Kenya Horticulture Competitiveness Project

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Executive Summary

The Kenya Horticulture Competiveness Project (KHCP), funded by the United States Agency for International Development (USAID), is contributing to a highly competitive, sustainable and smallholder-inclusive Kenyan horticulture industry through increases in smallholder productivity, sales and incomes. The project is improving the lives of smallholder farmers and their families by introducing new sweet potato, tomato, pigeon pea and smallholder flower varieties, while increasing the use of improved technologies, and scaling-up smallholder commercialization.

The USAID-KHCP field team, comprised primarily of local professionals, is building partner capacity through training and technical assistance in agronomic extension, climate change mitigation, processing technologies, market reports and logistics, enabling environment analysis, gender and youth inclusion strategies, and nutrition. This USAID-KHCP Annual Report provides highlights from the first year of operation, including that:

- 84,081 farmers received technical assistance across Western, Nyanza, Rift Valley, Central, Eastern, Coast and Nairobi Regions; 24,349 beneficiaries adopted demonstrated technologies.
- Yields per unit increased for client farmers in pulses (215 percent), sweet potato (26 percent) and tomato (11 percent).
- Gross margins per unit also improved for pulses (54 percent), tomato (87 percent) and sweet potato (27 percent).
- Orange fleshed sweet potatoes were commercialized, with more than 7 million vines produced for smallholder farmers, and related training increased crop yields and incomes. Higher volumes and grades opened up new export markets while providing a more nutritious product for local markets. Innovative trials to use lower grade sweet potato as fortification for local flour are underway.
- Natural resource management (NRM) technologies, including rainwater ponds, drip irrigation, mulching and zai pits, were introduced to mitigate the effects of climate change and extend production of fruit and vegetables into the dry season. New varieties of hybrid tomato seed combined with simple greenhouses and drip irrigation decreased water usage by 50 percent in Eastern Region.
- Low-cost greenhouse production systems in Nyanza, Rift Valley, Western and Eastern Regions strengthened smallholder access to local markets and enabled farmers to earn premium prices for higher quality produce including tomato and capsicum.
- Eight accredited passion fruit nurseries established in Nyanza, Rift Valley and Western Regions with monthly production capacity of 100,000 seedlings are increasing the supply of passion fruit to meet fresh export demand to Uganda and the Middle East and local demand for juice.
- 35,000 smallholder farmers have access to improved pulse varieties through commercial seed multiplication sites in semi-arid areas of the Eastern region.

- 2,000 smallholder flower producers are currently supplying Kenyan exporters selling into the Dutch auction system and direct to Sam's Club in the United States because of scaled-up smallholder flower production.

- Regional market opportunities for potatoes, onions and processed juices were identified in the USAID-KHCP Regional Market Study, findings considered critical by the private sector.

- The horticultural industry is now regularly informed of major developments and trends in the domestic retail trade for the first time ever as a result of the USAID-KHCP market reports (covering eight products and 1,650 market outlets), which in turn is encouraging investment in market infrastructure, and supporting related policy initiatives.

Photo by Fintrac Inc.

An arabicum flower field in Nyeri County. With technical assistance in Good Agricultural Practices, drip irrigation and market linkages, smallholder flower farmers have been able to triple their income.

1. Introduction

The goal of USAID-KHCP is to contribute to a modern, thriving horticultural production and distribution network to:

- Increase the food security of all Kenyans
- Substantially increase incomes for small farmers and the livelihoods of other household members
- Grow current market share for Kenyan fresh produce exports to regional, European and Middle Eastern markets
- Support the development of new value-added products
- Create opportunities throughout the value chain for women and youth

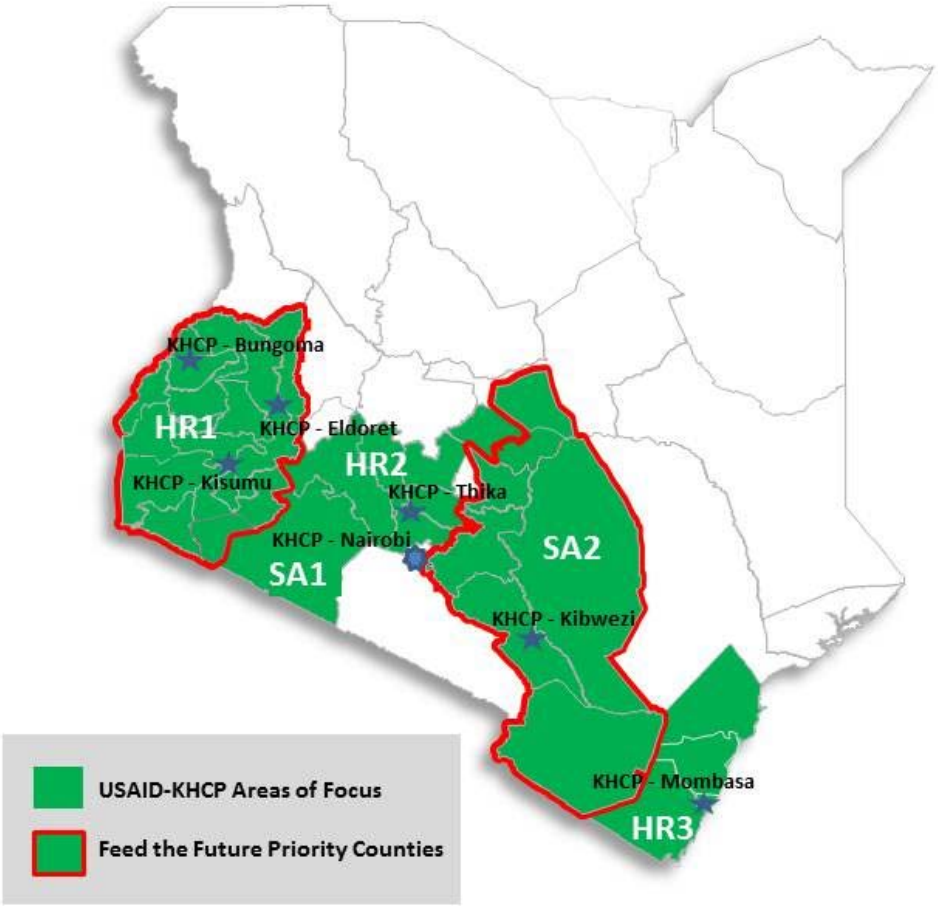
USAID-KHCP is market-driven and partner-managed. To achieve its objectives, the project is working in close cooperation with a wide array of stakeholders that support and represent the horticulture industry, including the Ministry of Agriculture (Horticulture Division/MOA), Horticultural Crops Development Authority (HCDA), Kenya Agriculture Research Institute (KARI), Kenya Plant Health Inspectorate Service (KEPHIS) and others in the private and public sectors. USAID-KHCP is also an active participant in the National Task Force on Horticulture as part of its contribution to the Draft National Horticulture Policy under the Agriculture Sector Development Strategy and the Comprehensive African Agricultural Development Program (CAADP).

Working with these and other stakeholders, USAID-KHCP is addressing constraints to national level horticulture competitiveness and household income and food security across three major components:

- Productivity and Food Security – focusing on crop selection, technology transfer and nutrition.
- Value Addition and Postharvest – increasing and strengthening linkages between growers, micro-processors and larger-scale secondary processors.
- Value Chain Coordination, Policy and Marketing – providing specialist training and technical assistance to national institutions and trade associations.

In line with USAID/Kenya's Feed the Future strategy, the project has prioritized eight critical crops within the horticulture value chain: passion fruit, sweet potato, mango, pigeon pea, banana, smallholder flowers, Irish potato and local market and export vegetables. USAID-KHCP continues to align the project geographically with the priority Feed the Future areas designated *High Rainfall 1* and *Semi Arid 2*.

Figure 1: Map of USAID-KHCP Activities

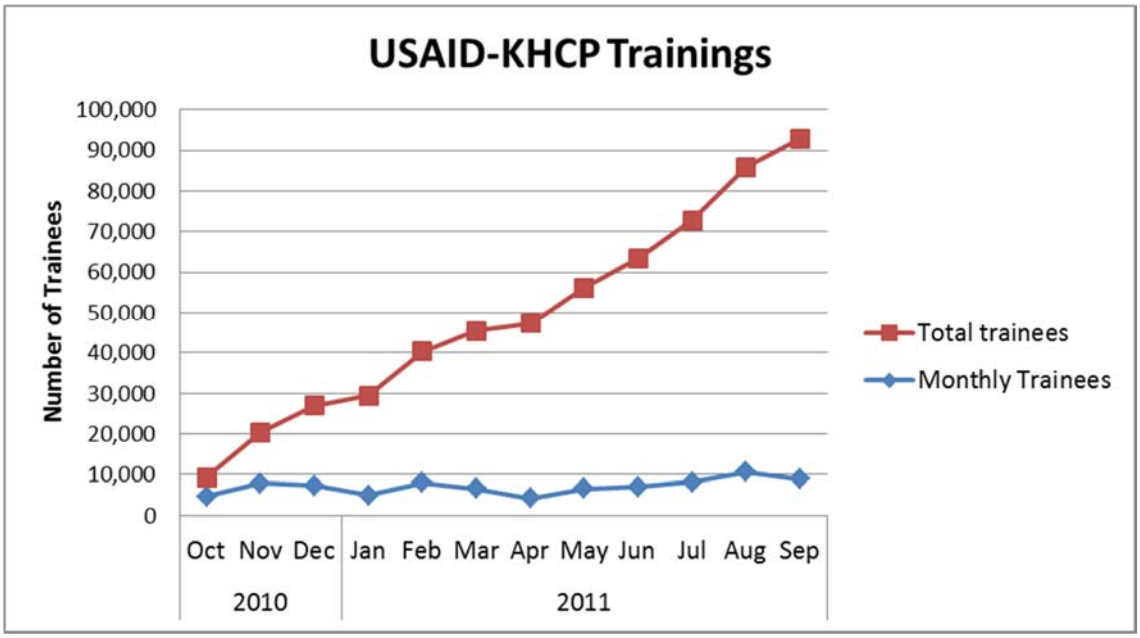


2. Productivity and Food Security

Increased productivity and income are precursors to sustainable food security and nutritional outcomes. In support of the Government of Kenya's own Agriculture Sector Development Strategy, USAID-KHCP is catalyzing private sector growth to permanently improve the food security and lives of tens of thousands of rural and largely poor households.

