



## AGRF 2016 – VALUE CHAIN WORKING SESSION REPORT

Day 4 - Thursday, September 8  
14:00pm- 15:45pm  
Working Session: Potato Value Chain

### SESSION BRIEF

**Context:** Despite its massive potential, the potato sector has until very recently largely been neglected by both the commercial sector and public institutions in the East Africa Community (EAC). One example of this is that the potato sector stands out for its absence of clean, high yielding seed despite it being both an important food source and one of the most profitable crops for smallholder farmers.

Although processing of potatoes is potentially lucrative, bottlenecks include limited access to processing varieties and processing machines, limited knowledge of processing techniques, high costs of electricity, lack of standards, insufficient and poor storage and transport facilities, poor road network infrastructure, inefficient utility service providers, lack of strong farmer associations, limited flow of information, and inadequate financial intermediaries to name but some of the challenges.

With growing demand, there are opportunities throughout the value chain for the private sector which can address the challenges. There is need for investment, or commercial finance, so that farmers can access appropriate seed varieties which are good for processing. There is also a need to invest in new processing techniques and technologies, and to develop strong partnerships along the value chain, but especially between farmer organizations and input suppliers to ensure quality and quantity, and then farmers and processors. There also needs to be investment in cold storage to mitigate against the supply / demand gap and price volatility, and to improve access to finance, especially for farmers. If the above investments and partnerships are made then there is a strong business opportunity for many value chain actors.

**Session objectives:** The purpose of the session was to showcase how an integrated value chain can unlock value for all investors with a proposed pilot for Kenya and for Uganda, Rwanda and Tanzania to discuss how to roll out similar initiatives

#### Key Issues/ Questions:

- How do we deal with challenges of contract farming?
- How do we ensure that we manage partners who are also competitors in their business lines?
- Which other crops can we introduce as rotational crops for Potato with good returns?
- How do we ensure speedy seed certification processes?
- How do we attract extra processing capacity in the region?



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**Outcome Desired:** Launch of the Potato Value Chain Implementation consortium pilot for Kenya.

**Organizer(s):** Alliance for a Green Revolution in Africa (AGRA) & GROW Africa

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Name	Picture	Discussion
<p>Mr. Sean De Cleene, Chief, Strategy and Partnerships, Alliance for a Green Revolution in Africa (AGRA)</p> <p>Role: Moderator</p>		<p>In his opening remarks about this session, the moderator, Mr. Sean De Cleene of AGRA stated that there is growing excitement about the potential of the potato value chain in the East Africa region.</p> <p>He added though that efforts are needed to improve the economic impact for farmers. Despite growth in production and consumption, potato farmers have not yet benefited, with farm-gate prices remaining low due to highly fragmented supply chains.</p> <p>Productivity per hectare also remains low in the region, because of a lack of quality inputs like seed. In addition, poor storage infrastructure has consistently led to significant post-harvest losses which have often exceeded 33% of the production of the farmers.</p> <p>The challenges and weaknesses in the value chain, coupled with increased demand for potato and processed potato products, presents an opportunity to increase farmer incomes in the East Africa region. This though, he added, requires a coordinated approach to develop the value chain in a holistic way.</p> <p>Grow Africa has worked with the potato platform launched in Kenya in 2015 to support its evolution into a regional potato consortium, in partnership with the Alliance for a Green Revolution (AGRA).</p>



