IDENTIFICATION AND ENGAGEMENT OF DOMESTIC MARKET BUYERS FOR HORTICULTURAL PRODUCE

The Kenya Market-Led Horticulture Program
October 2018
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EXECUTIVE SUMMARY

The Kenyan domestic market for horticultural produce is a key sector that generates huge amounts of income to various players. According to (Horticultural Crops Directorate, 2018), the domestic horticulture market generated Kshs. 216.7 billion in 2016 and Kshs. 207.73 billion in 2015. The report considered fruit, vegetable and potato markets in the country. The vast majority of buyers in this sector are informal traders who source produce from farmers through a network of brokers and supply to various markets in urban centres. It was also established that there are formal businesses which engage with smallholder farmers. Contract farming enables farmers to access extension services and credit facilities to improve their production systems.
The objective of this study was to identify and engage with buyers that source fruits, vegetables and/or potatoes from SME farmers in Kenya. The study mainly focused on buyers within the domestic supply chain who also sell to the domestic market in Kenya. The study aimed to identify buyers with a long-term interest in building and maintaining a sustainable relationship with farmers (suppliers).

The study identified key constraints and opportunities which, if addressed, will make the domestic market as vibrant as the export market. Key constraints identified include inconsistent supply of produce, leading to seasons of high production characterised by low market prices and seasons of low production with high prices. Also, according to (Horticultural Crops Directorate, 2018), imports from neighbouring countries were filling gaps in the supply of major commodities like onions, tomatoes, potatoes, oranges and bananas. These imports were available at lower prices because of lower production costs in the neighbouring countries. Kenyan farmers should find ways to produce these commodities to benefit from better market prices in the domestic market when there are low imports from neighbouring countries.

Moreover, conditions in most urban markets were observed to be highly unhygienic, posing threats of disease outbreaks to unsuspecting consumers. It was also established that most domestically-traded horticultural produce is not subjected to any inspection standards, and hence produce with high chemical residues easily gets into the market and is sold directly to consumers. Finally, it was established that there is no clear framework for implementing a number of policy issues on packaging, transportation, taxation and formalization of domestic buyers.

- A number of opportunities were identified, and these would make the domestic market become competitive. They include:
  - Existence of formalised businesses that contract farmers to grow horticultural produce for them while offering extension, credit and transportation services for the produce. Such organisations are willing to partner with like-minded organisations to sustainably deliver the market services to farmers.
  - County governments are willing to support initiatives that would enhance the marketing of horticultural produce. These include improvement of market and transport infrastructure, and they would attract investors keen on processing horticultural produce at source.
  - Some commodities have a recurrent deficit during certain seasons of the year, and hence initiatives like irrigation would enhance production to meet the deficit. This will enhance the competitiveness of SME farmers.
  - Businesses require financing to expand their activities. Initiatives to enhance access to finance for businesses and SME farmers would address this lack of financing and engage with more farmers in a sustainable manner.
  - Consumers have become aware of the importance of food safety. Deliberate efforts should be made to enable domestic market players embrace good hygiene. These include development and implementation of policies on hygiene, traceability structures to monitor use of pesticides and strict observation of pre-harvest intervals when hazardous pesticides are used.
  - Different regions grow horticultural produce according to their weather conditions. Farmers should be trained to produce commodities that have comparative advantage to maximise profitability.
  - There is an urgent need to provide training to genuine but unregistered businesses operated by individuals, because they do not understand the benefit of such formalisation. These traders provide credible marketing services to farmers and are willing to learn how to formalise their business to benefit farmers directly.

- There are a number of initiatives in the horticulture subsector currently being implemented that would add value to HortIMPACT. These initiatives include:
  » Avocado production and processing in Muranga, Trans Nzoia, Uasin Gishu and Nyeri by private sector investors such as Olivado Kenya Limited,
  » USAID Kenya Crops and Dairy Market Systems Activity, present in Kisumu and serving Kisumu, Kakamega, Vihiga, Siaya, Bungoma, Kisii, Migori and Homa Bay Counties and
  » County government market infrastructural improvement programs aimed at improving the domestic market trade conditions in most of the counties.

HortIMPACT would engage buyers in the following value chains:

- Uasin Gishu, Meru and Trans Nzoia counties have a comparative advantage for passion fruits and tree tomato, ALVs and garden peas. Equatorial Hortifresh Limited (EHL), Mace Foods, Messina Flowers, Good Neighbours Enterprises Limited (GNEL) and Lilian Hotel as potential buyers for their respective value chains as highlighted in their profiles.
- Meru County work with Twiga Foods on the banana value chain and other value chains supported by the company. Wakulima stores, Greenways Professional and Waciana Stores as potential buyers for vegetables and potatoes.
- Nyeri County engage Twiga Foods on bananas and vegetables
- Kisumu County engage with suppliers for supermarkets and Hotels such as Joygift enterprises and GNEL.
- Nakuru County engage onion traders, Njoro Canning Factory, Hotels Waterbuck and Milele Resort and their suppliers.
ACRONYMS & ABBREVIATIONS
### Acronyms and Abbreviations

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>AFA</td>
<td>Agriculture and Food Authority</td>
</tr>
<tr>
<td>AFMA</td>
<td>African Farm Markets</td>
</tr>
<tr>
<td>ALVs</td>
<td>African Leafy Vegetables</td>
</tr>
<tr>
<td>CIDP</td>
<td>County Integrated Development Plan</td>
</tr>
<tr>
<td>EHL</td>
<td>Equatorial Hortifresh Limited</td>
</tr>
<tr>
<td>F1</td>
<td>Hybrid seeds</td>
</tr>
<tr>
<td>GAP</td>
<td>Good Agricultural Practices</td>
</tr>
<tr>
<td>GIZ</td>
<td>German Technical Corporation</td>
</tr>
<tr>
<td>GNEL</td>
<td>Good Neighbours Enterprises Limited</td>
</tr>
<tr>
<td>HCD</td>
<td>Horticultural Crops Directorate</td>
</tr>
<tr>
<td>KAVES</td>
<td>Kenya Agricultural Value Chain Enterprises</td>
</tr>
<tr>
<td>KCDMSA</td>
<td>Kenya Crops and dairy Market systems Activity</td>
</tr>
<tr>
<td>KHCP</td>
<td>Kenya Horticulture Competitiveness Project</td>
</tr>
<tr>
<td>SME</td>
<td>Small and Medium Enterprises</td>
</tr>
<tr>
<td>MT</td>
<td>Metric ton (1000 kgs)</td>
</tr>
<tr>
<td>USAID</td>
<td>United States Agency for International Development</td>
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</table>
1. BACKGROUND INFORMATION

1.1 About SNV/HortIMPACT
SNV Kenya’s HortIMPACT program combines private sector expertise with social impact solutions to build sustainable, inclusive business cases and innovations from Kenyan and Dutch companies that address issues in the following result areas:

- Inclusion of Small and Medium-size Entrepreneurial (SME) farmers in domestic and export markets.
- Improvement of food safety through integrated crop management practices
- Reduction of food loss and improved efficiency in supply chains.

To realise the goal of enhancing food security and incomes through a strong, private-sector-driven horticulture sector, the program should achieve the following objectives:

- Enhancement of entrepreneurial capacity and performance of SME farmers and companies for improved access to domestic and international markets (business cases).
- Effectively addressing systemic challenges related to inclusion of small and medium-sized farmers in market-oriented supply chains, food safety and reducing food losses in the horticultural sector through farmer-, industry- and government-level organisations (sector engagement).

Plate 1: Vegetables and Fruits stall in Transmatt Supermarket, Kitale
Plate 2: Kibuye Tomato Wholesale market, Kisumu
Plate 3: Kibuye Tomato Wholesale market, Kisumu
BACKGROUND INFORMATION
2. THE ASSIGNMENT

The assignment was to identify domestic market buyers with a long term interest in building and maintaining a sustainable relationships with farmers (suppliers).

2.1 Objectives of the assignment

The objective of the study was to identify buyers that source fruits, vegetables and potatoes from SME farmers in Kenya. Interest was focused on domestic supply chains.

Companies identified included supermarkets, large vendors at local markets, distributors, restaurants, hotels, shops and processors.

2.2 Study methodology

Desk research was conducted to identify key domestic market horticultural buyers, the products they deal in, their sources and volumes traded. See Annex Bibliography in Annex for value chain studies identified and analysed (since 2012).

Key informant interviews were also held with sector stakeholders including the private sector, national and county government staff and SME farmers as well as other market players (supermarkets, large vendors at local markets, distributors, restaurants, hotels, shops, and processors). Reference is given in the Annex of People Interviewed.

2.2.1 Geographic focus

The study and analysis was based on SNV HortIMPACT predetermined sites in Nairobi, Western Kenya, Rift Valley and Central and Eastern Kenya. The study covered the following towns in Kenya: Nairobi, Kisumu, Eldoret, Kitale, Nakuru, Naivasha, Nyeri and Meru.

2.2.2 Study design

The study involved traversing the target towns and engaging with various stakeholders. Key stakeholders interviewed include national and county government staff, Horticultural Crops Directorate staff, market enumerators (County officials employed to engage with buyers to collect market prices for major commodities traded in the domestic markets). The stakeholders provided the list of buyers of horticultural produce. Special emphasis was laid on buyers of fruits, vegetables and potatoes. The study was confined to horticultural produce sold in the Kenyan domestic market.

The discussions with key players in the horticultural sector within the selected towns was guided by an interview schedule with specific questions posed to specific stakeholders. The aim was to identify key constraints and opportunities for intervention to make local market trading for horticultural produce more competitive.

The study identified actors within the local horticultural market in the following categories: supermarkets, large vendors at local markets, schools, distributors, restaurants, hotels, shops, and processors. Both qualitative and quantitative data were collected.

2.2.3 Sampling frame and sampling

<table>
<thead>
<tr>
<th>Enterprise type</th>
<th>Number identified</th>
<th>Number sampled</th>
<th>Counties</th>
<th>Products traded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supermarkets</td>
<td>10</td>
<td>5</td>
<td>Nairobi, Uasin Gishu, Trans Nzoia</td>
<td>Fruits, vegetables and potatoes</td>
</tr>
<tr>
<td>Local market traders</td>
<td>154</td>
<td>52</td>
<td>Nakuru, Eldoret, Trans Nzoia, Nkubu, Meru, Nyeri</td>
<td>Garden peas, onions, tomatoes, green maize, bananas, sugarcane, Irish potatoes, oranges, tangerines, mangoes, passion fruit, cabbages, tree tomato, coriander</td>
</tr>
</tbody>
</table>
2.2.4 Sample size

A list of 335 market actors was drawn from desk research and through interaction with other players within the horticulture sector. The list was also populated by examining horticultural produce being traded, the volume and value of business and the number of farmers engaged within the three categories of interest: potatoes, vegetables and fruits.

Out of the 335, a sample size of 135 (7 green grocers, 7 processors, 52 distributors, 52 local market traders, 5 supermarket chains and 12 hotels and restaurants) was purposively selected for interviews to give insight into the activities of buyers and how they relate with farmers, identify investment opportunities for enhanced engagement with farmers, identify challenges with regard to the horticultural supply chain and gauge the interest of buyers in engaging with HortIMPACT on activities aimed at inclusion of small entrepreneurial farmers. Policy issues that affect trade and food safety were also highlighted.
2.2.5 Data collection and analysis methods
Data was collected from all actors and stakeholders in the horticulture sector using interview schedules customised according to the type of enterprise or stakeholder being interviewed. Buyers were given a structured questionnaire to collect data on the company or individual trader. See attached annex.
Key informant interviews were conducted using a structured interview schedule to identify the key constraints affecting domestic market horticulture trade and identify opportunities for investment by buyers. Interviews were also conducted to identify policies that should be enacted to improve horticultural trade in Kenya.

2.2.6 Desk study
Literature review was conducted from similar studies on horticulture in Kenya and the East African Region. Refer to Annex with Bibliography of Studies.

