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TRANSFORMATION JOURNEY : AFC REFRESHED



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Our Business is the Farmers' Development”

TRANSFORMATION JOURNEY : AFC REFRESHED

By Harun Njago



Development finance to the agricultural sector in Kenya has evolved over time with specific focus on the development priorities of the day. In 1933, the Government created the Land and Agricultural Bank (Land Bank) to offer affordable credit to the Agricultural sector by making the banks transactions exempt from registration fees and stamp duty. The sources of funds for the bank included grants from Local and National Government, loans from local and overseas sources and overdrafts from private banks.

In the 1950's, the colonial Government began to face pressure from African farmers who felt discriminated against. The Agricultural Finance Corporation (AFC) was therefore, established as a subsidiary of the Lands and Agricultural Bank in 1963 to cater for African farmers. The Corporation made loans for acquisition of agricultural capital and seasonal credit for working capital. In addition to these efforts, the Government facilitated the development of the Cooperative movement that mobilized savings and also encouraged collective action.

AFC was later reconstituted in 1969 under the AFC Act (Cap 323) with the mandate of assisting in the development of agriculture and agricultural industries by making loans to farmers, co-operative societies, incorporated group representatives, private companies, public bodies, local authorities

and other persons engaging in agriculture or agricultural industries.

Over the years, AFC has received funding from the Government of Kenya, grants and loans from international donors. However, the allocations could not meet the demands of the corporation's commitments. This meant that the Corporation had to operate at less than its optimum level and for a number of years the Corporation was not able to discharge its mandate effectively.

It was for this reason that the Corporation decided to commence a transformation journey in 2011.

AFC carried out a comprehensive evaluation of its business. It looked at the ratio of the return on its equity investment and debt repayment, the return on its investment and the loan repayment as per the audited books in 2010/2011 financial year was unimpressive and needed to be improved. The Corporation also looked at the net ration of its capital employed. All these ratios needed to be improved and the evaluation resulted in the implementation of a turn-around strategy aimed at optimal utilization of the resources available.

The strategy led to the improvement of AFC's profitability as per the audited books of 2009/2010 financial year and 2016-2017 financial year respectively. It also led to a reduction of non-performing loans of 2009-2010 financial year. Ultimately it led to an improvement of the Corporation's asset base and liquidity levels.

THE TRANSFORMATION JOURNEY: AFC REFRESHED



The journey

The results of the turn-around strategy led to AFC being recognized and peer reviewed with ratings significantly improving from D in 2011/2012; to B+ in 2013/2014; to A in 2014/2015 to A+ in 2016/2017 and finally to AA in 2018/2019 by the Association of African Development Finance Institutions. The AA

rating has led to the improved relations with the Government and international donors such as the International Fund for Agricultural Development, the Alliance for Green Revolution in Africa and the African Development Bank.

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Key milestones

a) Tailored products, capacity building and financial inclusion

I) The Government of Kenya (GOK), the Alliance for a Green Revolution in Africa (AGRA) and the International Fund for Agricultural Development (IFAD) signed a six year Memorandum of Understanding (MOU) seeking to scale up access to agricultural financing in the country through the Program for Rural Outreach of Financial Innovations and Technologies (PROFIT). PROFIT focuses on de-risking the agricultural sector and incentivizing financial and micro-finance institutions involved in agri-finance to implement its overall goal of reducing poverty in rural Kenya.

It is against this backdrop that AFC, Faulu Kenya, Rafiki Bank, ABSA Bank and Kenya Women Microfinance Bank were identified to implement the program.

AFC commenced participating in the PROFIT program in January 2017 following the execution of an Addendum to the Risk Sharing Facility (RSF) Agreement signed on 25th March 2014 between GOK, AGRA, IFAD, PROFIT and AFC.

The Corporation participated in the risk sharing sub-component of the Rural Outreach and Innovations Component designed to enhance the risk appetite of financial institutions for rural and agricultural lending with greater focus on women and youth.

ii) AFC is building capacity of women and providing them with capital to invest in agriculture that will empower them in economic decision-making processes to nurture sustainable economies and create food security in the country.

In recognition of the challenges women face in accessing finance, the Corporation has designed the Women Affirmative Access Window (WAAW) initiative. This credit delivery model that focuses

on accelerating financial inclusion at all stages of agricultural value chains. The program will enhance delivery of agricultural credit to women



Launch of baseline line survey report on women's access to agricultural finance

in agriculture at production, mechanization, post-harvest management, value addition and access to local and export markets. The key distinctive feature of WAAW from other financial sector strategies is its client-centeredness. The WAAW program intends to address financial inclusion of women by providing alternative collaterals such fixed deposits, shares and debentures, loan guarantee and market contracts. The ultimate goal of AFC is to ensure improved access of credit and reduced transaction cost for the women.

So far, over 800 women farmers had been trained in financial literacy, market linkage, health, and household productivity in Busia, Kilifi, Kitui, Kericho and Laikipia and Uasin Gishu counties. Additionally, the Corporation has a Gender Mainstreaming policy that deals with gender matters with gender ratio of male to female employees being 55% to 45% which is within the Gender rule and constitutional threshold.

iii) AFC views Islamic Finance Window as a solution to address the issue of financial inclusion from two directions, through promoting risk-sharing contracts which provide a viable alternative to conventional debt-based, interest-bearing financial products and through defining specific instruments of redistributive

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nature that will allow the Corporation to support clients using Shariah compliant products in a sustainable manner.