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<p>Ms. Leah Kasera, Country Representative to Ethiopia &amp; Kenya, GROW AFRICA</p> <p>Role: Setting the Stage</p>		<p>In providing the delegates with the Setting the Stage presentation, Ms. Kasera of GROW Africa pointed out that the Potato Consortium is an important milestone in the efforts to try and ensure that the maximum benefit is gained from potato farming in the region. There is interest developing in the regional potato value chain and therefore this is the right time to launch and develop the consortium.</p> <p>Historically, the region’s potato value chain(s) has been negatively impacted by the lack of proper seed - and by post-harvest losses due to inadequate storage and processing facilities and the crops relatively short post-harvest shelf life. To reduce post-harvest losses, there is a need for cold storage for farmers to preserve their produce in order to wait for stable prices. However, cold storage needs large-scale production to make economic sense.</p> <p>She further added that potato is a strategic crop for Kenya and the second most important crop across the East African region. Recent engagements show stakeholders want to get involved in this value chain. However, she asserted, it will take a group effort to address the various existing challenges in the potato value chain as no one institution can address all of the issues that require attention to make the value chain attractive and competitive – particularly for small holder farmers.</p>
<p>Mr. Valentine Miheso, Lead, Potato Value Chain, AGRA</p> <p>Role: Setting the Stage</p>		<p>The second phase of the Setting the Stage presentation was given by Mr. valentine Miheso of AGRA. In picking up where Ms. Kasera left off, he added that the creation of the potato consortium is a result of partnership between AGRA, GROW AFRICA, several East African Community governments, and selected other stakeholders.</p> <p>A key rationale for developing the Consortium is the fact that the productivity of potato growing smallholder farmers in the East Africa Community is much lower than global rates. This makes it difficult for them to rise out poverty, and as long as smallholder farmers are not making money, others will not make money.</p>



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		<p>The potato consortium is thus a bid to restructure how the value chain works and build the capacity of smallholder farmers to more efficiently and profitably run their farms. The major areas of intervention are through the provision of quality seed, fertilizer and other inputs, development of infrastructure and also processing facilities.</p>
<p>Mr. Jaidev Shroff, Executive Director, UPL, India</p> <p>Role: Keynote Speaker</p>		<p>In his keynote address, Mr. Schroff introduced his company, UPL, and stated that they are working to help improve the availability of potatoes due to an increased demand. UPL, he continued, recognizes that there is a need to help the farmers to be able to store their produce during the harvest season to allow them to sell later when prices have stabilized (during the harvest season because of greater supply and the perishability of the crop, prices tend to be lower). To achieve this, there is need to reduce postharvest losses in the values chain. Through the potato consortium, UPL will support the development of cold chains across the region.</p> <p>In East Africa today, the lack of electricity, land availability and appropriate seed are some the challenges potato farmers face.</p> <p>Many entrepreneurs compete with big brands but we want them to bring in technologies to be able to be competitive. India produces about 35000 tons of potato per month so we know how to manage the crop.</p> <p>There is a lot of work that needs to be done here to ensure that we raise the production of potatoes but we are excited to contribute and ready to help address the challenges ahead.</p>
<p><b>Panelists</b></p>		
<p>Mr. Wachira Kaguongo, CEO, National Potato Council, Kenya</p>		<p>In his remarks, the first panelist, Mr. Kaguongo, reiterated that there are many issues and challenges in the potato value chain that should be looked at with a systematic approach and thorough thought processes. There is need to move potato farming from subsistence to high value commercial farming. For those who are already undertaking commercial potato farming there is need to increase productivity as the current production per hectare is way below the expected output.</p>



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		<p>Seed is the key bottleneck in potato production. Seed for potato has many challenges since the potato is highly perishable, bulky and sensitive. A 50-kilogram bag is KES 3200; this is very expensive for East African farmers.</p> <p>Other major challenges that potato farmers face include access to credit, loans and the need to de-risk the value chain, especially at farm level.</p> <p>He noted in closing though that public private partnerships can work well in potato value chain and lauded the participation of UPL in the consortium. Through the consortium, he continued, the public sector and private sector partners are committing to work together.</p>
<p>Mr. Wilfred Mushobozi, CEO, Crop Bioscience Solutions Ltd. Tanzania</p>		<p>Mr. Mushobozi added to the discussion by reiterating the fact that potato production has indeed witnessed growth in the East Africa region over the last two decades. However, he agreed access to seed remains a challenge. His firm, Crop Bioscience Solutions Ltd., has invested heavily in a commercial tissue culture laboratory to research and develop new varieties that are more resilient and disease free.</p> <p>“We need to move farmers from producing 3000 tons to producing between 20000 to 80000 tons per hectare. This is only possible if we invest in good seed” he said.</p> <p>Potential potato processors that are interested in working with East African farmers consistently ask about the quality and the availability of seeds, Crop Bioscience is working to ensure that the farmers produce the amount of seed they need and thus will produce enough potatoes to meet the demand.</p> <p>These efforts must be approached from a local, national and regional level. The consortium provides an opportunity to make the potato value chain work efficiently.</p>



