consumer goods)
- Q6. Training from MoA

<p>Q7. To expand production and sales</p> <p>Q8. 8 persons/hhld</p> <p>Q9. 2 acres</p> <p>Q10. 1/4 acre</p> <p>Q11. Maize, bean, millet, sunflower, coffee, banana, avocado; sheep, goat</p> <p>Q12. Coffee, tomato, onion, tobacco (rain-fed)</p> <p>Q13. Not in particular</p> <p>Q14. No</p> <p>Q15. Farming production</p> <p>Q16. Family labour</p> <p>Q17. Local markets via middlemen from Kitale</p> <p>Q18. No</p> <p>Q19. No</p> <p>Q20. Farming inputs (esp. agro-chemicals), water</p> <p>Q21. Procuring the inputs by the group</p> <p>Q22. Marketing channels, transportation</p> <p>Q23. Collecting produce to gain an enough volume and shipping by the group</p> <p>Q24. Ministry of Transport (road maintenance)</p> <p>Q25. AFC (Credit organisation. See the detail in the report of the previous visit to HCDA Kitale)</p> <p>Q26. Local outlets</p> <p>Q27. Irrigation, agro-chemicals</p> <p>Q28. (1) processing facility, (2) means of transportation, (3) storage facility</p>

Things to follow (any items need more study)
Other Remarks
<ul style="list-style-type: none"> • To subscribe the information service of KACE, KSHs 8,000 will be charged yearly for a group subscriber. • This amount is still too high for small-scale producers. • Their production skill is yet to be developed (e.g. too dense spacing on seed beds, no trimming practice of tomato vines). Production techniques will greatly improve the quality of their produce (Problem of low return from their horticulture production is not only because of marketing channel or exploitation of brokers).
Documents Obtained



Chebukuyi SH Group



**Seedbed to raise seedlings of tomatoes and chillies
Apparently too high density for fruit vegetables**



Dr. Kubo, giving technical advice to farmers, realised that knowledge on production techniques will contribute to improving the quality of their produce: “This is partly the reason why farmers suffer low prices. It’s not only because of marketing issues. They need to be trained about techniques.”

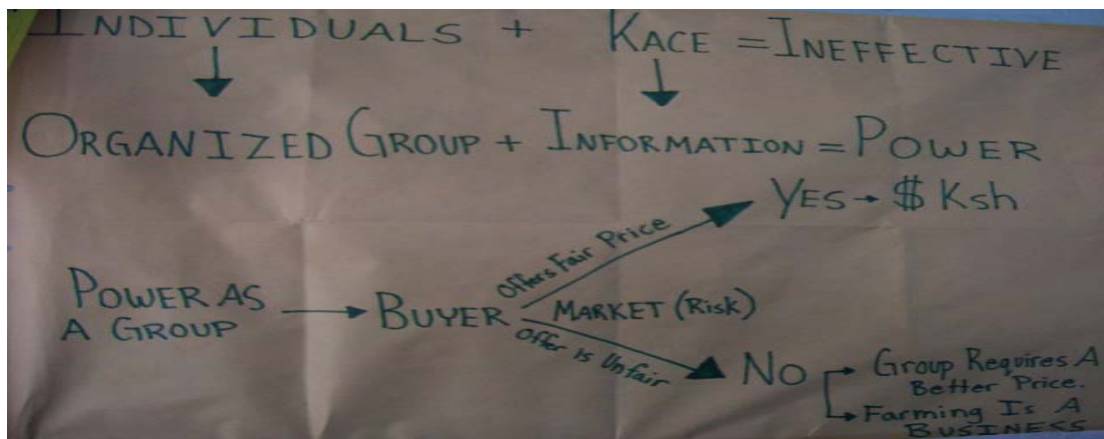
Other Informants visited

KACE (Kenya Agricultural Commodity Exchange) Bungoma Station (3 Sep 2005):

- Established in Bungoma in 1997 and HQs moved to Nairobi since 2004.
- Providing information on market prices (mainly through ICTs).
- Providing transportation (4% of gross benefit to be deducted as commission fee).
-



Painting displayed at KACE Bungoma Station. Telling “If you get together as a group and gain access to KACE’s information service, you can avoid exploitation by brokers/ middlemen and make more benefit!”