2.2.7 Interviewing horticulture produce buyers
Traders in both formal and informal markets were interviewed. Traders were selected on the basis of 1) commodities they trade in, 2) volume of products traded, 3) long-term relationship with suppliers and 4) gender. Traders were interviewed in sample informal markets including Kibuye Market in Kisumu, Municipal Markets in Kitale, Meru, Nkubu, Nanyuki and Eldoret and Wakulima Market in Nairobi.
Most traders interviewed were individual businesspeople who use their own names as the business name. Private sector companies trading in the horticultural produce market for interviewed include: hotels and restaurants, supermarkets, grocery shops and processors. The criteria used to identify these companies were the volume of produce moved within the market, engagement with farmers and whether they provide any services to farmers.

Plate 6: Waciana Stores, Meru
THE STUDY FINDINGS
3. THE STUDY FINDINGS

3.1 Sub-sector profile
(Horticultural Crops Directorate, 2018) identifies counties with the highest potential for each commodity based on other reports from Horticultural Crops Directorate (HCD) through validation reports published in the Agriculture and Food Authority (AFA) website (Agriculture and Food Authority, 2016).

These reports identified the following counties as major growers of horticultural produce (fruits, vegetables and potatoes): Meru, Kirinyaga, Nyeri, Nyandarua, Nakuru, Elgeyo-Marakwet, Bungoma and Uasin Gishu. These counties had the highest total volumes of horticultural produce in 2015 and 2016. The report also identifies counties with the highest production of various horticultural commodities.

A similar horticulture validation report for 2014 (Agriculture and Food Authority, 2015) produced in 2016 indicates similar trends.

The ten main potato-producing counties were identified as Nyandarua, Nakuru, Elgeyo-Marakwet, Nyeri, Meru, Kiambu, Narok, Bomet, Muranga, Bungoma and Nandi (Horticultural Crops Directorate, 2018).

Other studies carried out by USAID KAVES on passion fruits (Agriculture and Food Authority, 2015) identified key buyers and other players in the passion fruit value chain. According to (Fintrac Inc., 2014), purple passion fruit traders work with farmers directly to collect the fruits from designated collection centres. They then transport the fruits to grand collection centres where the fruits are sorted, packed, labelled and then transported to various markets. Uganda was the main regional market, but due to increased local consumption coupled with low productivity, commodity prices have more than tripled within the last four years (Fintrac Inc., 2017). Local and long-distance traders move most of the passion fruits. Other markets through which the commodity is sold include street vendors, large supermarkets, processors and green grocery shops in major towns.

Value chain studies on potato similarly identified key buyers and other players. (Horticultural Crops Directorate, 2018). According to (GIZ, 2014), local market traders account for 80% of potato trade, with restaurants and institutions accounting for 10%, processing 9% and supermarkets only 1% of the potato market in Kenya. Most consumers prefer to buy potatoes from open air markets, because other traders charge exorbitantly. Supermarkets and green grocers move the least volumes of potatoes. Hotels and restaurants that process potatoes into chips move small volumes of potato sourced from the local market traders (Omiti, 2014).

The major markets for fruits, vegetables and potatoes identified by various value chain reports indicate that Nairobi, Kisumu and Mombasa are the main market outlets for the various commodities (Laititi, November 2014).

The study involved interviewing various buyers in the domestic market to determine which commodities they source from farmers. Specific information was collected from buyers using criteria consistent with the buyer categories. Critical information collected includes: type of commodities, volumes traded, where they source from and how they engage suppliers.

HCD and County Directors of Agriculture were engaged to either provide a list of buyers in their counties or links to officers who could provide this list. They also gave insights into the potential market opportunities for fruits, vegetables and potatoes.
The local vegetable market is also dominated by long-distance and individual market traders who source produce from farmers through a network of brokers (Research Solutions Africa, 2017) study. This is compared to the export market, which has stringent industry standards that must be followed for a business to sustainably engage with suppliers.

Vegetable processing during times of plenty has been shown to improve availability in the dry spell. Investment in vegetable processing is, however, determined by availability of opportunities in the domestic and export market. Kenyans prefer to buy fresh vegetables, even when they are in short supply, leading to high market prices. Consumers will only resort to consumption of dried vegetables in seasons of dire scarcity.

Farmers engage in production of fruits, vegetables and potatoes hoping that prices will be attractive when their produce is ready for sale. However, it is the brokers who determine market prices, leaving farmers as price takers.

In highly-lucrative value chains such as passion fruits, chillies, herbs and African leafy vegetables, farmers work directly with the end market buyers, such as processors, who train them on Good Agricultural Practices (GAPs) and work with them on supply contracts.

Section 3.2 below highlights key players in each county.

### 3.2 Study findings per county

#### 3.2.1 Eldoret town (Uasin Gishu County)

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>Buyers identified</strong></td>
<td></td>
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</table>
| Individual – 11 | • Local market traders move large volumes of tomatoes, potatoes and bananas most of which are imported from either Uganda or other counties: Kisii and Nyamira for cooking bananas and Meru for dessert bananas.  
• Traders also move passion fruits and tree tomato produced in the county. They have market outlets in Nairobi, Mombasa, Kampala and other major towns.  
• Traders also supply hotels and restaurants and institutions like hospitals and schools with various products, mainly potatoes, fruits and vegetables. |
| Company – 4 Hotels and Restaurants -4 | Company – 4 Hotels and Restaurants -4  
• Mace Foods Limited  
• Rupa Limited  
• Equatorial Hortifresh Limited  
• Better Health Restaurant  
• Sirikwa Hotel  
• The Noble Hotel and Conference Centre  
• Delounge Restaurant  
• Hotel Comfy  
• Naivas Supermarket Eldoret |
| **Commodities of interest (Produced & consumed)** | **Consumed:**  
• Irish potatoes are produced in small volumes and consumed locally in form of chips, mashed potatoes or in stews in hotels and restaurants. The vast majority of potatoes consumed is imported from Elgeyo-Marakwet and Nakuru counties.  
• 200 tons of passion fruits are consumed in Uasin Gishu and neighbouring counties. Passion fruits are consumed as fresh fruits or blended into passion fruit juice in restaurants, hotels and homes.  
• Chilies, herbs and African leafy vegetables are processed and packaged by Mace Foods Limited and sold in local supermarkets countrywide. 1 company is processing fruits for packaging. |
| **Produced:** | **Produced:**  
• 2,309 tons passion fruits; 328 tons of garden peas |
| **Buyers of interest (State, individual, challenges & opportunities)** | **Buyers of interest (State, individual, challenges & opportunities)** |
### Rupa Limited
Sources produce from 1200 farmers with an annual turnover of Kshs. 57.6 Million. Have a major collection centre at Rupa Mills where produce is delivered, sorted and weighed. Payment is done via M-pesa within 4-7 days.

#### Challenges
- Company unable to access high quality produce from farmers because they have not invested in farmer extension services.
- Some farmers deliver poor quality produce which reduces the amount of produce bought from farmers. Improvement needed.
- Lack of extension services to help farmers with production.

#### Opportunities
- The company moves approximately 960 tons of assorted fruits and vegetables that they sell through a network of supermarkets, hotels and restaurants countrywide.
- They supplement their own production by sourcing from 1200 smallholders who are contracted to produce chilies, passion fruits, tomatoes and cucumber.
- Has invested heavily in distribution: six 7T trucks and pick-ups. They operate a wide range of other businesses in real estate and transport.
- Source mainly from farmers who deliver to their depot in Eldoret.
- Investment in an extension service will improve the quality and quantity of produce.

### Equatorial Hortifresh Limited
- Sources from 5,000 smallholder farmers contracted to produce directly and also provides credit in form of pesticides, fertilizer or seedlings to be paid for from their sales. Some farmers are prepaid for future supplies.
- Sources passion fruits from Uasin Gishu, Nandi, Elgeyo-Marakwet, Vihiga and Kakamega counties.

#### Challenges
- Annual sales of 700MT, but are unable to get the required volumes of 2500MT
- Produce quality affected by farmers either harvesting premature fruits or side-selling when market prices are at their highest.
- Irregular produce quality because farmers depend on rain-fed production.
- Extension service provision is not adequate considering the area of coverage.

#### Opportunities
- Company has invested in an extension service with extension officers (agronomists) headed by a chief agronomist to ensure farmer’s access extension services on GAPs.
- EHL wants to recruit, contract and train farmers in Uasin Gishu, Elgeyo-Marakwet, Nandi, Kakamega, Kisii, Siaya and Busia to increase the supply base to meet the ever-growing market. The company plans to diversify into tree tomato (Tamarillo) and avocado.
- They intend to invest in nursery operations and collection centres.
- Has invested in a 3.5 ton canter and two cars to facilitate transport of produce from farmers’ collection centres to the main collection centre in Eldoret where they consolidate and either export regionally to Kampala or supply to hotels and restaurants in major cities and traders in Wakulima Market in Nairobi.
Mace Foods Limited (http://www.macefoods.com)

Contact person: Margaret Komen  |  margaret@macefoods.com  |  +254 720 391290

- Mace Foods contracts 7,000 farmers in Nandi, Uasin Gishu, Elgeyo-Marakwet, Bungoma and Trans Nzoia to supply indigenous vegetables and long cayenne which are processed and sold through local supermarket chains.
- Mace Foods sources fresh African Leafy Vegetables (ALV's), chilies and herbs from the county and processes them in Eldoret (see report on Eldoret). Has invested in an extension service where agronomists train farmers on GAPs. Pick-ups and Motor bikes are used to reach farmers.
- The company is keen on establishing long-term relationship with contracted farmers to supply a wide range of produce. They have invested in an ICT-based payment system and a drying, milling and packaging facility.

Challenges

- Inability to access the large volume of chilies, ALVs and herbs required for processing.
- Irrigation is yet to be adopted by most of the contracted farmers.

Opportunities

- Has pick-ups, motor bikes and a truck for produce collection.
- The only processor in the County mainly packaging African leafy vegetables, herbs and chilies for local supermarket chains (Chandarana, Naivas and Tuskys).
- Can process 300 tons of Africa leafy vegetables, herbs and chilies annually, but unable to get the required volumes.
- Sourcing from 7,000 farmers in Uasin Gishu, Nandi, Elgeyo-Marakwet, Bungoma and Kisii.
- Has an operational farmer extension service that needs to be expanded to increase produce quality and quantity.

Better Health Restaurant

- A vegetarian restaurant that serves various juices popular in Eldoret town
- Challenges
- Inability to consistently access good quality ALVs, fruits, potatoes and other vegetables.

Opportunities

- The restaurant moves large volumes of vegetables, fruits and potatoes.
- Suppliers should invest in training organized farmers for consistent delivery of high quality fruits, vegetables and potatoes.

Delounge Restaurant

- A busy restaurant that works 24 hours and also serves hospital patients meals (Mediheal Hospital).
- Challenges
- Price fluctuations
- Inconsistent produce quality

Opportunities

- Have a ready market for food to regular customers and the Hospital.
- Prefer to access fresh produce to supply to clients
- Would prefer to deal with suppliers who can then be linked to sustainable production systems.

Sirikwa Hotel https://www.sirikwahotel.com/

Contact person: Cornelius Serem  |  corniserem@gmail.com  |  0724300682

A premier hotel at the heart of Eldoret. Hosts conferences and workshops and guests.
Challenges

- Inability to access fruits, vegetables and potatoes consistently despite engaging suppliers.
- Inconsistent quality of produce delivered.
- Price fluctuations make it difficult to plan purchasing.

Opportunities

- Willingness to have the suppliers engaged in initiatives that will enhance product quality and consistent supply.
- Hotel receives many guests and hosts workshops and therefore requires fruits, vegetables and potatoes.
- Potato supply is the most affected and initiatives aimed at improving the potato value chain to ensure consistent supply will improve their efficiency.

Comfy Hotel

Contact Person: Stanley Kurui | stanleykurui222@gmail.com | 0720631376

Located in the heart of Eldoret town, Comfy Hotel has 96 rooms and 4 conference facilities and has 54 employees. The Hotel consumes an average of 11 tons of potatoes and 30 tons of assorted vegetables and fruits annually, translating to an annual turnover of Kshs. 2.4 million for fresh produce.

Challenges

- Prices substantially differ depending on season. The supply is sometimes inconsistent forcing them to access the products from the market.
- Suppliers always quote higher prices (40-60)% higher compared to the local market prices.