In order to progressively fulfill this dream across the forty seven (47) counties, the Corporation has a partnered with ACDI/VOCA to implement the Livestock Market Systems Activity, a USAID Feed the Future funded activity in five Counties of

Northern Kenya (Isiolo, Garissa, Marsabit, Wajir and Turkana). The aim of the Activity is to strengthen people's resilience to shocks and stresses and reduce the prevalence and depth of poverty, household hunger, and chronic under nutrition. The program does so by taking collective action on economic opportunities and by strengthening institutions, market systems, governance, and human capital. One of the activity's objectives is to facilitate access to financial services through collaboration with financial service providers in this case, AFC. Under this partnership, parties agreed to support development of a Shariah Compliant Credit Policy (SCCP) tailored to fit AFC's access to finance and

expansion plans in Northern Kenya. The development of such a policy has assisted the Corporation in the subsequent design of AFC-specific Shariah compliant products (ongoing), procedures and guidelines, as well as capacity building of AFC staff to implement Shariah compliant agri-finance. To this end, the Livestock Market Systems Activity (LMS) has supported the recruitment of a Consultant to develop an Islamic Compliant Credit Policy for use by the Corporation.

Further, the Corporation has embarked on the second phase of product development followed by staff training on Islamic Financing after which pilot testing will be done.

In undertaking this, the Corporation aspires to be a model organization that demonstrates a sustainable way of serving all segments of the agricultural population, through Islamic Finance Window by offering Sharia Compliant Products.



Kenya Crops and Dairy Market Systems, Chief of Party Tom Carr (left) and Agricultural Finance Corporation Managing Director Lucas Meso, MBS sign the Memorandum of Understanding (MOU). Looking on is Board Chairman Hon. Franklin Bett (Center) and Executive Assistance to the MD Lone Felix

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The AFC team having a conversation with Mr. Muritu (right) who is a member of Amica SACCO, at his farm

b) Innovative Credit Delivery Channels

The Corporation's strategic plan of 2018 -2022 has put emphasis on financial inclusion as a critical component in its programs and resource deployment

To achieve this, the Corporation is undertaking various initiatives aimed at serving previously excluded population segments. These initiatives include enhancing access by women, youth and other marginalized segment of the society to agri-finance through an affirmative access window and establishing and operationalizing business units in ASAL and Northern Kenyan as well as developing responsive delivery channels that align with specific target customers.

The two innovative credit delivery channels are; the Co-operative Ride on Access Window (CRAW) and Micro-Finance Ride on Access Window (MRAW).

CRAW is a wholesale financing model where loans are advanced to savings and credit cooperative societies (SACCOs) that on-lend to expand their agricultural portfolios. Some of beneficiaries are; Imarika, Boresha, Times U, Universal Traders, Tai and Amica SACCOs while MRAW enables smallholder farmers to access loans through MFIs/MFBs partnerships. Those who have been financed include; REMU and Juhudi Kilimo MFIs.

The Corporation accepts alternative collateral for loans advanced under CRAW and MRAW delivery models. These include but are not limited to; cash flow based lending or off-take contracts. Examples of these alternative collaterals are Bank guarantee, lien on fixed deposits, debenture, listed stocks etc

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Farmers in a training session in Kilifi

c) Partnerships

The Corporation has developed specific capabilities to identify, engage and execute partnerships to develop wholesale products for large agro-processors and agro-dealers. AFC in partnership with UN Women Kenya, Global Communities and Kenya Crops Dairy Marketing Systems (KCDMS) entered into a strategic partnership in 2018 to build capacity of women in Agriculture and increase accessibility of finance to Women in Agriculture.

The program originated as AFC's Women Affirmative Access Window (WAAW) an innovative initiative to reach out to women through training and information sharing to bridge the gap of financial exclusion. To this end, the trainings have been conducted in Busia, Kilifi, Kitui, Laikipia, Bomet, Nakuru, Kericho and Uasin Gishu counties. These trainings are aimed at building capacity of farmers, particularly women in the rural, and help them access agricultural loans.

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The training program which commenced in March 2019 have empowered farmers with better farming methods to increase their productivity and profitability, focuses on financial literacy, farming as a business, credit management and marketing as well as gender mainstreaming and life skills. So far, over 1,500 farmers have benefitted from the training programs.

Our partnership with FAO, KIPPRA, UN Women Kenya, and European Union led to the commissioning of a baseline survey early this year to give a deeper understanding of access to agricultural credit by Kenyan women farmers. The baseline survey was carried out in 25 counties in Kenya with over 500 women interviewed. The survey report is expected to be launched late this year

d) Modernization of ICT systems.

Today's business environment is very dynamic and undergoes rapid changes as a result of technological innovation, increased awareness and demands from customers. Business organizations, especially the banking industry of the 21st century operates in a complex and competitive environment characterized by these changing conditions and highly unpredictable economic climate.

