

The Neuchâtel Initiative

Review of Experiences on Market Oriented Agricultural Advisory Services (MOAAS)

Country: Kenya

Name of intervention: Value Chain Development

Time period under analysis: 2 Years

Institutions/agencies involved: Ministry of Agriculture, Ministry of Cooperatives Development and Marketing, Ministry of Livestock and Fisheries Development and German Agency for Technical Cooperation

Project purpose: To support small and medium-sized farmers and agricultural entrepreneurs in selected value chains so that they can achieve their market potential and participate more actively in the market.

Main Results:

- Improving policy advisory services and the regulatory framework for selected value chains
- Improving delivery of services in selected value chains
- Improving organizational development services for private sector organizations
- Promoting resource-friendly technologies

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Services supported:

- Rural advisory services/ extension
- Business Development Services
- Information supply
- Technical service providers and certification
- Rural Financial Services
- Marketing Services
- Lobbying and Advocacy
- Training
- Certification
- Organizational Development of Groups and Associations
- Sector specific Mainstreaming of HIV and AIDS

Question 1: What are the general settings and arrangements for MOAAS?

GTZ aims to support processes of agricultural policy development that will provide a conducive framework for the effective participation of the private sector in agricultural development. This fits quite well with GTZ's overall goal of improving people's living conditions and prospects in a sustainable manner.

The intervention provides technical support to policy makers in the ministries and to national farmer associations at a macro level. It also contributes to the development and enactment of laws, acts, and legal frameworks for selected commodities and value chains which support agribusiness development and growth.

Farmers face the following general constraints in connecting to markets:

- Poor infrastructure in terms of roads, storage, communication etc.;
- Unfavourable market conditions with middlemen taking up the share of profits;

- High levies enforced by the local authorities that effectively cut farmers off from having direct access to markets due to investment capital;
- Poorly developed processing/value addition skills at farm level;
- Poorly developed collective marketing.

The government is the major provider of agricultural advisory services through extension officers and subsidiary bodies such as parastatals. The two principal methods for delivering services are field days (barazas)/farm visits and demonstration sites (farmer training centres).

Agricultural advisory services include the following:

- Agronomical practices training;
- Farming as a business training;
- Organizational development training;
- Gross margin analysis and farm planning;
- Technology development and transfer;
- Identification of marketing opportunities;
- Access to credit/loan facilities.

Services are also offered by Non-Governmental Organizations (NGOs). These are mainly donor funded and provide advisory services through community based organizations (CBOs). The CBOs engage, mobilize and train communities directly using demonstration sites on farms which are owned by the community members. NGOs usually use government field extension staff for the actual fieldwork.

Private (mainly export-oriented) companies provide their own extension services to their contract farmers. There are some cases of cooperation between private companies and the public extension service.

Question 2: Who are the clients of MOAAS?

Nationwide, public agricultural advisory services are used by approximately 10 million small and medium scale farmers in rural areas. These farmers access markets both directly and indirectly. This could be through the local market centres, farm gate sales or through traders. They are motivated to use agricultural advisory services to achieve higher incomes and gain better access to inputs.

Traders and processors of high value commodities are also clients to agricultural advisory services.

Frontline extension workers are the main access points to the clients. However, in some cases the clients present their demands for services directly to service provision institutions. Farmers are organized based on common interest groups. This could be by location, savings and credit cooperatives, marketing groups, enterprise production etc.

As a result of MOAAS, more farmers are no longer thinking about farming as a purely social activity, but are adopting a business-oriented approach which could lead to better income and socio-economic empowerment.

However, farmers face obstacles in this transition. Most credit-offering facilities will not provide credit to groups due to collateral issues. Previous experiences on pulled activities that collapsed through mismanagement of SACCOs (saving cooperatives) have led to a climate of individualism and mistrust.

Question 3: What approaches and methods are used for agricultural advisory services?

The programme applies an adapted value chain development and related services approach. Focusing on improving currently highly fragmented and hence inefficient and intransparent business linkages in the local/national market (rural/urban), PSDA supports value chain operators (producers, traders, processors and consumers) to better exploit existing opportunities for capturing better value at every node of the value chain. By doing so, the programme links its interventions to the agricultural value chain as a whole and gears support to market demands. Emphasis is on value addition on the levels of small scale farmers and local processors. It differs from classical value chain development, since it marries regional aspects with the subsector concentration on single value chains. This is due to the shortness of most chains (commodities for local markets), their de facto regional clustering and the follow up in the field by district government staff (DIT). Most services offered are also not specific to certain value chains (e.g. entrepreneurship training). This pragmatic approach reduces transaction costs and faces the realities in the field and of the commodities.