USAID-KHCP is supporting a competitive, inclusive horticultural production and distribution network through targeted partnerships and coordinated interventions. We are on target to substantially increase incomes for 200,000 smallholder farmers over five years. USAID-KHCP is focused on a range of crops within the horticulture value chain, which were selected based on their potential to contribute to both income growth and the multiple pillars that define food security (access, availability, utilization, stability). USAID-KHCP, in collaboration with 33 local partners, is providing transformational training and technical assistance to farmers, processors and allied agribusinesses. USAID-KHCP field managers conducted trainings with partners for 84,081 farmers in FY2011, as shown in Figure 2.

Figure 2: USAID--KHCP Trainings



Kenyan horticulture exports increased 10.5 percent and 7 percent in volume and value, respectively in 2010. The growth in exports can be attributed to higher unit prices for the products sold, increased demand for Kenyan horticulture products in EU markets and the weakening of the Kenyan shilling against a basket of hard currencies. From October 2010 to September 2011, Kenyan horticulture exports amounted to $987.2 million, $89.5million of which went to regional markets.

2.1 ORANGE FLESHED SWEET POTATO

Sweet potato is the third most important root crop in Kenya after Irish potato and cassava. They have traditionally been grown on a small scale under rain-fed production, but the emerging importance of the crop for both local and export markets means that smallholders must learn technologies that will sustain commercial volumes and meet demands from regional and international

Orange Fleshed Sweet Potato Impact Snapshot

- Cost of production: -29.1%
- Productivity : +26.2%
- Gross margins: +26.7%

buyers. Rural farmers in the sweet potato producing zones of Kenya are rapidly adopting the newly introduced orange fleshed sweet potato variety.

During FY2011, USAID-KHCP and partners, including Sunripe, KARI and ADPP, have produced more than 12 million vines and distributed them to smallholder farmers on a commercial basis. USAID-KHCP supported more than 3,020 farmers (1,505 women, 362 youth) through production and postharvest technical training, across 18 demonstration sites. Farmer who have been producing orange fleshed sweet potato have seen their gross margins increase by 26.7 percent, their cost of production decrease by 29 percent and their total productivity increase by 26.2 percent.

Infected and scarce vine stock combined with poor agronomic practices is often the starting point for those growing orange fleshed sweet potato in Kenya. USAID-KHCP is confronting these issues head on. As a first step, the project is dramatically increasing the provision of clean planting material through the establishment of a commercial system that connects national level research institutions with commercial growers, smallholder farmers and exporters. Supply is catching up with demand. Second, the project is supporting the introduction of varieties such as the Kabode and Vitaa with high dry matter content that address low yields and late maturity. These varieties also contain traits sought after on international markets, such as pink skin. Third, USAID-KHCP is supporting farmers through extension services offered by its partners in basic best practice in sweet potato production. Other critical practices actively being transferred to farmers include the following:

Photo by Fintrac Inc.
Farmers in Kabondo, Homa Bay County displaying their sweet potatoes for sale along the main road. USAID-KHCP is working on a sustainable marketing system to connect farmers to local, regional and international markets.

- Introduction of drip irrigated production and water harvesting techniques for increased yields on a more sustainable basis
- Building farmer capacity for calendarized, or staggered, production in order to take advantage of the market and better leverage farm gate prices for more of the year
- Linking farmer groups to flour processors, achieving lower rates of waste and thus better returns to farmers
- Introduction of better post-harvest handling practices above and below ground for longer tuber shelf life
- Introduction of soil testing services for better soil and fertilizer use

LESSON FROM THE FIELD

The USAID-KHCP regional manager for Eastern Region noticed that sweet potato yields were not increasing at the rates they could be, except those inter-cropped with baby corn. He quickly realized that farmers in the region were not willing to invest in inputs for sweet potato because they were sceptical about the newly introduced crop. Farmers who mixed baby corn and sweet potato crops in one field saw particularly high yields. These farmers were well aware of the need to weed and fertilize baby corn fields if they wanted to profit from the harvest. As a result, the sweet potatoes had a weed-free and fertilized medium where they could thrive. Next season the sweet potato and baby corn combination will be promoted as an additional tool to supplement demonstration sites and farmer field days.

One example of the linkages that USAID-KHCP is facilitating comes from Coast Province. With KARI and Sunripe, the project has set up a five-acre test plot at KARI-Matuga research station for the development of virus-free vines, which will be the supply base for farmers in years to come. To jumpstart orange fleshed sweet potato production in Coast Province while the KARI Matuga plot comes online, USAID-KHCP and its partner, Sunripe, brought planting material from Noromoro in Central Province. The material was transferred for commercial production to 64 acres of land in Kibwezi and Kwale areas. The work is being scaled up on a national basis with 80 improved variety vine multiplication sites that have been established (on more than 120 acres) in partnership with both local, private and international research institutions such as the International Potato Center. **The export of Kenya's first orange fleshed sweet potato shipment to Europe by sea is expected in early 2012, representing a milestone for the project and the companies involved.**

"In Kenya sweet potato is an important food crop that has gained increased importance due to its role in food security, ability to withstand drought as well as its potential for commercial processing. A comparison with other food crops shows that a sweet potato yields more calories per unit area than either maize or Irish potato and nearly as much as cassava, while its protein yields is far higher than the latter."

Dr. Wilson Songa,
Agriculture Secretary
Sweet Potato Stakeholder's Forum
June 9, 2011

NEXT STEPS

- Develop and roll out a new high-input/high-output production system to 35,000 growers to improve productivity by 30 percent and reduce post-harvest losses by 20 percent.
- Improve the accessibility of new accredited orange fleshed varieties through a network of 500 lead farmers specializing in vine multiplication and sell to local communities.
- Develop new post-harvest systems and sea-freight logistics technology to initiate and scale up sweet potato exports from Kenya to international markets in Europe and Middle East, reaching 1,000 tons/annum of export sales worth $1million by 2015.
- Introduce orange fleshed sweet potato flour as a natural food fortification ingredient blended with maize and wheat flour to improve vitamin A utilization.
- Integrate local health and agricultural programs to maximize the nutritional impact of orange fleshed sweet potato, particularly targeting mothers and children.

2.2 PASSION FRUIT

Kenya is a leader in passion fruit production and export in Africa. Uganda is the single largest export market for Kenya's fresh passion fruit. However, in 2010 export to Uganda declined by 17.1 percent from 2009 figures, which is attributed to low production volumes and increased domestic consumption. In the same period, Kenya was a net importer of passion fruit concentrate.

Access to quality planting material remains a major challenge. USAID-KHCP is aggressively supporting the development of commercially registered and certified nurseries to lay the foundation for a larger, faster growing passion fruit subsector. This year alone, USAID-KHCP has supported the establishment of eight nurseries with a capacity to produce over one million seedlings annually (or approximately 4,000 commercial passion fruit producers). Thus far, USAID-KHCP has established nurseries in Rift, Nyanza and Western Regions with plans to roll out similar sites in Eastern Kenya. To support the sustainability of this nursery expansion, USAID-KHCP is working closely with KARI to help commercialize the clean germplasm they produce. The support includes regular virus indexing for woodiness virus and continued research and varietal evaluation with a focus on size, taste and aroma. As part of this support, USAID-KHCP led the development of an operational manual for nurseries, in consultation with key stakeholders such as HCDA, KEPHIS, KARI and other donor-supported programs including Project Nurture, to set clear 'best practices' in the industry.

> *"USAID-KHCP is supporting youth in this region by generating employment, increasing incomes, and improving our food security. We like passion fruit farming because through technical assistance we have been trained to use simple local resources, local knowledge and local experience."*
>
> Emily Mutai
> Kutsi Vision Group Youth Member
> Rift Valley, Kenya

Training of farmers includes the use of drip irrigation and water harvesting structures for enhanced all year round production. 10,983 farmers (4,296 women and 1,057 youth) benefitted directly from passion fruit specific training and technical assistance on the demonstration sites established by Good Neighbours Community Program.

For smallholder farmers with only a rudimentary knowledge of soil nutrition, plant nutrition is an expensive and often vexing problem to manage. That's why USAID-KHCP is linking farmers to soil testing services for better fertilizer and soil management. USAID-KHCP has collected and sent in 50 soil samples to a specialized lab in Nairobi to provide detailed analysis on the profile of soils used by passion fruit growers in the Western part of the country. Based on these analyses it became clear that it was necessary to lime the soils (i.e. they were too acidic) and link fertilizer selection and usage to soil and crop requirements; **results indicate that this small change increased yields by an average of 10 percent, with superior fruit quality.**

NEXT STEPS

- Increase annual capacity of USAID-KHCP nurseries from 100,000 seedlings to one million matched by private-sector nursery investment in sufficient annual capacity for another two million seedlings impacting a combined total of 50,000 farmers by 2015.
- Enhance nursery registration with HCDA and certification by KEPHIS to disseminate virus and disease free planting materials and install additional capacity with lead farmers and KARI for multiplication of basic seed to supply nurseries.
- Focus public-private partnership investment in passion fruit to fully exploit fresh market and juice-processing opportunities targeting an additional $5 million in sales over the next five years.

2.3 TOMATO

Tomato Impact Snapshot

- Cost of production: -18.3%
- Productivity: + 10.9%
- Gross margins: +85.6%

Tomato is at the center of most Kenyan diets. By volume, it is the most widely traded vegetable in the country. It is also a smallholder friendly crop; a recent USAID-KHCP survey indicates that it is one of the most profitable crops a smallholder can grow. Strong growth in demand, and good income earning potential over a wide range of agro ecological zones, make tomato a top priority for USAID-KHCP.

Kenyan smallholders tend to use low yielding, traditional varieties of tomato. During the last three years the concept of small-scale greenhouse production has attracted considerable interest and investment. On the other end of the spectrum lie the many smallholders who have experienced the very high returns to their first tomato crops but who have not faced the reality of soil depletion without crop rotation and disease build up without proactive measures to defend against the diseases that thrive in the Kenyan climate. While the tomato story continues to be promising, sustaining smallholder enthusiasm in the face of inconsistent yields and an increased disease burden is the near term challenge facing those supporting the sector.

USAID-KHCP is taking on the issue of tomato plant health, a major factor in yields and overall product sales for the farmer after initial successes with the crop over the last three years. The project is focusing on three key technologies to support improved tomato plant health: First, the team has introduced tomato grafting to counter the effect of bacterial wilt, particularly for tomatoes produced in a greenhouse. Second, introduction of soil analysis services for farmers to improve soil and fertilizer use and management was introduced across all project areas. Last, USAID-KHCP is introducing tomato varieties capable of tolerating tomato yellow curl leaf virus, which is becoming an important disease to fend against in tomato producing areas.