The Corporation in conjunction with the Alliance for Green Revolution in Africa (AGRA), developed and rolled out the Farmers Integrated Technology Network Enterprise (FITNES) for Smallholder farmers seeking financial services from Agricultural Finance Corporation (AFC). To improve the availability of timely and relevant content, integration of services, agricultural advisory services and provide a one-stop-shop for consolidating all aspects related to agricultural financing. This then spurred the conceptualization of the Farmer Information Technology Network Enterprise System (FITNES).



photo: openaccessgovernment.org

The Future

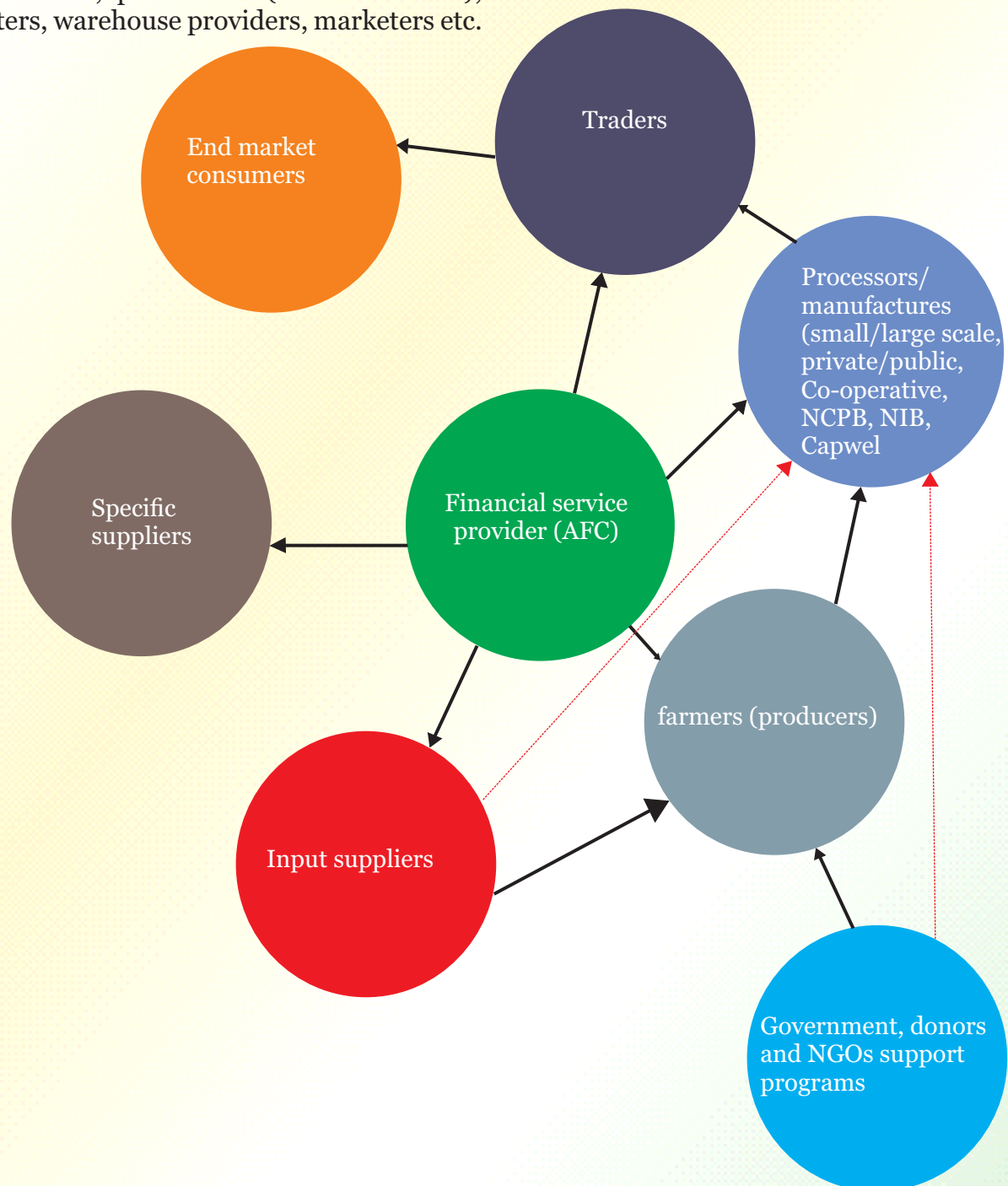
AFC is moving towards a sustainable agricultural financing approach. The Corporation has the opportunity to offer affordable credit access to all players in the agriculture sector to support the governments big four agenda of food security, manufacturing, housing and Universal Health Care.

PRODUCT DEVELOPMENT IN AGRICULTURAL FINANCING

By Richard Singu

Agricultural production encompasses all religions, races and people of different economic status i.e. those at the bottom of the production pyramid like subsistence farmers to those at the top like input suppliers, commercial farm producers, processors (manufacturers), transporters, warehouse providers, marketers etc.

Successful product development must be tailored through an agricultural value chain model as illustrated below:-



PRODUCT DEVELOPMENT IN AGRICULTURAL FINANCING

For agricultural production to grow, it requires financing and for the financial institution to realize value for money it lends out, it should develop products which are prolific, popular, area specific and can bring quick returns on investment.

Product development process

Product development process entails the following requirements:-

- 1) Identify socio-economic status of the targeted clientele: - develop products which conform to their religious beliefs, for example, you cannot come up with a product related to pig production in an exclusively Muslim community. The product must also take into consideration the purchasing power of the targeted group.
- 2) Understand the source of raw materials (inputs) to be used i.e., are the raw materials readily available and can the supply be sustained throughout the production period?
- 3) Get to know the legal and regulatory requirements of the product to be developed.
- 4) The product must be demand driven this implies that before you develop a product, you should have market information.
- 5) Identify all the risks associated with the product like; production, marketing, financial, institutional and Human resource risks.
- 6) Know the end market (consumers) since they are the ones who determine the characteristics of the final product like; product quality, popular packaging quantity, standards and prices.
- 7) Know the role of all players involved in the process i.e., address all issues to do with product governance.
- 8) Determine suitability and viability of the product for a specific area.
- 9) Develop proper information gathering methods to determine market trends.
- 10) Determine the cost effectiveness of the product and expected profit margins.

