

African Fertilizer and
Agribusiness Partnership



AFAP
AFRICA FERTILIZER AGRIBUSINESS
PARTNERSHIP

REPORT ON LIMPOPO
EXPOSURE VISIT TO KENYA

APRIL 2013

TABLE OF CONTENTS

.....	1
ABBREVIATIONS	4
INTRODUCTION.....	5
SUMMARY.....	6
MONDAY 22 ND APRIL 2013	7
I. MEETING AT AGMARK OFFICE.....	7
II. MEETING WITH MINISTRY OF AGRICULTURE OFFICIALS.....	7
TUESDAY 23 RD APRIL 2013	8
I. FARMLINK AGROVET	8
II. TUMAINI AGRO-VET (RURAL AGRODEALER)	10
III. KAAGARI FARMERS COFFEE COOPERATIVE SOCIETY	11
IV. VISIT TO A FARMER.....	12
WEDNESDAY 24 TH APRIL 2013	13
I. MEETING WITH EQUITY BANK.....	13
II. MEETING WITH MEA LTD	14
III. MEETING WITH AGRA.....	15
LESSONS LEARNT / POSSIBLE REPLICATIONS IN LIMPOPO	16

List of Tables

Table 1: List of South African Delegation.....	18
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List of Photos

Photo 1: Dr. Chuchu of Farmlink Agrovet with the delegation outside his Agrovet	9
Photo 2: The delegation outside Farmlink Agrovet	Error! Bookmark not defined.
Photo 3: Mr. Kariuki in his shop during the visit.....	10
Photo 4: The delegates visits the Kagaari Farmers Coffee Cooperative Society	11
Photo 5: Visit to a Coffee farm.....	12
Photo 6: The delegates listening to Mr. Mwea a farmer beneficiary of Tumaini Agrovet as he gives them a tour of his farm	13

List of Annexes

Annex 1: Farm Link Agrovet	19
Annex 2: Tumaini Agrovet.....	21

ABBREVIATIONS

AFAP	African Fertilizer Agribusiness Partnership
AfDB	African Development Bank
AGRA	Alliance for a Green Revolution in Africa
IFDC	International Fertilizer Development Organization
MoA	Ministry of Agriculture
NAAIAP	National Accelerated Agri-input Access Program
NEPAD	New Partnership for Africa's Development
USAID	United States Agency for International Development

INTRODUCTION

The African Fertilizer Agribusiness Partnership (AFAP) is nonprofit organization established in October 2011. It is collaboration between the New Partnership for Africa's Development (NEPAD), the Alliance for a Green Revolution in Africa (AGRA), the International Fertilizer Development Centre (IFDC), the African Development Bank (AfDB) and AGMARK. AFAP focuses on fostering private sector investment and develop partnerships to build sustainable markets capable of providing African Smallholder farmers with affordable fertilizer to improve crop production and food security.

AFAP aims to;

- Engage and support private sector and public/private partnership (PPP) initiatives to identify, enable and deliver improvements in the value chain that will strengthen the value cost ratio for end user farmers.
- Develop and make available targeted credits and grant facilities to support initiatives and programs identified by the private sector and value chain participants that contribute to AFAP goals.
- Assist private sector and PPP participants through training, mentoring and collaborating to identify value chain needs and programs that will deliver real sustainable change.
- Act as conduit between private and public sectors to ensure that the goals of parties are being met and that an enabling environment is developed and maintained to engage participants consistent with goals of the Abuja Declaration.

SUMMARY

AGMARK hosted a delegation from Limpopo province of the Republic of South Africa consisting of 11 representatives drawn from the Government, Private Sector Agro Input Supply Companies, farmer group representatives and Non-Governmental Development Sector visited Kenya for 5 day from the 21st to 25th of April 2013.

The purpose of the visit was to expose the South African delegation to best practices in implementing programs that facilitate smallholder farmers' access to improved agricultural inputs, technologies and output markets. The delegation held discussions with key Kenya government Officials (MOA), private sector stakeholders in the inputs industry as well as a visit to rural agrodealers in Eastern Kenya. The trip was organized by AGMARK under the AFAP partnership. The list of delegates is annexed to the report.

It is expected that lessons learnt from discussions and meetings between the hosts and the delegates' will shape and influence Agri-business programs targeting smallholder farmers in the province of Limpopo.

One of the key learning points was the issue of involving various partnerships in programs that target small holder farmers. The South African delegation were impressed by the way the different stakeholders in Kenya (The MOA, the Financial sector, the Input suppliers and the Development Partners) have been able to work together with each playing his part to support thousands of small holder farmers in Kenya.

