

Enterprising solutions

A networking event to discuss working together to enable African smallholder farmers to engage in agricultural value chains

Friday 25th November 2011, 10am to 1pm

Laico Regency, Nairobi



Compiled by Jenny Rafanomezana

Copies of all presentations available on request.



Enterprising solutions
Working together to enable African smallholder farmers to engage in agricultural value chains
Laico Regency, Nairobi, 25th November 2011

Join us at the Laico Regency, Nairobi for a business breakfast and seminar

Self Help Africa will host an interactive discussion, bringing together a panel of experienced guests on topical issues at the interface of business and development. This will provide a valuable opportunity to draw on the rich experiences of innovative enterprise development work in Kenya and contribute to the debate on civil society-public-private sector partnership approaches for smallholder enterprise development.

07.30-08.30 Business breakfast

A keynote speech will be delivered by the Minister of State for Planning, National Development & Vision 2030. This will be followed by discussions with leading figures from the business sector, government and NGOs on enterprising solutions for smallholder producers.

09.00 – 13.00 Seminar

This will provide an opportunity to go into greater depth on key areas:

- Brokering partnership: innovation intermediaries and facilitating market access
- Business approaches to providing value chain services to rural communities: franchises, agro-dealer networks and more
- Multi-sector partnerships: experiences from different perspectives and key success factors
- Ethical trading opportunities: working with companies and smallholder cooperatives to meet trading standards
- Gender and value chain approaches: women's collective action in agricultural markets
- Innovative uses of ICT to support rural enterprise development.

Speakers will share experiences, with plenty of time for debate.

13.00-14.30 Lunch & networking

To register, e-mail: pauline.mungo@selfhelpafrica.org



www.selfhelpafrica.org

Self Help Africa hosted an interactive discussion, drawing on the rich experiences of innovative enterprise development work in Kenya.

The seminar had a particular focus on the role of civil society organisations in brokering partnerships and facilitating market access and on innovative examples of sectors converging to respond to development challenges through market-based approaches.

The proceedings that follow are offered as a contribution to the debate on civil society-public-private sector partnership approaches for smallholder enterprise development.

Enterprising solutions: Introduction

David Otieno, Kenya Country Director, Self Help Africa

David shared his experiences in enabling smallholder producers in Kenya to engage in markets. He defined the focus of the event on initiatives that provide opportunities for smallholder farmers to participate in value chains, build an understanding of market demands for products and achieve economic gains. This can be achieved when different stakeholders work together; it requires the private and financial sectors as well as government creating an enabling environment. Farmers often have great ideas but the challenge is how to turn those ideas into realities due to inadequate resources and access to credit.

A partnership with the financial sector will facilitate the development of tailor-made credit packages that suit the needs of the various categories of the farmers. Our role as development partners is to facilitate the development of effective and sustainable partnerships, that address the barriers faced by rural farmers, herders and fisherfolk in reaching their potential; to empower smallholder producers to bargain for the right pricing for their products and access the services they need to develop their enterprises. NGOs also have a critical role to play in building capacity of farmers to organise and work together to produce whatever commodity (flowers, fish, beans etc) of the right quality and quantity at the appropriate time on a regular basis, at the right cost. With a stable economic foundation, households are able to address other elements of poverty – adequate shelter, education, health and improved lifestyle.

PANEL 1 - Brokering partnership and facilitating market access

Chair: Jenny Rafanomezana - Head of Research, Innovation and Learning, Self Help Africa

South Sudan Local Cassava Initiative – Partnership between FARM-Africa & SAB Miller

Helen Altshul, Regional Director, FARM-Africa

FARM-Africa shared their experiences of integrating smallholder farmers into a supply chain, through the example of the work they are doing with smallholders in South Sudan to supply cassava to SABMiller (with support from an AECF grant to SAB Miller). It was highlighted that this is about more than just growing cassava - its about smallholder farmer development.

Project Summary

GOAL: To introduce local smallholder sourcing of cassava for South Sudan Beverages Limited (a wholly owned subsidiary of SAB Miller).

PURPOSE: To strengthen the capacity of smallholder farmers so that they are able to become reliable suppliers of cassava at the right quality & cost to meet SAB Miller's annual requirements.

