

# **FIT PROGRAMME**

(INT/92/M16/NET)

## **TAPPING THE INDUSTRY CHANNEL**

### **Opportunities for FIT for assisting women food processors in Kenya**

**Saskia I. Everts**

**TOOLConsult**

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## EXECUTIVE SUMMARY

The FIT Programme targets MSEs in metal work, as well as MSEs in food processing. This consultancy was meant to give impetus to FIT's efforts to reach women food processors. Specifically the objectives were

- to identify, contact and profile organizations, groups and individuals which may be important to FIT, in its work to reach women food processors, and
- to formulate, in dialogue with those people, mechanisms for assisting women in food processing MSEs, and pilot activities to test those mechanisms

More than twenty individuals or organisations were visited, among which 7 larger industries.

### *Situation of women food processors*

From existing studies it can be extrapolated that there must be almost 50,000 women-owned food-processing enterprises; thus the sector is the second largest provider of enterprise opportunities for women (after trade in agricultural products). About half of these women is involved in beer production, while another one third makes ready-to-eat-foods and snacks.

Within the food producing sector, the branches that seem to hold the most promise for women are:

- Ready-to-eat foods/ snacks
- Specific niches in fruit/vegetables/nut etc. processing (for urban markets)
- Mala and yoghurt
- Fish processing
- Oil production

In general, the food processing sector shows an interesting growth pattern in which one third of the enterprises grow very fast, while two thirds don't grow at all. The fast growing enterprises seem to be the very small ones, and grow no larger than up to a maximum of 3-5 employees.

While there is a group of women who could benefit from growth-inducing assistance such as credit and mechanisation, there will be a larger group of women entrepreneurs that are more adequately helped with what can be called 'stability improvements'. Technology and equipment do not seem to be among the foremost needs of most women food processors.

### *Reaching women food processors*

While NGO's, strategic locations, and associations can reach some food processors, larger industries seem a more important and apparently largely untapped channel. Therefore this consultancy concentrated on the possibilities for cooperating with larger industries. Although the findings of this exploration came out of an effort to reach food processors, they seem quite relevant to development efforts in general, and thus can be seen to suggest a general approach for 'tapping the industry channel'.

One reason that industries offer an interesting channel for development is that many of them already reach down to a great number of people, for example through:

- their products as such
- their marketing campaigns and activities
- the distribution and retail networks that companies maintain
- their inputs into other businesses, which sometimes include support for those businesses
- their marketing research
- their backward linked businesses, which they also sometimes support

Moreover, an intervention that can be grafted on to the interests of industry is more likely to be sustainable than an activity that is dependent on charity or government funds. The experience of this consultancy suggests that industries have a number of reasons to cooperate on development activities, including the argument that 'if their business grows, our business grows' (for backward and forward linked businesses), improving the industry's corporate image, improving the relations with the government, and wanting to help the Kenyan people. Care should be taken however not to cooperate in the promotion of an industrial product that is in direct competition with products made by the entrepreneurs one is trying to assist.

The best industries to approach for helping food processors can be found by searching for the industries that are somehow linked with the food processing business, industries for example that provide an important ingredient for food processing.

#### *Concrete options*

Six of the options for FIT to reach food processors tap the industrial channel.

- Coca-Cola would be interested in including broader development objectives in its training program for ready-to-eat food producers and hotellis.
- Wonder Foods is interested in creating a forward linkage with women food packagers, who can get a rather good return on investment for this activity; this plan includes providing development-relevant training to these packagers.
- TOTAL is interested in promoting the jua kali production of gas stoves, for example by supporting peer-exchange among jua kali metal workers as well as between the metal workers and the food producers - the users of the stoves.
- UNGA can be approached for including elements of enterprise-support into its upcoming competition-campaign.
- East Africa Industries may be willing to include wider development objectives in its demonstration activities, which target large numbers of women's groups, some of which can be food processors' groups.
- Wonder Foods again may want to cooperate on improving fish-drying practices.

Three other options for FIT involve small business contacts.

- A business transaction day can aim to bring together (rural) suppliers and (urban) buyers of food

products.

- Exchange visits, which have been successfully organised by FIT before, can presumably also benefit (other) food processors.
- Long term mentorship could be put in place, using specific groups that are interested in providing such services, such as the Kerala community, or people who are retired from industry.

### *Tapping the industrial channel*

To make more use of the possibility to work together with industry in order to achieve development goals, FIT could identify an organisation that is well equipped to be the development counterpart in such cooperation projects, and that could further specialise in this. This could be an NGO, but it could also be a private (marketing) organisation.

In this early phase, there may also be a role for an individual or organisation to take on the role of 'matchmaker' - which should be a limited role.

When experience is gained with preferably at least three of the industry-linked suggestions formulated in this report, a manual on tapping the industrial channel can be produced and widely disseminated.

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ILO-TOOL Project INT/92/M16/NET

FIT-TOOLConsult  
Sarphatistraat 650  
1018 AV Amsterdam  
The Netherlands

Tel: 0031-20-6264409  
Fax: 0031-20-4211202 and 6277489  
E-mail: fit@tool.nl  
E-mail: toolconsult@tool.nl

## **1. INTRODUCTION**

Of its two MSE target groups, metal-workers and food processors, the FIT programme has found it significantly more difficult to reach food processors. One of the consequences of this is that women are up to now under represented among FIT's beneficiaries.

The consultancy described in this Report was intended to help FIT remedy this situation.

### ***1.1. Objectives***

The consultancy had the following objectives:

1. to identify, contact and profile organizations, groups and individuals which may be important to FIT, in its work to reach women food processors
2. to formulate, in dialogue with those people, mechanisms for assisting women in food processing MSEs, and pilot activities to test those mechanisms

Appendix 1 gives the Terms of Reference of the consultancy.

### ***1.2. Activities***

The consultant undertook the following activities:

- Study of documents, of which the following were the most central ones (the complete list of documents used is presented in Appendix 2):

*Gemini (1994) Micro- and Small-scale Enterprises in Kenya: Results of the 1993 Baseline Survey, Bethesda, Maryland, USA*

*Kristjanson, P., C. Wangia & J. Kashangaki (1995) Agribusiness Subsector Study, Final Report, USAID/ Kenya Private sector Office/ Mwaniki Associates*

*Kiruthu, Z.N. & U. Kraus-Harper (1994) UNIDO Training Programme for women entrepreneurs in the food processing sector, Report on an exploratory mission to Kenya*

*Wenner, Mark D. & William Escudero (1993) Constraints in the Kenyan Fruit Juice Processing Industry, USAID, Abt Associates, Inc.*

*Espiard, E. (1992) Fruit and vegetable processing industries, Nairobi: UNIDO*

*K-MAP (1994) Preliminary analysis of the fruit processing sub-sector in Kenya, K-MAP Nairobi/ ILO-FIT Geneva*

- Secondary analysis of some GEMINI data on MSEs in Kenya, with the cooperation of Mr. Oketch from K-REP
- Meetings/ conversations with the following organisations and persons

*NGO's and other development organisations*

private consultant

Food Processor's Association

FKE (Federation of Kenya Employers)

GTZ Soyabean project

Kenya Professional and Business Women's Association

IDCA (International Development Centre for Africa Ltd.)