The South African delegation was also exposed by the Input subsidy system in Kenya that involves the private sector agrodealers to supply inputs to farmers. This system appears to be more efficient compared to where government offers direct subsidy to farmers.

Of particular importance to the delegation was the commitment of the Kenya government and other stake holders in driving the agricultural Agenda as well as the interest and dedication of the small holder farmers. These they felt would be crucial for success of any interventions that will target small holder farmers in Limpopo.

I. MEETING AT AGMARK OFFICE

The team held a meeting at AGMARK head office in Nairobi with Mr. James Mutonyi (AGMARK Managing Director), Caleb Wangia (Ph.D.)-(AGMARK Agricultural Inputs Specialist) and Steven Ngwalla (AGMARK Director of Training). Discussions with the team centered on:

- a) Background of AGMARK (Board and Management structure) and how it implements programs in the region.
- b) Agro-Inputs development programs in Kenya and the East African Region – mainly focusing on programs that have been implemented by AGMARK and some of the challenges faced.
- c) Various Inputs models that have been implemented by AGMARK in the region
- d) AGMARK partners and its relationship with the Government of Kenya
- e) The role farmer associations and cooperatives in Kenya play in the agriculture industry.

Areas of interest arising from the discussions:

- *Farmer Associations, Agrodealer Associations and Co-operatives, The team requested that a visit a cooperative society be included in the field trip itinerary.*

II. MEETING WITH MINISTRY OF AGRICULTURE OFFICIALS

The team met with Dr. Humphrey Mwangi(*Director Agri-business*), Zakayo Magara(*Deputy Director, Marketing*), Henry Ndege (*Deputy Director, Agri-business*) and Joseph Korrir (*Project Officer, Voucher Program*).

The delegation was provided with details of the various inputs programs being implemented by the MoA to increase food security. Including:

- a) A brief on the Ministry of Agriculture structure and its various components
- b) The Inputs subsidy Program (NAAIAP) –being implemented through a paper based voucher system – A system that is being replaced by electronic vouchers and use of cell phone technology. The team was provided with a guide on the Inputs subsidy system as well as copies of voucher used.
- c) The government involvement in importation of fertilizer and distribution of subsidized fertilizer to resource poor farmers

- d) The agricultural input strategies being implemented by the ministry – specifically – National Fertilizer strategy, Agricultural Sector Development Study and Kenya Vision 2030
- e) The various partnerships between the Ministry of Agriculture and private sector players including AGMARK

Areas of interest arising from the discussions:

- *The modalities of implementing the Voucher program and measuring its impact*
- *Sustainability of the Voucher program*

TUESDAY 23RD APRIL 2013

The Team travelled to Embu region in Eastern Kenya where they were exposed to the distribution channel of agricultural inputs from the distributor (Hub agro-dealer) to the rural agro-dealer and eventually to the end consumers who are the farmers. They were accompanied by one AGMARK staff (Rose wanyiri – Agricultural services Manager) and Joseph Korrir (*Project Officer, Voucher Program*)

I. FARMLINK AGROVET

The team held a meeting with Dr. Sylus Chuchu (*Proprietor, Farmlink Enterprises*) and Chairperson Embu Agrodealers Association. A HUB Agrodealer based in Embu town - Eastern Kenya. Discussions focused on;

- a) A brief history of the enterprise and the various outlets.
- b) Impact of Government involvement in importing and distributing subsidized fertilizer.
- c) Major challenges in facing agrodealers i.e. high transportation cost, credit defaulting by agro-dealers, high cost of bank loans.
- d) Role of agro-dealer associations.
- e) Embracing of technology in Management of the business (record keeping, networking of the various outlets etc.)
- f) Management of credit extended to smaller agro-dealers.
- g) Demand creation of inputs through demonstration, field days and trainings.
- h) Technology, skills and knowledge transfer and dissemination to farmers and other rural agrodealers.