OUTPUT 1: Mobilisation of smallholder farmers & increase in awareness of & engagement in the project.

OUTPUT 2: Strengthening of the business & specialist agronomic skills of smallholder farmers.

OUTPUT 3: Building of the capacity of smallholder farmers to deliver a high quality product.

FARM-Africa's role in building the capacity of smallholders to deliver a high quality product is being achieved through mobilisation of farmers into groups, establishment of Farmer Field Schools, training (agric practices & participatory M&E), regular meetings with farmer groups and through negotiating contracts on behalf of farmers. There is also a communication role, disseminating information between farmers and SAB Miller and building awareness of the initiative.

SAB miller is interested in the localisation of their supply chain and raw material substitution – finding locally produced raw materials which can replace current ones/imports to the same quality and specification and more cost effectively. If successful they will scale this up. The bottom line figures certainly seem to be telling a positive story, especially when viewed alongside the benefits to smallholder farmers .

The Bottom Line	Benefits to smallholder farmers
<ul style="list-style-type: none">• Project costs \$2.94 million – AECF grant \$842,000 for 3 years (FARM-Africa) + \$2.1 million SAB Miller contribution (processing plant, new cultivar development, management time)• Annual raw material costs savings to SSBL – \$1 million per year• Annual profit for cassava processing facility – \$50,000 per year• Total net income increase for smallholder farmers – \$600,000 per year	<ul style="list-style-type: none">• Convert what is currently a subsistence crop into a cash crop• Strengthen 2,000 smallholder farmers' agronomic skills• Provide access to an assured market for their cassava at a pre-negotiated & jointly agreed price• Increase food security• Increase household incomes• Build farmer organisations

An important part is building links between the farmers and SAB through a Dutch middleman (managing processing aspect. A key issue highlighted was the need to provide 'hooks' that build farmer loyalty and lasting relationships – this has been approached through free root stock

distribution, cultivar development leading to higher yielding varieties, leveraging scale through bulk purchasing of farmer inputs and initiative branding. Farmer to farmer dissemination of technologies and knowledge will also be promoted.

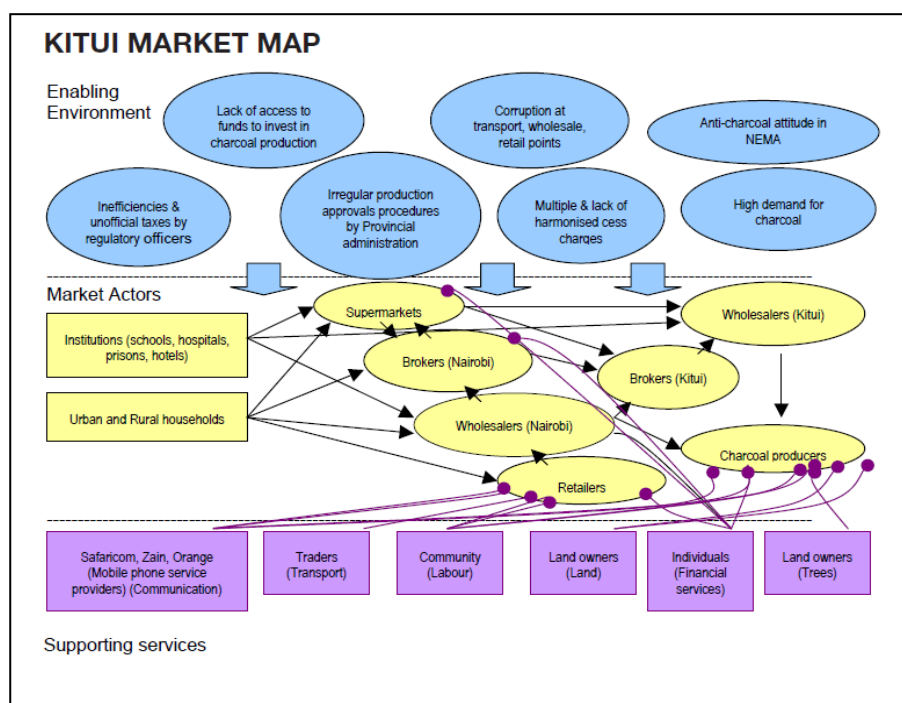
In terms of sustainability the strong farmer associations will be key – these will be able to assist members to access other markets. By focusing on guaranteeing quantities of produce and quality control they will be attractive business partners for the private sector.