K-REP

KWFT (Kenya Women's Finance Trust)  
 SEPSO Ltd.  
 TOTOTO Home Industries  
 UNDP  
 Women Entrepreneurs for Industrial Growth (Textile Project)

*Industry/ companies*

Coca-Cola  
 CPC  
 East Africa Industries Ltd.  
 Farmer's Choice Ltd.  
 Kenya Fruit Processors Limited  
 Premier Foods  
 Total  
 Unga  
 Wonderfoods

- Visits to the following rural or sub-urban towns/ area's:  
 Kamagunji, Kiambu, Gitinghuri, Ikino, Ruiru, Juja, Thika.

Appendix 3 gives the programme of the consultancy.

### ***1.3. Organisation of this report***

Chapter 2 of this report gives background information on women in food processing in Kenya: on their presence in different branches, the economic opportunities that different branches can provide, and women's constraints in food processing.

Chapter 3 discusses in general terms how food processors could be reached, given the approach that FIT stands for. It addresses specifically the possibility of tapping the 'industry channel', that is: working with larger companies to reach food processors, by utilising any overlap of these companies' interests with the interests of development initiatives such as FIT. Although these ideas have grown out of an effort to support the difficult-to-reach group of food processors, they are for a large part relevant to development efforts in general.

Chapter 4 and 5 present a number of concrete opportunities for FIT to take up, which have been set on the rails during this consultancy. While Chapter 4 discusses options that involve larger industries, Chapter 5 presents alternatives that are more in line with earlier FIT approaches.

## 2. SITUATION OF WOMEN FOOD PROCESSORS

### 2.1. Numbers of women food processors in Kenya

From the Gemini study 1993 it can be estimated that there are some 90,000 food processing enterprises in Kenya, of which more than 50% is female-owned. This makes food processing enterprises the second largest group of women-owned enterprises. Calculations based on the GEMINI-data show that the following sectors account for the largest numbers of women-owned enterprises:

Subsector	% of all MSEs	absolute # of MSEs	% women owned MSEs	absolute # women-owned
Retail of agricultural products	26	240,000	70	168,000
Food processing	10	90,000	est. 55	50,000
Retail charcoal	5.4	47,000	72	34,000
Retail clothes, second hand/ new	3.6	37,000	68% and 28% respectively	22,000
Making cords, baskets and other grass products	5.1	44,000	74, 84, 31% respectively	18,000
Tailoring	1.7	17,000	58	10,000

It may also be interesting to add to this list the production enterprises within the metal subsector, the other MSE sector that FIT targets.

Subsector	% of all MSEs	absolute # of MSEs	% women owned MSEs	absolute # women-owned
metalwork: misc., furniture etc., household hardware	.4	3,230	0, 16%, 0 respectively = 5.8%	188

These tables show that, in terms of numbers, the food processing branch is the best avenue through which to reach many women with enterprises in manufacturing.

A closer look at the food processors shows that around one half of these women are beer-brewers. The rest form a still substantial group of about 25,000 women-owned food-processing enterprises. 68

% of the food processor make ready-to-eat food. Finally, there are 13,000 men and women doing other forms of manufacturing (baking, meat or fish processing, fruit and vegetable processing, dairy, tobacco, etc.): still four times as many as jua kali metal workers.

From the relatively low number of enterprises in the restaurant/bar category and the high number in the ready-to-eat-food sector, it can be gathered that the GEMINI study has included the smaller kiosks and hotelli's serving prepared food in the food processing category. This accords with the way the FIT program has dealt with food processing. Thus, the consultant also looked into the possibilities to assist women who make ready-to-eat-food for restaurants, snacks or catering.

The numbers below should be regarded with some caution though, since the sample number on which they are based (180 presently functioning food processing enterprises) is not great. For example, the GEMINI study itself states that fish-processing is certainly under represented, due to flaws in the sampling procedure. In particular, it is not possible to draw conclusions on the percentage of men versus women-owned enterprises in the category of 'other food processing', since the study included only 13 enterprises in that category.

<b>Branch</b>	<b>% of all fp MSEs</b>	<b>absolute # MSEs</b>	<b>% women</b>	<b>absolute # of women</b>
Beer brewing	35	32,000	75	24,000
Ready-to-eat food	35	32,000	54	17,000
Milling	15	13,000	9	1,200
Other	15	13,000	not known	3-10,000
<b>Total</b>		<b>90,000</b>		<b>45-55,000</b>
Hotel/ restaurant	1.25	10,000	9	900

## ***2.2. Opportunities in food processing***

The mission has attempted to review the opportunities in each of the branches of the subsector. The Agribusiness Subsector Study by USAID consultants Patricia Kristjanson, Caleb Wangia and John Kashangaki has been helpful for this, as well as conversations with different spokespersons, in particular Mrs. Wanjau of FKE. This overview will also suggest the sectors that FIT could consider becoming involved in.

### ***2.2.1. A 'Grow, then stop' sector***

Before discussing the opportunities of each of the branches, it is worthwhile to examine more closely the data on subsector growth which are available through the GEMINI study, for these reveal an

interesting "Grow-then-stop" dynamic for the food processing subsector as a whole.

First, it is noteworthy that the growth rate of the food processing subsector (30% increase in employees) is among the highest of all Kenyan subsectors, surpassed only by the growth in the hotel and restaurant branch. Interestingly however, only less than one-third of food-processing enterprises grow at all; those that do, do so at a very high rate: 88% as compared to 54% for all growing MSEs. Thus, the food processing sector is polarised: while two-thirds of the enterprises are stagnant, one third almost double their size annually. However, these growing enterprises never get very big: only 4% of all agriculture-based enterprises have more than five workers. In other words: the stagnating section includes the enterprises with 4 or 5 workers, as well as a portion of the smaller ones. In terms of the individual life of one enterprise one can hypothesize the following life cycle-pattern: while maybe half of the food processing enterprises stay at their start-up level of one, two or three workers, others will grow fast by adding from one to three workers to the business; having arrived the level of 3-5 workers however, there will be no more growth.

It is not easy to formulate off hand an hypothesis on whether women's enterprises will be over- or under represented among the smaller stagnating enterprises. The GEMINI report shows, as other research has done, that women's enterprises grow less (20%) than men's (26%) and less than multi-owner enterprises (34%). This can be accounted to the fact that no less than 71% of women's enterprises do not grow at all, while those that do expand do so at a significantly higher rate than male and multi-owned enterprises (66, 48 and 45% respectively). This is the same polarised pattern as noted above, but less pronounced.

Since there is a substantial group of growers among women's enterprises in general, it is possible that women-owned enterprises are evenly represented among the expanding food processing enterprises.

We will now take a look at the different branches within the food processing sector in Kenya, starting with the three very large sectors.

### 2.2.2. *Beer brewing*

This sector is remarkably large and consists for about 75% of women-owned enterprises. If only for the reason of quantity, it would be worth looking into possibilities to support this group of 24,000 women entrepreneurs. However, given the sensitive nature of beer as a product and the flavour of illegality around it, supporting this sector seems a complicated option and probably not something for FIT to take up (I was assured by quite a few people, including government officers, that traditional beer brewing is either always illegal, or illegal unless special exemption is granted, yet one central government official maintained that no other permission was required than for any other business. Kiruthu and Kraus-Harper state that the Kenyan legal framework does not allow production of local brews (p.5)). The food-technology section of the ministry of RTTT does give advice on beer brewing to those who come to ask for it; these are however mostly the few larger or medium scale urban breweries.

