



Kenya

52 Horticultural Produce Handling Facilities Project

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The project's objective was to improve post-harvesting facilities by constructing facilities to preserve the quality of horticultural produce, and thereby contribute to raise the incomes of small-scale horticultural producers, to reduce poverty and increasing exports, and to enhance Kenya's ability to procure foreign exchange.

Loan Amount/Disbursed Amount: 2,016 million yen/2,016 million yen

Loan Agreement: October 1993

Terms and Conditions: Interest rate, 2.6%; Repayment period, 30 years (grace period, 10 years); Partially untied

Final Disbursement Date: July 2001

External Evaluator: Akira Maekawa (INTEM Consulting Inc.)

Field Survey: July 2003



Evaluation Result

The initial plans for this project was to construct pre-cooling and cold storage facilities (total capacity: 265 tons/day) for preserving the quality of horticultural produce (French beans, cut flowers, etc.), which, alongside coffee, are major produce/export produce in the agrarian country of Kenya, in four locations, but the facilities were actually constructed in eight locations (total capacity: 195 tons/day), including Nairobi, in line with changes in the market environment. Implementation was significantly delayed in consequence of the detailed design (D/D) review and other factors, and project costs over the plan due to higher price increase than expected. It was assumed that the project's executing agency, the Horticultural Crops Development Authority (HCDA) would be responsible for operating the facilities and that they would be used by small-scale producers, but only one facility (the Machakos collection center) is currently being used as a pre-cooling/cold storage facility because commercial contractors have constructed similar facilities and are offering outstanding services. The seven sites (including the Machakos collection center) are being used for weighing and packing horticultural products for shipment; after weighing and packing at the various collection centers, high quality horticultural produce for export is transported to the Nairobi horticultural center where it is sorted for quality and standard. Results from the survey of beneficiaries found that the earnings of small-scale producers have either stayed at pre-project levels or increased,

and in view of the fact that selling prices of agricultural produce is on the decline, the project is considered to have had a certain degree of impact. HCDA is making various efforts to improve the facilities' use rates, including sales activities targeted at private operators, and JBIC has conducted surveys, etc. to recommend that HCDA endeavor to develop domestic markets as a means of achieving this end. There are no problems in the technical capacity, or operation and maintenance system of the executing agency, but it is overspending dramatically because of the low facilities' use rates, and from a managerial perspective, it is hoped that HCDA will recruit personnel from the private sector and promote human resource development and that it will look into leasing the facilities to private operators.

Third-Party Evaluator's Opinion

Although relevance of the project is realized in respect of establishment of agriculture produce logistics, facilities' use rate has been sluggish due to competition with private firms. It is recommendable to reconstruct the executing agency to the corporate organization with expertise and commercial base.

Third-Party Evaluator: Mr. John Muturi Omiti

Obtained a doctorate in agricultural economics from University of New England. Presently holds the post of Senior Research Fellow, Institute of Policy Analysis and Research. Specializes in agricultural economics.

The Machakos Collection Center

Located some 70km southeast of the capital Nairobi, the Machakos collection center was completed in 2000 and opened for business in November 2001. Twenty-six farmers' groups bring their produce to the center. French beans and string beans are collected at the center and horticultural produce handling volumes increased from 36,195kg in 2001 to 112,836kg in 2002. Every effort is being made to avoid falling into arrears with the farmers and payments are made within two weeks of collection in accordance with the terms of the contracts signed with the farmers' groups. In addition, giant radishes, cabbage and other vegetables are being cultivated on the premises and on a 6-hectare plot (approx.) nearby, sales of which are helping to fund operations at the collection center.



Farmland managed by the Machakos collection center



Insulated trucks at the Nairobi horticultural center