Photo by Fintrac Inc.

Smallholder farmers embracing greenhouse technology in Nyeri County.

Like the other core crops described in the sections above, USAID-KHCP is teaching tomato farmers specific technical skills and introducing them to new technologies through field days and ongoing extension support, including, water harvesting practices, good agricultural practices, mini greenhouses, low pressure drip irrigation and IPM schemes to capture the substantial potential of tomato across focus regions. **In Eastern Region, the introduction of greenhouses and drip irrigation reduced the amount of water needed for tomatoes by half.**

With the support of USAID-KHCP and its partners, farmers are profiting from their investment in tomato production. Over the last year productivity has increased by 10.9 percent, with the cost of production decreasing by more than 18 percent. To support the growth in demand for high yielding tomatoes, USAID-KHCP is also building the capacity of input suppliers through horticulture 'centers of excellence' and active participation in farmer field days. These USAID-KHCP sponsored activities, and others, allow input suppliers to better serve areas they already reach and expand into newer areas that have received minimal levels of support in production.

2.4 OTHER LOCAL MARKET VEGETABLES[1]

Photo by Fintrac Inc.

Members of Focal Area Development Community (FADC) at a vegetable demonstration site during the field day at Gembe West, Mbita, Homa Bay County. Field days are an effective way of demonstrating to the local community how they can improve their food security and income through easy adoption of new agricultural innovations using simple local resources, local knowledge and local experience.

Vegetables such as cabbage, onions and kale are important for income diversification and household nutrition. Local demand for these products remains strong. Cabbage and kale are the third and fourth most frequently traded vegetables in Kenya while onion is grown by many smallholders. In 2010 alone, nearly 5,000 MTs of onion were imported into Kenya, mostly from Tanzania. By the end of September 2011, more than 280 on-farm demonstrations had been set up for onions, squash, cabbage and other leafy vegetables under USAID-KHCP to satisfy increasing local demand for these products. Nearly 6,000 farmers (4,299 women, 1,025 youth) benefited from these demonstrations and supplementary technical assistance. USAID-KHCP is working with local market vegetables in all regions under the project to train farmers on good agricultural practices and new technologies such as new varieties, low pressure drip irrigation and IPM. These technologies and agronomic practices are helping farmers overcome traditional quality, safety, productivity and income constraints and improving farmer nutrition from the increased availability and accessibility of nutritious vegetables.

USAID-KHCP is particularly focused on enhancing opportunities for youth within the local market vegetable subsector. The project is doing this through three principle channels: First, USAID-KHCP is actively promoting a range of commercial opportunities in the production, processing and trade of market vegetables. These commercial opportunities help shift the mindset of many youth, who typically perceive the cultivation of vegetables as a subsistence activity carried out by older women. One effective promotion technique has been site visits that allow youth to see successful commercial grower's first-hand. Second, USAID-KHCP is drawing upon the early adoptor culture among young people when it comes to the use of new technologies to better manage natural resources at the farm level. This includes engaging youth in water management, integrated pest management, and effective fertilizer use, along with the use of technology to aid production and marketing. Third, USAID-KHCP is building the capacity of farmer groups to recruit and retain younger members. This involves helping long-standing groups recognize that younger members may bring new ideas and fresh perspectives, and may require changes to how, when and where meetings are held.

1 This includes cabbage, onion, kale, squash, kale and African leafy vegetables.

NEXT STEPS

- 150 vegetable seedling projects targeting youth entrepreneurs will reduce crop establishment costs by 10 percent and contribute towards a 30 percent to 50 percent increase in crop yields over a five year period.
- High-technology packages for small-scale greenhouses and shade-net infrastructure provide climate adaption benefits enabling year-round crop production and increasing farm incomes by 30 percent.
- Specific promotion of indigenous vegetable varieties and positive kitchen-garden technology will enhance household nutrition and cash income opportunities for 9,000 women in 2012.

2.5 SMALLHOLDER FLOWERS

Smallholder flowers represent about two percent of the massive export flower industry in Kenya but symbolize a huge opportunity for smallholders to tap global demand for products they can produce. We know that the integration of smallholder producers into global value chains is not only possible but leads to higher profits and sustainable growth in trade, if properly managed.

Smallholder flower production under USAID-KHCP continues to blossom. Particularly encouraging is the successful expansion of Wilmar Ltd.'s contract growing base from the traditional growing areas in Central region into new areas in the Western part of Kenya (HR1), with 200 new farmers starting up in Nyanza and south Rift. Through USAID-KHCP support, Wilmar has enhanced their post-harvest handling systems and infrastructure. Farmers growing under the USAID-KHCP partnership with Wilmar are benefiting directly from the company's market diversification from the Dutch auction system into more direct sales to major retailers and florists. Similarly, the farmers are benefiting from more stable prices as sales include value added packing at the source.

Photo by Fintrac Inc.

Smallholder flower farmers contracted by Wilmar Agro Ltd in Nyeri County grading arabicum for export.

USAID-KHCP provided training and technical assistance on smallholder flowers through the establishment of 27 demonstration sites for the year ending September 30th, benefiting over 3,000 smallholder farmers in Central, Nyanza and Rift Valley. These sites showcase good agricultural practices and new technologies such as drip irrigation, water collection, charcoal coolers, greenhouse tunnels, water harvesting dams and grading sheds. Through these field based learning sites, which are strategically located in Central, Nyanza and Rift Valley, farmers have received hands on training in production and postharvest handling. Flower varieties promoted with the smallholder are chosen based on their added value to bouquet, generally through added color contrast based on knowledge of consumer demand. This enhances sales of bouquets while opening up the flower market to resource poor smallholder flower farmers.

The project constructed nine demonstration sites established for eight new variety trials over the course of the year. As part of the field trials, Wilmar established ten small-scale greenhouse tunnels with drip irrigation to train farmers on new production techniques for Molucella and Tuberose. Wilmar also established six water harvesting dams in Central Region as a trial before planned scaling up into Rift Valley in early 2012.

2.6 PULSES

Pulses Impact Snapshot

- Cost of production: +11.7%
- Productivity: +214.5%
- Gross margins: +53.6%

Pulses, including green grams, dry beans and pigeon peas, are important for food security, nutrition (low cost protein) and income generation in Kenya, accounting for approximately 20 percent of protein consumption in the country[2]. Moreover, they are an important source of nitrogen for the rain-fed soils where they are grown. There is strong local demand for these products locally and on regional markets. However, low yields (rarely exceeding 500 kg per hectare), chronic shortages of certified seed, poor extension services and unpredictable weather conditions all stand in the way of commercializing these crops. Through demonstrations sites, on-farm technical assistance and seed multiplication activities in Eastern Region, USAID-KHCP is building a foundation for increased food security and income growth for farmers, stockists and others in the sub-sector.

In FY2011, USAID-KHCP established 211 demonstrations plots for pulses, hosted 39 field days and constructed 26 seed multiplication sites. USAID-KHCP provided 26,242 trainings (14,371 women) on all aspects of pulse production, seed multiplication and postharvest handling. In the past, farmers depended on the traditional dry pigeon peas, known for low yields and long seasons. Today, through a combination of demonstration plots and technical assistance offered by USAID-KHCP, farmers are learning and adopting the new varieties and embracing good agricultural practices, resulting in expanded production and value of the harvested green pigeon peas for the fresh market. Farmers are feeling the impact of these interventions in their pocketbook. Through these simple, yet effective interventions, farmer productivity has increased by 214 percent, leading to a 53 percent increase in gross margin.

To enhance the sustainability of this intervention, USAID-KHCP partners UCCS, BISEP, ATIP and Kenya Rain Water Association (KRA), joined forces to promote sustainable production of pigeon peas through water conservation. KRA is training farmers in Eastern Region on all aspects of water harvesting and drip irrigation. With BISEP and ATIP jointly providing support, pigeon pea farmers in Eastern Region are gathering essential tools to sustainably increase income and food security.

Drought Mitigation Technologies Used by USAID-KHCP

- Varieties with short growing season traits
- Drought resistant varieties
- Water harvesting
- Hand pumps for improved water efficiency
- Zai pits
- Mulching
- Sand dams

USAID-KHCP support comes from the ground up. The supply of certified pulse seed in Eastern Region is only able to satisfy 15 percent of demand, making access to high quality pulse seeds a near impossibility. In many cases, agro-dealers don't even stock pulse seeds because of the perception that they are a low revenue product compared to maize. USAID-KHCP is leading efforts to train pulse sector stakeholders on proper seed production, certification, labeling and standards in partnership with Dry Land Seed Company (DLSC), KEPHIS and KARI.

2 http://impact.cgiar.org/sites/default/files/images/Legumetrendsv2.pdf

To date, the project has trained 57 agro-dealers on how to give extension to farmers on pulse varieties, reaching 1,000 farmers. USAID-KHCP is increasing the volumes of seed available for three varieties demanded in the market to enhance production per unit area. The project is also supporting variety breeding and research with Dryland Seed Company (DLSC) and KARI, focused on varietal suitability for local climatic and soil conditions. USAID-KHCP's investment is helping to spur private investment in the local sector: DLSC invested Kshs 5.5million in a seed cleaning and packing line as a result of the new demand. The increased volume of improved seed in the market has led to greater crop yields and more volume in the market, where supply is reported to be lower than demand on domestic, regional and international markets. To date, as a result of this recurring USAID-KCHP assistance and increased investment by the private sector, more than 35,000 smallholder farmers in Eastern Region will receive improved technical services and seed supply for new varieties of pulses in the coming season. DLSC anticipates that total green gram and pigeon pea seed stock available for distribution at the end of this year will more than double, from 20 metric tons last year to 46 tons this year. **With USAID--KHCP support, this has the potential to increase crop yields to 1,098 kg per acre from a baseline of a 349 kg per acre.** With the introduction of the early maturing variety of pigeon pea, farmers are earning up to four times what they were this time last year.

Pulse growers in Eastern Region receive limited extension support. USAID-KHCP is trying to change this. By working with local private and public institutions alike, the project is helping to build a sustainable foundation for market led extension in the future. To date, USAID-KHCP has reached 3,395 pulse farmers (1,866 women and 388 youth) with extension services and constructed 44 pulse demonstration sites.

NEXT STEPS

- Scaling up supply and availability of new varieties of fresh pigeon peas, combined with effective extension services, will provide 30,000 farmers operating in harsh semi-arid rain-fed farming conditions with the opportunity to increase yields by an average of 20 percent over the next three years.
- Improved logistics and marketing systems for the more perishable fresh pigeon peas will allow farmers to maintain a 40 percent premium price structure compared to the commodity dry pulses.