### 2.2.3. *Ready-to-eat-food/ snackmaking*

This large sector consists for 60% of women-owned enterprises. The sector includes the kiosks or market stands where mandazi's and chapati's are made and sold, the maize-roasting on the wayside,

production of porridges, fermented beverages, fruit salads, etc. as well as the smaller hotelli's and snack-places.

The ready-to-eat-food market seems a very stable market, also in times of stagnating economic growth. With economic development, changes in demand and supply (for example preference for imported or industrially manufactured snacks) could have serious repercussions for some women. It certainly would be interesting if FIT could find ways to reach and support this large group, particular to respond to opportunities and threats arising from urbanisation, westernization and economic development that may bring about changing tastes.

#### *2.2.4. Milling*

The USAID Agribusiness subsector study lists maize one of the four promising agribusiness branches. They do not see an opportunity in maize trade, but 'opportunities appear to still exist for increased value-added activity in maize milling' (Kristjanson p.21). However, in this popular food processing activity women form a minority (10%). Therefore it is not advisable that FIT, which already tends to reach few women, would concentrate on this sector, unless it targets women in the sector directly. That may be possible, because women often operate the mills in groups, which are probably registered. Because of the group-wise operation, these enterprises seem to be rather unsuccessful (Kristjanson p.20-21); FIT might want to look at initiating other options such as encouraging buy-outs.

#### *2.2.5. Other food processing*

As mentioned above, it has not been possible to get reliable information on the percentage of men versus women owned enterprises in this category of 'other food processing', as the GEMINI data cannot be extrapolated for this. Thus in the table in paragraph 2.1, I have made the careful statement that the number of women-owned enterprises in this category could be anywhere between 3 and 10,000. However, some indicative information on the presence of women is available for some of the branches included in the category; based on this, the most probable estimate is that the category includes around 30% (4000) women-owned enterprises. It is likely that half of these are in fish production.

##### *Cereal production, other than the large branches discussed above*

- baking of bread
- cakes
- pastries
- cookies

This industry is dominated by large-scale bakeries; smaller ones have difficulty competing. There are probably only few MSE bakeries (Kristjanson Appendix 1, p.7). There are almost no women owners among the 120 bakeries that make up EAI's bakery target group. Among PRIDE clients, bakeries are among the branches with the lowest profits (Parrott p.13)

##### *Fruit, vegetable, honey, nuts and rootcrops processing*

- juice making
- fruit drying

- making of jam, jelly, etc.
- canning
- banana crisps
- honey
- nuts roasting

According to Kristjanson et.al. there are 'hundreds' of enterprises in this sector as compared to 'thousands' in fruit and vegetable *trade*. Although the study selected fruit and vegetable processing as one of four promising agro-based sectors in Kenya, the authors caution that there is substantial uncertainty in this judgement, especially regarding the demand in the rural areas. Meanwhile, a USAID study on larger fruit juice producers in Kenya is rather pessimistic about the possibilities for fruit juice on the domestic market, while the 1992 study by UNIDO-consultant Espinard (also mainly based on research among larger enterprises) states that 'growth of processed fruit and vegetable consumption in domestic market will not be particularly rapid' (p.14). This was also the opinion of quite a few of the people spoken to during the consultancy: the majority of Kenyan consumers will prefer to go without the fruits which are out of season and only eat the fresh fruits and vegetables that are in season, rather than buy (more expensive) processed out-of-season or out-of-region fruits. As far as fruit juices are bought (in the more urban area's), the competition from South Africa is very stiff, both at the bottom end (cheap concentrate juices) and at the top-end of the market. USAID consultants Wenner and Escudero conclude that even the large and medium sized processors will not be able to compete effectively for the top-end of the market. They show that between 1990 and 1993, the internal market demand for fruit juice has declined by 74%! It may also be a warning sign that one of the 8 businesses that they interviewed in 1993, Olympus, did not exist any more when I tried to visit it during this consultancy.

For these reasons, it is probably wise not to be too optimistic about the opportunities for growth on the processed fruit market in the short term, with the possible exception of urban markets. Some niches of urban clientele are, however, bound to exist in this branch. The niches will be small, and given the conservative eating habits of Kenyans, going for a niche will involve risks. Possible niches might exist for honey, roasted cashew nuts, chutneys, sauces, banana crisps or other new kinds of crisps, and new snacks.

#### *Meat*

Women are little represented in this relatively large subsector branch, and therefore not a good group for FIT to focus on.

#### *Dairy*

- Whole milk packaging
- Pasteurization
- Yoghurt
- Fermented milk (mala)
- Hard cheese
- Soft cottage cheese
- Butter, Ghee
- Ice cream
- Powdered milk

The opportunities for selling cheeses and butter are still very small in Kenya. Yoghurt however is

becoming more popular, and is easy to process. Mala is traditionally popular and very easy to process (it is buried until it turns sour).

The present booming of the MSE milk-sector in Kenya is mainly due to the trade in unprocessed whole milk which has risen after liberalization. The liberalization may have opened opportunities for MSE processing as well, which are maybe not taken up yet as much as they could. It may for example be possible to promote mala and especially yoghurt processing in kitchen-level enterprises. TechnoServe is involved in this sector.

#### *Fish*

- Drying
- Smoking
- Frying
- Filleting
- Frying the remains of filleted fish

Fish is a relatively large sector; according to Kristjanson et.al. women form about 70% of both the traders and of the processors in this branch. There is a large dried and smoked fish market, but 80% of this fish is imported from Uganda (women play an important role in that trade, too). Kristjanson et.al. conclude that there are opportunities for

- expansion of fish consumption and distribution in new regions
- involvement of women in filleting fish and in frying the remains of the filleted Nile perch
- growth in the dried, smoked and fried fish sector (p.28-29).

One possible intervention involving fish drying is shortly suggested in paragraph 4.6 of this report.

#### *Oil*

Expectations are that MSE oil-producers should be able to compete with large producers and with imported oil. The USAID consultants do not pursue this option only because oil seeds are exported from the US into Kenya, and therefore USAID is not allowed to become involved in that industry (Appendix 1 p. 13). ApproTech and other organisations are working on this sector in Kenya and can be expected to adequately promote it.

#### *2.2.6. Conclusion*

On the basis of the above, the following subsector branches or products seem interesting for FIT to become involved in:

- Ready-to-eat foods/ snacks
- Specific niches in fruit/vegetables/nut etc. processing (for urban markets)
- Mala and yoghurt
- Fish processing

#### *2.3. Women food processors' needs*

This consultancy was not intended to analyse the needs, constraints and opportunities of women food processors. However, assumptions on these needs can be based on other studies of women entrepreneurs in Africa and Kenya. These will be described below, because they will influence FIT's choices for intervention.

### 2.3.1. Stability versus Growth

Most of the 50,000 female food processors in Kenya will most likely have very small businesses. For many of them, the scope for growth will be limited, since these entrepreneurs would want to remain flexible in terms of time and money investment (which implies among others low fixed costs), avoid great risks, and be able to operate close to their homes. The UNIFEM/KCB study on women and credit in Kenya confirms in particular the limited mobility of women (p.41).

This study also states two findings that may be interesting to repeat here, because they help to get an adequate picture of the character of many of women's enterprises:

- 28% of the women entrepreneurs interviewed in that study marketed only to family and members of the women's group (p.42)
- Only 56% of those interviewed were engaged full time in one enterprise only, all the others were engaged in more than one enterprise (p.38)

Although these findings may be influenced by the fact that only participants in official credit schemes were interviewed (who as we know from the GEMINI study form only 4 % of MSEs (GEMINI p.21)), they do underline the very informal and flexible character of many of women's MSEs.