Opportunities for collaboration

- Comfy Hotel is keen on participating in partnerships that will help them improve quality and quantity of produce supplied.
- Consistency in supply of high-quality, safe food is their motto.
- The Hotel is willing to work with suppliers who work directly with trained farmers to ensure quality production. This model will enable the hotel establish a long-term relationship with the suppliers and therefore improve on the quality of their services.
- Hotel has facilities for storage of surplus produce and vans for collection of highly perishable produce within a radius of 20 km.
- Price stability will cushion contracted farmers to get value for money.

Figure 1: Uasin Gishu County Production figures 2012-2016

Source: HCD validated report 2012-2014 and 2015-2016
### 3.2.2 Nakuru town (Nakuru County)

**General remarks**
Main sources of information are HCD validation reports from 2012-2014 and 2015-2016
https://www.agricultureauthority.go.ke/

**Buyers identified**

<table>
<thead>
<tr>
<th>Individual - 17</th>
<th>List or make remarks</th>
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<tr>
<td>17 local market traders who handle fruits, vegetables and potatoes. The onion traders were observed to be organized in how they handle onion sourcing from farmers in Kenya.</td>
<td></td>
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<th>Company – 1 Hotels -4</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Njoro Canning Factory</td>
</tr>
<tr>
<td>2. Nakuru Wholesale Market - Community Based organization</td>
</tr>
<tr>
<td>3. Hotel Waterbuck</td>
</tr>
<tr>
<td>4. Milele Resort</td>
</tr>
</tbody>
</table>

**Commodities of interest (Produced & consumed)**

**Consumed:**
- 12,000 tons of potatoes estimated to be consumed annually mainly as food (chips, mashed potatoes).
- Bananas, watermelon, mangoes and oranges are the main fruits consumed either as fresh fruits or juice for consumption in homes and hotels and restaurants.
- 1 company processes vegetables into various products.

**Production: (see graph below)**
- 369,233 tons (2015) and 403,080 tons of potatoes produced in 2016;
- 14,158 tons of tomatoes
- 65,486 tons of cabbages;
- 65,526 tons of kale;
- 23,084 tons of garden peas;
- 26,023 tons of carrots;
- 249 tons of passion fruits

**Buyers of interest (State individual challenges & opportunities)**

**Njoro Canning Factory Limited** https://www.njorocanning.co.ke/
A private processing company that has been operational since 1948.

**Challenges**
- Processes vegetables for the disciplined forces as the main market outlet.
- The disciplined forces established their own processing facility in Gilgil thus severely affecting the operations of Njoro canning factory which solely depended on the disciplined forces market.

**Opportunities**
- Whenever the factory gets orders for specific products, they source raw materials from contracted farmers within Nakuru County.
- Njoro canning factory has a high processing capacity of 100,000 MT but currently only processes 300 MT of garden peas, 22 MT of potatoes, 1,000 MT of cabbages, 100 MT of sweet corn and 20 MT of carrots to meet market requirements because of market challenges.
- The company provides extension services to farmers and collects produce from designated collection centres and is interested in establishing a long-term relationship with farmers for produce supply.
Hotel Waterbuck http://www.waterbuck.co.ke/

Contact person: nelixa99@yahoo.com | 0701062643

- The busiest hotel in Nakuru town. Hosts many workshops and conferences and therefore requires large volumes of supplies daily.
- Restaurants and hotels buy their supplies from registered suppliers who either source directly from contracted farmers or from local market traders.

Challenges
- The quality of fruits, vegetables and potatoes supplied is usually poor: vegetables have chemical residues, have pest and disease damage or generally unhygienic, especially during the rainy season.
- The supply of potatoes, fruits and vegetables is irregular and prices are consistently high even when there is adequate supply.
- Hotel never gets a regular supply of passion fruits yet most clients want passion fruit juice.

Opportunities
- Moves large volumes of fruits, vegetables and potatoes hence would provide a consistent market to suppliers.
- Hotel is concerned with the quality of produce sourced hence initiatives aimed at improving produce quality will be fully supported.
- Passion fruit demand is high but the supply is inadequate. The Hotel is ready to buy high quality passion fruits, mango and pineapples for juice production.

Nakuru Wholesale market community based organization

Contact person: Allan Muiga | allanmuga7@gmail.com | 0721280554

An association of 45 onion wholesalers (18 Female, 27 Male) who source produce from Nyeri, Nakuru, Isiolo, Chwele (Bungoma County), Loitoktok, Tanzania and Ethiopia. They are the main wholesalers for onions in Nakuru County.
Distribute onions to most enterprises including institutions, hotels, schools and retailers.
Provide extension services to contracted farmers and have invested in aggregation centres in the production areas.
They move on average 10,000-15,000MT of onion annually translating to Kshs. 860 million to Kshs. 1.2billion.

Challenges
- Kenyan-produced onions are of poor quality but earns high market prices because they are produced when there is no other supplier in the market.
- Bungoma farmers harvest onions prematurely affecting the market.
- You need large amounts of cash to trade in the commodity.
- Farmers require a down payment which drains the traders’ financial resources.
- Access to credit is a challenge when onion production is at its peak, makes traders lose produce to competitors.

Opportunities
- The traders provide extension services to onion farmers which, if intensified, would increase the quantity and quality of onions.
- Have invested in collection facilities and transportation
- Provide credit facilities to contracted farmers through their agents located in the onion-producing areas.
- The agents control onion quality and ensure aggregation is done before onions are collected.
A Hotel with conference and full board facilities. Located in Nakuru town, the Hotel sources all fresh vegetables, fruits and potatoes from registered suppliers.

**Challenges:**
- Irregular produce quality and quantity supplied
- Produce prices fluctuate
- Unable to access fresh produce in seasons when prices reach their peak.

**Opportunities**
- ALVs, potatoes and fruits required in large volumes when they have workshops and conferences
- Have invested in transport and refrigeration for produce
- Would link suppliers to organized farmers who grow high quality produce.

---

**Figure 2: Nakuru County Production figures 2012-2016**

*Source: HCD validated report 2012-2014 and 2015-2016*
### 3.2.3 Kisumu City (Kisumu County)

#### General remarks
Main sources of information are the HCD validation reports – 2012-2014 and 2015-2016 [https://www.agricultureauthority.go.ke/](https://www.agricultureauthority.go.ke/) Also interviewed 10 buyers.

#### Buyers identified

<table>
<thead>
<tr>
<th>Individual - 10</th>
<th>Local market traders move large volumes of the following crops; Potatoes, tomatoes, bananas, cabbage, carrots, oranges, onions and ALVs. 80% of the trade that takes place in Kisumu is dominated by this segment of traders. The traders either hire transport or use their own trucks to move various products and sell them to street vendors, supermarket suppliers, hotel and Restaurant suppliers and kiosks or retail shop outlets. Institutional suppliers (Schools and hospitals) access their supply from the wholesalers. In Kibuye open air market, wholesalers only deals in one product. Kisumu Municipal Market has traders who deal in large volumes of more than one product.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Company - 4</th>
<th>List</th>
</tr>
</thead>
</table>

#### Commodities of interest (Produced & consumed)

<table>
<thead>
<tr>
<th>Consumed:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 4200 tons of potatoes estimated to be consumed annually mainly as food (chips, mashed potatoes).</td>
</tr>
<tr>
<td>• Annually, Kisumu city consumes approximately 4,400 MT of watermelon, 1,200 MT of oranges, 2,000 MT of mangoes and 4,500 MT of bananas. These are the main fruits, consumed mainly as fresh fruits and some processed to fruit juice.</td>
</tr>
<tr>
<td>• Hotels and Restaurants source their supply of vegetables, fruits and potatoes from registered suppliers who are paid monthly.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Produced:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 2,663 tons of watermelon; 16,152 tons of tomatoes</td>
</tr>
<tr>
<td>• The rest of the produce is sourced from other counties and from neighbouring countries (Uganda and Tanzania).</td>
</tr>
</tbody>
</table>

#### Buyers of interest (State individual challenges & opportunities)

**Joygift enterprises Limited:**

Contact Person: osadhoflo@gmail.com | 0720203019

Supplies vegetables and fruits to the three main supermarkets in Kisumu (Naivas, Khetia’s and Choppies). ALVs are sourced from Kisumu County whereas fruits are sourced from Homa Bay and Kisumu Counties.

**Challenges**

- Supermarkets tend to pile huge volumes of vegetables that they end up not selling and returning to the suppliers hence making them lose heavily.
- Inability to access the required quantity and quality of produce to supply the end market during dry seasons

**Opportunities**

- Joygift Enterprises has invested in transport network with a pick up to facilitate the fast delivery of produce to the end market.
- Sources mainly from farmers and aggregators at the source making it possible to use the same channels to build farmer capacity.
Matoke traders

Contact person: Caren Wachio | 0710577234
Registered as a self-help group.
Has 7 banana traders who solely source their bananas from Kisii and Nyamira counties. They move 960 tons of cooking bananas annually
Sources from 800 smallholder farmers directly

Challenges
- Inability to access the volumes of bananas required from one collection centre in certain seasons, making it expensive to consolidate produce.
- Banana quality poor in the dry season because no extension services are offered to farmers.
- Banana business requires farmers to be paid cash while sales at the market are done on credit. This constrains their financial resources and reduces the level of business transactions.

Opportunities
- They use hired transport to get their bananas from source to market, thus controlling the cost of the business.
- The traders have a stall in Kibuye market from where they sell bananas on wholesale to a wide range of market outlets (hotels, hospitals and retail traders across Kisumu City).
- The traders require linkages to affordable credit to help them expand their business.

Figure 3: Kisumu County production figures 2012-2016
Source: HCD validated reports 2012-2014 and 2015-2016
3.2.4 Nanyuki Town (Laikipia County)

**General remarks**
Main sources of information are the HCD validation reports - 2012-2014 and 2015-2016
https://www.agricultureauthority.go.ke/
Also interviewed 10 buyers.

**Buyers identified**

<table>
<thead>
<tr>
<th>Individual - 4</th>
<th>Remarks:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Nanyuki town is served by local market traders who access their produce from within the county and service various market outlets: Hotels and Restaurants, institutions such as schools, hospitals.</td>
</tr>
<tr>
<td></td>
<td>• The traders work with a network of brokers who identify the location of various commodities and transport them to the market either using hired trucks or Probox cars.</td>
</tr>
</tbody>
</table>

**Company - 0**
The only companies identified that trade in local market produce are Hotels but these are served by individuals who supply various commodities either from their farms or the market.

**Commodities of interest (Produced & consumed)**

<table>
<thead>
<tr>
<th>Consumed:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Annually Nanyuki town consumes approximately 960tons of potatoes as food (chips, mashed potatoes)</td>
</tr>
<tr>
<td>• 1400 MT of Bananas, 900 MT of avocado, 1000 MT of pawpaw, 1200 MT of oranges, 1000 MT of mangoes, and 200 MT of passion fruits are the main fruits consumed, mainly as fresh fruits and some processed to fresh juice in hotels and homes.</td>
</tr>
<tr>
<td><strong>Produced:</strong></td>
</tr>
<tr>
<td>• 10, 938 tons (2015) and 5,410 tons (2016) of potatoes; 12,674 tons of tomatoes; 545 tons garden peas; 263 tons of carrots; 1468 tons bulb onions; 232 tons of oranges</td>
</tr>
<tr>
<td>• Comparing production to consumption, Nanyuki town imports some commodities to meet market requirements. Bananas, avocado, pawpaw, passion fruits and onions are the main crops imported from neighbouring counties.</td>
</tr>
</tbody>
</table>

**Buyers of interest (State individual challenges & opportunities)**

**Mutembei Denis**
Controls the potato market in Laikipia.
Moves 120 bags of 110 Kg per month

**Challenges**
• Inability to access required volumes of potatoes between July and August every year.
• Potatoes in plenty between January and March leading to low market prices.
• Has to source potatoes from other regions (Molo, Olkalou and Nyahururu-August), Naromoru (April-June); Timau (June-September).
• Sourcing mainly from aggregators and directly from farmers.
• Transport challenges in the rainy season.