2.7 ADDITIONAL CROPS TO COME ONLINE IN FY2012:

Banana

In terms of food security, banana is by far the most important fruit in Kenya, making up 87 percent of traded volumes. USAID--KHCP is increasing focus on the product through three new

Pigeon Peas Quadruple Farmer Incomes

Following USAID-KHCP's introduction of a new variety of pigeon peas, farmers are often earning four times what they were this time last year. A group of 225 farmers receiving support in Eastern Kenya recently harvested 108MT of fresh pigeon peas worth Kshs. 13 million ($162,500), compared to a baseline of Kshs. 3.2 million ($37,500).

In the past, farmers depended on the traditional dry pigeon pea variety, which is known for its low yields and long seasons. Through a combination of demonstration plots and technical assistance offered by USAID-KHCP and delivered through Business Initiatives for Survival & Eradication of Poverty (BISEP), farmers learned to adopt the new variety and are embracing good agricultural practices, resulting in expanded production and increased value.

partnerships, supporting 11,000 farmers over three years.

Irish Potato

Consumption of Irish potato has grown steadily, becoming the second most important food crop in Kenya after maize. Irish potato is grown by 790,000 farmers on 108,000 hectares, producing 2.5 million tons in 2009, with a farm gate value in excess of Kshs 5 billion. A new partnership with the Kenya National Federation of Agricultural Producers will provide technical and business capacity-building to the Kenya National Potato Farmers Association to enhance agronomic training and certified potato seed multiplication to some 4,500 farmer members covering nine counties.

Export Vegetables

To maintain the global competitiveness of "Brand Kenya" the export sector has to diversify its markets and product range, improve grower returns and reduce logistics costs, and catalyze opportunities and technology transfer within the domestic sector. New export-orientated partnerships helping nearly 11,000 farmers to help address some of these issues are coming online now, with results to be reported in Q1 of FY2012.

2.8 CROSS CUTTING THEMES

Each of the following 'cross cutting themes' is integral to the entire USAID-KHCP technical approach.

Technology Adoption

Kenyan growers are quick to adopt new technologies if they are profitable. National growth in the adoption of on-farm water storage, drip irrigation, precision fertilizer systems, greenhouses and other technologies is essential for smallholders to increase and diversify their production. To ensure sustainability, USAID-KHCP treats technology adoption as a private sector function carried out by input suppliers, processors and marketing companies. USAID-KHCP has moved into new territory by following this model in specialist technical services including low-cost soil analysis, soil supplements, greenhouse systems, and water collection and nursery technologies.

National data shows that 96 percent of all horticultural production is sold on the domestic market, much of it still originating from low input – low output farming systems and inefficient marketing channels that have not kept pace with the skills characteristic of the export growers. USAID-KHCP is delivering effective technology transfer, sometimes via the export sector, within the range of core crops that is having a significant impact in the transformation and modernization of the smallholder horticulture sector targeting the local market.

Photo by Fintrac Inc.

Farmers at a drip irrigiation demonstration site during the a field day in Vijiweni, Kilifi County.

The need for improved water management technology is not confined to the semi-arid zones and drought-prone communities. USAID-KHCP is providing support to the high rainfall areas of Western, Rift valley and Nyanza Regions to ensure that the underlying high crop potential results in high crop performance, including more structured plantings, extension of

production seasons, and resulting price stability and income growth. The 120 vegetable nursery projects involving youth being developed by Syngenta Ltd is an exciting new expansion of technology for FY2012.

Under the Kenya good agricultural practices framework a basket of new technologies appropriate for each core crop is being delivered through a range of innovative public-private partnerships based on the fundamentals of improved soil and water management. The soil sampling and fertilizer advisory services provided by Crop Nutrition Laboratory Services to all of the USAID-KHCP demonstration sites is developing a national soil-mapping database that can now be rolled out for Regional best-practice recommendations to cut costs and improve productivity. The first phase of 70 rain water harvesting ponds equipped with drip irrigation systems marks a significant scaling up of USAID-KHCP activities as part of a multi-stakeholder effort in the semi-arid Counties of Eastern Region that also includes rehabilitation of Government irrigation schemes, construction of sand dams along seasonal rivers, and private-sector investment in shallow wells and boreholes.

Natural Resource Management

Photo by Fintrac Inc.

Soil sampling at the Crop Nutrition Laboratory Services in Nairobi. Early reports suggest that soil sampling is already reducing farmer costs by demonstrating the need to use lower concentrations of fertilizer to maintain optimum fertility conditions. More than 230 soil samples and 60 water samples from Rift Valley, Nyanza, Central, Coast and Eastern regions have been tested. KHCP plans to scale up the training across the country.

North and Eastern Kenya experienced the worst drought in 60 years this year, affecting USAID-KHCP sites in Eastern and Coast provinces. In all regions, USAID-KHCP prioritized water harvesting and conservation techniques to extend and in some cases ensure a growing season for the farmers.

Despite a vigorous environmental movement in Kenya, natural resource management (NRM) at the farm level remains under-developed and is under serious pressure from climate change, population growth, diminishing land availability, deforestation, and over-grazing and soil degradation. USAID-KHCP is providing 8,588 smallholder farmers with practical and cost-effective tools and techniques to address many of these challenges. The project's partner extension staff is demonstrating the basics of crop rotation and soil conservation, water storage and management, composting and minimizing pesticide usage, as well as more advanced inter-cropping and integrated livestock-cropping systems.

Early reports suggest that soil sampling is already reducing farmer costs by demonstrating the need to use lower concentrations of fertilizer to maintain optimum fertility conditions. After facilitating the training of 70 partner agronomists at Crop Nutrition Laboratory Services, a leading agricultural and environmental laboratory in Nairobi, the number of farmers requesting soil and water sampling analysis increased from zero to 230. The training helped farmers better understand soil composition, nutrition and water requirements.

PERSUAP - Pesticide Evaluation Report and Safer Use Action Plan

As part of USAID-KHCP's environmental risk mitigation efforts, the project produced a Pesticide Evaluation and Safer Use Action Plan (PERSUAP). A summary of customized activities of PERSUAP was done and rolled out to the field in April 2011. This included training for USAID-KHCP staff and partners which is expected to be a continuous process during the project life cycle. In partnership

with Syngenta Limited, eight regional horticulture centers equipped with practical training facilities will be established for improved agrochemical management in line with Kenya-GAP.

Environmental requirements and compliance

Environmental screening for USAID-KHCP's new activities continued in Western, Central and Rift Valley regions. Environmental requirements and compliance procedures covering all of the USAID-KHCP scope of work are included in the Environmental Mitigation and Monitoring Report (EMMR). The Environmental Screening Form (ESF) indicating activities, environmental issues and mitigation measures including monitoring that should be taken into account throughout USAID-KHCP implementation was completed during the report year. This ESF was prepared taking into account the outcomes of the "Life of Project (LOP) Environmental Compliance and Environmentally Sound Design and Management (ESDM)" Training Course, held at Naivasha early this year.

3. Value Addition and Postharvest

Value addition activities are central to improving competitiveness throughout all levels of the industry. Improving postharvest practices is one of the most important "quick wins" in improving farmer income and food availability and accessibility as well as preserving the nutritional benefits of fruits and vegetables. Crop losses after harvest often range from 15 to 40 percent in the regions where USAID-KHCP is active, caused by a combination of poor harvesting and grading, inadequate storage facilities, absence of cold chain infrastructure, rough handling, poor packaging and cramped unhygienic markets. USAID-KHCP provided field-based training on postharvest handling to 4,384 farmers, over the last year. Interventions included harvesting, grading, food safety and standards and technical recommendations on infrastructure and micro-processing. The new partnership with Quality Systems and Management will deliver a structured postharvest training curriculum to an additional 4,000 farmers during the coming year with the aim of reducing losses by a minimum of 30 percent within two seasons.

Photo by Fintrac Inc.

Rispa Okech monitors the dehydration process of African leafy vegetable at Mace Foods in Eldoret town. With the average age of employees ranging from 20 to 25, Mace Foods illustrates how local market vegetable is engaging women and youth in value addition and income generating activities.

Fresh market sales usually provide the highest returns to farmers and are their normal priority. Farmers remain ignorant or misinformed about the market linkages and economic benefits arising from both micro-processing and mainstream food processing organizations. As a result processing opportunities are resisted or given little attention. This causes frequent problems of inconsistent supply and erratic quality of raw materials exacerbated by lack of contractual trust and compliance on both sides. These issues are being addressed by USAID-KHCP within a range of private-sector partnerships involving cutting-edge technology and transparent commercial contracts for smallholder crops. These include:

- chillies (fresh and dried) for the food ingredient and food colorant market
- sweet potato and amaranth for flour fortification

- dried herbs and indigenous vegetables
- fresh peas and beans for "high-care" vegetable packs
- chilled and frozen fruit pulp for juice processing
- flower mixes for bouquets
- Irish potato chips
- tomato paste
- essential oils

Photo by Fintrac Inc.

Solar-drying process of African Birds' Eye Chilli at Mace Foods Ltd in Eldoret.

4. Value Chain Coordination, Policy and Marketing

Issues of concern to the industry at a macro level must be addressed to achieve national competitiveness, including market information, policy reform and sector strategy. On-farm productivity growth is necessary but not sufficient for lasting development in the horticulture industry. USAID-KHCP is working closely with industry stakeholders to build support for "Brand Kenya" in local, regional and international markets. Specific activities in support of the this component include policy analysis and strategy, standards and certification training, collating information on commodities across relevant value chains and evaluating marketing infrastructure and trade promotion plans across the sector.

4.1 POLICY

USAID-KHCP is actively participating in the National Taskforce on Horticulture which championed the preparation of the draft National Horticulture Policy. USAID-KHCP plans on remaining engaged in this process to help shepherd this foundational policy to completion. The project is similarly engaged in the planning process for other relevant policies affecting the horticulture industry, including the Roots and Tubers Policy, Potato Strategy, National Agricultural Sector Extension Policy, National Food Security and Nutrition Policy, Seed Policy and the Agriculture Sector Coordinating Unit's recommendations on marketing and value addition for selected agricultural products. USAID-KHCP is analyzing these foundational policies to ensure that the needs of all market actors, including smallholders, are well represented. USAID-KHCP is planning a series of Competitiveness Forums for the coming year to bring together major industry stakeholders so they can develop an implementation strategy for the given policies. The project will continue in its technical support role while providing staff resource for the implementation of the endorsed policies and strategies.