Also the somewhat larger food processing entrepreneurs researched by UNIDO consultants Kiruthu and Kraus-Harper, when asked about their dreams mostly did not mention growth, but rather dreamt about finding a rewarding and secure market niche for their business (p.12).

Thus there is a group with limited scope for growth; this group would probably not be adequately helped with investment opportunities, machines, and increased scales of production, they might still benefit from business improvements that are not growth related, such as

- better costing, pricing and marketing skills,
- product diversification,
- access to working capital or credit arrangements,
- more stable marketing outlets or market niches
- more control of inputs
- small improvements in production methods

Such improvements may be called stability improvements.

There will most probably be another, smaller, group that is able and willing to accommodate growth; with the right opportunities, such businesses may grow from 1-2 employees to 3-5 employees, thus absorbing some of the 1-2 workers businesses without growth potential. This group would be willing to take risks in order to improve its businesses, and would, next to the improvements listed above, probably be attracted to

- credit schemes for investment capital
- opportunity to benefit from economies of scale

It is the latter group that fits best into the usual picture of enterprise development; the first group however is bound to be the larger one. Thus, FIT should be creative in finding ways to effectuate 'stability improvements' as well as growth-related improvements.

### *2.3.2. Assumptions on needs and possible assistance*

It can be assumed that the main problems of the food processing enterprises will include the following:

- Lack of working capital: entrepreneurs may not be able to react to market opportunities because of their limited access to cash. Lending and saving schemes and promotion of credit relations are some possible interventions. Kiruthu and Kraus-Harper state that women food processors are often not aware of the existence of special saving schemes (p.18), this information on these schemes could be a form of assistance.
- Low demand or insufficient access to (urban) markets: many of the newer market opportunities, such as fruit-products, honey, yoghurt and out-of-season processed vegetables depend on urban buyers. In order for rural women to reach that market, some system of transport, middle-traders, or for example linkages with urban packagers must be in place. Other means to facilitate access to customers could include brokering contracts, and bringing potential business partners in contact with each other.
- Lack of input/ supply. Particularly for those enterprises catering for higher sections of the market, quality of raw material is crucial; this is especially the case in food processing. For the lower spectrum enterprises, not so much the quality as the price of inputs will be a matter of concern: fluctuations in prices for sugar, flour, oil, preservatives, etc. will greatly influence business. Forging linkages and promoting transactions on credit could be relevant.
- Policy and bureaucratic restraints.
- Insufficient business skills: in a number of studies clients asked for training for better costing, pricing and other business skills. Active marketing and product-development are other skills that can be improved.
- The discovery of new market niches might be facilitated through provision of, for example:
  - recipes
  - peer exchanges
  - training in rapid market appraisals
  - producer - customer exchanges

### *2.3.3. Needs for equipment*

It is not easy to identify priority needs of MSEs through interviews: answers of the respondents may be influenced by what they think the interviewer is prepared to offer, or be based on an incomplete analysis of their own situation. Nonetheless it is noteworthy that in a number of recent enquiries into the needs of MSEs in Kenya, 'improved tools and technologies' was one of the last priorities for support according to the MSEs themselves. In the GEMINI study, it is not among the 'most important constraints' of MSEs (p.33-34), nor in the elements that have made business easier (p.35). In the GTZ private Sector Strategy Study, technology is among the bottlenecks indicated as least important. K-MAP's study on fruit processing does not include anything about tools or technology among the

10 possible bottlenecks (p.21)

For the somewhat more advanced group of food processors interviewed by Kiruthu and Kraus-Harper however, the consultants do conclude that there is a need for technical assistance.

Given such findings, and presuming that FIT has an objective to support (women's) food processing enterprises in their own right and not just in their functions as buyers of jua kali tools, this consultancy did not focus only on interventions involving tools.

Nonetheless it is interesting to ask whether FIT's method of Participatory Technology Development (PTD) could fulfill a need for food processors.

PTD could be considered for those tools used by food processors that are made by jua kali. These include:

- Simple kitchen utensils as spoons and pots (including boilers), also (potato) slicers for crisps. The question is whether anything can still be improved in the design, quality or the sales of these tools is variable enough to make a PTD intervention useful.
- A number of more intricate tools: these are usually made only in a few jua kali workshops: such as the NGO-developed oil-presses. Because of its closely monitored design and production, jua kali based PTD is not possible here.
- Stoves: these are jua kali made: both metal workers and pottery makers play a role. Women figure among the latter. Both in quality, design and sales improvements may still be made. PTD-workshops seem feasible.

### 3. REACHING WOMEN FOOD PROCESSORS

The pilot activities that FIT is to undertake should ideally uncover sustainable mechanisms or channels that reach relatively large numbers of food processors. Below, some of these possible channels are discussed. While NGO's (3.1), strategic points (3.2) and associations (3.3) can reach some food processors, larger industries (3.4) seem a more important and apparently largely untapped channel.

#### 3.1. Reaching Food processors through NGO's

The following gives an overview of the number of food processors reached by some of the Kenyan organisations that support MSEs.

	number of clients	food processors
K-REP	3000	166
PRIDE	2600	144
FKE	6000	50 small ones, plus larger
K-MAP	588	46
KWFT	1600-2300 (all women)	?
SEPSO	185 (80 women)	12 (5 women owned)
KPBW- Nairobi	380 (all women)	'very few'
KPBW other branches	120 (all women)	idem
CARE Kisumu	6000	?

Although the list is not complete, it is probably indicative of the situation in Kenya: in relation to the estimated number of food-processors in Kenya, the numbers reached by NGO's are very small; much smaller, probably, than the percentage of women in textile work that is reached. Apparently, the sector has not had a great deal of attention up to now. At present, a modest increase of attention seems to take place, with initiatives taken by USAID (a subsector study was done; the follow-up is still unclear) and UNIDO (planning to organise training), and activities going on in promoting small scale oil-production.

#### 3.2. Reaching food processors through 'strategic locations'

Another way to reach larger groups of people is through the identification of strategic locations. The mission has not concentrated on this issue, but the following points were mentioned by the different spokespersons as places through which to channel information.

Schools (give information or products through children)  
 Hospitals  
 Bus stops  
 General stores  
 Markets  
 Meetings of women's groups such as Merry-go rounds

### ***3.3. Reaching women food processors through associations***

As has been described by FIT before, there is only one food processors' association in Kenya, which has grown out of a course given by FKE for some 60 mainly Nairobi based food-processing enterprises a few years ago. Up to now, this association has not undertaken any activities, although they were at one point urged by FIT to present a proposal.

During this consultancy, I talked to Mrs. Wangu Mwangi, secretary of the association. She stressed the need for staff and a secretariat for the association, but did not have very concrete ideas on the activities that the association would want to undertake. She warned that sometimes the only thing members seem to want out of an association is in fact money; and that there is little interest in other services. Yet she took it upon herself to find out from the members what activity they would like her to propose; because of the occasion of this mission, she decided to ask the women members first. However, up to now no proposal has come forth.

### ***3.4. Reaching women food processors through industry***

Given the small numbers of food processors reached through the more traditional development channels discussed above, it seems necessary to discover other routes through which to reach women. Therefore this consultancy has concentrated on exploring the possibilities of reaching women through cooperating with larger industries.

#### ***3.4.1. Why industries may form a good channel for development***

Industries may provide a peculiarly good instrument to reach large groups of women for at least the following reasons.