Tongaren Horticultural Project (3 Sep, 2005):

- This project is privately run by Dr. Kituyi, Minister for Trade and Industry, since this year, involving more than 900 households who are former slum dwellers in the district.
- He allocated his private land to them and launched an income-generation project by cultivating French beans on contract-basis in collaboration with Frigo Ken Ltd., an exporter/ food processing company.



French bean field



Dr. Kituyi (right) addressing to the group members of his project prior to the interview

**Ex-ante Evaluation Study Mission
For “Smallholder Horticulture Empowerment Project (SHEP)”**

**Data and Information Collected
In
Nairobi**

**By
MoA/
HCDA/
The Mission of JICA HQs**

5 – 8 September, 2005

Members of the Ex-ante Evaluation Study Mission

(5 – 8 September, 2005)

Mission Members from JICA HQs

Dr. KUBO, Associate Professor (Post-harvest, Faculty of Agriculture, Okayama University, Japan

Mr. KOSUGI, Lecturer (Socio-economic survey, Agro-economics), Tokyo University of Agriculture and Technologies

Members from Kenya side

Mr. CHOKE, JICA Kenya Office

Mr. NAKAMURA, JICA Kenya Office

Ms. ARIM, MoA

Ms. OSORO, HCDA

List of Interviewed Private Firms

- | | |
|--|-----------|
| 1. VEGPRO (K) Ltd. (Trader/food manufacturer) | 2 |
| 2. EVEREST Enterprise Ltd. (Trader/food manufacturer) | 8 |
| 3. Kenya Agricultural Commodity Exchange (Marketing information service provider) | 13 |

Other venues visited during this study mission

East African Growers Ltd. (Trader/ food manufacturer)

Nairobi City Market (Retail market)

Date: 20 September, 2005

Reported by: Kosugi, Nakamura

Translated by: Nakamura

Record of Interview

Name of Organisation: VEGPRO (K) Ltd.

Date/Time: 5 September, 2005/ 9:30am

Venue: Cargo Village, JKIA

Postal Address: P.O. Box 32931 00600, Nairobi

Tel: 0722-313221, 254-2-822831/2/4

E-mail: operations@vegpro-group.com

Interviewers/Attendees Dr. Kubo (Okayama Univ.), Mr. Kosugi (Consultant), Mr. Choke (JICA Kenya), Mr. Nakamura (JICA Kenya), Mr. Arim (MoA), and Ms. Osoro (HCDA)

Key Informant

<i>Name</i>	<i>Title/ Organisation</i>	<i>Contact (Tel, Mobile, E-mail)</i>
Mr.Edward KARANU	Packhouse Manager, VEGPRO (K) Ltd.	0722-313221

Purposes of the interview

1. To explain the forthcoming project and the ex-ante mission
2. To collect relevant data and information to the project

Itemized Information (Main points)

[Its business]

The company has been dealing with fresh produce export since established in 1990.

- Procurement of fresh produce: collecting produce from
 1. Company-run farms (60-70%);
 2. Small-scale farmer groups under contract (regularly, around 20%) ; and
 3. Other producers (e.g. medium/large-scale out-growers, around 5%).
- Value-addition (i.e. “Ready to cook”, “Ready to eat”): Graded vegetables are trimmed and cut in the facilities. They are then packed and labeled exclusively for specific regular customers such as British major supermarket chains.
- Major commodities: runner bean, French bean, snow pea, baby corn, sugar snap, spring onion, baby carrot
- Its market channels: (More than 30 importers on contract) 70% of its products supplied for UK major supermarket chains (e.g. Sainsbury’s, TESCO, Morrison’s); 30% for EU countries (e.g. France, Germany, Belgium)
- Selling prices offered by these customers: stable (or even fixed under contract) throughout a year
- Production sites: locations proxy to Nairobi (mainly Naivasha region) in view of access and the suitability of crops.
- Production facilities: flowers and runner beans are grown in its own greenhouses. 95% of horticultural crops are grown under irrigation.

- Annual turnover/profit: annual growth rate 10 – 15% in recent years. According to the company, this trend will be stably maintained.