For more info visit: www.farmafrica.org.uk/southern-sudan/southern-sudan-cassava-project

Participatory market development and beyond

Lucho Osorio, International Coordinator - Markets & Livelihoods, Practical Action

Lucho talked about Practical Action's approach to inclusive market development and how the market chain must be considered from the context of the business environment and input/service providers. Market mapping is a very important process and there were several examples of how Practical Action carries out Participatory Market Systems Mapping to try to simplify a very complex and ever-changing reality (see below). This can provide a basis for dialogue between different stakeholders and paving the way to action. Facilitation is the key to empower marginalised farmers to engage more productively and effectively with other market actors.



The question 'Capacity building for what?' was raised as an important point to bear in mind, in particular in relation to the role that NGOs play and moving away from technical focus to building 'Capacity for engagement'. NGOs can play a key role in making links between

providers and end-users; facilitating a process of engagement between stakeholders and building trust as a precursor to getting the voices of farmers heard and to enable change in processes and policies that will open up opportunities. Practical Action have helped farmers to develop their pitch, not only negotiate on price but move towards quality, volume and reliability of supplies. The final step is then to help farmers develop action plans.

To be serious about markets we need to be conscious of scale and to use the power of markets to achieve scale. Can continue conversation by email / local learning group.

For more info visit: practicalaction.org/markets-2

Strengthening Farmer Organisations for Greater Market Access (FOSCA)

Pauline Kamau, Programme Office - FOSCA, AGRA

FOSCA is one of AGRA's cross-cutting programmes which improves the effectiveness of representative organisations for smallholders.

Vision: Increase smallholder incomes and livelihoods through effective Farmer Organization capable of delivering on the needs of their members

Mission: To improve the livelihoods of African smallholders, especially women, by working to enable FOs provide demand-driven, income-enhancing services to their members.

Goals towards a network of prosperous farmers:

- (i) identifying a robust network of Farmer Organizations (FOs) in AGRA priority countries and identifying income-enhancing needs of their members;
- (ii) increasing the supply of relevant services available to FOs to respond to their needs;
- (iii) linking FOs with service providers, and private sector players in value-chains,
- (iv) document lessons, evaluate outcomes, and build the knowledge base on FOs in SSA.

AGRA's strategy involves profiling of farmer organisations, site visits, proposal development and grant making. FOSCA's focus is on improving technical capacities (production-related, market-related and partnership management) and institutional/managerial capacities (organizational, legal, financial and human capital). FOSCA also builds policy-related capacities supporting farmer organisations to access evidence to inform policy and to act as a conduit to ensure the smallholder farmers' perspectives and preferences are integrated within the policy-making process.