Detailed Profile Annexed

Areas of interest arising from the discussions:

- *The ability of the enterprise to network with suppliers and eventually distribute to the other smaller agrodealers in the rural areas. His established distribution channels for inputs as well as dissemination of technology, skills and knowledge to farmers.*
- *The Embu Agrodealers Association and its importance to the Embu agrodealers especially in the area of bulk buying of inputs and policing of each other to ensure high ethical practices among members.*
- *Nurturing of new agrodealers who eventually assist in distribution and shorten the distance travelled buy farmers to purchase inputs.*



Photo 1: *Dr. Chuchu of Farmlink Agrovet with the delegation outside his business*

II. TUMAINI AGRO-VET (RURAL AGRODEALER)



Photo 2: Mr. Kariuki (Proprietor of Tumaini Agrovet) in his shop during the visit

Visit to Mr. Sylvester Kariuki Proprietor Tumaini Agrovet in Kithimu, Embu. Mr. Kariuki is a rural agrodealer who receives supplies from Farmlink Agrovet and sells to farmers in Kithimu area. Discussions focused on;

- a) His business relation with his distributors and customers (the farmers)
- b) Business Management training impact on his business.
- c) Demand Creation activities like establishment of demonstrations and conducting of field days
- d) Challenges in running a rural agro-dealer business
- e) Credit facilities.
- f) How he relates and partners with other stakeholders like the Ministry of Agriculture, Government programs Crop insurance, MFIs, NGOs etc.

Detailed Profile Annexed

Areas of interest arising from the discussions:

- *His ability to utilize the knowledge acquired from the Business Management Trainings especially in Management of Stock, Record Keeping and Managing Business Relationships.*

- *Dissemination of information to farmers especially over the counter advise*
- *The advantages, challenges and recommendation experienced in the involvement of the government subsidy program (NAAIAP)*
- *His involvement in KilimoSalama (Crop insurance),*

III. KAAGARI FARMERS COFFEE COOPERATIVE SOCIETY



Photo 3: *The delegates visits the Kagaari Farmers Coffee Cooperative Society*

The team visited the Kaagari Farmers Coffee Cooperative Society in Gikuuri, Embu. The Chairman of the Cooperative Mr. Gakiathi and the Secretary Mr. Michael Muguchu hosted the team. The Cooperative serves five coffee factories in the surrounding. Discussion focused on.

- i) The Membership of the Cooperative
- ii) Challenges of Managing the cooperative
- iii) The distribution of the income from the sale of coffee to its members
- iv) The Mandate of the Coffee Cooperative Society

Areas of interest arising from the discussions:

- *How the society markets the farmer's coffee and the distribution of processed among the members.*
- *The management of the Society*

- *Group visited a coffee where they were exposed to the coffee varieties grown, the agronomic practices involving coffee, yield, returns, pests and diseases and their control.*



Photo 4: Visit to a Coffee farm

IV. VISIT TO A FARMER

The team visited Mr. Evans Mwea a farmer who purchases inputs, and veterinary extension services and gets information from Tumaini Agrovet. Mr. Mwea practices mixed farming on his farm (Food crops and dairy animals). Discussions focused on.

- a) His relationship with the rural agro-dealer (Tumaini Agrovet).
- b) The services he receives from Tumaini Agrovet
- c) The Government subsidy program
- d) Accessibility and affordability of Agri-inputs and Output markets



Photo 5: The delegates listening to Mr. Mwea a farmer beneficiary of Tumaini Agrovet as he gives them a tour of his farm

Areas of interest arising from the discussions:

- *The well-established integrated farming system. The farmer keeps dairy cows and grows fodder on the farm. He also grows bananas which supplement the income from the dairy business and also act to supplement the animal feeds. The dung from the cows is used to make biogas for cooking. Manure from the cow dung is also used to nourish the farm thus supplementing the fertilizer. He also grows food crops maize and beans for home consumption.*
- *The farmer has a very cordial relationship (over eight years) with the rural agrodealer from whom he gets inputs, information and veterinary services.*

WEDNESDAY 24TH APRIL 2013

I. MEETING WITH EQUITY BANK

The Team was hosted by Esther Mwangi (*General Manager of Agricultural Financing*) at Equity Bank. Equity Bank is the largest bank (in terms of clients in East and central Africa). The Bank has been a pioneer in several agricultural financial innovations in the

regions and has an on-going partnership with AGMARK and the Ministry of Agriculture in Kenya.

The Objective of the meeting was to expose the delegation to some of the innovative financial products and partnerships that have been used to reach small holder farmers.

Summary of Discussions:

- a) Background and History of the Bank
- b) Regional outreach
- c) Agricultural financial products – specifically those targeting agro-dealers and small holder farmers
- d) Induction of staff involved in Agricultural lending and lending methodologies
- e) Partnerships with other stakeholders in the small holder sector.