[Contract-based farming with smallholder groups]

- Production sites: Locations proxy to Nairobi (mainly Naivasha region) in view of access and the suitability of crops.
- Cold chain: The company instructs farmers to harvest their produce by 11am if they have no access to any pre-cooling facility. For transporting the produce, VEGPRO uses refrigeration/insulation trucks in which the temperature is kept below 10°C.
- Grading: The produce carried to its Nairobi depot is strictly graded into several categories according to quality standards. The result is regularly reported to producers. Because of such quality control system, complaints from customers and consumers are rare.
- Technical backstopping for farmer groups: The company employs agronomists who are dispatched to production sites for technical support/advice on farming and grading.
- Conditions for making contract with smallholder groups and individual largeholders: Condition on minimum volume of shipment is not strictly set (e.g. KACE impose such condition on producers to gain volume: no less than 5t/ each shipment regardless of any kinds of crops). Meanwhile, the company suggests that group farmers thoroughly discuss and agree on the set of conditions prior to making a contract with traders. According to VEGPRO, traders may well reject their produce even at a high rate if the conditions are not met properly.

[Self-analysis: Strengths/advantages for smallholder groups in contract-based farming with VEGPRO]

- Constant collection of produce;
- Timely payment;
- Higher buying prices as compared with local brokers (Farmers can afford to purchase inputs for next seasons);
- Offering appropriate prices unlike brokers/ middlemen (in the name of “fair trade” which appeals to European importers)

[Self-analysis: Weaknesses/constraints]

- High cost of operation for collecting their produce (due to undeveloped infrastructure in rural areas);
- Quality control of the produce (due to mechanical damage in the transportation process; inappropriate initial grading by farmers);
- High cost of exportation (only by air);
- Difficulty to ship a whole amount of products during high season (i.e. Dec – Jan, flights for EU tend to be full-booked.).
- Difficulty to directly assess the needs of consumers (end users) in Europe;
- Difficulty to meet the standards imposed by different customers (e.g. production methods, quality, safety);
- Competition for EU market channels with exporters in West Africa.

Things to follow (any items need more study)

Other Remarks

Rejected produce and the remnants of trimmed vegetables are used for compost or animal feed (never sent back to producers?).

Documents Obtained



Workers and visitors wear protection cloths to keep hygienic conditions inside facilities



Packhouse to grade, trim and pack vegetables



Packed vegetables

Value-addition (for UK major supermarket-chain)



“Trimmed”



“Ready to cook”



“Ready to eat”

Photo samples



Facility to manufacture cut vegetables such as ‘ready to cook’ or ‘ready to eat’ : The company is required to meet much higher hygienic standard than ordinary grading/packing facilities

Date 22 September, 2002

Reported by: Kosugi, Nakamura

Translated by: Nakamura

Record of Interview

Name of Organisation: EVEREST Enterprises Ltd.

Date/Time: 6 September, 2005/ 10:00

Venue: Its head office and packhouse

Postal Address: _____

Tel: _____

E-mail: _____

Interviewers/Attendees Dr. Kubo (Okayama Univ.), Mr. Kosugi (Consultant), Mr. Choke (JICA Kenya), Mr. Nakamura (JICA Kenya), Mr. Arim (MoA), and Ms. Osoro (HCDA)

List of Key Informants

<i>Name</i>	<i>Title/ Organisation</i>	<i>Contact (Tel, Mobile, E-mail)</i>
Ms. Ann MUSILI	Quality Assurance Manager, EVEREST Enterprise Ltd. *Bsc. in food science and post-harvest technology awarded by JKUAT	
Mr. Albert NIKI	Quality Auditor, EVEREST Enterprise Ltd. *Bsc. awarded by Egerton Univ.	

Purposes of the interview

1. To explain the forthcoming project and the ex-ante mission
2. To collect relevant data and information to the project

Itemized Information (Main points)

The followings are based on the information of a presentation made by the company's "Quality Assurance Team".

EVEREST Enterprise Ltd.

- The company was incorporated in May 1998 to export fresh vegetables and fruits from Kenya.
- By that time, procurement was purely from out-growers*.
- Its principle is "EVEREST is a quality-driven company committed to provide safe, legal and premium products to our clients while guaranteeing unsurpassed service levels."

*The term 'out-growers' is used by the company to refer to smallholder farmer groups and also individual medium/large-scale farmers under contract, distinguishing from the company's own farms. See. [Out-grower categories] for detailed definitions.