The following services are offered to farmers:

- Farming as a business
- Organizational development
- Value chain development
- Technical training

These services are usually financed through a cost sharing approach where the clients meet some of the costs based on a needs analysis done by some of the NGOs and parastatals. However, some services, including those provided by public institutions and church-based local organizations, are fully financed by the service providers.

Service providers are mainly graduates from the public colleges and universities and they have short-term upgrading courses.

The applied approach for the promotion of the Private Sector Development in Agriculture (PSDA) comprised the following 4 steps from VC analysis to value chain development:

Phase 1 – (participatory) analyses, identification of VCs that merit assistance:

- analyse performance and SWOT (strengths-weaknesses-opportunities-threats) including
 - (i) demand analyses as the starting point
 - (ii) supply analyses to assess the potential for competitiveness
 - (iii) value chain analyses to assess the potential for up-grading
- analyse stakeholders including
 - (i) micro level (VC operators like farmers, firms, consumers)

- (ii) meso level (VC supporters like public / private service providers)
- (iii) macro level (VC influencers like policy makers, administration)
- set-up impact monitoring system including
 - (i) building of hypothesis for impact monitoring
 - (ii) collection of baseline data for the impact monitoring

Phase 2 – participatory VCD strategy and action planning, identification of VC specific approaches:

- identify entry points for VCD
- identify facilitators for VCD
- elaborate a vision, organisation and management structure for VCD
- identify leverage points and needs for assistance
- identify leverage points where PSDA has got competitive advantages
- identify strategic partners for implementation
- validate hypothesis for impact monitoring

Phase 3 – participatory VCD implementation, application and adaptation of concepts and instruments:

- strengthen horizontal linkages
(trust building, organisation and management structures etc.)
- promote vertical linkages
(trust building, organisation and management structures etc.)
- strengthen other capacities:
 - (i) micro level (skills e.g. in production, processing, marketing, Farming as a Business - FaaB)
 - (ii) meso level (skills in VC related services)
 - (iii) macro level (change attitude viz VC related framework conditions)

Phase 4 – participatory impact monitoring, feedback and VCD strategy refinement:

- monitor impact and adapt VCD strategy and action plan as required
- analyse lessons learnt and develop best practices

Within the public sector there is some disconnection between the providers and their clients due to the long history of failed extension services. As for the other service providers, there is a higher level of connection with their clients since they have been filling a gap left by the public service. At the programme level, there is a high level of involvement and connection since the services being provided are more demand-driven than supply-driven.

The reach of agricultural advisory services, and especially innovations within them, is increased by linking to national associations and building the capacity of these to offer the services.

Question 4: What are the outcomes and impacts of agricultural advisory services?

The base line surveys yielded data for the ex ante situation of the value chains. For innovations, like stoves and biogas, special surveys were undertaken. Data taken during chain mapping and the implementation of the action plans complement the picture.

Main direct impact has been on the degree of self-organisation and representation of farmers (organised groups, registered associations, KENFAP), a better chain governance (organisation, match-making), improvement in productivity (technical innovations, access to inputs, processing, biogas), creation of value addition (processing, biogas) and better framework conditions (policies and regulations). Anecdotal evidence from the potato chain and the related association (KPG&MA, since 1 March 2006 KENAPOFA), the largest and “oldest”, show that from the roughly 500.000 organised potato farmers, about 30% are reached indirectly and 1500 directly (30 groups); they could improve their income through technical advice and new standard potato bags by 20 – 50%. The association was actively involved in the drafting of the potato policy that prescribed the new bags. Another example is the support to EUREPGAP certification (certification handbook) that kept directly more than 300 small-scale export farmers in the profitable business. For the evaluation in early 2007, a more complete set of data will be necessary to underpin the manifold impact on productivity and farm income for a large number of farmers. The extent of the direct impact will allow attribution to the growth of the sector as a whole.

Question 6: What linkages exist between agricultural advisory services and other types of services?

Other relevant services include public health and nutrition services. These are linked to and coordinated with agricultural advisory services through the district government, where all heads of departments are members of the District Development Committee. Other services such as infrastructure development and education are linked through the local authorities and the constituency development committees.

In some cases the linkages do not work very well since all bodies offering services have different reporting mechanisms and this does not allow for easy integration of activities.