4.2 STANDARDS AND CERTIFICATION

USAID-KHCP has focused resources on helping firms and producers achieve certification. Certification for horticultural products like flowers, and essential oil extracts plays an important role in opening up new markets and adding value to the primary product. The international standard of GLOBALGAP version four is now in operation and the National technical working group, to which USAID-KHCP is a member, is assisting in implementation. This version includes key enhancements related to traceability, chemical use, IPM, water use and produce microbiological food safety. Training on Kenya-GAP and GLOBALGAP application continued with two new partners Vegpro and Woni Exporters to train farmers on the two standards. Vegpro trained over 600 farmers on

GLOBALGAP, and FPEAK trained 51 service providers on Kenya-GAP auditing skills. Training on standards, compliance, health and safety issues benefited 296 farmers (187 men, 109 women).

More than 160 smallholder farmers were trained and pre-audited for Rainforest Alliance standards under the USAID-KHCP partnership with Wilmar. The training helped farmers understand, interpret and implement improved management and environmental practices. USAID-KHCP visited farmers during the implementation process to ensure the Rainforest Alliance standards were interpreted properly at the farm level. Third party audits were undertaken; 120 farmers successfully achieved certification which was a requirement for direct sale of premium flowers to ASDA and Sam's Club supermarkets. Under Earthoil's Quality Management System, USAID-KHCP conducted seven on farm group trainings with over 200 farmers on organic and Fair Trade standards and compliance.

4.3 MARKETING

USAID-KHCP is increasing the quality, quantity and timeliness of useful market information in Kenya. With the projected continuous growth of the horticulture sub-sector, the demand for reliable market information to inform decisions will continue to increase. With this in mind, one of USAID-KHCP's key interventions is to support the sub-sector in establishing a sustainable nation-wide market information system (MIS). USAID-KHCP finalized the draft national horticulture market information system (MIS) strategy earlier this year. The strategy reflects the national dialogue on the importance of developing an efficient national MIS that is responsive to diverse informational needs of the horticulture sector and includes a detailed action plan to enhance existing market information systems and services.

Photo by Fintrac Inc.

In collaboration with the Good Neighbors Community Project, USAID-KHCP is helping farmers establish seedling nurseries. These nurseries help increase farmer incomes in two ways: first, by providing access to improved seedlings, farmers are able to increase the quality and quantity of their crops. Second, growing the seedlings provides an extra business opportunity, which is particularly attractive to young farmers due to the quick return on investment.

USAID-KHCP also provides a bi-monthly Market News service which analyzes Kenya's horticulture exports and imports data and reconciles the data between these key institutions. To improve public access to this information, USAID-KHCP is collaborating with the private-sector Horticultural News magazine, a well-respected regional trade journal. USAID-KHCP has responded to feedback from the industry and has added additional analysis to the new service.

USAID-KHCP together with local partners also formulated marketing strategies for focus crops across the six regions covered by the project. The product specific strategies describe the marketing status of each focus crop in their respective region, existing marketing opportunities, challenges and solutions to enhance marketing of each crop. The strategies formed a basis of discussion in subsequent value chain coordination workshops with stakeholders on marketing issues affecting the various crops covered.

4.4 DOMESTIC RETAIL AUDIT

As part of the project's efforts to increase information and analysis in the horticulture sector, USAID-KHCP launched a series of comprehensive market reports on the Kenyan horticultural retail trade covering eight products and over 1,650 local markets to keep the industry informed of major

developments and trends in domestic retail trade. The audit, the first of its kind in Kenya, is directly informing the public sector on critical policy decisions, including what size and structure may be used in the construction of a new wholesale market in Nairobi. Private players are also actively reviewing the survey reports to better understand retail buying patterns in the country.

The audit covers the Kenyan domestic market and seeks to determine product flow, distribution, demand and consumption trends, seasonality, bottlenecks and strategies for improving marketing and consumption of selected fresh fruit and vegetables. The focus products include ripe bananas, passion fruit, mangoes, cooking bananas, potatoes, sweet potatoes, cabbages, tomatoes, kales and green maize which together make up an important part of the Kenyan diet. The audit is representative of urban and rural areas, including in Nairobi, Central, Eastern, Coast, Western, Nyanza and Rift Valley Regions.

4.5 REGIONAL MARKET STUDY

USAID-KHCP published an important analysis of horticulture trade flows in key East African markets, a first of its kind. The study identified opportunities in tropical juice (specifically passion fruit, mango and pineapple), and potatoes and onions from Tanzania, given recent trade and production trends. These were critically important findings, with the private sector considering moves into both subsectors as a result of this analysis. The report consolidated and analyzed data published by the KRA Customs Service for the period 2006-2010 to quantify and identify trends in trade of fresh and processed horticultural products. This was complemented by qualitative information gathered from border stations, field visits and inputs from horticulture industry players from both private and public sectors. Notable surprises in the trade data suggest a continued need to invest in information collection and analysis to drive and inform future industry investment.

4.6 INTERNATIONAL MARKETING VISITS

Regular participation in international fairs will create presence/awareness and promote Kenyan horticultural products in an attempt to penetrate new markets.

- In a bid to take advantage of emerging markets through targeted promotion, several Kenyan exporters participated in the Fruit Logistica fresh produce trade show in Berlin, Germany. Attendees have since approached the project for assistance in meeting European standards.

- USAID-KHCP participated in the Gulfood Exhibition in Dubai to evaluate the potential market opportunities in the Middle East. Country stands from Egypt, Ethiopia, South Africa and Tunisia displayed a wide range of premium quality and innovative fresh products from pomegranates to protea flowers and highlighted the competitive benchmark facing Kenyan exporters.

- USAID-KHCP sponsored Wilmar on two marketing trips to Europe. In Germany, Wilmar identified potential new auction sales of 5.2 million stems worth some Euro 800,000 per year. At the FloraHolland trade fair several business meetings were held with current flower buyers at the auction and also with new potential customers from Norway and Germany.

4.7 VALUE CHAIN COORDINATION

Coordination of horticulture activities remains a critical component of USAID-KHCP. Donors, NGOs, private and government actors alike all have a stake in the horticulture industry. The project

and its beneficiaries continue to benefit from periodic stakeholder events and communication to best coordinate resources across the country. Over the course of the year, five value chain coordination events were held, including two for orange fleshed sweet potato, one for smallholder flower, one for passion fruit and one for green pigeon peas.

Sweet Potato

USAID-KHCP facilitated a round table discussion between sweet potato smallholder farmers and processors in September. This was aimed at creating direct market linkages between the players providing a ready market for the farmers and a source for raw material to the processors. Both parties agreed to work on the issues that constitute barriers to more meaningful market linkages between smallholder farmers and the processors.

USAID-KHCP facilitated a forum in June on the sweet potato value chain coordination in Kisumu, Nyanza region, which supplies an estimated 60 percent of the national sweet potato production. The forum brought together 49 participants representing various stakeholders in the orange fleshed sweet potato sub-sector from across Kenya, including; the Ministry of Agriculture, public sector institutions, research institutes, universities, processors, exporters, traders, USAID-KHCP's implementing partners and smallholder farmers.

Integrating Smallholders into National Horticulture Policy

When USAID-KHCP sponsored a workshop on smallholder flower production and marketing participants proposed the following to address major contraints in the sub sector:

- Increase availability of price information
- Regulate registration of intermediaries to minimize side buying
- Establish market infrastructure and designated points of sale
- Decentralize facilities to create economies of scale for smallholders
- Give smallholders training for certification to enhance capacity

Passion Fruit

USAID-KHCP organized and facilitated a stakeholders' workshop in Eldoret, in July. The forum brought together players at various stages in the value chain to deliberate on what needs to be done to address constraints and improve the enabling environment for efficient product flow and better coordination within the passion fruit sub-sector. There were 68 participants including Kevian Ltd, WONI, Valley Orchards, HCDA, Technoserve, KARI and KEPHIS.

Smallholder Flowers

Through collaboration with the International Institute for Environment and Development (IIED) and Wilmar Ltd, sample bouquets were sent to Sam's Club supermarkets in the United States, ASDA supermarkets in the UK, and stores in Norway, Japan and Germany. New market development is beginning to show signs of real progress: 250,000 stems worth $64,000 were sold to Sam's Club between 1st March 2011 and 31st August, 2011. Sales to Sam's Club have reached 124 boxes per week, a major tribute to the continued success of the USAID-KHCP partnership with Wilmar, on and off the farm.

A forum to deliberate on the issues effecting the smallholder flowers production and marketing was held in March. There were 56 participants representing key stakeholders in the smallholder flower value chain including five government institutions, three trade organizations, seven exporters, farmers, and the media.

Ultimately, participants agreed on the need to develop a master plan for smallholder flowers that would outline key interventions to enhance incorporation of smallholder farmers into the flower value chain as well as promote a domestic "buy a flower campaign".

Pulses

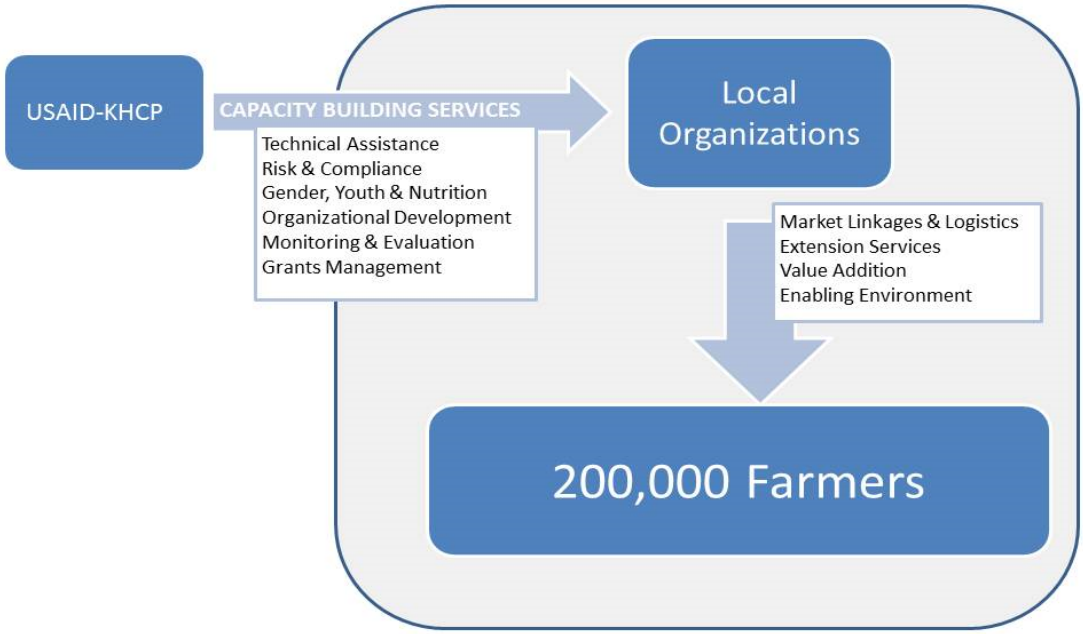
USAID-KHCP convened local partner and traders to develop a marketing strategy for green pigeon peas. The forum addressed constraints such as poor product quality, low volumes and inconsistent supply. For effective implementation of the pigeon pea strategy a consultant was commissioned to initiate the formation of six commercial centers in different villages within the region. Relationships were strengthened through round table discussions with farmers, intermediaries and urban traders in the green pigeon pea value chain. These discussions on marketing challenges culminated in an agreement between farmers and intermediaries on a fixed farm-gate price. This would help counter the effects of price variations and instability. While progress was made, substantial challenges remain as organized group marketing is a relatively new concept to the pulse market players.