Part 1: Contract-based farming with farmers ("out-growers")

Importance and involvement of out-growers (i.e. smallholder groups, medium/large-scale farmers under contract) in horticulture industry

- Everest was incorporated in May 1998 to export fresh vegetables and fruits from Kenya. By that time, procurement was purely from out-growers.

- It has been found necessary to identify and invest in production systems that would give confidence in all aspects of due diligence in a range of products.
- To achieve this, there exists an agronomic structure that looks after the out-growers.

[Criteria of out-growers]

There is an elaborate prequalification procedure of determining who becomes an out-grower.

Consideration centres on the following:

- Farm size and geographical location;
- Quality and reliability of irrigation water;
- Quality of the water;
- Type of soil;
- Labour availability;
- Accessibility to the area;
- Willingness to follow G.A.P/EUREPGAP standards.

[Out-grower categories]

For the purpose of EVEREST operations, out-growers are categorised into two individuals:

1. Groups;
2. Individual farm with 5ha and above.

Farms below 5ha are normally put into groups for ease of management.

[Distribution of the out-growers]

This is purely dictated by geographical considerations.

For example, for fine quality of beans and baby corn, the out-growers are concentrated in the warm areas:

- Maragua.....2 individuals and 3 groups;
- Embu.....6 groups;
- Rumuruti.....6 groups;
- Athi River....2 groups;
- Naivasha.....7 groups;
- Nakuru.....1 group

This out-growers' produce on average 35 tons/week of beans and 20 tons/week on baby corn.

For the peas (e.g. snow pea, garden pea, sugar snap), the farmers found cooler regions:

- Kinangop.....2 individuals and 4 groups;
- Ndaragwa.....35 small-scale farmers and 1 group;
- Narumoru.....3 individuals and 4 groups;
- Timau.....70 medium/small-scale farmers;
- Karatina.....50 small-scale farmers.

The out-grower produce 12 tons/week of garden pea, 9 tons/week of snow pea and 6 tons/week of sugar snap.

[Contract with out-growers]

Each out-grower signs on a contract document that details the following items:

1. Planting programme/week;
2. Volumes expected;
3. Quality parameters;
4. Produce collection;
5. Price structure;
6. Mode of payment

[Services offered to out-growers]

- Technical advice on the production (free of charge);
- Seed advance to meet the growing programme (costs to be deducted from their sales);
- Produce collection from the designated collection points;
- Timely payment for produce collected.

[Challenges of dealing with out-growers]

- EUREPGAP certification – This is a costly exercise, only few farmers afford it.
- Farmers’ loyalty – At times, not all expected volumes come to the company.
- Timely provision of inputs to meet the growing programme.
- Coverage in terms of extension services and produce collection.

[Way forward]

1. To consolidate the growing areas;
2. To seek for financial assistance to enable more farmers to obtain EUREPGAP certificate.

Part 2: Quality and safety control system of exporter

[Quality Assurance Team]

The team is comprised of one quality control manager, two food technologists, two quality auditors and several quality controllers.

[Quality management system]

- Based on British retail standards which encompasses the HACCP Systems (Hazard Analysis and Critical Control Points)*.
- Full product traceability**.
- Standard operating procedures and principles.
- Good manufacturing practices.

[HACCP]

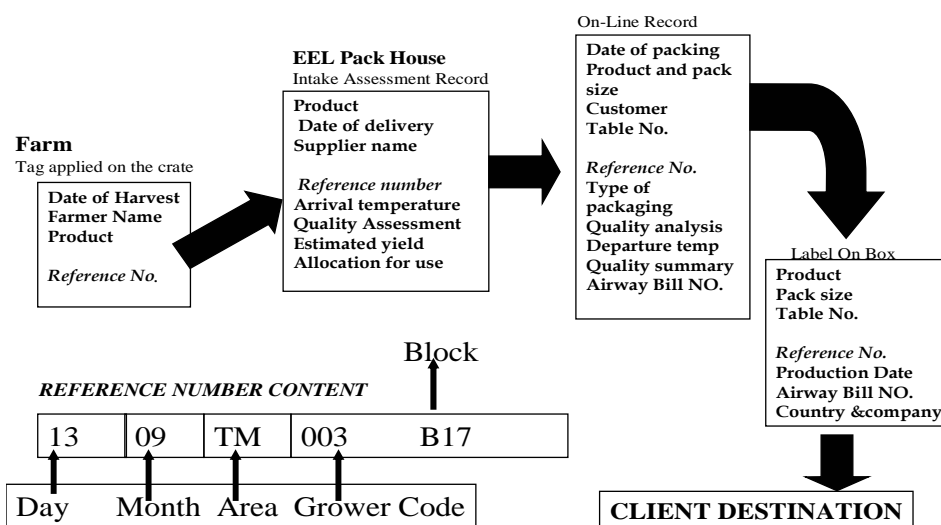
Its HACCP scope covers from harvest to the dispatch of packed product.