**Opportunities**
• Trader has a network of organized farmers from whom he gets potatoes. He would use the networks to provide extension services to the farmers to improve on the quantity and quality of potatoes traded.
• Has a ready market for potatoes. He supplies hotels, retailers and restaurants in Nanyuki town.
• Wanjiku Beatrice
• Main supplier of a wide range of fruits (bananas, avocados, pawpaw and passion fruit). Moves an average of Kshs 5.4 million worth of fruits annually.
• Most of the fruits are sourced from Meru and Nyeri counties
• Sources either directly through aggregators or from farmers who have been in business with her.
Challenges

- Access to affordable credit to expand the business
- Inability to access the quantity and quality of fruits in the dry spell

Opportunities

- Has a track record in the fruit business and has links to farmers who supply
- Access to finance to expand her business.
- Maina Joseph
- Main distributor of cabbages in the market. Annual turnover of Kshs. 1.92 Million
- Mainly gets supply from Ngare Ngiro (Laikipia) and Timau.

Challenges

- Transport is a challenge when volumes available do not justify hiring a canter.

Opportunities

- Has a ready market for cabbage, supplying hotels and restaurants and retail traders
- Has networks with other traders and together they enhance the marketing of cabbage in Nanyuki,
- Hotels and restaurants have consistent market orders and therefore provide ready market to
  farmers all-year-round

Figure 4: Laikipia County production figures 2012-2016
Source: HCD validated report 2012-2014 and 2015-2016

3.2.5 Meru town (Meru County)

General remarks

Main source of information are HCD validation reports - 2012-2014 and 2015-2016
https://www.agricultureauthority.go.ke/
Also interviewed 10 buyers.
**Remarks:**
- Individual large vendors in Gakoromone Market receive horticultural produce from Meru and neighbouring counties and supply to hotels and restaurants, schools and supermarkets. They also supply outlets in Chuka, Nkubu and Chogoria.
- Bananas, mangoes, onions, potatoes, carrots, tomatoes, ALVs and cabbages are the main products traded.

**List:**
- Twiga Foods
- Wakulima Supermarket and Stores
- Waciana stores
- Greenways Provisional Store

**Consumed:**
- 31,500 tons of potatoes estimated to be consumed annually, mainly as food (chips, mashed potatoes).
- 30,000 MT of bananas, 3,600 MT mangoes and 3,000 MT watermelon are the main fruits, mostly consumed as fresh fruits.
- Mangoes and watermelon are processed to fresh juice and sold in hotels and restaurants and homes.

**Produced:**
- According to (Horticultural Crops Directorate, 2018):
  - 90,374 tons (2015) and 80,662 tons (2016) of potatoes;
  - 4,252 tons of watermelon; 7,903 tons of tomatoes
  - 251,132 tons of bananas; 84,102 ton of cabbages, 26,459 tons of mangoes; 25,717 tons of kale; 863 tons of garden peas; 9,436 tons of carrots; 2,476 tons bulb onions; 4,581 tons of avocados; 348 tons of oranges; 1,030 tons passion fruits; 4,036 tons pineapples
  - Meru County exports the highest volume of bananas, cabbages, mangoes, avocados and kale to neighbouring counties and distant counties such as Nairobi, Nakuru, Kisumu, Mombasa and Eldoret.

**Wakulima Supermarket and stores**

**Contact person:** Anita Kaari | anitanjeru11@yahoo.com | 0726465055

Located in Chogoria, Wakulima stores is owned by Anita Kaari Njeru and has been in operation for 15 years. Employs 35 staff in the bakery, supermarket and grocery shop. 4 are directly involved in the grocery business on the site. 6 others work on casual basis to facilitate product grading, loading and offloading.

Wakulima stores moves an average of 635 MT of fresh produce annually, translating to an annual turnover of Kshs. 38 million. Has a bakery, supermarket and trucks and pick-ups. The business handles potatoes, cabbages, onions, carrots, tomatoes and courgettes.

**Challenges**
- Low quality of produce supplied by farmers because they lack extension services.
- Unable to meet institutional orders in times of scarcity
- Produce sourced from Meru and Isiolo counties making logistics expensive

**Opportunities**
- Has a network of market outlets for potatoes, vegetables and fruits
- Has invested in trucks and pickups that support the bakery and supermarket business.
- Has established links with farmers and aggregators in Meru and Isiolo Counties who ensure a regular supply of the commodities.
- Ready to invest in organized farmers who will consistently supply produce on a contractual basis.
Twiga Foods https://twiga.ke/

Contact Person: Keneth Mutuma  |  keneth.mutuma@twigafoods.com  |  0712181600

Established in 2014, Twiga Foods works with 8,370 farmers located across the country. Twiga Foods sources dessert bananas from Kutus and Kirinyaga, Tharaka-Nithi and Maua, Timau, Mikinduri, Meru County. Supplies fresh ready to sell products to 5,226 vendors in Nairobi and its environs, mainly "Mama Mboga kiosks".

Twiga Foods moves an average of 7,500 tons annually, translating to an annual turnover of Kshs. 200 million. Employing 400 staff, the company provides extension services to farmers at the collection centre or at a designated farm. Farmers take farm inputs credit to improve their production systems.

Challenges

- Twiga Foods are not able to access the quantity of produce that they have markets for. Their daily requirement for bananas is 70 tons but only manage to supply 25-35 tons on average.
- Banana quality affected by fungal diseases because they are 15-17 years old and therefore farmers need to plant new orchards.
- They are unable to get sufficient volumes of the other commodities (pawpaw, passion fruits, sweet pepper, avocado, tree tomato, watermelon, potatoes, cabbages and onions)

Opportunities

- Twiga Foods has sufficient resources to market bananas, pawpaw, passion fruits, sweet pepper, cabbages and onions. There is an opportunity to mobilise farmers to produce for their market.
- Twiga Foods would like to expand their supply base to other counties and are therefore willing to work with organized farmers to supply them with the required commodities.
- Have an elaborate extension service and collection centres with trucks and pickups to transport produce from the various centres to Nairobi.

Waciana Stores:

Contact Person: Makena Mureithi  |  0726162767

Trading in a wide variety of horticultural products, Waciana stores sell their produce to retailers, schools and hospitals. The shop employs 5 permanent and 11 temporary workers. They also sell directly to consumers. Products and sources: Carrots, bell peppers, cabbage, peas, onions, watermelon and tomatoes. The main source of the products is Meru, Isiolo, and Kirinyaga.

Challenges

- In times of scarcity, they are unable to meet the market demand for most of the commodities. Interventions that would facilitate consistent supply of produce to the store are welcome.
- Access to finance is critical to ensure the store pays promptly for produce delivered to them.

Opportunities

- Engagement with farmers: Waciana stores provide a market outlet for smallholder farmers in Chogoria and its environs.
- They pay for produce upon collection through M-pesa.
- They offer limited extension services to farmers to improve on production systems and either receives the produce at their stores or from designated centres.
3.2.6 Nyeri town (Nyeri County)

<table>
<thead>
<tr>
<th>General remarks</th>
<th>Main sources of information are HCD validation reports - 2012-2014 and 2015-2016 <a href="https://www.agricultureauthority.go.ke/">https://www.agricultureauthority.go.ke/</a> Also interviewed 4 buyers.</th>
</tr>
</thead>
</table>
| Buyers identified | **Remarks.**  
- The local market is dominated by individual domestic market traders who specialize in selling their produce through Wakulima Market in Nairobi and other long-distance markets in Mombasa and Nakuru.  |
| Individual - 4 | **Remarks.**  
- The local market is dominated by individual domestic market traders who specialize in selling their produce through Wakulima Market in Nairobi and other long-distance markets in Mombasa and Nakuru.  |
| Company - 2 | **Naivas Supermarket - 2 branches**  |
| Commodities of interest (Produced & consumed) | **Consumed:**  
- Potatoes, bananas, cabbage, onions, tomatoes and ALVs are the most traded commodities in the town.  

**Produced:**  
- 185,177 tons (2015) and 175,905 tons (2016) tons of potatoes; 39,584 tons of bananas; 54,400 tons of cabbages; 413 tons of garden peas; 26,943 tons of carrots  |

Buyers of interest (State individual challenges & opportunities)
Naivas Supermarket  https://www.naivas.co.ke/

Contact person: Peter Mwangangi  |  0722693499
Has two branches in the town
Sources fruits, vegetables and potatoes from registered suppliers

Challenges
- Low sales for fruits, vegetables and potatoes because of the ready availability of the produce in the local open air markets.

Opportunities
- Central sourcing of produce by the headquarters would provide a huge market opportunity for farmers
- Organized farmer groups to register as suppliers to benefit from the ready market.
- Meru, Nakuru and Nairobi traders have links with aggregators in Nyeri to supply produce.

Figure 6: Nyeri County production figures 2012-2016
Source: HCD validated report 2012-2014 and 2015-2016

3.2.7 Kitale town (Trans Nzoia County)

General remarks: Main sources of information are HCD validation reports – 2012-2014 and 2015-2016
Also interviewed 10 buyers.

Buyers identified

<table>
<thead>
<tr>
<th>Individual - 10</th>
<th>Remarks:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Individual domestic traders move large volumes of potatoes, fruits and vegetables.</td>
</tr>
<tr>
<td></td>
<td>• Cabbages, kale and tomatoes are sold through the long-distance trade in Lodwar which fetches good market prices.</td>
</tr>
<tr>
<td></td>
<td>• The traders work together to consolidate their produce and send it through hired tracks that transport to Lodwar.</td>
</tr>
<tr>
<td></td>
<td>• The traders have contacts in Lodwar to transact the business on their behalf.</td>
</tr>
</tbody>
</table>
These are specialist companies that buy specific commodities either directly from contracted farmers or through brokers and sell to the various market outlets. Hotels, restaurants and supermarkets have registered suppliers who deliver produce on Just-in-time basis.

- Messina Flowers
- Good Neighbours Enterprises limited
- Westside Hotel
- Lilian Hotel
- Khetia’s Supermarket
- Transmatt Supermarket

<table>
<thead>
<tr>
<th>Commodities of interest (Produced &amp; consumed)</th>
<th>Consumed:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Onions, bananas, potatoes, cabbage, kale, ALVs, tomatoes, garden peas and passion fruits.</td>
</tr>
<tr>
<td></td>
<td>• 1,040 tons of potatoes estimated to be consumed annually mainly as food (chips, mashed potatoes)</td>
</tr>
<tr>
<td></td>
<td>• Oranges, bananas, watermelon and pineapples are the main fruits consumed mostly as fresh fruits and some processed to fresh juice</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Produced:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 14,690 tons of tomatoes; 1,348 tons bulb onions; 10,684 tons of cabbages; 9,572 tons of kale; 337 tons garden peas; 936 tons carrots; 1,120 tons of oranges</td>
</tr>
</tbody>
</table>

**Buyers of interest (State individual challenges & opportunities)**

**Mesina Flowers Limited**

**Contact person: Michael Odando | 0721285631**

Works directly with 1,200 farmers contracted to produce domestic market garden peas for supermarkets in Nairobi. Moves 300 tons of garden peas annually but this does not meet the market volumes required. Company aims to trade 1200 MT annually and is therefore keen on expanding the supplier base and extension service provision to meet this target.

Also contracts smallholder farmers to produce snow peas and sugar snaps for the export market.

Provides extension services to contract farmers and input credit to contract farmers and has an elaborate extension service with three agronomists.

**Challenges**

- Poor road network hampers timely delivery of produce to the end market.
- Farmers sometimes side-sell their produce when prices drastically increase, making it difficult for the company to recover credit advanced to farmers.
- High seasons requires extra financial resources to pay for the increased volume traded.

**Opportunities**

- Contracts smallholder farmers to produce garden peas for the domestic market and snow peas and sugar snaps for the export market.
- Provides extension services to contract farmers and input credit to contract farmers and has an elaborate extension service with three agronomists.
Good Neighbours Enterprises Limited

Contact Person: Zippy Simiyu | gncdi2013@gmail.com | 0722220889/0789180224

Supplies produce to a number of hotels and restaurants, supermarkets and colleges and schools in Kitale, Bungoma and Kisumu.

They have a pickup and a car for produce distribution and operate a central collection centre.

Sources from 3000 smallholder farmers directly and also provides training and input credit to contract farmers. Operates a fruit tree nursery which supplies farmers with quality seedlings.

Challenges

- Delayed payments making it difficult to service orders from institutional buyers (schools can take up to three months).
- Low quality of produce because of diseases, pests and sometimes hail damage.
- Location of markets (Kisumu and Bungoma) increases transaction costs.