- Many industries already reach down to a great number of people in a number of ways that will be discussed below.
- Any intervention that can be grafted on to the interests of industry is more likely to be sustainable than an activity that is dependent on funding from charity funds or governments, provided that such 'piggy back' interventions also generate benefits to industrial partner (so that it may be better to speak of an egret-buffalo model of cooperation).
- The businesslike, cost-conscious and efficient culture that many industries have been forced to develop in order to survive in the every-day reality of economic life, might be a very good addition to the more welfare and funding oriented cultures of some NGO's. Likewise, if the more

social and responsible orientation of development NGO's could find a route and embedment into this industrial culture, a more balanced mix might arise there as well.

- The means and resources of some of the larger enterprises are quite substantial compared to those of governments and NGO's.

### *3.4.2. Relevant activities of industry*

This consultancy has identified a number of ways in which industries are in touch with the target groups of development organisations, such as in this case women food processors. Here I will list the main forms of contact in general terms, by looking at industries' backward and forward linkages (where these terms should be broadly interpreted). In the next chapter, some specific opportunities for utilising these connections between industry and food processors will be suggested.

#### *Forward linkages*

Four overlapping forward linkages may be distinguished.

#### Products

One linkage between industry and women food processors is through the concrete products that leave a company and end up in the business or in the home of the customer. Those products may seem not to have much relevance for development, yet there are some opportunities. For example, if the products are packaged they could carry development-relevant messages either on the packaging material (on the in- or the outside) or inside the packages. (see 4.4.)

#### Marketing

Most industries, especially the larger ones, have extensive marketing programs which bring them in some form of contact with large numbers of people. Some forms of marketing used are:

- billboard and poster advertising
- messages in printed media
- demonstration visits or travelling demonstration units
- organisation of information meetings
- mailings
- question and answer service
- specific campaigns such as competitions

Any of these could be used for messages that combine the company's message with one that is relevant for development. (see 4.4 and 4.5.)

#### Distribution / retail network

The industries I talked to all had established and maintained a distribution network, which often also played a central role in some of the marketing activities mentioned above. The distribution network of Coca-Cola, for example, reaches down to small scale hotelli's and kiosks, and to street-corner vendors. Coca-Cola maintains this network among others by training these small entrepreneurs. Likewise, intensive training and monitoring is involved in the distribution of Farmer's Choice sausages, which has 16 people full time employed to visit its 120 outlets in Nairobi daily.

#### Producing input into other activities

Industries may produce products which itself are inputs into some other commercial activity (if the

commercial activity is retail, this overlaps with the above). In these cases, industries may invest in the development of this forward-linked business. The seminars held for bakers by East Africa Industries are an example of this.

#### Research

Some Kenyan industries also perform marketing research. Although at times the results will be largely irrelevant from the point of view of development, the results may include data that are quite useful, such as level of household expenditure on different kinds of products, decision making within the household, or supply needs in small business. Although some results will be partly confidential because of marketing interests, it may be worth exploring how relevant data can be made available for non-competitive development initiatives.

The possibility of cooperating for development on market research was shortly discussed on my visit to UNGA; no concrete ideas were generated at that point, however, it seems worthwhile for FIT to keep this opportunity in mind.

#### *Backward linkages*

It is also common for industries to occupy themselves with the enterprises that supply their raw materials, especially if quality of the raw material is important. This is for example the case for Farmer's Choice, which supports pig-farming through technical advice, veterinary services, sows and the provision of pig feed on credit.

#### *3.4.3. Why would industries cooperate*

The challenge in tapping the industry channel is to find where the interests of on the one hand development organisations and on the other hand industry (or other large companies) overlap. Development workers must seek constructions which link on to some interest of industry, and that do not require excessive *extra* investments. The experiences of this mission suggest that this is quite possible. Of the eight multinational, large, or medium scale enterprises that were contacted on this consultancy, none were uninterested, only one was doubtful about possibilities, and most were quite positive. The main reasons industries can have for their interests in cooperation on development initiatives (in this case initiatives to support food processors) can include the following:

- 'If their business grows, our business grows': if a larger business is somehow linked to the business of food processing, for example if food processors use the larger company's product in their businesses, then improvements in food processors' businesses may also mean better sales for the larger company. Although most food processors have little consuming power, there are larger firms that do cater to this bottom-end of the market. If the numbers are great enough, the group may be very important to a large company. For example, Unga's most important flour product, EXE, is for the greatest part used for chapati's and mandazi's, which are prepared for sale by food processors.
- Corporate image. Some of the larger Kenyan businesses and multinationals are aware of the importance of how the people perceive the company: whether it is sympathetic to them or not. The example of the Kenyan Tobacco Company that organises the jua kali show is known by all, and seen as a successful activity.
- Government relations
- A desire to contribute to the development of Kenya, or to do something back to the country that

has enabled a company to grow. 'We have to give the people of Kenya something back'.

- Some of the ideas may require only limited extra investments
- Some companies have special budgets which have to be spent on 'socially oriented' activities. For example, Coca-Cola is to spend 3% of its profits world wide on education and health-related activities; those must not be linked to the requirement to buy or sell Coca-Cola.

#### 3.4.4. Which industries to work with

When the aim is to reach a specific group, as in this case food processors, which specific industries would be the appropriate ones to approach?

In principle, any industry that is commercially linked with food processing might profit from a strengthened food processing sector, and therefore be willing to cooperate on promoting its development. Thus looking at the forward and backward linkages that surround *food processing* will show who profits indirectly when food processing is strengthened. Backward linkages include:

- raw materials/ ingredients: sugar, flour, preservatives, margarine, oil, and for hotelli's: bottled soda's, beer, tea, nescafe, sausages, soups/ cubes/ tasteners, ketchups etc.
- tools: since women who process food would buy tools, tool-producers should have an interest in stimulating women's food processing. Larger tool-producers or even tool-importers might thus be successfully engaged. TOTAL can be an example of this.
- packaging materials: (second hand) glas jars, plastic, wrappings.

The larger the (potential) demand for these backward linked products among food processors, the greater the chance that the supplier is interested in reaching the food processors.

Thus the first steps in seeking to tap the industry channel can be:

- Look carefully at all economically relevant backward and forward linkages of your target group to identify strong companies that might also benefit from improving the situation of the target group.
- Approach these industries, requesting an exchange of views on possible industry- development cooperation. Usually marketing departments, demonstration departments, special projects officers or public relations officers, or (in smaller companies) the managing director, will be the best to approach.
- Ask what the industry does in terms of the activities mentioned under 3.4.2.
- Brainstorm about possible ways to make the activities and objectives of industry and development overlap

#### 3.4.5. Risks in working with larger industries

Any intervention can have unintended unfavourable effects. Development interventions that link up with industry, and therefore per definition promote the interests of the industry as well as the interests of the development target group, must assess the possible unfavourable effects of promoting the industry. The most clear case is when an industrial product is in direct competition with (some

other) business of the group the development organisation wants to support.

For example, UNGA is a large maize miller and in that role it is in direct competition with thousands of posho mills. Using (and thereby promoting) UNGA's maize-related channels for development is therefore not a good option. On the other hand, grain cannot economically be milled on MSE level (Kristjanson, appendix 1, p.6), this product does therefore not pose a direct threat to the poorer Kenyan population.

