



FEED THE FUTURE

The U.S. Government's Global Hunger & Food Security Initiative



Highlights of Banana Market Survey

Dr. Hezekiah Agwara

Senior Technical Consultant for Value Chains

Kisii

October 11, 2017



KAVES | Kenya Agricultural Value Chain Enterprises Project

USAID – KAVES is implemented by Fintrac Inc



FEED THE FUTURE

The U.S. Government's Global Hunger & Food Security Initiative

Outline

- Introduction
- Summary of findings
- Potential entry points



KAVES | Kenya Agricultural Value
Chain Enterprises Project

Demand drivers

- Large and rapidly growing market for bananas due to rapid growth in demand with changing consumption habits and lifestyle
- Supply lagging demand due to numerous production challenges - large unmet need for both types of bananas
- Projected large increases in consumption.
- Production and trading in bananas highly profitable and rewarding.
- Inadequate commercial value addition and processing.
- Increasing Government policy interest.

The Surveys

- USAID-KAVES conducted surveys of banana production and markets in 2015.
- Goal: - Provide evidence-based justification for interventions.
- Key objective - gather and analyze information on key constraints and market opportunities.
- Surveyed major growing areas and markets across 11 counties, interviewing 142 traders and 125 farmers.



Findings of Markets Survey

- Kenya produced an average 1.4 million tons of bananas on about 50,281 hectares between 2011 and 2014 - highest out in 2008/9 (1.69 MMT).
- Leading producers: Meru (19%); Kirinyaga (14%); Embu (12%); Taita Taveta (9%); Muranga (7%); Kisii (6%); Tharaka Nithi (6%); Bungoma (5%).
- Highly commercial - farmers sell about **86%** of output, on average.
- Strong demand for bananas - inadequate production, not markets, is the main constraint