Opportunities

- Company is affiliated with Good Neighbour Community Program which provides extension services to contracted farmers
- The company has designated collection centres which also serve as collection centres for produce and training centres for contracted farmers.

Mace Foods Limited

Contact person: (see Uasin Gishu County)

Mace Foods contracts 7,000 farmers in Nandi, Uasin Gishu, Elgeyo-Marakwet, Bungoma and Trans Nzoia to supply indigenous vegetables and long cayenne which are processed and sold through the local supermarket channels.

Mace Foods sources fresh ALVs, chilies and herbs from the county and processes them in Eldoret (see report on Eldoret).

Challenges

- Unable to acquire the volumes required for processing and are hence unable to sustainably supply their network of retailers countrywide.

Opportunities

- Farmers are paid via mobile money transfer as soon as they deliver their produce
- The company operates a network of extension services to contract farmers but these are not sufficient because of the vastness of the target area.
- Operates a truck and pick-ups and motorcycles.
- Have invested in processing equipment for chilies and drying of ALVs.

Lilian Hotel

Contact Person: Kariuki 0712 244 481

A busy restaurant that provides affordable meals to Kitale residents. Has an annual turnover of Kshs. 9.96 Million and sources fruits, vegetables and potatoes locally.

Challenges

- Unable to secure a consistent supply of passion fruits, potatoes and ALVs.

Opportunities

- Have a consistent market for their food and will therefore buy required foodstuffs daily.
- Pay suppliers as soon as they deliver produce.
- Keen on providing a market outlet to ensure consistent supply of fruits, vegetables and potatoes.
Khetia’s Supermarket

Contact person: Godfrey Wekhanya | 0712441435

The supermarket has its headquarters in Kitale with seven branches operating in Eldoret, Kitale, Bungoma, Mumias and Kisumu. These are Gigamatt in Kitale, Crossroads and Centre point in Bungoma, Express in Mumias, Khetia’s Eldoret and Checkpoint Eldoret and Khetia’s Kisumu.

All branches retail fresh produce (vegetables, potatoes and fruits).

Challenges
The supermarket finds the new model of sourcing and distributing from a central place works for commodities that do not spoil fast. Fresh African leafy vegetables should be harvested and sold within six hours.

Fresh vegetables sell least in the rainy season when there is plenty in the local markets and more in the dry spell when they are in short supply.

It is difficult to control the safety of produce when there are many suppliers

Opportunities for collaboration
Khetia’s supermarket is popular among the high population areas of Kisumu, Eldoret, Kitale and Bungoma.

The new model of central sourcing would work well on GAPs service delivery to suppliers and hence maintain food safety, quality and consistency in the supply.

Transmatt Supermarket

Contact person: 0720949399 | ngunjiringunjiri@yahoo.com

Supermarket operates in Kitale town moving vegetables, fruits and potatoes. Sourcing from farmers within Trans Nzoia and Bungoma counties, the supermarket moves Kshs. 9.6 Million worth of horticultural produce.

Challenges
• There is plenty of fresh produce, but it is mostly rain-fed. In the dry spell, the supermarket has many orders with limited supply leading to revenue loss

Opportunities
• Working with farmers to consistently supply high quality horticultural is their goal
3.2.8 Nairobi City (Nairobi County)

General remarks
Main sources of information are the HCD validation reports, 2012-2014 and 2015-2016
https://www.agricultureauthority.go.ke/
Also interviewed 10 buyers.

Buyers identified

Individual - 10
- Wakulima Market is the main wholesale market outlet for fresh horticultural produce in Nairobi
- Produce is sourced from across the country through highly specialized delivery systems
- The market is controlled by registered brokers who market produce
- Each commodity has its own brokers

Company - 3
List and remarks
- Kevian Kenya – Processes mangoes, pineapples, tomatoes, carrots and passion fruit concentrate
- Pioneer enterprises (use cooking bananas sourced from Kisii): bananas into banana crisps
- Prisons: source for produce from various registered suppliers
- Hotels and restaurants: Get their supplies through registered suppliers.

Commodities of interest (Produced & consumed)
Consumed:
- Garden peas, potatoes, watermelon, kale, ALVs, cabbage, chilies, carrots.
- Potatoes – Irish and sweet potatoes.
- Fruits: Bananas, passion fruits, watermelons, pineapples, mangoes, oranges, Tamarillo, pawpaw and avocado.

Buyers of interest (State individual challenges & opportunities)
Kevian Kenya

Contact person: Kimani Rugendo : 0722 398 802,0733 944 83 info@keviankenya.com

Has processing capacity for carrots, mangoes, pineapples, tomatoes and passion fruit concentrate (usually imported because local passion fruits are too expensive to process).

Willing to work with farmers to provide a market for their produce.

Have invested in the processing facility in Nairobi and Thika

Challenges

- Unable to secure the volume of fruits and vegetables required for processing

Opportunities

- High processing capacity for fruits and vegetables in Nairobi and Thika
- Has an extensive market outlet in Kenya at leading supermarkets, airlines, hotels and other institutions.
- Has extensive transport networks to move produce from source to processing factories.

Pioneer Food processors: Geoffrey Nyakundi: 0726 386 607

Works with Wakulima market traders to supply cooking bananas from Kisii to meet orders for banana crisps supplied to supermarkets.

End market orders are not regular hence it’s difficult to engage producers directly.

Potatoes

Irish potato is the main potato traded

The main sources are the main potato producing counties: Meru, Nakuru, Elgeyo-Marakwet, Bungoma and Nyandarua.

Vegetables

Main vegetables traded: Onions, cabbage, tomatoes, chilies, ALVs, broccoli, cauliflower, garden peas and carrots.

Mainly local supplies but imports from Uganda and Tanzania in specific seasons for specific crops.

Fruits

Watermelons, bananas, passion fruits, oranges, Tamarillo, mangoes and pawpaw are the main fruits traded.

The fruits come from various regions countrywide supplemented by imports from Uganda and Tanzania.

3.3 Opportunities & constraints

These have been highlighted on the profiles of each buyer covered in the study (see sections 3.2 and 5.3). General constraints and opportunities are highlighted in this section.

3.3.1 Constraints

Specific constraints affecting individual target buyers have been highlighted in section 3.2. Those highlighted
here are common to many of the buyers.

Onion buyers in all markets cited the poor quality of Kenyan-grown onions. They are not allowed to cure well and hence spoil faster, whether in stores or on transit. This is compounded by the fact that Kenya’s onion-producing counties sell their onions between June and October when onions are readily available from the neighbouring countries at lower prices.

Local market horticultural trade in all counties targeted is managed by brokers who determine commodity prices. Producers become price takers and are therefore highly exploited.

Long-distance traders are subjected to levies as they traverse counties with their produce to the end market. For instance, traders sourcing watermelon from Lamu have to pay cess in Lamu, Kilifi, Mombasa and Nairobi counties before they sell their produce.

Open air markets where trading occurs are in a poor state of repair. Efforts to improve market infrastructure are beset by delays partially because of delayed disbursement of funds from the national government or county governments.

Importation of fruits (oranges, watermelons and bananas), vegetables (tomatoes and onions) and potatoes from Tanzania and Uganda negatively affects produce prices in Nairobi, Kisumu, Eldoret and Nakuru. Such imports, however, fill up gaps in the domestic market supply during certain seasons of the year.

There are no efforts to ensure businesses are officially registered to operate in the marketplace, this buyers have no incentive to register their trade. Importation of horticultural produce from neighbouring countries does not require any form of licensing.

Most traders in the local market do not operate registered businesses. They use cash as a means of transacting their business. This makes it difficult for financiers to audit them, and hence it is difficult for them to access credit facilities to expand their business.

Transportation of produce from the farms to markets is hampered by poor road infrastructure, especially when it rains. Transport is less available and more expensive during the rainy season.

Inconsistent production leads to price hikes during certain seasons in the year because of predominantly rain-fed production. This creates imbalances in the supply chain, making it difficult for farmers to schedule their production. Easy imports from other countries – Tanzania, Uganda, Ethiopia and Sudan – do not help.

Local market traders are not willing to commit to contract farming. This is because they do not want to commit themselves to market prices and volumes because of the high levels of uncertainty in the business.

### 3.3.2 Opportunities

The study identified buyers who are already working with smallholders to give them market for their produce. These buyers offer a number of services to farmers, from extension services to improve productivity, to inputs on credit recoverable after produce is supplied. They have large markets but cannot secure the required quantity and quality to meet market requirements. They are therefore prepared to engage more farmers on a long-term basis to sustainably secure much-needed commodities.
Twiga Foods, operating in Meru, Tharaka-Nithi, Nyeri and Kirinyaga Counties, has invested in extension services, transport networks and collection systems to address quantity and quality requirements for their end market. The company is willing to collaborate with HortIMPACT to ensure they consistently secure the quantities required for bananas, avocados, onions, tomatoes, cabbages, and bell peppers among others.

Mace Foods Limited works with smallholder farmers in western Kenya to access ALVs, chillies and herbs for processing and marketing through the domestic supermarket chains. They have invested in an elaborate extension service, a processing facility and transport network for collection of raw materials from farmers. Have a payment system that enables farmers to receive their payment as soon as they deliver their produce.

Good Neighbours Enterprises Limited (GNEL) has established market outlets to supply vegetables and fruits. They have invested in an extension service, aggregation and collection centres and a transport system for produce from farmers to the market. The company is keen on establishing long-term relationship with farmers to facilitate adequate produce supply.

Messina Flowers Limited works with contracted farmers, offering extension services and input credit recovered from produce delivered. It has an established extension system to help farmers address production and post-harvest challenges, enabling the company to service its orders within the domestic markets. The company has an arm that supports farmers producing snow peas and sugar snaps for export.

Wakulima Stores, Waciana Stores and Greenways Professionals are examples of green grocery shops that have already established market outlets for their produce to leading institutions. The shops have established relationships with farmers producing various commodities but use substantial financial resources to organise logistics from several counties. They all want to expand their farmer supply base within a radius that is cost effective. They do not have an extension system in place but provide market for all their farmers. They have all invested in transport, storage and quality control systems making them a good avenue to expand farmer numbers.

Transmatt, Naivas, Khetia’s and Choppies are supermarkets that work with suppliers who source produce from farmers. Joygift enterprises, Matoke traders, GNEL, AFMA source produce from farmers and supply to the supermarkets. The supermarkets are looking for high quality produce and would therefore benefit from initiatives to improve quality, quantity and supply consistency. They have all invested in cooling facilities and can handle large volumes of produce.
Organised farmers should be encouraged to work directly with registered suppliers, or go further to become suppliers (as business groups). They can, in this way, increase their incomes besides being connected to a sustainable market.

Nakuru wholesale market traders, Gakoromone potato buyers and Matoke traders are some associations that have been developed to help traders access produce and offer technical services to farmers. The associations also work together to reduce logistical costs and receive training to improve their business skills. Through these associations, they can also access working capital from financial institutions to expand their businesses.

Potato buyers across the country engage brokers to for potato supply. Potato prices reach all-time low (Kshs.5 per kg) during high production months and as soon as the volumes are depleted, prices skyrocket. Institutions, hotels and restaurants struggle to acquire potatoes consistently. Farmers should work with registered suppliers of these institutions, hotels and restaurants to benefit from this deficit.

Onion buyers cite a critical window of opportunity for Kenyan-produced onions to attract the best market prices from January through May. During this season, there is also scarcity of onions in neighbouring countries. Interventions aimed at enabling farmers produce onions for this window will help them get value for money because harvests around this season will not compete with imports from neighbouring countries.

The local market generates high levels of revenue for farmers and traders because there are no rules that hinder the sale of any commodity. Local market traders move huge volumes of produce daily. They have established market outlets that absorb their produce: schools, hotels, hospitals, restaurants and institutions of higher learning among others. Farmers growing specific produce should be linked to commodity traders in major town centres. This will provide market outlets on a sustainable basis. The traders will engage with the farmers to provide services aimed at developing long-term producer-supplier relationships.

Counties that produce high volumes of certain commodities have ready markets in neighbouring counties where they can sell their surplus commodities. For example bananas produced in Meru have ready market in Nakuru, Nairobi, Mombasa and Kisumu. Banana traders in these major towns (highlighted in the excel sheet, including Twiga Foods, Matoke traders and Wakulima Market banana traders) should work directly with farmers in banana producing counties to supply their respective markets.
There is some form of organisation among informal local market horticultural traders, providing an avenue for capacity enhancement and business registration, making it possible to engage with farmers constructively.