Product Development Case study



Rice farm

photo: nation.co.ke

Rice as a product for AFC Financing. Why rice?

Rice has specifically been chosen as a product to be developed for lending due to the following reasons:-

- 1) Rice is currently the third popular staple food after maize and wheat, increase in its production will help the government improve its food security status and per capita income for various households. It is consumed by all communities living in this the country.
- 2) It does very well when grown under irrigation although we also have some varieties grown under rain fed conditions.
- 3) Its potential has not yet fully been exploited to meet the national demand. Most of the demand is met through imports.
- 4) There are specific actors within the rice industry of which, if properly governed can bring profit across the board and make loan repayments much easier.

PRODUCT DEVELOPMENT IN AGRICULTURAL FINANCING

The financing would be across the board beginning with the input supplies – producers – processors and traders.

The governance of production, marketing and regulatory activities would be done by National Irrigation Board (NIB) through the major irrigation schemes such as: - Mwea, Ahero, and Bunyala and Water Resources Management Authority (WARMA) who are the major players in the industry.

The roll out would be under tripartite agreements between Agricultural Finance Corporation, Farmers (Producers) and the quoted industry stake holders.

The farmers (producers) would sign irrevocable orders (IRO) with AFC to sell their product to either of the players (NIB, The irrigation

schemes), These organizations would in turn ensure that loan repayments are remitted to AFC as per the tripartite loan agreement.

The defaulters would be controlled through the following methods:-

- 1) The NIB and WRMA would regulate water allocation by denying this essential commodity to loan defaulters.
- 2) The production plots may be taken from serial defaulters and allocated to farmers with good loan repayment records.

With proper legal and regulatory framework in place, this product will benefit all actors. It will go a long way to improve national food security and earn the country the much needed foreign exchange to improve our economy.



Planting rice

Photo: informationcradle.com

MY FACTORY - MY STORY - CASHEW NUT FARMING



Workers removing shell from the cashew nut

By Priscilla Angwenji

Located at Mwetsang'ombe in Kibarani along Kilifi-Malindi road is Mr. Benson Ziro's farm. Mr. Ziro started ten years ago by initially planting maize, cassava, cashew nut and poultry keeping on his 5 acre piece of land.

However, with the collapse of the cashew nut processing factory in Kilifi about 20 years ago, farmers lost morale to plant the cashew-nut trees due to lack of market and were forced to cut their orchards for firewood but Mr. Ziro unlike the other farmers did not get discouraged from growing the crop for commercial purposes.

With a new management, the Millennium Management Ltd taking over the old nut factory, Mr Ziro had another chance to live his dream of processing the cashew nut crop.

In 2013, he approached the Corporation to secure a loan and together with his savings, he managed to establish a nut processing factory which processes 72 tonnes of raw cashew nut annually which produces 10.08 tonnes of cashew-nut kernels and selling at Kshs. 1,000, 700 for grades I and II respectively. In a week, he processes 2 tonnes during the high season and 200 kilos during the low season.

During low season, he buys nuts, from small hold farmers from Kilifi, Malindi and Kwale Counties to enable him operate at optimal capacity.

Processing

MY FACTORY - MY STORY - CASHEW NUT FARMING



Benson Ziro shows dried cashew nuts

Cashew nut has five stages of processing.

Stage 1: after harvesting and procurement, the nuts are dried for a period of two days and stored in gunny bags. This helps in removal of excess moisture to reach 70 thus resulting in longer storage.

Stage 2: Steam Roasting: The raw cashew nuts are put in a drum connected to a mini boiler. The steam

from this mini boiler is passed over the cashew nuts placed in the drum for 30-45 minutes then removed and placed in open air for 12 hours to cool. This process helps in removal of the hard shell with minimal effort



Closing the drum filled with the cashew nuts

Stage 3: Shell cutting: This is a complex process and requires highly skilled labour to get the

maximum unbroken softer inner shell. They are then placed in an oven at a temperature of 60 degrees for a period of 24 hours to make the inner shell brittle.

The shells can also be used in the extraction of Cashew nut shell Liquid which is an important and powerful bio-fuel kernels output. It is done by a machine with two blades where the nut is placed. The machine is operated manually to remove the shell. This process results in production of cashew



Workers cutting the shell

nut kernel with whose calorific value is comparable to that of petroleum oil.

It is also used as a versatile raw material with wide applications in the form of surface coating, paints and vanishes as well as production of polymers. However, this economic potential has not yet been exploited in Kenya.

He has been processing cashew nuts for the past three years and sells to Taste The Wild Company and Eureka Nuts Limited who provide a ready market.

With the upcoming of private cashew nut processors and intervention of Kilifi County government by providing seedlings to farmers, the industry is now promising and picking up very well and with high returns, the future can only look brighter for the cashew nut farmers in Kilifi.

MINTING MONEY FROM AGRIBUSINESS



Mr. and Mrs Mbaka in the banana plantation farm

By Priscilla Angwenji

Mr. Joseph Mbaka Odera comes from Butula Sub – County, Bujumba Sub – Location, Bujumba location of Busia County. Mr. Mbaka who was a Matatu driver started his farming in the year 2000 by rearing one chicken that was given to his son by the grandmother. After one year, they multiplied to over 100 chicken and he started selling from which he made savings and bought a piece of land of 0.72 hectares. In this farm he has planted 120 stools of bananas.