Another example is TOTAL's attempt to replace charcoal cooking by gas cooking. As noted above, some 34,000 women are involved in charcoal trade, and any increase in TOTAL's market share will most likely be a loss in their market. In this case however, the ecological aspects should also be considered, and the best options might be to look into the possibilities of alternative income generating activities for this specific group of women charcoal traders.

The first rule of thumb for working with industry would therefore be to check into the direct competition that such an industry poses to MSEs.

## 4. CONCRETE OPTIONS FOR FIT: TAPPING THE INDUSTRY CHANNEL

### 4.1. Channelling training through industry's forward linkages: Coca-Cola

#### *Description*

Coca-Cola presently provides a training program for its outlets, both for the stores (called the VIP-club) and for the restaurants. The latter program, which would be the one that is relevant for FIT because it reaches food processors, is up to now based in Nairobi only. It seems to consist mainly of two hours of showing a film, made by Coca-Cola-US, on marketing and customer service ('how to get the customer into my restaurant, how to make the customer buy the product on which I have the most added value, and making the restaurant an experience for the customer'). The number of participants depend on the size of the space used, the training is repeated until all outlets have been able to participate. Participants are not reimbursed for their participation.

The sales-agents, who apparently organise these showings, are themselves briefed on the importance of marketing skills of outlet-managers.

Mr. Kagochi, distribution manager of Coca-Cola for Kenya, wants to take this training activity out of Nairobi, and possibly into the rural area's, by 1996. He is thinking of translating the Coca-Cola training-film into Swahili. But possibly, both form and content of the training activity need to be adjusted more than that for application in rural areas. Coca-Cola does not yet have much experience with this, also not in other African countries. It seems that this is where FIT could come in and forge interesting linkages. Mr. Kagochi could imagine working together with an NGO on determining content and form of the training, (but did not know a specific preferred NGO off hand.) This would give the opportunity to include wider development goals in the training such as: hygiene, business expansion, marketing, and options in food processing (in so far as these are not already included).

The second form of involvement could be for FIT to evaluate and record this activity, to make it more replicable.

#### *Expected benefits*

The benefits to the target group should come from the contents of the training. Probably, some further enquiries into the target group are necessary to determine the best content of the training. This enquiry could be a part of the training cycle to be held in 1996: while some of the more obvious training elements can already be provided, participants can at the same time be asked what else they would like to learn and what their main problems are.

The benefit for Coca-Cola probably includes the following: while they were planning to do this kind of training anyway, cooperation with development agencies would probably increase the quality of their training, help them in reaching more difficult to reach groups, and - possibly most important - give more publicity to their contributions to Kenya's development, a publicity that comes from a non-suspect angle as well.

#### *Population reached*

Those reached will be the managers of very small food-serving businesses in more or less rural area's; many of these operate almost at subsistence level, but can and should be approached as

businesses none the less, according to Kagochi. His estimate is that 50% of the managers of these rural food processors are women, although the owner may be a man who lives for example in the city. The training would target the managers, after support from the owner has been secured. Coca-Cola is now working on a data base of all outlets. I have not enquired about the number of potential participants.

*Further steps*

One possible way of proceeding, dividing tasks and sharing costs is the following:

- Further discuss details on the basis of a proposal by FIT.
- If agreement between FIT and Coca-Cola is reached: select counterpart from a development agency to proceed cooperation
- Assist in fixing an agreement (contract) between Coca-Cola and the development counterpart.
- Development counterpart is instructed by Coca-Cola to develop form and content of the rural training in good cooperation with the responsible Coca-Cola agent.
- Development counterpart designs an instrument to find out more about food processors training need.
- Development counterpart trains Coca-Cola sales agents in providing the new training.
- Development counterpart monitors the training.
- Activity will be evaluated and reported upon.

#### ***4.2. Creating a forward linkage and providing training: Wonder Foods***

##### *Description*

Wonder Foods Limited is medium sized company that produces, among others, a rather popular chip-like snack, in both a salted and a sweetened form. Mr. Simon Glover, Managing Director, would like to reduce Wonder Foods' packaging activities and promote repackaging by retailers into quantities small enough to reach the 'one shilling' market. The idea is that women will buy 1 kilo bags, and plastic, fill the plastic with 10 or 5 pieces of the snack each, seal the plastic with a candle, and sell the bags at one shilling.

If Wonder Foods could be brought into contact with a small group of business women (hotelli owners, store owners, peanut packagers), they would provide a training which would also include elements which are important from the FIT point of view. For that purpose, Wonder Foods could be linked up with an NGO that has more experience with training: this linkage could also be interesting and instructive to the NGO.

##### *Expected benefits*

Re-packaging is a very modest form of 'adding value' and on the edge of what can still be called food processing. Given the limited buying capacity of consumers at this low-end of the market, the absolute amounts earned per day would probably be small. However, relative to the money to be invested and the amount of work, the opportunity seems not bad: repackagers may get a good return on their investment with this activity.

Next to this income-earning opportunity, the benefit of the activity should come from the training component. Wonder Foods believes that training is a prerequisite also for Wonder Foods' own purpose. Development-relevant elements that can be included in the training are: costing, pricing, bookkeeping, making your kiosk look attractive, where to get business assistance, the five P's of marketing and possibly also: the advantages of adding value to a retail product.

##### *Population reached*

FIT should decide whether, because of its mandate, the women to train must own cooked-food kiosks, so that the training clearly targets food processors, or whether it also fits within the mandate to encourage retailers to do an extra operation to the food sold, in order to improve their margins. This decision should be weighed against the question of who is best located to sell the snack - which will be primarily bought by children or their accompanying adults.

The pilot activity should probably be done with a small group first: five to ten women. In principle however there is room for a great number of local repackagers and retailers of Wonder Foods. If use can be made of Wonder Foods' marketing personnel, who frequently travel around the region assigned to them and visit outlets, a more regular training pattern might evolve.

Moreover, the general idea is broadly applicable, and thus this pilot activity could be of relevance to a much larger group.

##### *Further steps*

- Further discuss plans on the basis of a short FIT proposal
- Select an area where one-shilling level retail seems appropriate.
  - This should be mainly left to the judgement of Wonder Foods. For this pilot activity, it should be not too far from Nairobi to facilitate monitoring. The competence of the different Wonder Foods salespersons could also be a factor to consider when choosing an area.
- Find five to ten women in this area who have the kind of business that this product could be added to.

Probably the salesperson is the best placed to do this. FIT might also contribute to this task, f.e. by sponsoring an NGO or a private consultant to do this. Selection criteria for the selection of the women should be mutually agreed upon by Wonder Foods, FIT and the NGO.

- Determine the content and form of the training.  
Wonder Foods could put aside one of their people who could work together with a more traditional trainer (from an NGO for example). Together they should determine form and content: there are many training manuals available that can easily be drawn upon. A possible form for the training is a number of half days, spaced over a period of two months.
- Carry out the training.
- Monitoring and Evaluating the effects  
This should be done or subcontracted by FIT, in consultation with Wonder Foods.

### ***4.3. Jua kali and Food-processors Show: TOTAL***

#### *Description*

TOTAL's 12 1/2 kilo gas-bottle is still TOTAL's core business, in spite of the recent success with the smaller MEKO gas-stove. This larger bottle is at present mostly attached to imported gas-stoves.

However, jua kali metal workers can also make these stoves, or at least the larger part of them; these would be cheaper and could therefore also lead to an increase in sales of gas bottles.