Informal business owners (local market traders) require financing to expand their businesses. Some local market traders have working relationships with financial institutions. Establishing a working relationship with such traders improves access to working capital and hence enables them to meaningfully engage with smallholders.

Improvement of the market infrastructure will enhance safety in handling of fresh horticultural produce. County governments are willing to participate; some have already done this while others are working on it.

Increased awareness by horticultural produce consumers on food safety will force traders to improve hygiene conditions. Safe use of pesticides must be entrenched in the production process.

There is an increase in the number of formalised horticultural businesses. Forming partnerships with such businesses by enhancing access to financing and other forms of support to enhance their business performance will encourage more informal business owners to formalise their businesses.

Traders within local markets have commodity associations to facilitate the establishment of control systems for regulating the volumes of produce traded and prices. Such associations form a good avenue for capacity building. Capacity building initiatives will enhance their ability to engage smallholder farmers.

Some traders provide training and financial services to their regular suppliers. It is possible to collaborate with such traders to facilitate extension and financial service to contracted farmers.
CONCLUSION & RECOMMENDATIONS
4. CONCLUSION & RECOMMENDATIONS

4.1 Formalization of businesses
The study finds, consistent with previous studies, that the domestic market is dominated by individuals who operate businesses without formal registration. This was established because a business person does not have to register a company to trade or transact business in the local markets. Consequently, it becomes difficult to engage with such traders in any organised partnership that would transform the domestic market trade for horticultural crops.

HortIMPACT intends to engage with formalised businesses to provide marketing and other services to the farmers. Businesses that have been identified as moving large volumes of produce but are not formalised should be encouraged to formalise they are willing to become partners.

It is therefore recommended that domestic market traders specialising in horticultural trade have their capacity enhanced to formalise their businesses, and in turn improve their mode of engagement with farmers. By formalising, domestic market traders will qualify for financial services to help them expand their business and engage with more farmers sustainably.

County governments can complement this initiative by ensuring that unregistered traders cannot operate in their counties. This will make it possible for farmers to trace and get paid for their produce.

4.2 Hygienic conditions for trade
Most domestic horticulture trade is transacted in open air markets, which are in dilapidated condition, more so when it rains. Efforts by various County governments to improve the market infrastructure seem to bear fruit, but it will take time to complete in all counties. Attempts to improve hygiene by cleaning markets work in some counties but not others.

4.3 Chemical residue on produce
It was observed that most horticultural produce needs some chemical treatment for pest and disease control. However, farmers do not wait for manufacturer-recommended post-harvest intervals to lapse, which leaves pesticide residues on produce. Tomato was observed to be the most affected. Produce sourced from outside of Kenya, especially tomatoes from Uganda, were found with high pesticide residues. This presents a big risk for local consumers.

Domestic market traders who engage farmers as suppliers and provide extension services on GAPs and/or loan facilities or transportation services should be engaged to provide the service to smallholder farmers in respective producer counties. These traders are highlighted for each of the counties where the study was conducted.

Figure 9: Nakuru County Watermelon wholesale market
ANNEXES
## 5. ANNEXES

### 5.1 List of people interviewed

<table>
<thead>
<tr>
<th>Location (County)</th>
<th>Crop(s)</th>
<th>Name of Buyer</th>
<th>Contact person</th>
<th>Contacts</th>
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### Key stakeholders

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<td>Naivas HQ</td>
<td>Peter Mwangangi</td>
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Table 2: List of people interviewed
5.2 Buyers database

5.3 Company profiles

5.3.1 The Noble Hotel and Conference Centre
Located in Eldoret town, The Noble hosts major conferences. The Hotel employs 90 staff, 50 of whom are permanent. It has 77 rooms for accommodation.

The Hotel has engaged 7 suppliers who ensure that they receive various commodities for food preparation: pawpaw, pineapples, oranges, passion fruits, watermelon, mango, tree tomato, potatoes, cabbage, cowpeas, snow peas, peas, tomatoes, spinach and black nightshade. Suppliers deliver their orders on Just-in-Time basis. Suppliers secure supplies from either contracted farmers or the local municipal market. On average they consume 24 tons of potato annually, and this is the one commodity for which they would like interventions to improve quality and stabilize supply.

Challenges
The Hotel’s most pressing need is securing potatoes and all other commodities sustainably. Prices keep fluctuating when meal prices in the restaurant remain the same. The quality of fruits, vegetables and potatoes is unsatisfactory and should be addressed.

Opportunities for collaboration
The Hotel wishes to establish long-term relationships with producers willing to consistently supply high quality fruits, vegetables and potatoes. Any partnership that would enhance this model is welcome.

The Hotel has invested in a transportation system for direct collection of produce from suppliers. They are ready to invest in a long-term relationship with suppliers who can ensure high quality vegetables, fruits and potatoes.

5.3.2 Hotel Westside Kitale
Located in Kitale town, the hotel has 20 rooms and is expanding to 50. It hosts conferences involving up to 100 persons. Employs 15 staff and consumes an average of 60 tons of assorted fruits, vegetables and potatoes worth Kshs. 4 Million.

Suppliers are engaged to ensure consistent supply of fruits, vegetables and potatoes. Good Neighbours Enterprises Limited and Kitale Women Association are the main suppliers of fresh horticultural produce. Payment is done monthly and suppliers are expected to supply the foodstuffs as soon as the order is provided. GNEL contracts farmers and engages them in the production of fruits and vegetables.

Model of engagement with farmers
The Hotel does not engage directly with farmers, but they source produce from suppliers who work closely with farmers.

Challenges
Westside Hotel's greatest need is securing consistent supply of high quality fruits, vegetables and potatoes. Consistent supply is a major challenge, especially when the crops are off-season.

Opportunities for collaboration
- Put strategies in place to meet the quality and quantity of fruits, vegetables and potatoes consistently. Juices such as passion fruit and mango may not be served because of commodity shortage.
- Westside Hotel is prepared to establish a long-term relationship with suppliers who will consistently supply high quality fruits, vegetables and potatoes. The Hotel will ensure suppliers are paid on time. This is a big opportunity for suppliers.
- Westside Hotel hosts many workshops and will therefore increase the number of orders for various products. They will invest in a cooling facility to facilitate storage of surplus produce.

5.3.3 Hotel Comfy
Located in the heart of Eldoret town, Comfy Hotel has 96 rooms and 4 conference facilities employing 54 staff. The Hotel consumes an average of 11 tons of potato and 30 tons of assorted vegetables and fruits annually, worth Kshs. 2.4 million.
Model of engagement with farmers
The Hotel has tried to source directly from farmers but inconsistent supply led them to adopt the registered suppliers’ model. Suppliers work directly with farmers to ensure the Hotel receives fresh produce. Contracted suppliers are responsible for the supply of tomatoes, onions, potatoes, mangoes, spinach, cabbage, passion fruits, tree tomato (Tamarillo), bananas, watermelon, garden peas, and capsicum among others.
The suppliers engage with contracted farmers and are paid monthly.

Sources of fruits, vegetables and potato
Elgeyo-Marakwet, Uasin Gishu and Nandi Counties

Challenges
- Prices substantially differ depending on the season. Inconsistent supply sometimes pushes them to source produce directly from the market.
- Suppliers always quote higher prices: 40-60% higher than local market prices. Two of the suppliers interviewed confirmed that they are paid monthly and that prices are higher to cushion their business in the event market prices drop.

Opportunities for collaboration
- Comfy Hotel is keen on participating in partnerships that will help them improve the quality and quantity of produce supplied.
- Consistency in the supply of high quality safe food is their motto.
- The Hotel is willing to work with suppliers who work directly with trained farmers to ensure quality production. This model will enable the hotel establish a long-term relationship with suppliers and improve service quality.
- Price stability will cushion contracted farmers to get value for money.

5.3.4 Equatorial Hortifresh Limited (EHL)
Established in 2009 in Eldoret, EHL is the leading purple passion fruit market player in the North Rift. The company moves 720 MT annually translating to an annual turnover of (Kshs. 60-83 million) against orders of 2,500MT from the local market, restaurants in major towns and cities, export market, regional markets in Uganda and Southern Sudan and processors in Nairobi.
EHL employs 15 permanent staff and 22 staff on a temporary basis. The 15 staff provide agronomic support to contracted farmers in Uasin Gishu, Elgeyo-Marakwet, Nandi, Vihiga and Kakamega counties.

Model of operation with farmers
EHL works with 5,000 farmers. The farmers receive agronomic training on production, post-harvest handling, market outlet for passion fruits and links to Agro vets for high quality pesticides for disease and pest control. Farmers are paid through their bank accounts, via M-pesa or cash on delivery for small produce quantities.
EHL has local collection centres where farmers deliver passion fruits for quality checks and weighing. EHL partners with nursery operators to ensure contract farmers receive quality planting materials.
Key Challenges

- The demand for passion fruits is largely unmet. This makes it difficult for EHL to fill orders in various markets. Export passion fruits require certification which must be renewed annually, making it expensive for farmers and EHL.
- Consistent high market prices in the last three years makes farmers harvest premature fruits which adversely affects quality and therefore prices.
- Increased number of farmers makes it costly to reach them efficiently. This leads to high chemical residues or disease pressure.

Opportunities for collaboration

To address the huge market deficit, EHL needs to engage all contracted and new farmers. Passion fruit is a high-value crop. When farmers see their neighbours earn weekly incomes, they go into production without technical knowledge which reduces produce quality.

Certification for production systems is an area which, if addressed, will enhance EHL's capacity to tap into more lucrative export markets which in turn offers farmers even better prices.

5.3.5 Twiga Foods

Established in 2014, Twiga Foods works with 8,370 farmers across the country. Twiga Foods sources dessert bananas from Kutus, Kirinyaga, Tharaka-Nithi, Maua, Timau, Mkinduri and Meru regions and supplies ready-to-sell products to 5,226 vendors in Nairobi and its environs, who are mainly “Mama Mboga kiosks”. Twiga Foods moves an average of 7,500 tons annually this translates to an annual turnover of Kshs. 200 million.

Model of Engagement with farmers

Twiga works directly with farmers by establishing collection centres with produce handling facilities such as crates and weighing scales, transport services and an ICT based system used to track produce from reception from farmers to distribution to vendors. Farmers receive a ‘Goods Received’ note and a text message confirming how much produce has been received and how much the farmer will be paid. The main commodity bought is the dessert banana.

Employing 400 staff, the company provides extension services to farmers at the collection centre or at designated farms. Farmers have to register with the company to start receiving marketing and extension services. Bananas are identified by staff, allowed to mature and then harvested by staff, weighed on-site and transported by company vehicles to the collection centre. Here, they are sorted and loaded into a truck and transported to their ripening chambers in Nairobi before being distributed to the vendors.

Farmers are paid for produce via M-pesa within 24 hours if collected between Monday and Thursday. The rest takes at least two days because of the weekend.

Farmers take farm inputs credit to improve their production systems.
Challenges

- Twiga Foods is not able to secure adequate produce according to their market needs. Their daily requirement stands at 70 tons but they only manage 25-35 tons.
- Banana quality is affected by fungal diseases because they are 15-17 years old. Farmers should plant new orchards.
- They are unable to secure sufficient volumes of other commodities: pawpaw, passion fruit, sweet pepper, avocado, tree tomato, watermelon, potato, cabbage and onion.

Opportunities for collaboration

Twiga Foods has the means and resources to market bananas, pawpaws, passion fruits, sweet pepper, cabbages and onions.

There is an opportunity to mobilize farmers to produce for their market.

Twiga Foods would like to establish long-term relationships with farmers to secure horticultural produce needed while offering extension services, post-harvest handling and credit services to farmers to improve quantity and quality of produce supplied.

Twiga would like to expand their supply base to other counties and are therefore ready to contract farmers who grow their required commodities.

5.3.6 Mace Foods Limited

Established in 2002 in Kenya, Mace Foods Limited is a major processor of vegetables and chillies for the local and export market.