Mr. Mbaka approached the Corporation for a loan in 2013 to do tomato farming. However, when his crop failed he never managed to pay his loan for 10 months. He approached the Corporation and

explained his case and AFC agreed to reschedule his loan.

The profits he made from the bananas and tomatoes enabled him lease 4 acres of land, expand his tomato crop and diversified to sukumawiki and arrowroots. The tomatoes are planted in half an acre while sukumawiki is a 2 acre piece of land while the remain land he has planted arrowroots. He sells the produce in Bumala market and supplies to schools within Busia County.

After completing paying his first loan, he applied for second loan to enable him put up a

MINTING MONEY FROM AGRIBUSINESS



Mrs. Mbaka happily harvesting sukumawiki from the farm

good structure that accommodates over 1000 birds. He has reared different species among them are broilers, kenbro and cross breeds which are very expensive to feed as the prices for feeds range from Kshs. 65 to 80 per kg.

As a result of this high prices, Mr. Mbaka with more than 30 farmers formed a group that are in the process of putting up their own processing feed plant for animal feeds as well as a hatchery for the chicks. The group has approached AFC to finance the projects that will enable many farmers from Busia benefit once it is complete as it will enable farmers get the feeds at subsidised price.



Mr and Mrs Mbaka standing next to the structure for birds

SOIL ANALYSIS



photo: Krishitantra.com

By Priscilla Angwenji

As the world continues to grapple with how to increase production to feed the burgeoning population especially in the developing countries more so in Sub-Saharan Africa, it is critical to assess the importance of soil analysis in the achievement of food security in our continent.

According to Food and Agriculture Organization (FAO), multiple roles of soils often go unnoticed. Soils don't have a voice and few people speak out for them. They are our silent ally in food production. Globally, FAO estimates that 33% of soils have been degraded. Africa has suffered significant soil degradation with a recent report suggesting that in Africa, the impacts are substantial where 65% of arable land, 30% of grazing land and 20% of forests are already damaged.

The foregoing is an indicator of why we need to assess the quality of the soil on a regular basis to ensure the continent can feed itself. The process.

A soil test is a process by which elements of soil are chemically (though new technologies have come up like the use of infra-red rays) removed from the soil and measured for their 'plant available' content within the sample. Other critical factors like soil acidity, pathogenic tests should also be done. Testing for soil acidity will help the farmers know the type of fertilizer to apply since some basal fertilizers are known to increase soil acidity when used continuously over a long period of time. Soil acidity actually determines the overall fertility and nutrient uptake.

SOIL ANALYSIS

It is important that soil analysis is done before the application of fertilizers to check the particular farm's unique soil requirements. There exists a huge disparity between the yield potential for various farms in Africa and the actual production due to the application of the wrong type and quantity of fertilizer. Soils have been degraded further by the continued application of the common Di-Ammonium Phosphate (DAP) in African countries due to lack of analysis of the soils.

Soil analysis consists of three important actions; soil sampling and analysis, interpretation of analytical data and lastly recommendations for nutrient addition in terms of fertilizers or manure to optimize crop yield.

Importance of Soil Testing.

The productive capacity of a soil depends on often complex and sometimes little understood interactions between the biological, chemical and physical properties of soil.

Soil analysis is a simple and effective farm management tool to increase yields and profits. Soil testing determines the physical conditions, fertility (nutrients) status and chemical properties that affect a soil's suitability for growing plants.

Soil analysis enables farmers to manage soil nutrients efficiently to maintain soil fertility for those nutrients like P, L, Mg that are retained in soil in plant available forms. If the amount of any of these nutrients in such forms in soil is too small then yield is jeopardized but increasing reserves in agricultural soils to very high levels is an unnecessary expense to the farmer. Soil analysis ensures that the right balance is struck in terms of these vital components in the soil.

Recommendations from soil analysis provide farmers with recommendations on optimal soil nutrient and PH levels that if properly implemented:

- Increase crop yields and overall farm profitability
- Raise fertilizer efficacy through ensuring optimal PH levels
- Reduce weed populations and improve efficiencies of other crop production practices (scouting, field spraying, harvesting) through greater plant uniformity throughout the field.
- Increase plant health that increases pest and disease resistance thus reducing chemical application requirements
- Improve environmental stewardship through reducing over-applications of fertilizers and other farm chemicals

Despite its importance, soil analysis has not been accessible to smallholder farmers because of its perceived high cost. However, farmers should realize that soil analysis as a worthy investment that will actually save money in the long term. Ideally it is recommended that a soil test should be done at every two years.

Apart from soil analysis, for those interested in venturing into irrigation agriculture, did you know that it is critical for your irrigation water to be analyzed as well?



BLACK GRAMS PRODUCTION



By Elizabeth Akinyi

Black grams in the farm

Black gram or vigna mungo beans are small, black, dry beans featuring prominently in the Asian cuisine. Botanically, these tiny legumes belong to the Fabaceae or Leguminosae family in the genus: Vigna. Green grams and black grams are from the same family



The major producing-cum importing countries are India, China, Pakistan, Japan and Thailand mainly from Myanmar, Singapore and Australia. Black

gram has also been introduced to other tropical areas such as the Caribbean, Fiji, Mauritius and Africa mainly by Indian immigrants. South Africa is one of the black grams producing countries in Africa. India is the largest producer and consumer of black grams globally.