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<p>Ms. Annastacia Kintia, Director, Retail Group, KCB Group</p>		<p>Ms. Kintia of KCB was the next panelist and she contributed the fact that banks have recognized that if we do not get into this value chain then we will lose a lot. Many banks are willing to finance the potato value chain.</p> <p>Increasingly we are also coming to understand that we should move away from traditional collateral lending to providing capital that is more patient. We need to catalyze this transformation as partners. The financial sector is still under-utilized through a consortium approach. “We hope to see more rapid growth in this value chain considering the rising consumption of potato. No single financial institution can meet the financial needs of the entire value chain, there is thus need for other interested financial institutions to join the consortium so that we can work together” she said.</p> <p>She added “We are engaging with other players like processors to ensure that there is more support for this value chain. There is also a need to look at additional ways of de-risking agriculture, generally, and this value chain, specifically. This can happen through linking with buyers/ off-takers. We have to work together with other partners to make this work”.</p> <p>For farmers to get easy access to credit the bank can use data from the off-takers to help farmers to get a credit score that will facilitate their getting more access to loans.</p>
<p>Dr. Jan Low, Expert, International Potato Centre</p>		<p>Dr. Low joined the panel discussion by adding the point that the success of the regional potato value chain in East Africa lies with the provision and access to quality, available and affordable potato seed.</p> <p>There is need for further multiplication of seed on disease free farms and then the release of this seed to farms for planting. Even with this, the seed must be affordable before being released to the market.</p> <p>Another major challenge is, fertilizer use in roots and tubers is very low in the region hence, we need more blended fertilizers to meet specific soil nutrient requirements.</p>



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		<p>We need to be innovative about how we can get potato crops in the region tested for diseases. There is only one company in Kenya that tests for about six different viruses in potatoes. Even when the farmers manage to produce and supply to the market, bacteria wilts are bad for processors, therefore there is also a need for extension services to help farmers screen for diseases and take precautionary measures throughout the production process.</p>
<p>Dr. Richard Lesiyampe, Principal Secretary, Ministry of Agriculture, The Republic of Kenya</p>		<p>Dr. Lesiyampe spoke to the delegates as a representative of the government of Kenya keen to see the potato value chain grow and develop. He reiterated the fact that potato is the second most important crop in Kenya and the East Africa region. He added the fact that it employs about 2.5 million farmers in Kenya.</p> <p>The Kenya Government is investing to ensure we scale up potato production in the country, and as such we are keen to pursue synergies and partnerships with other stakeholders. A consortium approach is best. The potato value chain starts from farm to fork.</p> <p>He added that the government is ready to work with the consortium by providing needed human resources. For the success of the potato value chain, public (and private) research institutions should play a role, he continued, by providing new seeds that are disease free. The consortium should have its focus on encouraging the farmer to be inspired and motivated to continue planting this crop. Market availability and demand will encourage farmers to grow the crop.</p> <p>Since provision of seed is important, the Kenya Agriculture and Livestock Research Organization (KALRO) is working on developing new and resilient seeds for introduction to the potato value chain.</p> <p>He added that government can also make available disease free land in semi-arid areas and support the potato value chain through the introduction of irrigation in those areas.</p>



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### Summary

Seed is a key issue in the development of the potato value chain in East Africa since potatoes can carry a lot of virus, which limits productivity. A potato virus indexing facility is needed in the region and should be developed if we are to make potato farming successful through the provision of quality seed. Since seed multiplication is a challenge, the Kenya Government is willing and ready to provide disease free land for seed propagation.

Financial institutions like KCB are beginning to see the importance of this value chain and are seeking to find opportunities to participate in them. Some buyers are opting for contract farming.

For success of this value chain, production needs to be high in order to meet the demands of the markets. Processors are not getting enough supply meaning there is ready market for potato.

The cost of credit is very expensive at present, and only available for short periods, which discourages farmers from pursuing some of the available credit as it is deemed expensive and not aligned with the production processes of the value chain.

Currently, the capacity of regional farmers also needs to be improved as many do not understand production. We must also train farmers on seed production and soil management in order to maximize the benefits of potato farming.

The consortium is an important approach since it brings many players on board to discuss, fill research gaps, aggregate and market produce, and to identify cost effective finance. Through the consortium, we can make potato a globally competitive industry.