See www.agra-alliance.org

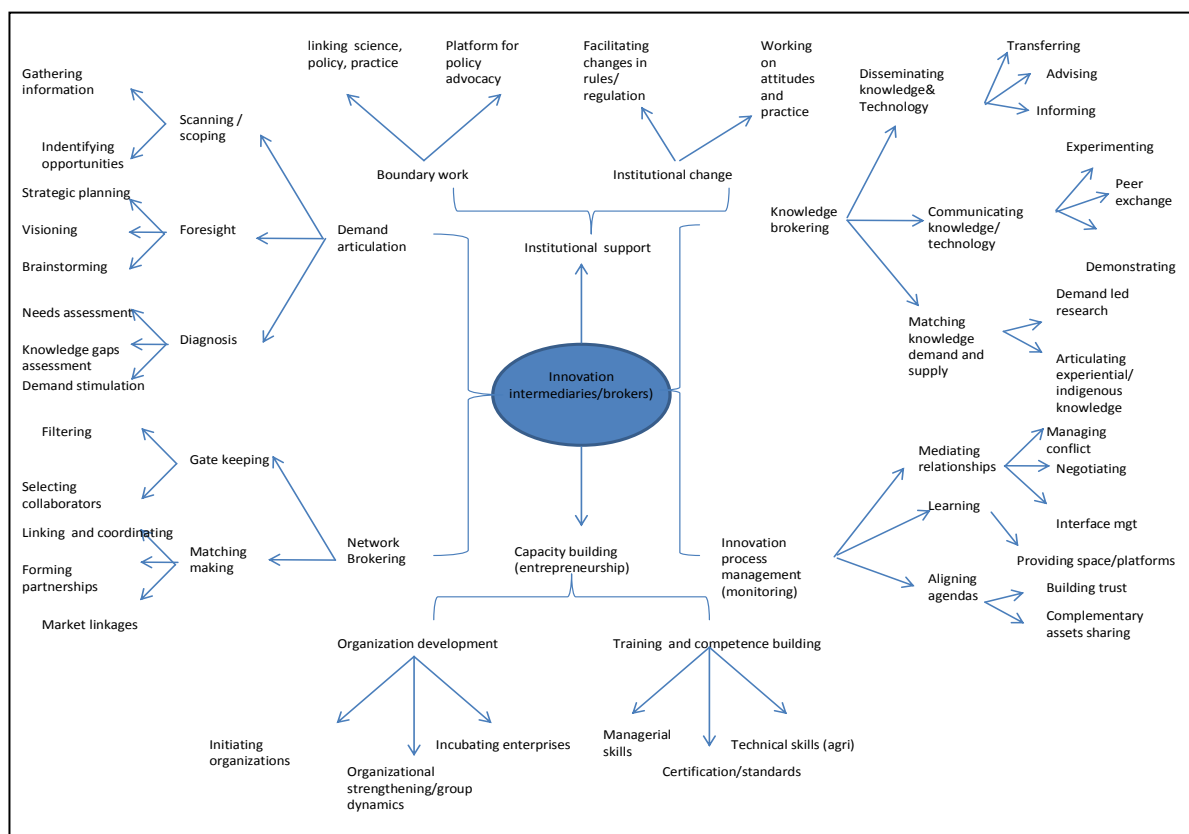
Beyond Knowledge Brokerage: Role of Innovation Intermediaries in an Evolving Smallholder Agricultural System in Kenya

Catherine Kilelu, Wageningen University

The agricultural sector in many developing countries, is evolving, driven largely by a policy and practice push to transform smallholder producers into entrepreneurs, pursuing market

opportunities in agricultural value chains, while continuing to address food insecurity challenges. Understanding of innovation has changed- seen as a successful combination of technology, knowledge, organizational and institutional dimensions (Smits 2002). Agricultural Innovation Systems (AIS) approaches reflect this shift and recognize innovation, interactions among multiple stakeholders bringing different knowledge and that organization/individuals innovate in the context of a system. Recognition that mobilizing such networks (reconfiguring relationships), enabling learning—central to enabling innovation – remains a challenge in most contexts . This has focused attention on the role of the intermediary domain: Innovation intermediaries are defined as an organization or body that acts as an agent or broker in any aspect of the innovation process between two or more parties. Such intermediary activities include: helping to provide information about potential collaborators; brokering a transaction between two or more parties; acting as a mediator, or go-between, bodies or organizations that are already collaborating; and helping find advice, funding and support for the innovation outcomes. There is a need to go beyond knowledge brokers as ‘infomediaries’ and move to broad innovation system intermediaries.

Types/role of intermediaries are context specific but a range of innovation intermediary functions were identified:



A typology of innovation intermediaries was shared using example from research in Kenya: *Systemic brokers*- Intermediaries, who work at higher network level (e.g. sector wide), are important in facilitating interactions and coordinating efforts for long-term sector changes.

Technology brokers-These work in the realm of emerging technologies and are involved in stimulating demand for new technology.

Enterprise development support -Most of these intermediaries are substantively involved in the innovation process, including providing extension support (production), research, and business skills training.

Pro-poor input access - These intermediaries work in the context of poor households to facilitate demand for the existing technologies (seeds/fertilizer) and provide technical support for enabling experimentation with these technologies accessed in small packs, thus minimizing the farmers' risk.

It will be important for CSOs to consider the kind of roles which they play in this context.