5. Building Partner Capacity

Building local partner capacity is a cornerstone of this project. To date, the project has signed alliance agreements (see Annex 4) with 33 local Kenyan partners – from exporters and input suppliers, to farmer groups, NGOs and consulting firms. Their technical and management knowledge and abilities to support a thriving horticultural sector are critical to its growth and sustainability, as is their commitment and talent to successfully integrate smallholder suppliers into the industry. The USAID-KCHP implementation approach indeed is premised on the training, technical assistance and impact that local partners are able to deliver to smallholder project participants. In line with USAID's FORWARD initiative, a select subset of these local partners must also be prepared for direct procurement relationships with USAID in the near future.

Figure 3 outlines the breadth of interventions that USAID-KHCP offers its partners, and the primary focus of the services which they deliver to farmer clients.

Figure 3: Creating a Competitive Horticulture Industry in Kenya through Partner Capacity Building



5.1 GRANTS SUPPORT

Thirty-three roundtable discussions were held by the project with potential grantees and stakeholders across the country as part of the partnership identification and development process. The USAID-KHCP grants team then conducted organizational capacity assessments, and ultimately facilitated three Grants Management Workshops for confirmed awardees. The Grants Management Workshops covered topics such as payments and procurement, risk and compliance, accounting procedures, monitoring and evaluation expectations and communications.

Follow-up field visits were then conducted throughout the year, focused as necessary on good accounting practices, budget management, record management, and invoicing procedures. Any implementing partners with budget line items related to procurement and logistics additionally received assistance to ensure compliance with USAID rules and regulations.

5.2 TECHNICAL

USAID-KHCP has a decentralized field team comprised of Regional Managers with strong technical capabilities in production, postharvest handling and smallholder supply logistics for a wide range of horticultural crops. These managers are dedicated to working with local partner organizations to build their staff capacity in the same, ensuring consistent, high-quality service delivery to farmer clients.

5.3 MONITORING AND EVALUATION

Each Regional Manager is assigned a Monitoring and Evaluation Specialist and a Field Secretary to ensure that partners are consistently able to access USAID-KHCP resources as necessary, provide necessary grant documentation, and are delivering agreed-upon services – and achieving agreed-upon targets. In most instances, as a precursor to the alliance agreement being signed, partners agreed to build out their internal monitoring and evaluation capacity, though this is an on-going learning process. The USAID-KHCP Monitoring and Evaluation specialists are integrally involved in compiling and validating the necessary data.

5.4 COMMUNICATIONS

It is particularly important for partners anxious to receive USAID funding directly that they are able to communicate results efficiently and effectively, with a clear understanding of USAID branding regulations and requirements. Thus, the USAID-KCHP communications team is therefore providing training in these areas. Even partners that might not be graduated, or interested, in receiving USAID funds directly, have an obligation due to their current USAID-KHCP agreement to contribute digital images and success stories.

5.5 BUSINESS DEVELOPMENT

One of USAID-KCHP's partners, Blue Rhino Consultants, is tasked with building the capacity of partners and farmer groups. To date, Blue Rhino has trained 110 partner staff and 724 farmer group leaders, in costing, pricing, debt management, financial record-keeping, savings options, group governance and general business management.

5.6 GENDER & YOUTH

USAID-KHCP has gender and youth mainstreaming policies that are being implemented across all project activities, from the design, delivery and evaluation of technical assistance and training to the selection of crops. Mainstreaming focuses on a whole-household approach enhancing women and youth participation and leadership within existing farming and agribusiness activities, rather than targeting them for separate programming. We do collect gender-disaggregated data however, and to date, USAID-KHCP has trained 42,173 female farmers (50.1 percent of total).

The project has set an internal youth beneficiary target of 20 percent of all beneficiaries, equivalent to a total of 40,000 youth impacted throughout the project. Year-end performance was below target, but we anticipate substantial scale-up following recent Training of Trainers courses provided to all 33 partners by subcontractor Making Cents.

Approach highlights include:

- Training of partner staff in gender and youth mainstreaming strategies.
- Scheduling technical training and extension services and field days at times and locations to accommodate women's family commitments and mobility constraints.
- Increasing women's access and adoption of technologies (i.e. kitchen gardens, solar drying, greenhouses, drip irrigation), thereby saving labor (for whole family) and improving household productivity.
- Addressing gender divisions in specific core crop activities through a family business approach to farming.
- Inspiring youth to change their attitudes towards farming, and recognize a vibrant range of start-up opportunities in horticulture (i.e. mini-greenhouses, vegetable seedling nurseries, fruit juices for local hotels, other micro-processed products etc.).
- Encouraging farmer groups understand the concepts behind youth-inclusiveness, and provide real leadership opportunities.

5.7 NUTRITION

The project conducted a quantitative household nutrition survey of 460 project beneficiaries by region, and a draft Nutritional Framework for USAID-KHCP was drafted that includes core recommendations on scaling up nutritional impact of project/partner activities. This report is currently being released to USAID and key stakeholders for feedback, and will be subsequently be finalized and ready for full implementation in early 2012. The other major nutrition effort during the first year of project implementation was our partnership with Real IPM that built out a "Positive Kitchen Garden" initiative to ultimately impact 10,000 beneficiaries, and to date has included:

- Five (out of 37) kitchen gardens established, equipped with seedling units and drip systems. First harvests in January 2012.
- Complementary systems of low-cost grow bags for peri-urban micro-gardens established.
- Kitchen garden demonstration plots established adjacent to Thika hospital, rural health clinics, prisons, training colleges, orphanages, women and youth groups, and faith groups.
- Curriculum and training materials developed and tested in applied nutrition and best practices that will be rolled out to all partners in 2012, plus further collaboration with USAID Aphia Plus program on sweet potato in Western.

Annex 1. Success Stories

USAID

KENYA HORTICULTURE
COMPETITIVENESS PROJECT (KHCP)

SUCCESS STORY

Growing business creates opportunities for small farmers

As Wilmar Agro, a Kenyan flower company, expanded its export business, the company found it harder and harder to keep up with demand in Europe. The company decided that the best way to continue expanding was to invest in Kenyan farmers by incorporating them into the growing business.

USAID's Kenya Horticulture Competitiveness Project (KHCP) started working with Wilmar Agro to help them find and train farmers and set them up with new market connections in Europe. The company found new buyers in Norway who guaranteed prices for flowers, and Wilmar Agro immediately expanded production back home, incorporating 200 new smallholder growers. Within a year they expect to bring on 1,000 new farms benefitting smallholders across Kenya.

One group of small farmers already benefitting from Wilmar Agro's success is the 15-member Chesimoton Farmers Field School in Kapsimmotwa Village, Rift Valley. The group was just getting by on small plots of land, producing staple crops such as maize and beans; but they wanted to start earning the kind of money that could get them ahead. After learning about Wilmar Agro's activities in neighboring regions, the group asked the company if they could sign on.

Wilmar Agro introduced mobydick flowers to the Chesimoton farmers, and USAID-KHCP agronomists are training the farmers to grow mobydick flowers to market specifications. The growers are learning new skills in seedling production, soil preparation, transplanting, fertilization, pest and disease management, harvesting, and postharvest handling. The farmers signed a contract with the company that guarantees them technical assistance and a steady market for the flowers they produce.

Photo by Fintrac Inc.

A member of the Chesimoton Farmers Field School shows off her mobydick flowers.

With technical assistance from USAID-KHCP and Wilmar Agro's guaranteed markets, the farmers of Chesimoton sold 220,030 flowers, valued at more than $10,000, in just four months.

> **"We are very happy growing flowers because we no longer worry over school fees and food for the family."**
> – Wilson Arap Soi, Chesimoton Farmer Field School farmer

"We are very happy growing flowers because we no longer worry over school fees and food for the family," said Wilson Arap Soi, a Chesimoton farmer.

The Chesimoton farmers transport their harvested flowers to a collection point where they are picked up by Wilmar Agro's refrigerated trucks, transported to a packhouse and flown from Nairobi to flower markets in Europe. While Wilmar Agro used to deal only with smallholders in the Central and Eastern regions of Kenya, the success of the Chesimoton has since prompted the company to further expand in the Rift Valley. Wilmar Agro now has contracts with 76 smallholder growers in the Rift Valley and more groups are asking to be involved in the project.

USAID-KHCP is a USAID-funded effort to build a modern, thriving horticulture production and distribution network that provides year-round supplies of safe and affordable food to all Kenyans and substantially increases incomes for 250,000 farmers.

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USAID FROM THE AMERICAN PEOPLE

Kenya Horticulture Competitiveness Project (KHCP)

SUCCESS STORY

Agricultural Innovations Helping the Rural Economy to Blossom

In just eight months, the Kaasuvi Mbike Ngwike Farmers Group has earned a total of Kshs. 7.8 million ($97,800). Agricultural innovations, such as nursery propagation and drip irrigation have catapulted this once struggling farmer group into a model organization that is directly benefiting over 10,000 community members with improved seedlings for vegetables and fruits.

Photo by Fintrac Inc.

Members of the Kaasuvi Mbike Ngwike Farmers Group working on their vegetable seedlings nurseries in Kiboko Location, Makueni County. Within a period of only eight months, the group has been able to sell over 700,000 seedlings of vegetables and fruits worth Kshs. 7.8 million ($97,800).

The group, located in Kiboko Location, Makueni County, Eastern Kenya, was formed in 2001 with a modest group savings of Kshs. 440 ($5.50). Each of the 22 members, majority who were living on less than a dollar a day, contributed a monthly membership fee of Kshs. 20 ($0.25).