- In India, they are hulled, split, and used with rice to make a sort of crepe (dosa), or the spiced lentil puree (dal makhani).
- In South India, a mixed batter of rice and urad used in the preparation of idli and urad vada (medu vada), served with coconut chutney and Samar (vegetable stew).
- Ground into flour, urad is used to make confectionery, flatbreads, or bread.

BLACK GRAMS PRODUCTION

In Sri Lanka and Kerala, a similar kind of batter used in Uttappam, served with vegetable, fish or chicken curry.

- Hulled urad split lentils used to prepare papadum in many Indian provinces.
- Whole beans can be sprouted, and used in salads.



papadum

Product description

Black grams (*Vigna Mungo*) is an erect, sub-erect or trailing, densely hairy, annual herb. The tap root produces a branched root system with smooth, rounded nodules. The pods are narrow, cylindrical and up to six long. The plant grows 30–100 with large hairy leaves and 4–6 seed pods.

It originated in India, where it has been in cultivation from ancient times and is one of the most highly prized in India. It is widely used in the Punjabi Cuisine and is often referred to as "maa di daal" in the native language by Punjabis.

Black gram grows well under the following ecological conditions:

Temperature: Hot and humid conditions with temperatures range between 25°C to 35°C.

Soil: Well drained volcanic sandy-loam heavy soils with neutral PH with good water holding capacity.

Rainfall: An annual rainfall of 600-700ml.

Topography: 1800 m above the sea level. The prevailing ecological conditions in Taveta Kisima Farm meets the required ecological conditions for optimal production of black grams.

Competitive comparison

The competitive comparison refers to strengths/advantages that the farm has in comparison with other farms in the production of the black grams. The farm has the following competitive advantages;

- The farm will be the first to cultivate black grams in large scale in Kenya. The crop is mainly grown in India and southern Asia.
- Adoption of irrigation therefore economic gain through offseason black gram production.
- Low transportation costs. The farm is targeting international market, and therefore its close proximity to Mombasa Port will minimize the transportation cost.
- The farm has no competition locally on black gram production.



Black grams

Photo: greenvalleyspices.com

Technology

Cultivation of black gram will be fully mechanized with minimal use of human labour. Ploughing, planting, fertigation and harvesting will be mechanized. Center pivot irrigation system will be employed.

Future products

The farm will produce black grams primarily for export in its raw state.

Market analysis summary

The market for black grams is mainly in Asian countries.

BLACK GRAMS PRODUCTION

Market segmentation

The market for black grams will be categorized into: processors of black gram flour, individual consumers and middle men who can either be brokers or those who do value addition of black grams.

Industry analysis

The production of black grams globally is around 8.5 million metric tones from major producing countries including India, Myanmar and Thailand (in that order). India accounts for 70% of the total global black gram production. The major black gram exporting countries are Myanmar, Singapore, Thailand New Zealand, Hong Kong, Sri Lanka and Pakistan. The major producing-cum importing countries are India, China, Pakistan, Japan and Thailand mainly from Myanmar, Singapore and Australia. Black gram has also been introduced to other tropical areas such as the Caribbean, and mainly by Indian immigrants. South Africa is one of the black grams producing countries in Africa. India is the largest producer and consumer of black grams globally. India has about 3.2million hectare under black gram with an average productivity of 4000Kg per hectare. Black gram accounts for 10% of pulse production in India.

Industry Participants

Industry participants in participants include; producers, regulators and service providers

Taveta Kisima Farm will be the main producer and exporter of black grams of black grams producers.

Regulators include:

The Kenya Bureau of Standards and Global-GAP concerned with standardization that have been set. Kenya Plant Health Inspectorate Service concerned with phytosanitary requirements and standards. Marketing organizations and Research institutions.

5.0 Strategy and implementation summary

Competitive edge

Taveta Kisima farm will adopt the following strategies to achieve a competitive edge: Contract farming, Technology in production and large scale production

Marketing Strategy

TKF will seek to create a footprint in the country to create brand awareness in the first year in operation. The marketing strategy will adopt the 4p's marketing mix approach; that is, product, price, place and promotion.

Product

Our product, blackgram will be of highest quality to meet the required International Standards (Global GAP Standards) and will implement measures to ensure that the right quantity is achieved. The product will be sorted, packaged, branded and exported in its raw form.

Price

To ensure competitive price in the market, TKF will adopt low cost production. The price will be determined through the contract agreement with the buyer in the target market.

Place

The black gram target market is primarily in Asia with India the largest consumer. Locally the product is packaged and sold mainly in supermarkets

Promotion

Promotion entails creating awareness to both buyers and consumers on the existence of a product. Though our farm targets to initially supply to global market.



Photo: jumia.co.ke

Source:

- *India's Pulses Scenario, National Council of Applied Economic Research Parisila Bhawan, A research paper prepared under the project Agricultural Outlook and Situation Analysis Reports, , 11, I.P Estate, New Delhi.*
- *Department of Agriculture & Cooperation (DAC), Agmarknet, and Agriwatch Commodity Profile for Pulses-March, 2017.*

POULTRY INDUSTRY IN KILIFI COUNTY



Broilers in the modern technology farm

By Samuel Ochieng

Many years back, cashew nuts and coconut farming were the main economic mainstay of Kilifi area but with the collapse of cashew nuts processing factories, this is no longer the case. Nearly every home has cashew nuts, but it does not bring any income to the locals due to lack of local processing mechanism, exposing the locals to exploitation by businessmen from the neighboring Tanzania.