Discussion

The question and answer session covered diverse issues including the role NGOs can play as facilitators, bridging the gaps in extension, research investment, capacity building for technical skills, organic farming, sustainable agriculture & climate change adaptation, market access. The ACEF fund was flagged (3 calls open currently at time of seminar) providing a good opportunity to develop new enterprise initiatives. Key issues of focus were:

Facilitating access to Knowledge: An interesting point was made around the role of a facilitator and recognition that they may not be neutral (can have own principles and values), around which knowledge can be shared without imposing change. This was illustrated by an example from Practical Action's work in Peru (there are round 3,000 varieties of potatoes and when Peru decided to engage in a free trade agreement with the US this challenged programme); instead of telling farmers to promote biodiversity, different experts were invited to share different options and consequences. The outcome was that farmers said yes to markets and focused on a few varieties, but opted for seed banks to protect diversity. We need to facilitate access to knowledge to enable informed decision-making.

Building capacity and organisational strengthening: Discussed how can we build capacity, (especially where no existing organisation) through three processes which are interactive and synergistic. Initial focus on **Interaction for Transformation** (getting market actors together, not only private sector but includes civil society and public sector) then seek to build **Empowerment for Engagement** and **Communication for Uptake**. Every process is about facilitation leading to expansion of horizons and action and dissemination.

Getting people together and thinking about solutions can lead to greater organisation as people mobilise themselves in response to recognition of the value of being organised. It was suggested that the focus shouldn't be on organisation strengthening but empowering people, which leads to an iterative process. See what the market system can deliver rather than the NGO. See as a process of continual learning (cyclical).

Crop diseases - Cassava viruses: This is a big problem regionally; in South Sudan stock mostly comes from Uganda, new country regulations make it difficult to import stock from external

sources with concerns over phytosanitary controls. In terms of FARM Africa's initiative this year the programme used varieties within Sudan, but is looking at import and private investment in tissue culture. AGRA programmes address crop disease under Soil Health area.

Linking research to practice: The expectation that research would bring technologies to extension services and on to farmers hasn't worked. Fundamentally issue could be institutional, lack of proactive engagement; some models developed that allowed for embedded research based on real situations. Programmes experimenting with different ways to ensure farmers define research issues. Partnerships tricky question in practice in terms of bringing different actors on board. Research institutions being pushed into partnership arrangements by donors. Goodwill needs to be built between practitioners and researchers.

PANEL 2 - Business approaches to providing value chain services to rural communities

Chair: Hosea Machuki – M&E Advisor, Self Help Africa

Business approaches to rural poverty – Sidai franchising model

Anthony Wainai, Managing Director, Sidai

Sidai is a new social enterprise to bring quality animal husbandry and health services to farmers and pastoralists in Kenya. Sidai has both social and commercial objectives and has been created on the belief that livestock provide the fastest route out of poverty to many rural people and that its possible to build a market based ecosystem for broad-based wealth creation. In Kenya, where Sidai has started the livestock sector contributes 5% of GDP, small-scale farmers account for 86% of production yet investment in the sector is minimal and private sector have largely not moved in to provide animal health services to rural farmers following structural adjustment.

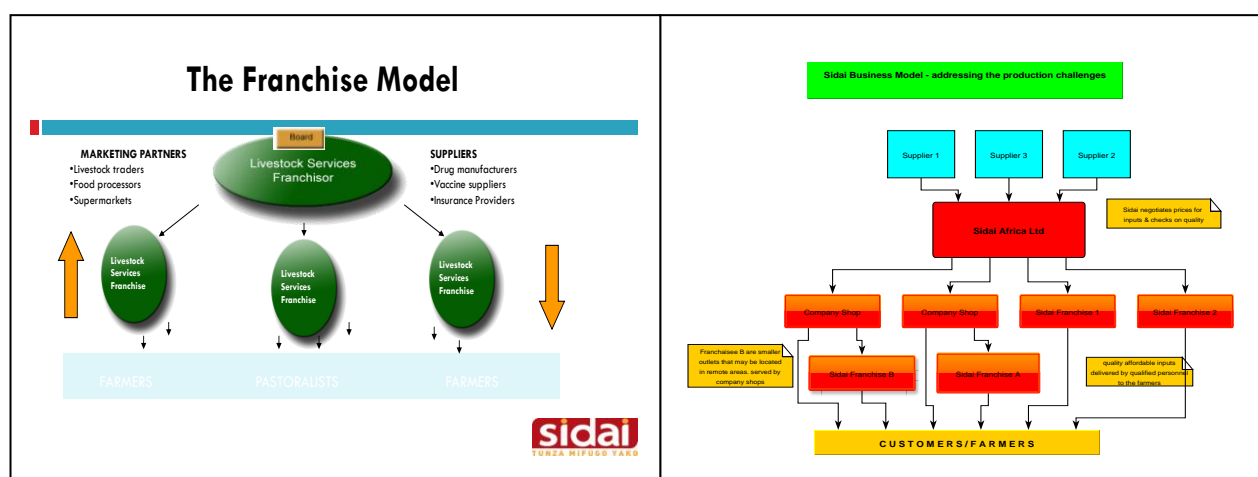
Sidai's positioning is to:

