



ssnup

Smallholder Safety Net
Upscaling Programme

INTRODUCING VIRGIN COCONUT OIL TO THE LOCAL MARKET IN KENYA



Africa



Latin America



Asia



Financial services



Non-financial services



Market building



Internal management

CONTEXT

The agriculture sector in Kenya continues to play a vital role in the country's economy, contributing 26% to the Gross Domestic Product (GDP) with another 27% of the GDP indirectly linked through other sectors. The sector employs over 40% of the total population and more than 70% of Kenya's rural people.¹ Coconuts have been grown in Coastal Kenya for many centuries and are an integral part of the farming systems in the region. Over 80% of the coastal farm households derive their livelihoods either directly or indirectly from the coconut tree that is considered as both cash and a food crop.

CURRENT STATUS OF THE INVESTEE

KENTASTE PRODUCTS LIMITED (KENTASTE) is Kenya's leading manufacturer of coconut-based products. It was founded in 2008 and is fully owned by Coconut Holdings. The company has focused on producing retail branded virgin coconut oil (VCO), coconut milk, coconut cream, desiccated coconut, and coconut flour. Sourcing coconuts from close to 3,500 smallholder farmers, out of which almost 2,000 are fair for life and organic certified, KENTASTE has had a tremendous impact on the coconut sector in Kenya as the only major producer in the country. Recently, the company's growth has been driven by export markets, with the strategy to focus on the market ready to pay for the premium-priced product. However, in the long term, the company also wishes to diversify by growing in the local market.

OBJECTIVE OF THE PROJECT

The objective of the project is to test new coconut products for bottom of the pyramid clients that are best suited in terms of size and price within the existing market niche, which in turn will drive demand for coconuts and improve the KENTASTE value chain. Currently, this market does not access virgin coconut oil easily as it is sold in larger bottles that they cannot afford, despite the product being very versatile: it cannot only be used for cooking but can replace widely present cosmetic skin, hair, and baby care products that are often based on petroleum derivatives or other harmful substances.

The main expected outcomes are:

- Proved a healthy alternative to harmful products with an environmentally friendly distribution channel.
- Increased the number of farmers to 5,000 (3,449 for now) due to an increase in demand.
- Improved financial performance and market positioning of the company.

¹ <https://www.fao.org/kenya/fao-in-kenya/kenya-at-a-glance/en/>

IMPACT INVESTOR



AGGREGATOR / INVESTEE
KENTASTE PRODUCTS
LIMITED (SME) – Kenya

TARGETED N° OF FARMERS
5,000 farmers

AGRICULTURAL VALUE CHAIN
Coconut

STARTING DATE
November 2022

DURATION
8 months

TOTAL TA BUDGET
€ 159,007
Including € 60,007 (38%)
contribution from SSNUP