Coconut production has not been spared either with production volumes dwindling thus dwindling the hopes of local farmers in the two cash crops.

With the near collapse of the two major cash crops industries, attention has shifted to poultry which

remains the most viable, promising, and vibrant economic activity in Kilifi County.

Across the county, poultry farming is the most predominant activity by the locals which is carried out in almost every homestead because it assures them of quick income for payment of school fees and meeting other basic needs. It is carried out in both small scale and in large scale basis.

It is important to note that it is Kilifi County that supplies Mombasa town which provides ready market due to its large population and the hospitality industry. The large producers both layers and broiler producers use state of the art technology which may not be found in other parts of the country.

POULTRY INDUSTRY IN KILIFI COUNTY

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Coconut production has not been spared either with production volumes dwindling thus dwindling the hopes of local farmers in the two cash crops.

With the near collapse of the two major cash crops industries, attention has shifted to poultry which remains the most viable, promising, and vibrant economic activity in Kilifi County.

Across the county, poultry farming is the most predominant activity by the locals which is carried out in almost every homestead because it assures them of quick income for payment of school fees and meeting other basic needs. It is carried out in both small scale and in large scale basis.

It is important to note that it is Kilifi County that supplies Mombasa town which provides ready market due to its large population and the hospitality industry. The large producers both layers and broiler producers use state of the art technology which may not be found in other parts of the country.

The Corporation has waded fully into funding and facilitating poultry production in the county for both large scale and small scale



Cage farming

POULTRY INDUSTRY IN KILIFI COUNTY

producers. Apart from giving loans to small poultry producers, there are other linkages for purposes of getting market for their products. In some instances, large scale producers still cannot meet the demand because they have created huge markets for themselves thus forcing them to source broilers or eggs from other small scale producers to meet the deficits. For this reason, Kilifi branch has created links for small scale farmers, say one producing in the remote part of Ganze to the one's producing in Mtwapa. The Ganze customer would have got market for his/her product, and will be able to repay loan in time to our advantage.

To create economic impact within the communities, the Corporation identified two anchor clients who are engaged in poultry production, (broilers, improved breeds and hatcheries) one is at Mtwapa town and another in Kizingo area near Malindi.

The strategy was; the two clients were funded with big loan amounts to produce and buy broilers from the small scale producers thus providing them with readily available market. They also buy eggs from local farmers for hatching.

They sell chicks to the local farmers in a cohabiting business relationship. Since the two anchor clients are advanced and also have slaughter houses, it has increased the multiplier effect. Looking at the number households depending on these anchor clients in the above chain, then one can appreciate the impact that funding from the Corporation has created to the society and the resulting economic empowerment to the local communities.

It is gratifying so to speak that the Corporation is on top in financing such a vibrant industry in Kilifi County. There are more funding opportunities in this industry which are yet to be exploited and make sure that the impact is felt in all the seven constituencies in Kilifi County.

TRANSFORMING SMALLHOLDER FARMERS IS KEY TO FOOD SECURITY AND POVERTY REDUCTION IN KENYA



A smallholder farmer after harvesting carrots

By John Mungai

Food and Nutritional Security, is a key pillar of the 'Big Four Agenda' and Kenya's Medium Term Plan III of Kenya's Vision 2030 aiming at ensuring that all Kenyans are food secure by the year 2022. With a growing population, increasingly urbanizing society and a growing middle class, food demand will definitely increase. Of importance to note is the growing middle class and urban dwellers who exhibit increasing distinctive food tastes and preferences. Kenya's population projected to grow to 54 million and 66.5 million by 2020 and 2030 respectively and with about 63% residing in urban areas by 2030. Food demand including processed food and protein rich food is therefore on the rise against a fixed land resource. This begs the question; How will the Country be fed?

Whereas large scale farmers are often considered drivers of food security due to massive production capabilities, there is need for a deliberate effort to

uplift the 'ignored' but critically component of the food security equation - The small holder farmers. In economics, profitability is key to sustained production and this drives the consistency of large scale producers. Their large production capacity enables them enjoy economies of scale - cost advantages obtained due to scale of operation, with cost per unit of output decreasing with increasing scale. As a result, large scale farmers are able to access finance, insurance and marketing services at a lower cost. In layman's terms, they are able to 'stand on their own'

The importance of smallholder farmers – farmers with a low asset base, operating in 2 hectares or less and owning a few heads of livestock - are often overlooked in food security discussion. Their importance in agriculture economy and more specifically to the food

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security cannot be ignored. Just figure this; smallholder farmers account for 75% of maize production, 63% of food production, 75% of the total agricultural output and over 70% of marketed agricultural produce in Kenya. In 2016, this segment accounted for 56.2% of all tea production in the country. Their role in food security, raw material production, employment creation and foreign exchange cannot overemphasized.



A farmer winnowing millet

This notwithstanding, smallholder farmers are usually regarded as ‘marginal’. They farm but are often food insecure. Due to innumerable challenges, they usually don’t produce a surplus and their off-farm activities are irregular and/or unreliable to provide income for sufficient food purchase. Smallholder farmers are bedeviled by various challenges including: Cost of production; inadequate access to markets (inputs and markets), land rights and management; inadequate access to credit due to lack of collateral and information; In access to affordable and timely extension services; Low level technology and

mechanization; and over reliance on rain-fed agriculture.

Their transformation therefore must be prioritized in the food security and agricultural transformation discussions. In fact, the transformations proposals need to be now and ‘radical’

The question then is how can the transformation then be implemented? I believe this can be achieved through the following.