Model for engagement with farmers

Mace Foods contracts 7,000 farmers in Nandi, Uasin Gishu, Elgeyo-Marakwet, Bungoma and Trans Nzoia to supply indigenous vegetables and long cayenne which are processed and sold through local supermarket channels. Long cayenne is bought either dry or fresh red. Indigenous vegetables are strictly bought fresh.

Besides local market supply, the company has long-standing export markets in Europe and the USA for specialist natural products and African Birds Eye Chili. Contracted farmers are trained on production and post-harvest handling.

Produce can be delivered to designated collection centres or their factory in Eldoret. Payment for delivered produce is done via an online M-Pesa integrated platform that facilitates farmer payment within 24 hours of produce delivery or collection.
Challenges

- The main challenge Mace Foods faces is their inability to secure sufficient volumes of assorted indigenous vegetables (spider flower, black nightshade and cowpeas).
- Farmers from across the country decide to produce for the company without registering, just after hearing from other farmers. Some of them produce small quantities which are not cost-effective to transport to the company.

Opportunities for collaboration

The market demand for processed long cayenne chili has a deficit of between 240 and 300 MT annually. This gap requires more farmers to be contracted and trained to produce for the company.

5.3.7 Mesina Flowers Ltd.

The company was established in 2005 to trade in garden peas, snow peas and sugar snaps for the local and export markets. In the export market, Mesina Flowers supplies the three commodities to major exporters. Garden peas are sold to supermarkets, restaurants and Hotels in major towns. Annually, Mesina flowers moves 300 MT of garden peas, equivalent to an annual turnover of Kshs. 18 million.

Model of operation with farmers

Employing three permanent agronomists and 10 casual workers, Mesina Flowers provides the following services to contracted farmer:

2. Contracted farmers receive trellising materials and seeds on credit to be deducted from payments on delivery. Payment for produce is done weekly via M-pesa or bank transfer.
3. Farmers are trained on production, trellising, pest and disease management, record-keeping and post-harvest handling. The cost of the services is embedded in the prices offered to farmers.
Challenges

- Mesina Flowers’ main challenge is the inability of contracted farmers to produce all-year-round, because 50% of farmers practise rain-fed agriculture. This makes it difficult for the company to meet market demands during dry seasons.
- There are more farmers that need extension services than the three agronomists can handle, leading to poor quality of produce in the rainy season.
- Access to financing to cater for farmers who cannot wait for the week-long payment schedule.

Opportunities for collaboration

- Links to financial services to facilitate timely payment of farmers for their produce, considering the end market’s payment lead time is 7-30 days.
- Agronomic support to more farmers to ensure product quality is maintained.
- Partnering with irrigation equipment suppliers to facilitate irrigation during dry spells.

5.3.8 Wakulima Supermarket and stores

Located in Chogoria, Wakulima Stores is owned by Anita Kaari Njeru and has been in operation for 15 years. Employs 35 staff in the bakery, supermarket and grocery shop. 4 employees are directly involved in the grocery business on-site. 6 others work on casual basis to facilitate product grading, loading and offloading. Wakulima stores moves an average of 635 MT of fresh produce annually, worth approximately Kshs. 38 million. The store handles potatoes, cabbages, onions, carrots, tomatoes and courgettes.

Engagement with farmers

Wakulima Stores secure their produce from Kirinyaga, Meru, Nkubu, Isiolo and Laikipia. They have their own transport system and engage brokers to direct them to producers of various commodities.

The main market outlets include schools, hospitals, retail traders and direct sales to buyers.
Challenges
- Most of the produce they sell is sourced from outside the county. They must pay various levies to host counties from where they source produce.
- Produce supply is dependent on rain-fed agriculture, except for farmers in Kibirichia and Kirinyaga who practise irrigation, making it difficult for them to meet their end market demands.
- Market prices keep fluctuating making it difficult to standardise prices.
- Their use of brokers compromises produce quality and prices offered to farmers.

Opportunities for collaboration
- Wakulima Stores is committed to working directly with organized farmers to offer technical/extension services to improve on production quality and consistency
- They have enough market outlets to absorb increased volumes of various commodities. There is also opportunity to expand the range of commodities. The company is willing to invest in systems that will ensure they have a consistent supply of commodities for their markets.

5.3.9 Waciana Stores
A family business owned by Silas Mureithi and Makena Mureithi, located in Chogoria town. Trading in a variety of horticultural products, Waciana Stores sell its produce to retailers, schools and hospitals. The shop employs 5 permanent and 11 temporary staff. They also sell directly to consumers.

Produce and sources
Produce include; Carrots, bell peppers, cabbage, peas, onions, watermelon and tomatoes. The main sources are Meru, Isiolo and Kirinyaga.

Engagement with farmers
Waciana stores provide a market outlet for smallholder farmers in Chogoria and its environs. They pay for produce upon collection through M-pesa. They offer limited extension services to farmers to improve production systems and receive produce at their stores or from designated collection centres.
Challenges

• In times of scarcity, they are unable to meet market demand for most commodities. Interventions that would facilitate consistent supply are welcome.
• Access to financing is critical to ensure the store pays promptly for produce delivered.

Opportunities for collaboration

• In times of scarcity, they are unable to meet market demand for most commodities. Interventions that would facilitate consistent supply are welcome.
• Access to financing is critical to ensure the store pays promptly for produce delivered.

5.3.10 Greenways Provisional Stores

Greenways is a green grocery supermarket that buys and sells a wide range of horticultural produce from farmers in Meru (Timau, Kibirichia and Ngirisi areas). Produce outlets are schools, hospitals, hotels and restaurants and retail traders (for resale). Produce includes potatoes, carrots, onions, tomatoes, cabbages and mangoes.

The company has two pick-ups and a truck to facilitate collection from farms and delivery to major outlets like institutions. The company has a monthly turnover of approx. Kshs. 360,000.

Model of engagement with farmers

Challenges

• Long-distance driving to collect produce – as far as Isiolo, Meru and Nyeri – leading to higher market prices.
• The company does not provide any extension services to farmers hence quality is compromised. There is also loss of produce to competitors, making difficult to meet institutional orders.

Opportunities

• The business has the financial resources required to buy produce from farmers
• Markets for horticultural produce have been identified and engaged.
• Company has invested in transportation and storage for horticultural produce

5.3.11 Nakuru Wholesale Market Community Based Organization – Onions

Allan Wanyeri is the Chairman of the 45-member traders’ association. The traders source and sell onions to a vast majority of retailers, hotels, restaurants, schools, hospitals and disciplined forces. On average each trader handles 240 MT of onions annually with large traders like Simon Nderitu handling 1500 MT annually. Together, they move an average of 10,000-15,000 MT, translating to an annual turnover of Kshs. 860 million to Kshs. 1.2billion.

Operations of the Onion Association

The association is tasked with the responsibility of controlling the entry of onions into Nakuru Market. Each trader has extension officers and grading clerks based in the onion-producing regions in Kenya (Isiolo, Nyeri, Loitoktok, Mt. Elgon and Ortum) to ensure they collect adequate volumes of properly-cured onions – sufficient for a 12-ton truck.

They have bulking centres within the production areas. When onions are in short supply in Kenya, the traders, working in groups, engage brokers on the ground in Tanzania to consolidate and transport onions, using either hired or own vehicles, to Nakuru.

Model for engagement with farmers

Each trader, working in collaboration with another, deploys a field officer in onion-growing areas to advise farmers on the variety of onion to produce, agronomic practices and post-harvest handling procedures. Farmers who have worked with traders for a while can access seed and agrochemical products, nets and bags for packaging the onions and an assurance for good market prices.

Payment for onions is done via M-pesa or bank transfers because the onion business moves large sums of cash. Farmers are paid as soon as the onions are collected. The main varieties preferred by buyers include Red Pinoe, Jambar F1, Red Passion and Red Creole. Other varieties are acceptable as long as the onion size is medium and has a deep colour.
Challenges

- Kenyan-grown onions are rain fed and therefore only come to the market between February and June. They source onions from Tanzania, Ethiopia and Southern Sudan for the rest of the year.
- The business requires large sums of cash to transact, and sometimes it is difficult for the traders to raise enough cash to bulk-buy onions.
- Onions produced in Kenya are harvested before maturity and hence spoil quickly in-shelf.
- Onions sourced from Tanzania are very high quality but come into the market all at once, flooding the market and thus reducing their profit margins.

Opportunities for collaboration

Considering there is a window of market opportunity between Feb and June every year, Kenyan onion-producing counties should target their production to exploit the good market prices offered during periods of scarcity.

Irrigated onions would fetch good market prices. The paradox is that Kenyan-grown onions are poor quality yet they fetch the best prices because of their period of availability.

5.3.12 Tomato Wholesalers, Kibuye Market, Kisumu

Kibuye market is the largest open air market supplying fresh produce to Kisumu City and its environs. There are 20 tomato wholesalers in the market moving 120 MT of tomatoes daily. The following are representatives of the tomato traders.

<table>
<thead>
<tr>
<th>Name of trader</th>
<th>Volume traded (per week)</th>
<th>Sources</th>
<th>Number of farmers engaged</th>
<th>Mode of payment</th>
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<td>Moraa Ongaki</td>
<td>12 tons</td>
<td>Narok, Subukia, Eldoret, Rumuruti</td>
<td>200</td>
<td>Cash, bank transfer or M-pesa</td>
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<tr>
<td>Zulfa Khamala</td>
<td>48 tons</td>
<td>Loitoktok, Narok Uganda.</td>
<td>400</td>
<td>Cash or M-pesa</td>
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<tr>
<td>Dina Lunani</td>
<td>24 tons</td>
<td>Kitale, Cheptais, Uganda and Narok</td>
<td>300</td>
<td>Cash or M-pesa</td>
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</table>

Table 3: Tomato wholesalers, Kibuye market, Kisumu
Model of Engagement with farmers

The traders have long-term engagements with tomato producers, providing market outlets. They advise the farmers on which variety and when to produce. Preferred varieties include Onyx, Rambo F1, Kilele F1 and any variety that can withstand long-distance transportation.

Farmers with whom they have engaged for a reasonable amount of time can access advance payments to facilitate harvesting, crop protection and other production costs. The traders provide transport, crates and boxes for packaging and loading and offloading services.

Figure 14: Tomato Wholesalers, Kibuye Market, Kisumu Model

Challenges

- Tomato farming is done outdoors. Excessive rains or hailstorm damage can destroy an entire crop creating severe shortage of tomatoes for sale.
- Excessive rains render roads impassable, making it very difficult for the traders to get their produce to the market on time.
- Heavy chemical residues on ripe tomatoes – farmers spray tomatoes just before harvesting or after harvesting the crop making it unsafe for consumption
- Over-production leads to drastic price drop and hence loss of working capital

Opportunities for improving the value chain

It was established that traders know market trends and are therefore able to advise farmers on how to plan production to meet market demand.

Farmers need to be trained on safe use of pesticides to prevent the negative effects of agrochemicals on consumers.

The vast majority of tomatoes supplied in Kisumu are imported from Uganda, which means that traders can also engage local farmers to produce the desired quantity and quality of tomatoes.

Traders can access to financing for working capital because of their frequent bank transactions make them reliable borrowers. This can take time, however, before approval. Any initiatives that can fast-track credit access will improve the traders’ transactions with farmers.

5.3.14 Wakulima Market Potato traders: Francis Kamau

Potato trade is dominated by long-distance traders who use agents to scout for the required potato varieties, volumes and quality before moving to pick the potatoes for various markets.
<table>
<thead>
<tr>
<th>Trader</th>
<th>Location</th>
<th>Sources</th>
<th>Volume</th>
<th>Number of farmers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Francis Kamau</td>
<td>Wakulima Market, Nairobi</td>
<td>Molo, Timboroa, Narok, Mau Narok, Elgeyo-Marakwet, Ol Kalou</td>
<td>2000 tons annually</td>
<td>Uses brokers on the ground to access produce</td>
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</tbody>
</table>

Table 4: Wakulima Market Potato traders

**Model of engagement with farmers**

Francis has been in the potato business for the last 20 years. He has agents in all the potato producing areas. The agents visit farmers to identify the varieties that the market wants. Once they agree on market prices, potatoes are harvested and packed in bags consistent with county policies.

Farmers are paid for their produce, which is then loaded into 3.5 ton canters for transportation to Wakulima Market. The agents provide minimal technical services on production and are paid a commission for the produce they supply. Preferred potato variety is Shangi.