Improve access to quality livestock services

Offer high quality veterinary and other livestock services through a franchised model

Quality testing of all products

It has been established as a franchise model, as illustrated below, based on the brand promise of trust, professionalism, quality assurance and affordable livestock services and products.



A network of outlets are now opening across Kenya with a farmer-friendly layout – which will provide products, services and information. Plans for the future include a small-scale producer brand under the sidai brand – look out for Sidai longlife milk, Sidai cheese and Sidai beef!

For more info visit: www.sidai.com. Sidai is a company owned by FARM-Africa.

Using ICTs To Support Enterprise Development

Henry Kimathi, ICT Officer, Community Animal Health Network (CAHNET)

The presentation drew on the experiences of the Community Animal Health Network (CAHNET), which plays a pivotal role in enabling key stakeholders involved in the delivery of animal healthcare in eastern Africa to share information and influence policy. CAHNET is a member-based information-sharing network working in Kenya, Uganda, Tanzania and Ethiopia (secretariat housed and financed by FARM-Africa through a grant from GALVMed). Information shared is on market access, health, husbandry, disease and relevant policy issues. This is done through Experience-Sharing Workshops, Quarterly Newsletters, Videos/podcasts, SMS and the website. Tools include a mobile podcast unit and M-reporter (see below).

<p>Mobile podcast unit</p> <ul style="list-style-type: none"> • Uses video to share extension messages with farmers on new innovations in the livestock sector • A feedback video of farmer opinions is recorded for sharing with developer of innovation • Rationale: client-researcher link is not strong in region/video is a powerful tool for communication and learning • Video material gathered from partners (mostly research/ corporates) to be shown to organised groups of farmers • Makes use of locally available resources where they exist e.g. community social halls or a portable solar kit that can power a DVD player and colour TV • Discussion sessions on what farmers have seen on video are held and recorded on camera • Copies of videos shown are given to local leaders to facilitate wider dissemination • To-date over 40 videos have been shown to more than 2000 farmers directly who have the potential to influence at least 3 more people each. • A total of 500 videos have been handed out to group leaders, extension staff and other partners to assist propagate this model further • Success of this video project has given birth to our HOW TO video series which are short training videos highlighting different aspects of livestock management and health. 	<p>M-reporter</p> <ul style="list-style-type: none"> • SMS system that facilitates social sharing via mobile handsets • Based on the popular FrontlineSMS software by Kiwanja.net • Has been used successfully in Kenya, Ethiopia, Uganda and Tanzania to convey extension messages, disease alerts and simple surveys <p>Key Functions of the system include:</p> <ul style="list-style-type: none"> • Facilitating one-to-many SMS discussions via subscribed users • Providing a helpline that farmers can use to ask questions • Facilitate frontline disease surveillance • Facilitate frontline business transactions e.g. one can order our HOW TO DVDs via SMS through a programmed keyword. • Specialised services to farmers e.g. a goat breeders association in Mwingi has used M-Reporter to receive orders for dairy goats • Advertising; CAHNET has received requests from corporates like the KMC to broadcast an order to farmers on their behalf
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Lessons highlighted include

- Visual element of video breaks all communications barriers
- Variability in SMS tariffs and regulations can hinder effective communication
- Potential to commercialize exists and farmers are willing to pay for value

- Language and technical know-how hinder effective use of SMS

For more info visit: www.cahnetafrica.net

KENFAP – Providing Farmers with a Platform

Edward Kateya, *KENFAP*

Kenya's Federation of Agricultural Producers aims to empower Kenyan farmers and give them a voice. KENFAP has a membership of 1.8 million farm families, in 3 categories: farmers organised in groups in 60 districts, commodity associations addressing issues on specific commodities and co-operative societies affiliated from local to national level. KENFAP has a clear strategic plan and often works in collaboration with others. The core business is lobbying and advocacy, with KENFAP providing forums to voice issues and the capacity to interact with parliamentary committees and the president twice a year.