Mr Kibe, Special Projects Officer of TOTAL, was seriously interested in my suggestion to cooperate on the promotion of the production of gas stoves by jua kali. We discussed the idea of organising a fair which would bring together consumers: mainly small food processors because the stoves cater to that level of use, and jua kali metal workers who have made some of these stoves, as well as those who have not yet done so. There should be a peer-group interchange for the metal workers, but also a producer-customer interchange about the qualities of the stoves.

#### *Expected benefits*

From a development point of view, the fair would promote the knowledge of gas-stove making among jua kali metal workers, both through peer group exchange and through input from the (intended) users; it would make users aware of the existence of inexpensive jua kali made gas stoves, and it should also make them aware of how to check the quality and the safety of these products. Thus, food processors would eventually benefit from the existence of cheaper stoves for somewhat larger scale cooking - and they might even order stoves there and then. Their interaction with jua kali would presumably also improve the quality or features of the stove, along the lines of FIT's PTD-methodology. Moreover, if such interaction were well monitored and guided, it would have an educative function for the customers as well, who would become more aware of what how they can check quality and safety, what they should look for, etc. (for example checking with soap for gas leaks).

From TOTAL's point of view, the fair would promote the use of TOTAL gas, (stickers with '*Use With TOTAL Gas*' could be handed out to stick onto the stoves), while in the longer term the increased availability of inexpensive gas stoves would make the bottles more popular. Furthermore, TOTAL would give a clear sign to the government and people of Kenya that it is interested in doing something for the development of the country, such as promoting the jua kali.

#### *Population reached*

Next to a reasonable number of metal workers, the fair could accommodate a larger group of visitors, including men and women food processors from the region, but probably also any others interested. Special care should be taken to attract women. Some of the industry-linked communication channels that are discussed elsewhere in this report could be tried for this occasion.

#### *Further steps*

- Find out the possibilities and experiences that jua kali metal workers have in making these gas stoves (FIT). Possibly, cooperation with an importer must be sought for the provision of the burners and/or the gas-regulators. The importer or retailer may be involved in the show as well.
- Determine size, date, programme and location of Show (FIT/TOTAL)
- Announce and promote the show among Metal workers (FIT through its traditional partners). Stimulate participation through, for example, a competition.
- Announce and promote the show for the (potential) users of the stoves. Because of the lack of traditional channels to reach women food processors, TOTAL's channels must be used for this.

TOTAL has for example very good experience with announcements in newspapers. (Up to now TOTAL has never done an effort to reach women specifically; for example, they have promoted the MEKO stove among others through their gas stations, where women - MEKO's potential users - probably don't come much. However, this does not seem to have hampered the effectiveness of their MEKO campaign - which in itself is interesting to know.)

- During the show, elements of earlier FIT/PRIDE shows and PTD should be put in place. In addition, women food processors can demonstrate recipes: a competition could be organized. Of course they would also be able to sell their foods to all participants and visitors.
- Evaluation and publication, subcontracted by FIT.

#### ***4.4. Small enterprise development through a campaign: UNGA***

##### *Description*

UNGA is the largest Kenyan producer of flour. I talked to Mr. Alfred Owori, marketing manager for UNGA's wheat flour division (I did not go to the maize flour division for the reason discussed in 3.4.5.). Wheat flour is an interesting product for FIT's purpose, since chapati's and mandazi's, two very important food processors' products, are both made of wheat flour. Food processors are therefore one of UNGA's main customer groups. Just like FIT however, UNGA has difficulties reaching this group as a group: they are not organized and located in one area. Therefore, they usually target a more general groups: either women (through the close net of women's groups that Kenya has, see also under East Africa Industries), or (potential) customers in general, through radio, advertising, distributors, schoolchildren etc. In fact in UNGA's own terminology, a distinction is made only between 'housewives' (this includes the informal micro entrepreneurs that FIT targets) and 'processors': that is mainly bakeries.

One general campaign that UNGA is about to undertake may provide an interesting opportunity for cooperation for development. UNGA's present idea (designed by Marketing Support Services, a private marketing consultancy) is to do a simple competition: a few questions will be put on an entry form that can be acquired with a package of flour. The prizes will show UNGA to be concerned with the promotion of small enterprise development in Kenya.

My proposal was to make this message more pronounced by not helping only the winner of the competition, but in some small way everyone who joins in the competition. This could be done by adding on to the entry form (or on the packaging material of the 2 kilo packs, preferably on the inside) some message that is interesting for those who run micro enterprises: it can be a business tip, information on existing small credit programs, a recipe for fruit-filled mandazi, tips on registration and information on taxation, or it could even be a discount on the popular book 'how to start your own business'. A series of tips, if attractively presented, could be cut out of packages and collected.<sup>1</sup>

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<sup>1</sup> An idea that was not discussed with UNGA but arose in a conversation with Peter van Bussel, is to expand the concept of a competition, and have UNGA organise a competition of business plans. The best business plan would get the first prize of getting your start-up financed. Those interested would receive a format for writing the business plan; this would educate all participants on what a business plan is all about. To make this idea manageable, a random selection would have to be made at some point: either a limited number of people is selected by chance from all those expressing interests to participate, and these selected few are then allowed to submit a businessplan for the competition, or from all the business plans handed in, only a limited number is selected for judgement.

Mr. Owori was open to such suggestions: he welcomed the idea to do something back to the Kenyan people, and felt this would also strengthen UNGA's corporate image. The campaign is to take place either in September/ October already, or if that date is not feasible in January to March. Because of this short time span, I tried to arrange a meeting with Marketing Support Services just before I left; however, the agent responsible for the UNGA campaign was not in town and the arrangement with her assistant did not materialize. Nonetheless, the idea to approach marketing or advertising agencies directly seems worthwhile - these may be exactly the kind of partners FIT may need to substantiate the opportunities for cooperation between larger companies and development agencies (see also 4.9).

#### *Expected benefits*

For this pilot activity, the benefits for the target group of food processors have to come from the content of the messages on the entry-forms or packages. Clearly, there is a limit to the usefulness of what one can communicate through such a channel. It would need some careful and creative thinking to make the most of it. If it is possible to use the channel to announce concrete upcoming events, this medium might support some other initiatives for food processors, such as the TOTAL gas-stove show (see 4.3) or a business transaction day (see 5.1).

#### *Population reached*

The population reached through UNGA packages will be large, however UNGA sells 80% of its wheat flour in urban areas. Yet this does not mean the packages don't reach the rural areas as well, since many urban men will bring the flour to their home village each weekend. (UNGA is just doing some research into this).

Presumably, many of Kenya's women food processors will be among UNGA's customers, however it will be quite difficult to target this group separately directly.

#### *Further steps*

The UNGA plan still needs some work, yet time may be limited. If judged attractive enough, the steps to take could be the following:

- Meeting with Mrs. Gilda Odera from Marketing Support Service to discuss opportunities and willingness to cooperate (FIT, MSS)
- Arranging with UNGA to contract Marketing Support Service to put the idea in place (UNGA, MSS, FIT)
- Determine the need for input from a development agency - if needed, identification of development counterpart (MSS, FIT)
- Further planning and implementing of this "Enterprise support through UNGA-campaign" (MSS, development counterpart, final decision and financing by UNGA, possibly FIT)

#### ***4.5. Training through demonstration visits: East Africa Industries***

##### *Description*

East African Industries has an intensive program of marketing activities with which it reaches large numbers of women. They approach all women's groups that are registered by the government (from whom they receive lists of these groups) in order to demonstrate their products. They also give demonstrations at the markets at the end of the market day. The demonstrated products include three food-products: Kimbo, Blueband margarine and Royco flavouring cubes.