Since its inception, the group struggled with farming of maize, green grams and pigeon peas because they lacked knowledge on Good Agricultural Practices and reliable markets for their produce.

These factors significantly affected their productivity, incomes and ultimately their food security. As a result, the majority of members depended on the Government's food relief programme.

> **"We are very grateful for the support we have received from USAID-KHCP and BISEP. Now our members who were living on less than a dollar a day are getting monthly dividends of Kshs. 10,000 ($125)."**
> -Benson Mwengi, the group's leader.

However, the scenario changed in October 2010 when Business Initiatives for Survival and Eradication of Poverty (BISEP), a USAID-KHCP partner in the Eastern region working to improve production of pulses, sweet potatoes and vegetables, started working with the group. Through USAID-KHCP interventions, BISEP trained the group in Good Agricultural Practices and introduced the group to various agricultural innovations such as land and nursery preparation techniques, drip irrigation, hybrid seedlings, soil sampling and greenhouses. With USAID-KHCP and BISEP facilitation, the group constructed four greenhouses equipped with drip irrigation, which they used for the multiplication of vegetables and fruit seedlings such as brinjals, cabbage, capsicum, kale, mango, onion, orange, passion fruit, paw paw and tomato. The greenhouse facilities and drip irrigation enable the farmer group to consistently supply high quality seedlings to their community year round. Between October 2010 to May 2011, the group sold over 600,000 vegetable seedlings worth Kshs. 4.8 million ($60,000). They also sold over 100,000 fruit seedlings worth Kshs. 3 million ($37,500) in addition to donating seedlings to schools and the local community.

Kaasuvi Mbike Ngwike Farmers Group success is spilling over into their community. Over 10,000 farmers, the majority of which are coming from as far as Kwale, Taita, Thika, Machakos and Makueni, are benefiting directly from Kaasuvi Mbike Ngwike Farmers Group either through attendance at group sponsored field days and field visits or through direct seed purchases. The steady stream of farmers to the Kaasuvi Mbike Ngwike Farmers Group has prompted the Ministry of Agriculture to use their farm as a model education center. Bouyed by their success, the group is now diversifying into fish and goat farming as well as bee keeping, creating 42 on-farm employment opportunties for youth.

USAID-KHCP is a USAID-funded project designed to increase incomes and food security through smallholder production and employment in the horticulture industry. USAID-KHCP works in partnership with public and private industry players to deliver a range of technical and marketing services which have a positive impact on rural livelihoods and the rural economy.

Visit www.growKenya.org for more information.

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USAID

KENYA HORTICULTURE
COMPETITIVENESS PROJECT (KHCP)

SUCCESS STORY

Horticulture helps make a dream come to life

Four years after joining a USAID-KHCP-supported farmer group in Homabay County, 29-year-old George Ochieng is well on his way to doing what was only possible in his wildest dreams – enrolling at the Jomo Kenyatta University of Science and Technology to study mechanical engineering.

"Without the assistance from USAID-KHCP and ADPP, I couldn't even dream of going to the university," Ochieng said.

Ochieng is a member of the Farmers Agricultural Development Center (FADC), one of 48 groups assisted by the USAID Kenya Horticulture Competitiveness Project (KHCP) through the Animal Draft Power Program (ADPP) in Nyanza province.

Four years ago, the obstacles to attending university seemed insurmountable to Ochieng. He lacked money and had few options to earn a steady income. His family eked out a living cultivating indigenous vegetables, maize and beans on a small parcel of land. They also engaged in fishing, the main economic activity in the area, but Ochieng never liked it much. Ochieng knew that neither activity would generate the money he needed for a university education.

The USAID-KHCP/ADPP partnership hopes to provide agribusiness training to 10,000 farmers in the Nyanza region. The partnership has already trained 2,708 farmers. The training covers modern farming techniques like planting high yielding hybrid varieties and drip irrigation, as well as how to add value to products and run a farm as a business. Following the USAID-KHCP/ADPP training, Ochieng leased a piece of land and started putting his new skills to use. He is growing tomatoes, cabbages, onions, chili peppers, and short maturing spices for the local market.

Photo by Fintrac Inc.

George Ochieng is learning new farming techniques to grow tomatoes and other crops.

"Without the assistance ... I couldn't even dream of going to the university."
– George Ochieng, Kenyan farmer

With a few basic agronomic skills under his belt, Ochieng was able to generate the cash to lease FADC's water pump and his profit steadily increased from $40 a month to $150 a month over four years, a 375 percent increase. He has since bought his own pump and irrigation equipment. He has also paid school fees for his younger sister for the last three years, built an iron-roofed home and saved enough to start his university education.

Ochieng sees enormous potential in horticulture and with some of his savings he plans to buy more irrigation equipment to expand the farm further even as he moves on to pursue a university education. Ochieng says his mother will help him manage the farm while he is away at university.

USAID-KHCP is a USAID-funded project designed to increase incomes and food security through smallholder production and employment in the horticulture industry. USAID-KHCP works with public and private sector agencies to provide technical and marketing assistance to growers throughout Kenya.

Visit www.GrowKenya.org for more information.

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Annex 2: USAID-KHCP Work Plan

Activity		Year 2 Targets (FY 2011)					Year 2 Achievements (FY 2011)				
		Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
1	**Project Administrative Activities**										
	Start-Up Activities										
1.1	Key Personnel fielded										
1.2	Offices set up										
1.3	Admin and accountings systems installed										
1.4	Grants Manual submitted and in use										
1.5	Project Intranet/Internet sites launched										
1.6	Vehicles and equipment procured										
1.7	Remaining team hired and fielded										
1.8	Staff orientation and training										
	Communications & Reporting										
1.9	Meetings with stakeholders/other projects										
1.10	Initial Environmental Examination (IEE)	1				1	1				1
1.11	PERSUAP		1			1		1			1
1.12	Branding and Marking Plan approved										0
1.13	Monthly Bulletins	3	3	3	3	12	3	4	4	5	16
1.14	Success Stories	2	2	2	2	8		2	1	1	4
1.15	Quarterly Reports	1	1	1		3	1	1	1		3
1.16	Annual Reports				1	1				1	1
1.17	Annual Workplan	1				1	1				1
1.18	Final Report					0					0
2	**Monitoring & Evaluation**										
2.1	M&E Plan with PMP/Indicators developed	1				1	1				1
2.2	M&E System developed and installed	1				1	1				1

2.3	Staff/partner training in M&E methodology					0	1	1	1	1	4
2.4	Baseline Data report completed	1				1		1			1
2.5	Indicator data verified				1	1		1			1
2.6	PMP indicators reviewed	1			1	2	1		1		2
3	**Productivity Enhancement and Food Security**										
3.1	Partner subgrant awards (PF/TF/SC) developed	19		10		29	9		6	5	20
3.2	Demonstration plots established	80	150			230	151	348	572	572	572
3.3	Technical assistance field visits	432	432	432	432	1728	963	1303	1509	2716	6491
3.4	Agricultural productivity field days		80	150		230		35	21	37	93
3.5	Crop production guides produced/updated		4		4	8				4	4
3.6	Crop budget reports developed		4		4	8				4	4
3.7	Training workshops held (GAPs, irrigation etc)	1	1	1	1	4		4	4	13	21
4	**Enhanced Value-Addition**										
4.1	Review of micro- and commercial processing activities	1				1	1			1	2
4.2	Partner subgrant awards (PF/TF/SC) developed	3		3		6				1	1
4.3	Processing/value-added feasibility studies	2		2		4				1	1
4.4	Technical assistance visits at factory/client sites		24	24	24	72		26	24	15	65
4.5	STTA assistance provided		2		2	4				1	1
4.6	Training workshops held (standards, HACCP, etc.)		1	1	1	3		4	22	23	49
4.7	Processing/value-added technical manuals		1	1		2		1	1		2
4.8	New value-added products introduced				1	1				1	1
5	**Value Chain Coordination, Marketing and Trade Promotion**										
5.1	National inventory of MIS systems conducted					0		1			1
5.2	National MIS strategy developed with stakeholders		1			1		1			1
5.3	Partner subgrant awards (PF/TF/SC) developed		3			3		1	4	1	6
5.4	STTA support for MIS and market linkages		1		1	2	1				1

5.5	MIS training workshops/seminars held	1		1		2	1	1			2
5.6	Market analyses for crops/value added products	3		3		6	2		3	1	6
5.7	Value chain studies for products w. market demand		3		3	6		1	2	3	6
6	**Business Environment & Institutional Capacity-Building**										
6.1	Participation in National Taskforce on Horticulture					0		1	2	1	4
6.2	PF awards developed with stakeholder groups		2			2	2		2	2	6
6.3	Support for wholesale marketing systems		2			2		2		1	3
6.4	Adoption of international & domestic standards				4	4		1	1	2	4
6.5	Training workshops in standards compliance	1		1		2	3	4	22	23	52
6.6	STTA for capacity building & bus. environment		1		1	2	1	2			3
6.7	Strategic analysis of industry policies/regulations	1				1	1	1	1	1	4
6.8	Gender & youth baseline & follow up (dTS)	1				1		2		1	3
6.9	Gender mainstreaming for project team	1				1	1		1		2
6.10	Gender & youth business training (Making Cents)		1			1	1	2	2		5

ANNEX 3: Performance Monitoring Plan (PMP)

Indicator			Results				Results	Target
			Oct-Dec 2010 (Q1)	Jan-Mar 2011 (Q2)	Apr-June 2011 (Q3)	Jul-Sep 2011 (Q4)	Oct 2010 - Sep 2011	Oct 2010- Sep 2011
1	Number of rural households benefiting directly from USG interventions	M	7,851	8,112	15,376	19,228	19,228	24,000
		F	7,646	8,679	15,453	19,211	19,211	16,000
2	Number of individuals who have received USG supported short-term agricultural sector training	M	8,924	8,558	8,844	15,582	41,908	60,000
		F	7,542	9,157	8,783	16,691	42,173	40,000
3	Number of firms receiving USG assistance to improve their management practices		11	1	12	8	32	1
4	Percent change in annual production per unit of output						25%	2%
5	Percent change in cost of production per unit						-13%	0%
6	Gross margin per unit for targeted commodities from USG assistance						105%	2%
7	Number of policies/regulations/administrative procedures analysed as a result of USG assistance		3	3	3	0	9	1
8	Number of new technologies or management practices made available for transfer as a result of USG assistance		2	3	3	1	9	1
9	Number of farmers using improved technology	M	7,670	7,925	15,022	18,786	18,786	24,000
		F	7,470	8,479	15,098	18,769	18,769	16,000
10	Adoption of targeted technologies from USG assistance		2,451	2,656	4,876	6,079	6,079	8,000
11	Number of farmers adopting NRM practices for sustainable agricultural production	M	1,014	1,690	3,163	4,296	4,296	6,000
		F	959	1,830	3,426	4,292	4,292	4,000
12	Number of public-private partnerships formed as a result of USG assistance		11	1	12	9	33	25
13	Number of firms receiving capacity building assistance to export		4	2	6	1	13	3

