Leveraging Value Chain Relationships to Increase Smallholder and Export Financing – the Case of Kenyan Horticulture

A BCS initiated project

Joseph G. Iracha – Founder and Patron of Farmer groups
Smallholder Hort. Groups, Meru County, Kenya
Smallholder Food Chain Partnership – Kenya

Food Chain Partnership: working together for sustainable agriculture
Overview

Sustainable smallholder export horticulture
Connectivity in the
Food Chain Partnership

Kenya Sugar snaps
Bayer CropScience response

“**Sustainable agriculture** is the only way to overcome the challenges ahead of us”

"**Sustainable agriculture** is a **productive, competitive and efficient** way to produce safe agricultural products, while at the same time protecting and improving the natural environment and social/economic conditions of local communities.”

(SAI Platform)
The business model – a dynamic process

<table>
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<th>Phase</th>
<th>Task</th>
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| Identification | - Create the team  
               | - Understand food industry requirements  
               | - Agree on mutual goals/ priorities (hierarchy)  
               | - Agree on project scope/ timeline |
| Planning  | - Status Quo assessment of farm  
               | - Jointly develop sustainable crop solution, including crop protection programme, tools, services, trainings  
               | - Draw implementation plan including key tasks and milestones, agree on communication processes  
               | - Agree on performance indicators/ measures |
| Implementation | - Roll-out of project plan  
               | - Regular team exchange/ visits  
               | - Growing advice  
               | - Continuous adaptation of crop protection program to suit local conditions |
| Evaluation | - Product evaluation: yield + quality e.g. taste and visual standards, storability, residue situation, flexibility in trade  
               | - Process evaluation: communication between partners, transparency, traceability |
How it all started:

The need to address main challenges facing the smallholder sector which include:

- Lack of information on pest & disease identification as well as the choice of the right crop protection product to use.
- Fluctuation of producer prices
- Inadequate access and use of appropriate technology
- Lack of technology transfers due to limited interaction with R&D companies
- Lack of initial start up capital
The beautiful Mt Ithangune, part of the Mt Kenya eastern slopes. Home to the BCS – Indu sugarsnap project.
What we aimed to achieve

- Help the farmer achieve quality produce that meet international standards in line with global (GAP) requirements.
- Promotion of dialogue between farmers and an R & D company
- Provision of tailor-made and cost-effective solutions to farmers’ problems
- Advocacy for good agricultural practices (GAP) and integrated pest & crop management (IPM & ICM)
- Meet consumer expectation of safe and healthy food from hygienic fields produced with unquestionable standards
- Attain business sustainability for all the partners
- Provide choice of the right pesticides that conforms with the requirements of supermarkets
- Free farmers from the ‘yoke’ of brokers
- Achieve price stability
FCP - Who is involved

Bayer CropScience facilitated the coming together of the relevant players to make an arrangement that is appropriate to the needs and concerns of the farmers and stakeholders namely:

- Indu Farms EPZ Limited – Guaranteed prize and market
- Equity bank – Provided the financing
- Farmers Centre – Input provider
- Farmer Groups – Operating under strict by laws.
- Bayer Crop Science – Facilitator and trainer on safe and effective use of pesticides.
No more brokers > price stability
Indu-BCS project

Motivation: Financial Benefit for the farmer > Broker price
What we achieved

- A win win for all the stakeholders as envisaged in the objectives
  - A sustainable business model since 2008
    - Win : win for the stakeholders
  - Brokers kept at bay
  - Global gap certification.
    - Website > https://database.eurep.org. Cert no 00013-PFXK-0002 (Kathera)
    - Cert no 4050373085834 (Marimba)
  - Strict adherence to spray program in line with TRACEABILITY guidelines
    - Leading to high quality produce
  - Achievement of IPM / ICM through GAP.
  - The experience in this project is a sure way of attaining the MDG (Millennium Development Goal) no. 1, 7 & 8 which aims to:
    - reduce extreme hunger and poverty in our society - halve by 2015,
  - 152 farmers in 3 groups earned 1.0 mio Euro since inception in 2008/9.
  - No MRL incidences reported since inception of project
    - Happy consumers
  - Price stability
    - Guaranteed price of 0.9 Euro cents and 0.95 Euro cents upon global gap certification, now 1.0 Euro per kg.
Kenya Sugar snaps - Indu – BCS-Equity – Farmer Partnership projects in Mt.Kenya East
Kathera > The 1st indu group to be globalgap certified
Partners Achievement

- Equity Bank, Indu, Farmer to define their achievements
- Bayer Crop Science
  - Sustained and growing market
  - Easy entry of new innovation
  - Gained farmers trust
  - Brought non competing and competing partners on board where BCS has a gap
  - Learning curve
  - Replication model
    - Other FPEs
    - Other regions
    - BCS sought by other FPEs
Challenges

So far the biggest challenge is

- Unpredictable weather patterns > too much rain leading to high disease incidences > Low yields > low returns.

Droughty period provides the best quantity and quality as water is still available from Mt.Kenya forest

However, water is still a challenge and drip irrigation is the ultimate solution to sustainability. In the new projects we have brought on board drip irrigation and fertiliser specialists.
Next steps

Replicate success with FPEs and other stakeholders in line with our proven success model for the smallholder farmers.
Project replication

- Model sold to other FPEs (Fresh produce Exporters)
  - Mara Farming
  - Frigoken
    - Earnings to date since -1.5 mio Euro per annum
      (Data Equity bank)
  - In discussion
    - Finlay's
    - Sun ripe
  - New partners
    - Jain Irrigation Systems Ltd
    - Yara Africa
Thank you for your attention