Edward shared their perspective on improving smallholder farmer's benefits from agricultural value chains. KENFAP introduced micro-enterprises which bring together various actors, farmers, suppliers of inputs and environmental concerns supported by technical advisory committee. Involved in an innovation triangle with 4 FO's in Burundi, Rwanda, Kenya and Ethiopia.

For more info see: www.kenfap.org

Partner Africa: Self Help Africa's new ethical trade social enterprise

Presented by David Otieno on behalf of Partner Africa (formerly Africa Now's EBS)

Partner Africa is a leading social enterprise and a pioneer in the field of ethical and socially responsible business practices. Works in partnership to deliver high quality and innovative ethical trade services in 20 countries across Africa.

What is Ethical Trade?

- Retailers, brands and their suppliers take responsibility for improving the working conditions of the people who make the products they sell.
- Most of these workers are employed by supplier companies around the world, many of them based in poor countries where laws designed to protect workers' rights are inadequate or not enforced.
- Can also include a commitment to increase returns to smallholders and meeting environmental standards
- Companies with a commitment to ethical trade adopt a code of labour practice that they expect all their suppliers to work towards. Such codes address issues like wages, hours of work, health and safety and the right to join free trade unions.
- Standards - Fairtrade, Rain Forest Alliance, ETI base code

There is huge potential for Partner Africa as the only non-profit offering these services in Africa. Modern supply chains are vast, complex and span the globe. There are millions of smallholders wanting to get a better deal from exports and more companies are taking ethical trade seriously – wanting to move beyond [flawed] audits to more comprehensive approaches.

Partner Africa provides the following services:

- Ethical Audits
- Capacity Building and Training
- Trade Development projects
- Community Impact Assessments

It has Sector Experience in: Agriculture: vegetables, flowers, tea, coffee, sugar; Drinks; Garment/ Textiles; Fisheries; Home-wares; Mining/Quarrying – gold, stone.

For more info visit: www.partnerafrica.org

Discussion

There were some general themes to the questions asked of specific speakers:

Entrepreneurship for youth empowerment: Average age of farmers is 55, what incentives are there for youth. Youth are leaving rural areas as the farm provides family employment but limited income earning opportunities. This is a priority to address. CAHNET recently partnered with Well Told Story, who manage the production and distribution of a youth magazine (in modern ki-swahili) to communicate and reach out to youth to raise issues and get feedback.

Sidai: In an advantageous position to provide both upstream and downstream information. Told there was no market for diagnostic tools but seems there is a large appetite. Using existing organisations to engage farmers. The shops and services centres will be a one stop shop, all services provided under one roof, there is a lot of infrastructure that is required (quickwins eg cooling plants). 20% of franchises will be start ups.

CAHNET: Community Animal Health workers recognised as playing critical role yet status a problem (esp in Kenya); trying to work with them within the law is a challenge that trying to address. One of the groups of users in the system are vet surgeons in the 4 countries and they are drawn on when technical issues arise. Re: SMS service – give a solution to a question, what about the supply side of animal meds and vaccination services for outbreaks of disease.

Partner Africa: In terms of relationship with Fair Trade International, Partner Africa helps to prepare clients for Fair trade certification.

The issue of **research linkages** was returned to – in particular why NGOs and research institutions are not working together effectively, with a challenge to NGOs to proactively engage and make contact (specifically with KARI) to explore areas for collaboration. Also recognised that KARI is on technical advisor committee of KENFAP and work with them at district level, but links could be closer.

