# Productivity and Growth in Organic Value Chains (ProGrOV)

## OPPORTUNITIES AND CONSTRAINTS WITHIN THE KENYAN DOMESTIC ORGANIC MARKET

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### Introduction

The Kenyan domestic organic market was estimated to be worth KShs. 212m in value and 5m metric tons in volume by 2010. Organic consumers make about 12% of the population in Nairobi County which is approximately 250,000 people. An increasing interest in organic agriculture is illustrated by the fact that supermarkets, specialized shops, green grocers and restaurants are stocking organic products.

The main challenges facing the sector are lack of adequate supply of products, lack of information for market players as well as lack of organic assurance through certification and labeling. To access and develop this market, organic chain actors require information on opportunities as well as constraints. This study was therefore conducted to identify and evaluate the opportunities and constraints facing the chain actors in the domestic organic sector of Kenya.

### Study Approach

The study was conducted within and around Nairobi targeting domestic organic producers and outlets. Production, marketing and certification information was collected from a survey of 117 organic farmers using a structured questionnaire. The farmers were drawn from the counties of Nairobi, Kiambu and Kajiado which mainly supply the organic market in Nairobi.
Background information was also gathered from sector supporting organisations and the five main outlets around the city. Using this data, a SWOT analysis was conducted on the Kenyan domestic organic sector.

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## Results and Discussion

### *Opportunities*

Ardent Producers: A large number of committed organic farmers have been trained. These techniques if properly implemented can enhance the supply and quality of organic production. Most of the farmers are actively involved in marketing functions directly or indirectly and they understand consumer expectations. However, these farmers need training as groups on marketing and supply issues. Individual farmers are not able to bargain for better prices or operate the internal standards control systems to maintain integrityand quality of organic products. The producers' characteristics are summarized in table 1.

| Farmers Characteristics | Farmers (%) | Remarks |
|---|---|---|
| Certified | 80 | Farmers prefer group certification through the Participatory Guarantee System (PGS) method. |
| Group member | 77 | Group activities limited to table banking. Farmers downplay collective production and business activities |
| Trained | 42 | Different stakeholders involved. Training topics include production and application of manure and organic pesticides. |
| Accessed credit | 30 | Farmers prefer table banking systems, which may be expanded to community financial organizations |

Table 1. Percentage of farmers for different market Development Factors

### *Organic Markets:*

Organic products are sold in supermarkets, organic grocery stores, restaurants and farmers markets in the large cities, mainly, Nairobi. These markets have been operating intermittently due to lack of a consistent supply. Some of the organic products sold and demanded in the markets are vegetables, fruits, cereals, herbs, spices, essential oils and tubers. The main sources of demand are tourists and urban consumers. There is a potential to expand the market occasioned by increasing awareness to health and environmental problems as well as demand for new products such as dairy and meat.

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## *Support Sector:*

Chain actors can access information on markets, standards, inputs and other support services from the national organic movement, Kenya Organic Agriculture Network, (KOAN). Further training and extension services on a variety of organic technologies are freely available with the government extension officers and other organic non-governmental organisations, whose contacts are available from KOAN. A summary or the Strengths, Weaknesses,Opportunities and Threats (SWOT) facing the domestic organic market is illustrated in table 2.

| Strengths | Weaknesses |
|---|---|
| • Farmers already organized in groups<br>• Existing linkages in the local and export markets<br>• Existing organic guarantee system through PGS certification, based on regional standards<br>• Vibrant organic Suppport sector with high capacity to train farmers | • Production of too many small products in raw form<br>• Lack of functional production and marketing groups<br>• Low level of consumer awareness<br>• Limited availability of organic inputs<br>• Uncertified organic producers<br>• Lack of government support |
| **Opportunities** | **Threats** |
| • Unmet demand for organic products in the market<br>• Vertical integration through market innovations like basket schemes,group sales<br>• Many farmers already trained on organic production techniques | • Losses due to drought<br>• Lack of credit access<br>• Introduction of GMO crops |

Table 2. SWOT Analysis of the Kenyan Domestic Organic Market

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### *Inputs:*

Organic inputs are not readily available in the market. Most producers prepare own compost and farmyard manure as well as organic pesticides commonly known as herbal teas. However there exist other input companies dealing with organic products such as Kenya Organic Finest Aromas (KOFAr), Ecofuels, and Amiran which should be linked to the farmers. These companies could also arrange supply of inputs on credit terms.

### *Credit:*

Constraints are increasingly solved through specific customized services from commercial-banks as well as farmers' own initiatives through table banking services within their farmer groups.

### *Certification:*

Lack of certification and labeling has led to elusive price premiums in the domestic market due to the inability to perceive the organic value by consumers. The local certification body EnCert serves both domestic and export markets.

## Conclusions

The market opportunities available can be exploited via investments in farmer training by the various stake holders mainly on marketing issues, certification and labeling; improved chain communication/ coordination and farmer cooperation. These initiatives need to be supported by government policy on organic regulation and certification. These will consequently lead to growth in the sector through more reliable market supply, reduced costs and higher margins for market actors.

**Partners**
Makerere University, Uganda
University of Nairobi, Kenya
Sokoine University of Agriculture, Tanzania
Aarhus University, Denmark
University of Copenhagen, Denmark
International Centre for Research in Organic Food Systems (ICROFS), Denmark

**Associated partners**
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**Further reading:**
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**For more information visit:**
http://icrofs.dk/en/research/international-research/progrov/

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