Each product has been analysed and critical control points established basing on risk assessment.

All safety, quality and legal aspects of the chain have been put into consideration.

*HACCP originated in the chemical processing industry, particularly in Great Britain, over forty years ago. The modern concept of HACCP was developed during space missions in the 1960’s by the U.S. Army Laboratories and NASA, mainly to prevent their astronauts from getting sick from the food they were eating in space. Nowadays, a number of manufacturers in developed industrial countries apply HACCP standards to its food operations to ensure the safety of its products.

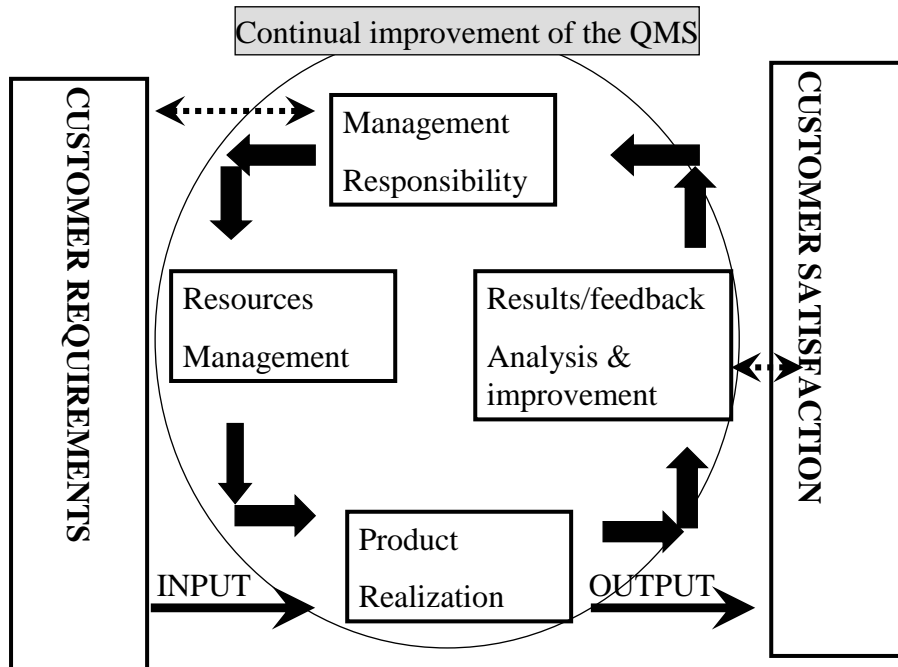
****[Product Traceability Chart]**



[Good manufacturing practice]

- Personnel hygiene;
- Medical screening;
- Micro-biological analysis;
- Glass control;
- Calibration and validation of equipment;
- Pest and rodent control;
- Waste management;
- First aid; and
- Continued training.

[Continual improvement of the Quality Management System]



Things to follow (any items need more study)

Other Remarks

Documents Obtained



Inside a huge fridge: freight containers waiting for a flight to Holland



Grading snow peas

Date 22 September, 2005

Reported by: Kosugi, Nakamura

Translated by: Nakamura

Record of Interview

Name of Organisation: KACE (Kenya Agricultural Commodity Exchange) Ltd.