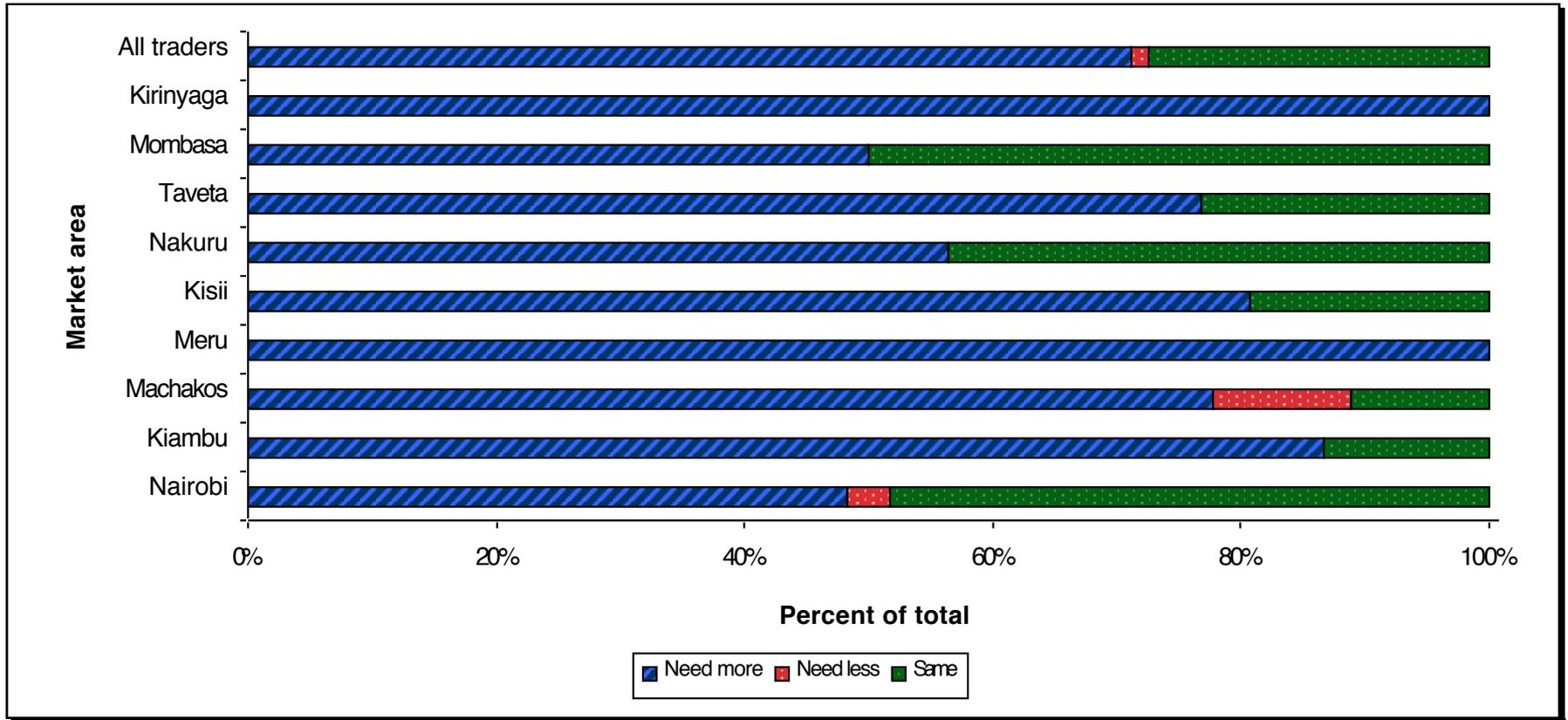




FEED THE FUTURE

The U.S. Government's Global Hunger & Food Security Initiative

Market Opportunities - Strong Demand



Average Trade Turnover and Actual Demand for Bananas

Market Area	Demand status	Total
Nairobi	Current average (bunches)	1,046
	Percent need, net	44%
	Additional demand (bunches)	840
Nakuru	Current average (bunches)	364
	Percent need, net	42%
	Additional demand (bunches)	248
Mombasa	Current average (bunches)	3,555
	Percent need, net	50%
	Additional demand (bunches)	1,865
Kisii	Current average (bunches)	427
	Percent need, net	87%
	Additional demand (bunches)	304
Total sample	Current average (bunches)	787
	Percent need, net	55%
	Additional demand (bunches)	414

