



Kenya BDS

Kenya Business Development Services Program

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Kenya BDS Market Intervention Brief

<i>Name of Activity</i>	Facilitation of Outgrower Arrangements with Smallholder Avocado Farmers in Central Province (L01/001/03)
<i>Facilitator</i>	East African Growers (EAGA)
<i>Period of Performance</i>	July 2003 – July 2004
<i>Intervention Objective</i>	To increase market access for smallholder avocado farmers in Central Province, and facilitate the sustainable provision of extension services through embedded service arrangements with a lead firm.

Program Description

The facilitator for this program is East African Growers (EAGA), which is one of the leading exporters of horticulture products in Kenya. Under this program, Kenya BDS and EAGA have entered into a “win-win” relationship which is based upon bottom-line commercial incentives.

EAGA was facing a supply constraint in Haas and Fuerte variety avocados for export. The market channels had already been established in Europe, however the exporter was lacking in both the quantity and quality required. Although EAGA was interested in purchasing directly from smallholder farmers, the firm did not have the time or resources to expand their operations downmarket. Moreover, it was easier and less risky to purchase avocados directly from market intermediaries (i.e. brokers). Kenya BDS approached EAGA, and offered to assist the firm source additional product from smallholder farmers. If EAGA could provide the market and quality assurance (embedded) services, Kenya BDS could assist with the facilitation and capacity-building of producer groups. A memorandum of understanding was developed between the two, and operations were shortly launched thereafter.

Currently EAGA is providing inputs (agrochemicals, seedlings) and equipment for smallholder farmers, as well as extension services related to crop husbandry. The firm is in the process of developing and equipping collection sites in the field, as well as procuring two small trucks for transport to Nairobi. In addition to producer group formation, BDS will also build the capacity of EAGA field extension staff to provide embedded services related to crop husbandry and extension services. It is expected that Kenya BDS will “phase-out” facilitation during the first year, leaving a fully commercial operation between the exporter and producers.

Key Results

The key result of this program is a fully commercial relationship between EAGA and smallholder avocado farmers. A sustainable supply of business services has been created by EAGA with on the ground agronomists and extension officers. Smallholder farmers in turn will have a ready-market for their avocado product, and as well as enhanced knowledge and awareness of crop husbandry. They will also enjoy increased household earnings as direct linkages are made with the exporter, thereby removing the middleman from the supply chain.

The program is expected to result in a minimum of 500 avocado farmers entering into long-standing supply contracts with EAGA. For every US\$1 applied by Kenya BDS for this initiative, US\$2.66 is being leveraged in private sector investment on behalf of EAGA.