Date/Time: 8 September, 2005 (3 September, 2005 at Bungoma Office * See. The previous report)

Venue: KACE Head office, Brick Court Building Upper 2nd Floor, Mpaka Road, Westlands

Postal Address: P.O. Box 59142-00200, Nairobi

Tel: 254-020-4441829/30/448485

E-mail: kace@kacekenya.com

Interviewers/Attendees Mr. Nishimaki (JICA HQs), Dr. Kubo (Okayama Univ.), Mr. Kosugi (Consultant), Mr. Choke (JICA Kenya), Mr. Nakamura (JICA Kenya), Mr. Arim (MoA), and Ms. Osoro (HCDA)

List of Key Informants

<i>Name</i>	<i>Title/ Organisation</i>	<i>Contact (Tel, Mobile, E-mail)</i>
	<i>KACE Head Office</i>	
<i>Dr. Adrian D. MUKHEBI</i>	<i>Executive Director, KACE</i>	amukhebi@kacekenya.com
	<i>KACE Bungoma</i>	
<i>Mr. Albert WESONGA</i>	<i>Bungoma MIC Manager, KACE Bungoma Office</i>	kacebgm@africaonline.co.ke

Purposes of the interview

1. To explain the forthcoming project and the ex-ante mission
2. To collect relevant data and information to the project

Itemized Information (Main points)

Part 1: Data and information collected in KACE Head office (Interview with Dr. MUKHEBI)

[KACE]

- The precursor of KACE, originated in Bungoma, used to have a board system which implies a strong linkage with governmental operations.
- Along with a policy shift of the Government towards market liberalisation and globalisation, the organisation was reborn in 1997 as a private company which deals with market information and mediates transaction of farm commodities.
- The company consists of a head office and 12 local stations with more than 50 staff members.
- The company's major objectives are:
 1. To link farmers to better markets; and
 2. To provide market information for different stakeholders related to agri-businesses (incl. smallholder farmer groups, traders, large-scale retailers);

3. To enhance competition through a transparent process of transaction (e.g. bid system);
4. To promote market liberalisation and also 'fair trade' (pro-poor farmers)

[Collection system of market information]

- The staff deployed in wholesale markets in different regions collect and report local market prices every morning by 6:30.
- Collected information is then compiled in Nairobi Head Office every morning by 8:30, and re-distributed to 12 local stations.
- This information is also distributed to subscribers via ICT network (e.g. mobile phone, internet, facsimile and other mass-media), renewed on daily basis.

[Distribution system of information: Information services provided by KACE]

See. A video material obtained at KACE Head office

- To indicate price information by crops on signboards in major local markets;
- To provide information on market prices and to facilitate transactions through fax;
- To provide customised information on market prices of specific commodities on request and to facilitate transactions through mobile phone network in collaboration with Safaricom, a Kenyan cellular phone major (i.e. SMS, Voice Mail);
- To provide access to information via internet and to mediate transactions between sellers and buyers;
- To provide opportunity of training on transactions (e.g. simulation called "Virtual Trading Floor", training on grading) for farmers;
- To provide means of transportation from production sites (i.e. insulation trucks. cost to be deducted from benefit).

[Subscription and other commission fees]

- Group Subscription (i.e. farmer groups, NGOs and other private companies): US\$ 65 for 6 months (equivalent to KSH 4,800), US\$ 130 for 1 year (equivalent to KSH 9,600).
- Entry fee for bidding: KSH 500 charged on a buyer for each bid.
- Commission fee: (charged both on producers and buyers) 0.5 – 5% of a turnover according to the volume of a shipment (no less than 5 tons/commodity/shipment).

[Challenges]

- Quality/volume control of shipped commodities (i.e. criteria related to grading such as size, variety, damage, maturity etc.)
- Other competitors (e.g. Citizen Radio is allegedly making use of KACE's information.)

[Future vision]

- To collaborate with Africa On-line, Kenyan major internet provider, to promote its services via internet.
- To expand its service over other African countries (e.g. Malawi, Uganda, Nigeria).

Things to follow (any items need more study)
Other Remarks
<ul style="list-style-type: none"> • The concept of its services is assumed to have come from the service system developed in South Africa, Zimbabwe and Zambia. • KACE made a rule not to introduce contract-based transactions with farmers because of uncertainty in their production volume. • Quality control should be the biggest obstacle to its business as long as it depends on ‘futures deal’ of agro-commodities.
Documents Obtained
<ul style="list-style-type: none"> • Variety of brochures; • Video material which introduces the company and its service system.

Other venues visited during this study mission:

1. East African Growers Ltd. (photographing not allowed)
2. Nairobi City Market (a retail market)



Retailer dealing with both local and imported fruits



Local produces which mainly came from Wakulima Market, a major wholesale market in Nairobi