First, agro-ecological zones need to be defined and designated for appropriate crops with strict adherence and enforcement to production cycles (case of rice production in Thailand and to an extent tea production in Kenya). Further, smallholder farmers should then be organized into common interest groups to increase their bargaining power and ensure quality and quantity of markets and value addition. Of great importance is taking deliberate action to adopt value chain approach – working from markets backwards.

In addition, farm ‘enlargement’ should be encouraged and enforced. Adjacent farmers, while still retaining individual ownership, should consolidate their farms to procure inputs and services as a single entity and produce a common crop.

Further, access to finance and extension services should be relooked. Specialized agricultural financial institutions like the Agricultural Finance Corporation (AFC) should be empowered and well-funded. Thereafter such institutions should develop innovative and affordable financial products which are customized to the ‘lower cadre’ of small holder farmers –those with no land or asset ownership. Financial products like the ‘anchor client’ financing model being piloted by AFC should be well funded and rolled out country wide. Anchor financing model involves linking small holder farmers to a large scale client who provide provides either inputs and extension services,

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and markets guaranteed. Loan repayments for such farmers, for example, can be synchronized to production.

Radical and deliberate harmonization of support programmes meant for smallholder farmers by various players must be done to avoid wastage. There are numerous private and non-governmental support organizations implementing overlapping programmes which duplicate each other's efforts but little or no impact is felt. Such policies will ensure that such players must either shape-up or ship-out. As well, laws and regulations should be enacted and/or enforced to protect farmers against exploitative cartels and mismanagement of cooperatives and common interest groups.

These among other initiatives, I believe, will be a game changer in transformation of agriculture

sector. To achieve the 'Big Four' agenda on food security, 10% annual economic growth outlined in Vision 2030 and poverty reduction agriculture and smallholder transformation presents a sure path. Empirical studies have shown that in 'agri-based' economies like Kenya, a percentage growth in agriculture is four times more effective in reducing poverty than growth in any other sector. Agriculture therefore must be transformed from subsistence to an innovative, commercially oriented and modern sector to drive food security, employment, incomes, exports and economic growth.

By 2030, the size of food and agribusiness in Africa will reach, \$1 billion. To be part of this, smallholder farmers in Kenya must be transformed and empowered. Time to purposefully focus on them is now.



DEALING WITH STRESS AT WORK



By Tracy Soi

Before you read this article ask yourself: Are you satisfied with your performance at work? Do you think you are able to give your best? And, the most important one, are you able to do more in less time?

Most employees in many organizations, the Corporation included experience high levels of stress. Emma Mamo, Head of workplace wellbeing at Mind wrote that `Majority of employees find work more stressful than health, financial problems, and relationship problems. Yet despite stress being a common experience at work, a number of us don't feel comfortable telling our bosses. A big number of those who take urgent leaves, just 5% admit to their bosses they are too stressed to work. The remaining 95% cites other

reasons for their absence, such as an upset stomach or a headache. `

Stress at work is also affecting people's personal lives. It puts a strain on relationships and some have missed important events owing to work stress. If you are experiencing stress at work, or notice a colleague feeling the pressure, below are top tips on what causes stress and how to deal with:

- A common cause of stress is the feeling that things are slipping out of your control. So a key piece of advice to avoid unnecessary stress is to plan ahead and prioritize. Create an Excel spreadsheet or simple handwritten "To do list" of outstanding tasks along with expected completion dates and deadlines. You should then keep your

DEALING WITH STRESS AT WORK

project plan or task list under regular review to stay on top of your work and plan for contingencies in case of delays. Set realistic deadlines and review what's already due to see what deadlines you can extend. Very often they're not as concrete as they appear. Take breaks and time to yourself, and most importantly, keep things in perspective, don't let panic overwhelm you. Also schedule regular meetings with the supervisors and colleagues to update them on progress and alert them in case of any unexpected setbacks.

- Your supervisor (boss) does need to know if you are struggling. Communication is crucial, so the most important thing you must do is accept you're suffering from work related stress and make sure your boss knows. Share with them what the difficulties are and suggest some practical ideas about what might help. For instance maybe more realistic deadlines are needed, or you need more training. When you are feeling overwhelmed it can be difficult to remain objective.
- Don't ignore the symptoms. If you're feeling burned out, anxious or overwhelmed, talking it through with someone you can trust is a helpful first step. Secondly, identify what's causing the stress. While there aren't always easy fixes for being overworked or under too much pressure, the Corporation may help and there may be changes or adjustments it can make to improve the situation.
- Recognize when things are getting on top of you. This is not always easy, but acceptance is the first step. Don't try to deal with it all by yourself. Talk it out and ask for help while you get yourself back on your feet. If you talk, people will help. At the same time, make sure you eat healthy foods, drink lots of water, exercise during the day (take a walk or stairs, the fresh air will do you good) and get to bed early for a good night's sleep.
- At work, stress is experienced when there's a difference between what's required of us and what we feel we can deliver. Meet your boss and simply agree or re-set clear objectives,

timescales and standards for whatever is expected of you. That way, you might still be under pressure but you know your manager knows you're focused. The stress drops and your proactivity shows you're a professional. It's also a great tip for bosses to use when they see an employee not coping well with the general pressure.

- So team, let's be each other's keeper to move the Corporation to greater heights and to address the questions earlier asked in this article.

Article courtesy of `The Guardian` and the following contributors:

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