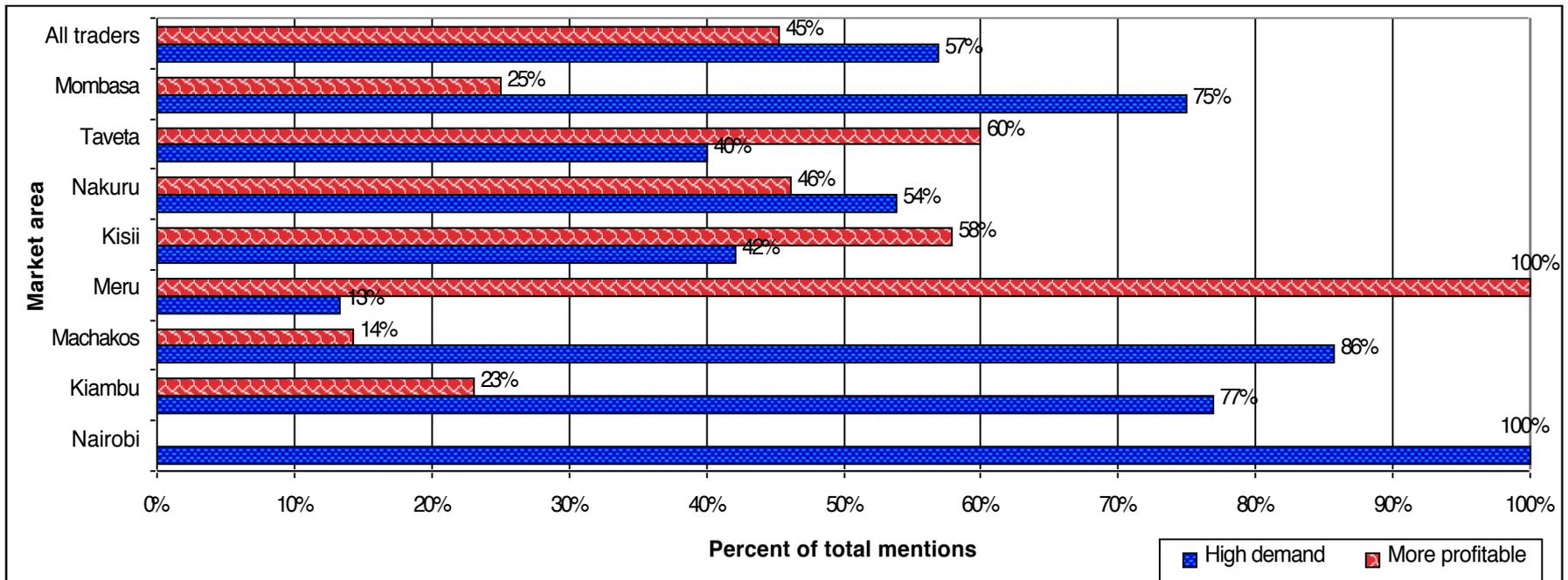
Market Opportunities - Unmet Demand

Estimated Monthly Banana Requirements by Market Area

Market area	Current Turnover (bunches)	Unmet Demand	Effective Demand (bunches)	Supply Shortfall (bunches)
Nairobi	90,000	44%	129,600	39,600
Kiambu	30,000	49%	44,700	14,700
Machakos	16,000	51%	24,160	8,160
Meru	140,000	70%	238,000	98,000
Kisii	33,600	87%	62,832	29,232
Nakuru	75,360	42%	107,011	31,651
Taveta	82,000	39%	113,980	31,980
Mombasa	210,000	50%	315,000	105,000
Total	676,960	53%	1,035,283	358,323

Source: KAVES Calculations from Banana Surveys 2015

Reason for wanting more bananas





Banana Types Traded

Share of banana type in traders' stock

Type of market	Share in stock	Traders of both types	Total sample
Source	Dessert share	57%	71%
	Cooking share	43%	54%
Destination	Dessert share	77%	96%
	Cooking share	23%	66%
Total sample	Dessert share	62%	87%
	Cooking share	38%	59%

Source: KAVES Banana Surveys 2015

Most Traded and Preferred Banana Varieties

Varieties	Percent of total responses	
	Most Traded Currently	Preferred in future
Cavendish (Giant/Dwarf)	23	7
Matoke/Kienyeji/Kiganda	20	20
Kampala	18	32
Apple	10	17
Ng'ombe	8	13
Kisagara	7	8
Kimalindi	5	18
Muraru/Kimeru	4	3
<i>Sum dessert</i>	59	
<i>Sum cooking</i>	39	

Source: KAVES Banana Surveys 2015

Banana Prices

Prices per bunch

Price	Market area								Total
	Nairobi	Kiambu	Machakos	Meru	Kisii	Nakuru	Taveta	Mombasa	
Min buying	250	250	300	150	200	300	100	340	100
Mean buying	563	489	458	269	357	555	192	424	427
Max buying	1,200	1,000	600	450	800	850	250	490	1,200
Min selling	500	400	700	350	300	450	250	540	250
Mean selling	1,041	805	1,082	475	540	1,010	329	593	747
Max selling	2,340	1,500	2,000	650	1,500	1,750	500	610	2,340
Price spread	85%	65%	136%	77%	51%	82%	71%	40%	75%

Source: KAVES Banana Surveys 2015

Banana Trading Cost/Margins

Banana Trade Cost and Gross Margins, per bunch

Item	Cost								All
	Nairobi	Kiambu	Machakos	Meru	Kisii	Nakuru	Taveta	Mombasa	
Buying price	563	489	458	269	357	555	192	424	427
Bulking/transport	46	52	26	35	29	46	20	57	40
Dehand/grade		8		1		1		12	2
Ripening/storage	9	8	5	5	5	2		41	7
Other costs	2	2		11		2	1		3
County cess	15	11	3	9	12	3	10	5	9
Total cost	636	573	493	331	402	611	223	538	488
Gross margin	405	232	589	144	138	400	105	54	259

Source: KAVES Banana Surveys 2015

Banana Trading Cost/Margins

Summary of Average Banana Trading Gross Margins

Items	Amount by market area						All areas
	Nairobi	Meru	Kisii	Nakuru	Taveta	Mombasa	
Total value	9,391,592	2,950,740	4,146,267	4,459,461	3,266,077	25,287,500	6,475,489
Gross margin	3,022,809	987,742	1,170,591	1,895,235	1,073,614	2,229,839	1,833,239
Gross margin (%)	39%	30%	26%	40%	32%	9%	35%

Source: KAVES Banana Survey 2015



Agribusiness opportunities in banana

1. Production - seedlings propagation; farming
2. Sourcing/supply - aggregation, quality control.
3. Transportation/logistics - bulky, fragile, perishable produce.
4. Storage/preservation technology, facilities, and services.
5. Market facilities
6. Farm and market management info systems.
7. Processing - cottage industries.

Thank you



FEED THE FUTURE

The U.S. Government's Global Hunger & Food Security Initiative

www.feedthefuture.gov



KAVES | Kenya Agricultural Value
Chain Enterprises Project