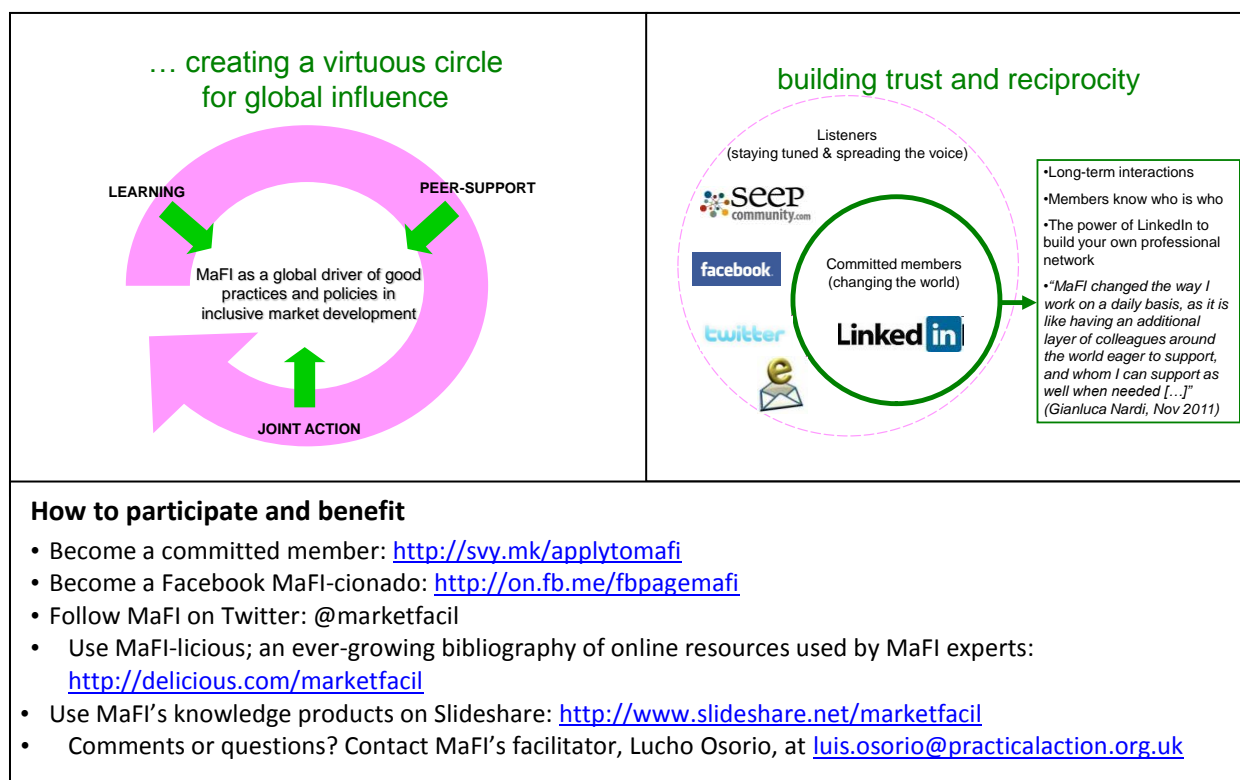
Learning Opportunities

Do you want to engage in a multi-sector Local Learning Group to continue the dialogue? The discussions so far have demonstrated the huge potential to learn from each other. The final part of the seminar is to explore how a Nairobi based forum could work and draw on the interesting and inspiring experiences emerging in the country and beyond.

Market Facilitation Initiative (MaFI) and Local Learning Groups (LLGs)

Lucho Osorio and Deborah Randall – MaFI

MaFI is a vibrant, global community of more than 200 practitioners, researchers and donors which focuses on advancing the practice of inclusive market development facilitation worldwide. It is much more than a space for talking, its about learning, peer support and joint action. Specific initiatives include the MaFi-festo - working with the donor community to promote facilitation-friendly rules and principles in pro-poor market development and Capacity building - promoting coordination and synergies with key stakeholders to build capacity of field facilitators sustainably and cost-effectively. Other key themes are around linkages, incentives and impact assessment, within development organisations and market systems.



Establishment of local learning groups is being encouraged, to facilitate face to face learning linked to the wider MaFI network. Deborah, an active MaFI member, described how this works in Rwanda.

Self Help Africa is keen to establish a local group in Kenya and is interested to hear from others who would like to be involved. Please introduce yourself through the MaFI site.