**Figure 15: Wakulima Market Potato traders Model**

**Challenges**

- Different counties have different packaging types and bag sizes. For example Elgeyo-Marakwet package their potatoes in 70-kg bags while Molo and Timboroa package in 150-180-kg bags yet potatoes are sold in 150-kg bags. Traders have to repackage the potatoes before selling, which is an extra cost.
- Farmers are paid cash on delivery on the farm yet sales in the market are done on 3-7 day credit basis to the retailers, pausing cash flow challenges.
- Lack of potatoes in specific months of the year leading to abnormal price hikes.
- Farmers plant varieties of potato that consumers do not want.

**Opportunities for collaboration**

- The trader works in a number of counties and therefore provides market for many potato farmers. Agents can be trained to work constructively with farmers and ensure farmers get value for money and better crop quality.
• The trader has links with 50 other traders selling potatoes at Wakulima market, who can then be linked to potato farmers across the country.

5.3.13 Gakoromone Market Onion traders (Meru): Reuben Magaju

Reuben is a leading onion trader in Gakoromone Market, Meru County. He works with three other onion dealers and together they move 1,200 tons of onions annually whose turnover is equivalent to Kshs. 72 million. He has been in the business for over 15 years.

Sources of onions

• The main source for onions is Isiolo, Nyeri (Kinyaite area), Ngarenyiro (Laikipia County), Chwele (Bungoma County), Ortum (West Pokot) and Ethiopia.

• Market outlets

• Reuben and his team sell onions on wholesale to street vendors, supermarkets, vegetable groceries and other retailers in Meru and surrounding towns of Nkubu, Chogoria, Chuka, Maua and Mitunguu.

• They also supply hotels and schools with onions all-year-round. The price difference between farm gate, wholesale and retailers is in the range of Kshs. 5 and 10. For example, during low supply months (February-May) farm gate prices go up to between Kshs. 40 and 70 and during high supply low prices it ranges between Kshs. 30 and 40.

Model for engagement with farmers

The trader works closely with agents who train farmers on the right variety of onions, crop production practices and post-harvest handling. Neptune, Hussle, Red Pinoe, Jambar and Red Creole are the varieties recommended by traders.

Challenges

• The onion business has serious seasonality problems that make it difficult to solely work with Kenyan farmers. Kenyan onions only fetch good market prices because they come into production when other regions are not supplying.

• Onions from Ethiopia and Ortum spoil fast because of poor post-harvest handling, making the traders lose money.

• Oversupply of onions in June and December/January depresses market prices.

Opportunities for collaboration

The period between February and May has the best onion market prices. If farmers time their produce for supply within this four-month window, they will get good market prices because there are no other sources around this time. Irrigated onions would therefore help farmers address the market price challenge.

5.3.14 Meru Local Market Traders – garden peas: Joyce Kiende

Meru, Nakuru and Nairobi markets move large volumes of garden peas.

Garden peas

<table>
<thead>
<tr>
<th>Trader</th>
<th>Location</th>
<th>Source</th>
<th>Annual Volume</th>
<th>Number of farmers</th>
<th>Annual Turnover (Kshs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joyce Kiende</td>
<td>Gakoromone Market, Meru</td>
<td>Nyahururu, Mau Narok, Kibirichia, Timau, Githongo</td>
<td>140 MT</td>
<td>150</td>
<td>11.2 Million</td>
</tr>
</tbody>
</table>

*Table 5: Garden peas trade Gakoromone Market, Meru County*

Market Outlets

The trader sells garden peas to hotels, restaurants, street vendors and kiosk owners in Meru and its environs. Payment for produce sold to various outlets is done in three days. New buyers without business relationship must pay cash to receive the product.
Model of engagement with farmers
The trader has working relationship with 150 farmers in the major producing areas from whom she sources the peas. She recommends the following seed varieties: Ngirano, Kimeru, Kikuyu and Narok. She uses brokers to consolidate and deliver peas in 100-kg bags. Payment is done on cash-on-delivery basis through M-pesa transactions.

Challenges
- Massive pigeon peas supply between June and September disrupts market prices for garden peas because fresh pigeon peas fetch lower market prices. This leads to high spoilage rates for garden peas.
- Garden peas are mainly produced through rain-fed agriculture. Oversupply in certain months leads to low market prices and undersupply in other months leads to high prices.

Opportunities for collaboration
The trader has sufficient market outlets for garden peas in restaurants, hotels, and retailers. Irrigated garden peas fetch prices as high as Kshs. 150 per kg compared to rain-fed prices of Kshs. 40-50 per kg. Farmers taking advantage of irrigation will earn high incomes from the garden pea production.

5.3.15 Gakoromone Carrot Traders: Mary Gakii
She is a local market trader for carrots with 15 years in business in Meru County. She is a wholesaler who supplies carrots to Gakoromone, Wakulima (Nairobi) and Mombasa markets. She also sells her carrots to retailers, hotels and restaurants.

Source of carrots
The trader gets her supply of carrots from Kibirichia irrigation scheme and Nyeri.

Model of Engagement with farmers
Mary engages with farmers through her agents on the ground. They agree with the farmers on the variety of carrots to be planted (mainly Nantes). The farmers grow them and are taken through the strategies for crop protection until the crop is ready. The trader then buys the carrots on per acre equivalent. An acre of carrots wholesales at Kshs. 70,000 - 100,000 depending on the prevailing market prices.

She harvests, packs and sends the carrots to the market outlets available. Farmers are paid for the produce before it is harvested.

Market outlets
Mary sells her carrots to retailers, street vendors and restaurants in Meru. In Mombasa and Wakulima Market Nairobi, she sends a truckful of carrots. The carrots are sold by market brokers who, upon completion, bank the day’s proceeds for the day and get their commission of Kshs. 100 per bag.

Challenges/constraints
- Mary, like other carrot traders, deals with unavailability of carrots in the dry spell. This leads to high prices both at farm gate and the end market. Steep competition for limited supply at this time makes it difficult to secure the volumes required for her market.
- Transport costs to distant markets like Nairobi and Mombasa reduce profit margins, particularly when market prices are highly volatile.

Opportunities for collaboration
- The trader has market networks in Meru, Tharaka-Nithi, Nairobi and Mombasa markets.
- A production scheme among SME farmers that will ensure a consistent supply of high quality carrots will help expand her business and provide a reliable market for the farmers.

5.3.16 Naivas Supermarket Limited
Naivas operates 49 branches countrywide, 45 of which move fresh horticultural produce. Naivas Supermarket sources fresh horticultural produce from registered suppliers who are taken through a rigorous process to establish their production systems, food safety and ability to consistently supply the supermarket with high quality fruits, vegetables and potatoes. Each supermarket sources produce from local suppliers. However, seasonal produce such as passion fruits, mango, pineapples and oranges are sourced centrally and then distributed to the branches countrywide.
Urban-based branches in Nairobi, Kisumu and Mombasa move large volumes of fresh vegetables, fruits and potatoes. Branches located in other towns move more of imported fruits such as apples, pears, grapes and oranges and less of common produce, since these are readily available in local markets.

The supermarket chain has its headquarters in Nairobi's Sameer Industrial Pack.

Summary of commodities traded by Naivas Supermarkets

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Volume</th>
<th>Source</th>
<th>Annual turnover (Kshs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tomato</td>
<td>1200 MT</td>
<td>Local supermarket branches</td>
<td>12 Million</td>
</tr>
<tr>
<td>Passion fruits</td>
<td>120 MT</td>
<td>Eldoret</td>
<td>18 Million</td>
</tr>
<tr>
<td>Pineapples</td>
<td>100 MT</td>
<td>Thika and Kericho</td>
<td>9.6 million</td>
</tr>
<tr>
<td>Mangoes</td>
<td>500 MT</td>
<td>Garissa, Machakos, Kitui, Makueni, Malindi (Kilifi) Mombasa.</td>
<td>60 Million</td>
</tr>
</tbody>
</table>

Table 6: Summary of commodities traded by Naivas Supermarket

Naivas Branches and their location

<table>
<thead>
<tr>
<th>Branch</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kasarani</td>
<td>Nairobi</td>
</tr>
<tr>
<td>Capital Centre</td>
<td>Nairobi</td>
</tr>
<tr>
<td>Head Office, Sameer Industrial Park</td>
<td>Nairobi</td>
</tr>
<tr>
<td>Naivas Moi Avenue</td>
<td>Nairobi</td>
</tr>
<tr>
<td>Naivas Ruaraka</td>
<td>Nairobi</td>
</tr>
<tr>
<td>Naivas Development House Moi Avenue</td>
<td>Nairobi</td>
</tr>
<tr>
<td>Naivas Kawangware</td>
<td>Nairobi</td>
</tr>
<tr>
<td>Naivas Green House</td>
<td>Nairobi</td>
</tr>
<tr>
<td>Naivas MTRH Kittmat centre</td>
<td>Eldoret</td>
</tr>
<tr>
<td>Naivas Sokoni</td>
<td>Eldoret</td>
</tr>
<tr>
<td>Naivas Rupa</td>
<td>Eldoret</td>
</tr>
<tr>
<td>Naivas Kapsabet</td>
<td>Kapsabet</td>
</tr>
<tr>
<td>Naivas Kitale</td>
<td>Kitale</td>
</tr>
<tr>
<td>Naivas Kisumu</td>
<td>Kisumu</td>
</tr>
</tbody>
</table>

Table 7: Naivas Supermarket branches
Model of engagement with farmers

Naivas Supermarket engages with farmers through two different models: Large-scale, specialised farmers produce and supply certain commodities based on daily orders or suppliers engage with organised farmers to source and supply the various branches. Product quality is checked at the point of receiving. If it meets the specifications, it is accepted; otherwise it is rejected. Payment is done monthly. Naivas expects suppliers to adhere to Good Agricultural Practices but they do not train farmers.

Key Challenges/Constraints

- Lack of consistency: Some suppliers only supply produce over a limited period of time due to the seasonality in rainfall patterns and sometimes, adverse weather conditions.
- New suppliers do not always meet quality requirements. The supermarket therefore rejects the produce affecting sales.
- Seasonal produce such as mangoes, passion fruits, oranges and pineapples require adequate planning for consistent sourcing.

Opportunities for collaboration

- Naivas manages quality checks of the produce they receive. Their suppliers require training on GAPs to ensure they consistently meet quality and quantity parameters.
- Currently, Naivas has a partnership with AFMA (African Farm Markets) who are suppliers of fresh African leafy vegetables produced by contracted smallholders. AFMA only supplies a few branches. There is an opportunity to establish such partnerships with other suppliers. Such partnerships will enhance their capacity to consistently source high quality produce.

5.3.17 Khetia Supermarkets Limited

The supermarket has its headquarters in Kitale with seven branches operating in Eldoret, Kitale, Bungoma, Mumias and Kisumu. The branches include Gigamat in Kitale, Crossroads, Euro and Centre-point in Bungoma, Express in Mumias, Khetia’s Eldoret and Checkpoint Eldoret and Khetia’s Kisumu.

All branches retail fresh produce (vegetables, potatoes and fruits).

Sources

Khetia’s has been sourcing fruits and vegetables from registered local suppliers where the Supermarket exists. This model is being complemented by outsourcing produce from a centralised supplier in Nairobi to supply all branches. Trials done so far revealed sharp increases in commodity prices, leading to low sales across the branches where this model was adopted.

Model of engagement with farmers

Registered suppliers work directly with farmers to consolidate produce and distribute to various branches. The suppliers provide extension services to producers to maintain product quality and consistency. Suppliers are either paid monthly or fortnightly depending on the volume supplied.

Challenges

- The supermarket finds the new model of centralised sourcing and distribution only ideal for commodities with long shelf lives like fruits and onions. Fresh African leafy vegetables must be harvested and sold within six hours.
- Fresh vegetables sell less in the rainy season when there is plenty in the local markets and more in the dry spell when they are in short supply.
- It is difficult to control the safety of produce when there are many suppliers

Opportunities for collaboration

- Khetia’s supermarket is popular among the high population areas of Kisumu, Eldoret, Kitale and Bungoma, who flock the supermarkets to buy other merchandise and green groceries.
- The new model would work well for GAPs service delivery to suppliers and hence maintenance of food safety, quality and supply consistency.
Bibliography