14	Volume and value of intra-regional exports of targeted agricultural commodities as a result of USG assistance	Vol (Mts)	737	728	928	1,026	3,419	3,300
		Val (Million Kshs.)	85	113	123	111	432	400
15	Volume and value of international exports of targeted agricultural commodities as a result of USG assistance	Vol (Mts)	6,253	5,439	5,302	5,445	22,438	20,160
		Val (Million Kshs.)	1,197	1,216	1,167	956	4,536	4,040
16	Competitiveness from USG assistance (Volume and value of purchases from smallholders of agricultural commodities targeted by USG assistance)	Vol (Mts)	17,262	18,703	34,340	42,817	42,817	32,800
		Val (Million Kshs.)	471	511	938	1,169	1,169	5,750
17	Number of users accessing MISs		876	1,502	1,715	1,750	5,843	5,000
18	Number of targeted firms achieving international standards from USG assistance		3	1	0	0	4	3
19	Total number of business service providers participating in the BDS program target areas		4	4	7	2	17	6
20	Number of producer organizations, water users associations, trade and business associations, and community-based organizations (CBOs) receiving USG assistance		405	595	892	1,097	1,097	1,500
21	Number of women's organizations assisted as a result of USG supported interventions		137	293	421	527	527	600

VARIANCE ANALYSIS:-

1. Indicator 1 – The 38,439 total rural households benefiting is 3.9% below the target of 40,000, influenced by partner start-up.
2. Indicator 2 - Training results for females (42,173) is 5.4% above target whilst males (41,908) are 30% below the target of 60,000. However the work plan results for 6,491 technical assistance field visits are well above the target of 1,728, indicating that the M&E classification of training records may need reviewing.
3. Indicator 3 - The PMP target for number of firms receiving USG assistance to improve management needs revision going forward.
4. Indicators 4/5/6 - changes in production outputs, production costs and gross margin for the two specified crops are well above target. However as the basket of crops assessed in detail for these indicators increases in the coming year we will have a more realistic benchmark to assess whether the original PMP forecasts need amending.
5. Indicator 9 - The 37,555 farmers using new technology is 6.1% below the 40,000 target, although the specific adoption rates for women are 17% above the gender target and men are 21% below the gender target.

Annex 4. Administration and Grants

During the year, 33 sub-grant or sub-contract proposals amounting to $11,033,273 submitted to USAID/Kenya were approved and implementation started. To date, a total of US$ 1,902,199 has been disbursed to partners representing 40 percent of batch one partners approved October 2010, 17 percent of batch two partners approved in April 2011 and 0.5 percent of batch three approved August/September 2011.

Summary Financial Status for approved partner sub awards (September 2011)

Sub-award Number	Partner Name	Date of Approval	Approved Budget $	Disbursed to date US$	% actual to budget	Available Balance US$
PF#1	Wilmar Agro Ltd	21-Oct-10	$ 477,880	$ 131,983	28%	$ 345,897
PF#2	Pwani Projects Development Consultants Ltd (PPDC)	21-Oct-10	$ 301,000	$ 64,729	22%	$ 236,271
PF#3	Sunripe (1976) Ltd	21-Oct-10	$ 254,325	$ 96,658	38%	$ 157,667
PF#4	Dry Land Seed Company Ltd	21-Oct-10	$ 169,107	$ 43,296	26%	$ 125,811
PF#5	Business Initiatives for Survival & Eradication of Poverty (BISEP)	21-Oct-10	$ 294,574	$ 99,114	34%	$ 195,460
PF#6	Ukamba Christian Community Service (UCCS)	21-Oct-10	$ 216,323	$ 77,104	36%	$ 139,219
PF#7	Agricultural Technologies & Information Program (ATIP)	21-Oct-10	$ 156,977	$ 59,339	38%	$ 97,638
PF#8	Animal Draft Power Program	21-Oct-10	$ 499,260	$ 257,009	51%	$ 242,251
PF#9	KENGAP	21-Oct-10	$ 199,216	$ 92,971	47%	$ 106,245
PF#10	Good Neighbours Community Programme	21-Oct-10	$ 422,134	$ 238,739	57%	$ 183,395
FPC#1	Analysis Strategic & Associates	21-Oct-10	$ 46,121	$ 46,121	100%	$ 0
FPC #2	TNS Research International	16-Mar-11	$ 180,963	$ 54,621	30%	$ 126,342
FPC # 3	Dr Alice Mwangi	20-Apr-11	$ 39,078	$ 21,227	54%	$ 17,851
TF #1	Real Impact	20-Apr-11	$ 321,102	$ 127,729	40%	$ 193,373

PF #11	Mace Foods Ltd.	20-Apr-11	$ 366,546	$ 31,633	9%	$ 334,913
PF #12	Vision for Economic Empowerment in Africa (VEEMA)	20-Apr-11	$ 343,395	$ 50,314	15%	$ 293,081
PF #13	Canken International Ltd	20-Apr-11	$ 388,705	$ 94,803	24%	$ 293,902
PF #14	Blue Rhino Consult	20-Apr-11	$ 362,887	$ 40,898	11%	$ 321,989
PF #15	Kenya National Federation of Agricultural Producers (KENFAP)	20-Apr-11	$ 485,305	$ 5,745	1%	$ 479,560
PF#16	Kenya Rain Water Association (KRA)	20-Apr-11	$ 507,239	$ 78,085	15%	$ 429,154
PF #17	Community Research in Environment and Development Initiatives (CREADIS)	20-Apr-11	$ 440,469	$ 60,999	14%	$ 379,470
PF #18	Africa Harvest Biotech Foundation International (AHBFI)	20-Apr-11	$ 440,428	$ 40,737	9%	$ 399,691
PF #19	WONI Vegetable and Fruit Exporters and Importers Ltd	20-Apr-11	$ 270,838	$ 17,765	7%	$ 253,073
PF #20	Vegpro Ltd	20-Apr-11	$ 264,150	$ 53,645	20%	$ 210,505
FPC# 04	Streamlined Systems Ltd	24-Aug-11	$ 88,600	$ 15,227	17%	$ 73,373
FPC# 05	Quality Systems Management and Associates Ltd	16-Sep-11	$ 470,735	$ -	0%	$ 470,735
FPC# 06	Analysys Strategies & Associates	16-Sep-11	$ 158,035	$ -	0%	$ 158,035
FPC#07	Farm Concern International (FCI)	24-Aug-11	$ 598,580	$ -	0%	$ 598,580
PF# 21	Syngenta East Africa Limited	24-Aug-11	$ 588,743	$ -	0%	$ 588,743
PF# 22	ACK-Western Region Christian Community Services (WRCCS)	24-Aug-11	$ 466,795	$ -	0%	$ 466,795
PF#23	Appropriate Rural Development Program (ARDAP)	24-Aug-11	$ 565,484	$ -	0%	$ 565,484
PF#24	Siboti Foods Limited (SIBOTI-FOODS)	16-Sep-11	$ 298,765	$ -	0%	$ 298,765
PF#25	Earth Oil Kenya (EOK)	16-Sep-11	$ 349,514	$ -	0%	$ 349,514
	Total		$11,033,273	$1,900,491	17%	$9,132,782

Annex 5. Financial Summary

This financial summary covers the first fourteen months of the USAID-KHCP task order. Total expenditure for the period June 1, 2010 to August 31st, 2011, was $5,346,707. A balance of 84 percent of total contract funding remains, as presented in Table 1. Based on current expenditure assumptions, obligated funds are expected to last through December, 2011.

TABLE 4: FINANCIAL SUMMARY TABLE

Major Budget Line Items	*Budget*	*Expenditure To Date*	*Remaining Balance*	*Percent Remaining*
1. Salaries	*4,840,507*	988,555	3,851,953	80%
2. Indirect Costs	*4,516,193*	922,618	3,593,575	80%
3. Travel and Transport	*187,125*	96,977	90,149	48%
4. Allowances	*1,064,925*	243,051	821,874	77%
5. Other Direct Costs	*1,512,347*	643,595	868,751	57%
6. Equipment/Freight	*418,362*	314,671	103,691	25%
7. Subawards	*18,000,000*	1,669,922	16,330,078	91%
8. Subcontractors	*666,152*	227,319	438,833	66%
9. Fixed Fee	*1,219,021*	239,999	979,022	80%
TOTAL	***32,424,634***	5,346,707	27,077,926.43	84%

Current Obligation:	*7,551,200*
Obligated Balance:	*2,204,493*
Percent Remaining	*29%*

Annex 6: Productivity Results from FY2011

Productivity indicators						
Intermediate results	**Indicator**	**Crop**	**Baseline (2010)**	**Target (2011)**	**Actual 2011**	**Percent change**
IR 7.1 increased productivity of selected products	Percent change in annual production per unit(MT/Acre)	**Proxy crops**				
		Tomato	5.334	5.44068	7.011	31%
		Sweet Potatoes	2.65	2.703	3.342	26%
		Passion fruit	7.76	7.9152		
		Average*	**3.738**	3.81276	**4.678**	**25%**
		Others				
		Pigeon peas	0.349	0.35598	1.098	215%
		Flowers				
	Percent change on cost of production per unit (Ksh/kg)	Tomato	9.19	9.19	9.01	-2%
		Sweet Potatoes	5.93	5.93	4.2	-29%
		Passion fruit	15.39	15.39		
		Average*	**7.81**	**7.81**	**6.82**	**-13%**
		Others				
		Pigeon peas	11.06	11.06	12.36	12%
		Flowers				
	Gross Margin per Hectare for targeted crops (Ksh/ Ha)	Tomato	128,351	130,918	339,361	164%
		Sweet Potatoes	41,443	42,272	52,492	27%
		Passion fruit	414,280	422,566		
		Average*	**76,660**	**78,194**	**156,995**	**105%**
		Others				
		Pigeon peas	16,758	17,093	55,348	230%
		Flowers				

*Excludes passion fruit, which has not gone through a full growing cycle since the start of USAID-KHCP

**Excludes smallholder flowers. No baseline available at time of writing this report.

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