Areas of Interest

- *The partnerships that have been formed between Equity Bank and other players such as the Ministry of Agriculture, Agricultural Input supply companies, agro-dealers and development institutions such as AGMARK.*
- *Modalities of financing smallholder farmers and recovery of loans in default.*

II. MEETING WITH MEA LTD

The team met with the General Manager of MEA Ltd Mr. Eustace Muriuki at the company offices in Nairobi. MEA Ltd is the largest importer of fertilizer in Kenya and has also established an advanced soil testing laboratory in the country.

The objective of the meeting was to expose the delegation to fertilizer programs targeting small holder farmers in the region.

Summary of Discussions

- a) Background to privatization of the fertilizer industry in Kenya
- b) MEA Ltd distribution networks
- c) MEA Ltd programs that support agro-dealers to grow and reach more farmers
- d) Soil testing services offered by the Company
- e) Challenges of competing with subsidized fertilizers imported by the Kenya Government
- f) Partnerships with AGMARK and other stakeholders in providing outreach to small holder farmers

Areas Interest

- *The issue of Agricultural Input companies providing credit to agro-dealers. It was strongly recommended that credit should be handled by those who know it best – the financial institutions. There should be an effort to link those without the funds to the banks.*

III. MEETING WITH AGRA

The team met with Dr. Segenet Kelemu (AGRA Vice president for Programs). She was accompanied by other AGRA staff including: Anne Mbaabu (Director, Market Access Program), Dr. Margaret Kroma (Program Officer- Gender and Agriculture) and Fadel Ndiame (FOSCA Lead Coordinator)

The objective of the meeting was to expose the delegation operations of AGRA (A key partner of AFAP) and explore possible ways for AGRA support to Limpopo

Summary of discussions:

- a) History, background and objectives of AGRA
- b) Brief on the various programs of AGRA (Program of seed systems, Soil health Program, Market Access Program, Policy and advocacy)
- c) AGRA collaboration with the University of Kwa Zulu Natal in training of soil scientists.

Areas Interest

The team was keen to know more about the funding mechanisms of AGRA and Possible technical support to Programs in South Africa by AGRA

LESSONS LEARNT / POSSIBLE REPLICATIONS IN LIMPOPO

The major achievement arising from this visit was the practical exposure to the Agrodealer development model in Kenya. It was important for the delegation from South Africa to be practically exposed to the agro-dealer model and experience it firsthand. There was need for them to know who agro-dealers are, how they have evolved, how they are managed, the challenges faced and the type of farmers that they serve. This exposure will be essential in the understanding of the design and implementation of the planned agro-inputs programs for Limpopo.

Other key learning points included:

1. Partnerships Amongst the Various Stakeholders

Programs supporting small holder farming in Kenya are implemented by several partners. For example the Government subsidy program is being implemented by the MOA in partnership with Agricultural Input supply companies, agro-dealers, grain buyers and development organizations including AGMARK. It has therefore been able to be more sustainable and achieve its objectives of connecting farmers to inputs and Markets

As Limpopo moves toward implementing an agro- dealer program, there will be need to have coordinating organization that can bring in all the various stakeholders together.

2. Government of Kenya Support to Small Holder Farmers

The Kenya government is very supportive of smallholder agricultural programs in Kenya. This was the feeling of the delegation as they were able to meet with senior personal from the MOA at the head office to field extension workers. The reason for this support is probably because of the role in rural employment of farming in Kenya.

There will be need in for the proposed inputs program planned for Limpopo to get similar support from the provincial government – the provincial government should be involved in planning and implementation of the planned program.

3. Input Subsidy Schemes

The Input subsidy program implemented by the government of Kenya through the MOA involves the private sector in the distributions of Inputs to farmers. This is in effect also

creates rural employment opportunities. Input subsidy programs in South Africa have been implemented through direct distribution of inputs to farmers by government.

There will be need to lobby government in Limpopo to implement fertilizer subsidy schemes through rural agrodealers. But this will depend on the numbers and distribution of rural agrodealers in the province. Agrodealer start-up programs may therefore have to feature in any planned agro-dealer development program.

4. Positive Attitude of Small Holder Farmers to Support Provided

Perhaps one of the biggest challenges facing small holder farmer development in Limpopo may be the mindset of the farming communities. In Kenya the delegation observed that rural farmers were committed to farming and had embraced farming as a business producing a variety of crops on very small parcels of land and using improved fertilizer and seeds. Any support offered by government and development partners is mostly well received and utilized – this includes subsidies and credit facilities.

There will be need to include in the Limpopo program a significant element of farmer education in all of the planned interventions.

Table 1: List of South African Delegation

No	Name of Delegate	Name of Organization
1	Mr Johan Groenewald	Manager Business Development-NTK Limpopo Pty Ltd.
2	MrsJean Mukuma Simpungwe	Director Corporate Communication– Progress Milling
3	MrTshianeo Walter Mathidi	Chairperson-AFASA Limpopo Provincial
4	Ms Makgoro Manny	National President – Women in Agriculture and Rural Development (WARD)
5	Mr Ndivhuwo Phungo	National President – Youth in Agriculture and Rural Development (YARD)
6	Ms Tlou Monsley Sepale	Assistant Coop Manager – Phokwane Agricultural Cooperative
7	Mr Mphai Rapholo	Blouberg Agricultural Coop
8	Mr Jethro Sandile Matsoba Nowata	Government Delegation Limpopo Department of Agriculture
9	Mr Tshilidzi Lourence Mathobo	
10	Mr Telledi Philip Mogano	
11	Dr Khathutshelo Tshikolomo	



Agricultural Market Development Trust (AGMARK)

FARM LINK ENTERPRISES DR. SILAS CHUCHU & DR. GEORGE MAC OPIYO BOX 1464, EMBU



Photo by AGMARK

Farm Link Enterprises.

AGMARK Nairobi

Chemelil Rd. Parklands Graceland Court,
Flr. G. Suite G1:
P.O. Box 14184 – 000100 Nairobi
Tel. +254 20 2661403

AGMARK South Sudan

Yei River County
Yei Town; Hai Garbat
Tel. +211 956 381 776
www.agmark.org

Background

Farm Link Enterprises is a partnership between Dr. Opiyo and Dr. Chuchu, wholesalers and retailers of all types of farm inputs. The enterprise has two outlets, in Meru and Eldoret.

The business has established a value chain relationship with rural agrodealers, farmer, input Supply Companies, financial institution, MOA, development agencies with a base of over 6,000 farmers and 150 smaller rural Agrodealers.

Support Received

- Training in Business Management.
- Training in product knowledge and safe use of chemicals.
- Linked to suppliers to become a HUB Agrodealer; Syngenta, Bayer, Dry land Seeds, BASF, Monsanto, Osho Chemicals, Twiga chemicals, Simlaw Seeds, East Africa Seeds, and Twiga chemicals.
- Linked to financial institutions for credit to expand business.
- Involved in Government Subsidy scheme, National Accelerated Agricultural Input Access Program (NAAIAP).
- Participation in demand creation activities: including exhibition, field days and establishment of demonstrations of various agricultural inputs.
- Participated in Kilimo salama weather insurance index.
- Participated in the AMITSA Agricultural Input market information system.
- Dr. Chuchu is the current chairperson of the Embu Agrodealer Association.

FARM LINK ENTERPRISES A HUB AGRODEALER





Agricultural Market Development Trust (AGMARK)

TUMAINI AGROVET MR. SYLVESTER KARIUKI

BOX 2448, EMBU TEL: +254 (0) 727 347 970 Email: pksylvester@yahoo.com



Photos by AGMARK

A photo of Sylvester Kariuki



Photos by AGMARK

Tumaini Agrovet

AGMARK Nairobi

Chemelil Rd. Parklands : Graceland Court,
Flr. G. Suite G1:
P.O. Box 14184 – 000100 Nairobi :
Tel. +254 20 2661403

AGMARK South Sudan

Yei River County
Yei Town: Hai Garbat
Tel. +211 956 381 776
www.agmark.org

Background

Mr. Sylvester Kariuki is the sole proprietor of Tumaini Agrovet based in Kithimu market, Embu. Tumaini retails all types' of agricultural farm and veterinary inputs, started with a capital of KES. 50,000.00, currently having stock worth KES. 500,000.00.

Through his business, he has established a value chain relationship with hub Agrodealers (urban), input Supply Companies, financial institution, MOA, development agencies.

Mr. Kariuki has a customer base of over 400 farmers and over 10 rural Agrodealers. He has been able to give credit to 50 farmers with 80% being women.

Support Received

- Training in Business Management.
- Training in product knowledge and safe use of chemicals.
- Linked to hub Agrodealers and supplies to other rural agrodealers and farmers.
- Linked to financial institutions for credit to expand business.
- Involved in Government Subsidy scheme, National Accelerated Agricultural Input Access Program (NAAIAP) served 500 farmers with 50 MT of fertilizer and 5 MT of hybrid seed.
- Participated in crop insurance Kilimo salama.
- Participation in demand creation activities: including exhibition, field days and establishment of demonstrations of various agricultural inputs.
- Participates in Agricultural inputs reporting system by AMITSA (IFDC).