Four demonstrators in Kenya talk to three groups a day on four days a week. Since a group may consist of 50 to 200 women, the number reached should be at least 600 a week.

Next to information about the product, they will give information on nutrition, showing the five types of food needed, etc. They freely give out monsters and presents.

The head of the 'women's groups division' of the demonstration department of East African Industries, Mrs. Margaret Mwarey, was quite keen to link up some way or other with organisations with development objectives. In principle she sees no problem in including other training elements into their demonstration program. Presumably this network could be used for other forms of communication as well, such as announcing the existence of new forms of MSE assistance, the organisation of a jua kali show, or any other event.

##### *Population reached*

EAI does not approach specific groups such as food processors separately with the information on the three food products. Yet since they work with registered women's groups, there should be instances in which they can see beforehand that they will work with a group of entrepreneurs, or even with groups of food processors.

##### *Further steps*

The next steps could be the following:

- find out how many women's groups are registered as food processing groups
- choose one of EAI's four regions. Criteria among others: presence of women's groups registered as food processing; willingness of the trainer to enter into a pilot activity.
- design business-training elements that can be well included in the EAI-demonstration
- train EAI-trainers to teach these elements

#### ***4.6. Backward linkages with fish drying: Wonder Foods***

This idea has been discussed only shortly, because the other idea with Wonder Foods seemed easier to realize in the short run. However, this option seems very interesting, among others because it involves another category of food processors. The idea is to assist Wonder Foods in going back into trade and processing of small dried fish, while at the same time helping women fish processors.

#### ***4.7. Interest in the options***

All the companies discussed above seemed seriously interested in the ideas outlined. All said they would be willing to further discuss and work out details, if FIT is interested in taking up the option. If so, they expect a short (one page) proposal from FIT within a few weeks, on the basis of which further discussion can proceed.

#### ***4.8. Sustainability of the options***

The above proposals for cooperation with industry have been so designed as to tap into the overlap between the interests of industries and those of FIT. This means that if successful, the activities should also be relatively sustainable in the sense that the industries see enough advantage in them to either repeat them at their own initiative (contracting development agencies where necessary), or to finance similar activities when such are initiated by a development agent. Moreover, the 'formula' might be picked up by other industries, as well as other development agencies.

All this is naturally dependent on the success of the pilot-activities, which should be carefully carried out, well monitored and, if successful, broadly advocated.

#### ***4.9. Infrastructural facilitations for tapping the industry channel***

##### *'Match-maker'*

To increase the chances that the industry-for-development model be picked up by others, there might be a role for an organisation, or even just a consultant, who would be specialized in facilitating such cooperation initiatives. The role of this match-maker should be limited to identifying overlap of interests, identifying opportunities for joint activities, matching the industry with relevant development agents, and possibly assisting on formulating a cooperation contract. In this context, the question may be put to which degree the access to large enterprises may be easier for an expatriate.

##### *'Development counterpart'*

Furthermore, as all activities considered so far require an input from what I have called a 'development counterpart', one or two development agents in Kenya (NGO's or private organisations) could be assisted to specialize in working with industry. The pilot activities should reveal which special qualities in an organisations would facilitate such cooperation and increase the successes of joint projects. The role of these counterparts is very important, and may well determine the success of the pilot activities. While the counterpart must have experience in working with rural women entrepreneurs, he or she must also be open to the interests of larger industry and be able to cooperate in a business-like manner. If such a combination is difficult to find someone who qualifies on the first point could be selected, with FIT, or its appointed matchmaker, taking on a more active role in

intermediating between this counterpart and the industry.

Another option to explore is the possibility of working on this linkage with an advertising/marketing agency (see under UNGA, 4.4)

*Manual*

At some point, it is probably worthwhile to develop a manual on Tapping the Industry Channel. Parts from this report can serve as an input into such a manual, notably paragraphs 3.4.1. through 3.4.5., as well as results from the pilot activities.

## 5. CONCRETE OPTIONS INVOLVING SMALL BUSINESS CONTACTS

It was also explored what possibilities 'proven FIT methods', such as exchange visits and Participatory Technology Development, might have for women food processors. A variation on such methods is the idea of a Business transaction day.

### 5.1. *Business transaction days*

#### *Description*

Just as it is not easy for rural women to access potential (urban) buyers (retailers, packagers, or processors), possibly not all urban buyers will easily be able to find the places where the products are made that they can use in their businesses. Some form of brokering might facilitate that the two groups meet and make longer term arrangements. One option is to provide a commercial partner-hunting service to larger companies, for example on a no-cure no-pay basis. According to SEPSO manager Mr. Joseph Gichuki, such an individual approach is the more complicated option, and it seems that this is the line taken by KSPX. The alternative discussed below is the organisation of a business transaction day, to which as many relevant participants as possible would be invited in order to meet each other and, where applicable, make some longer term trading arrangements. Such a meeting could be organised regionally, which would facilitate the presence of small producers. It should be centred around a subsector-chain such as food processing, to enlarge the chances of matching. Opportunities for display and for holding individual meetings could be offered, as well as business guidance, in order to facilitate that steps towards business deals are taken. Producers should come well prepared, with information on their production, etc.

A variant form would make use of an existing meeting, such as KWFT's Annual General Meeting. This meeting is held for all those who have loans with KWFT, plus probably related organisations. 250 people will usually be there, of which some 50 from the rural branch. Many of KWFT's saving groups (there are eighty this year) try to send one of their members to this meeting. At present, the day is normally filled with meetings (elections etc.); teas and snacks are offered, and people can also bring their products, display them and sell them.

The disadvantage of this variant option is that there will not be a concentration on one subsector, and that the meeting will probably be held in Nairobi, rather than in a place close to the rural producers who will be less mobile than their urban trade partners. Thus to be effective, the NGO in question must also open up its meeting to others than their clients.

The advantage could be that a group of people will already be there and that the channels of the NGO in question can be used (f.e. the weekly meetings of the KWFT groups).

#### *Expected benefits*

Stable market outlets are probably among the most important improvements that can be made to rural food processors' businesses. Since most women will not be mobile enough to travel individually to urban areas, fixed trading relations could be an important asset to their enterprises.

#### *Population reached*

If KWFT's AGM is used, fifty members of their client groups may be expected to arrive without further effort. Only few of these will be food processors. KWFT's general meetings are not organized

sector wise and will not attract many people from one sector (except possibly from textile). If a separate day is organized, innovative channels (possibly some of the ones described elsewhere in this report) will have to be used to announce the day. To bring in the potential buyers, relatively traditional channels can be used to announce this occasion. It is not quite clear how many buyers will be interested in attending.

#### *Further steps*

SEPSO was interested in this idea; this organization now has some more room to undertake new activities, and, when so requested by FIT, will probably come up with a short proposal on the organization of a business transaction day.

#### *Investment/costs of pilot activity*

Facilitation will take quite some effort, and will account for the main costs of this activity.

#### *Sustainability*

It should be explored how much both partners will pay for attending such a meeting. Presumably, if some contracts can come out of a day like that, both small and large partners could be interested enough to pay a fee. Other actors, such as NGO's and banks, could also be invited, to announce their programs to the women who are present, and be charged admission.

### **5.2. Exchange visits**

The method of exchange visits, with which FIT has positive experiences, could probably also be applied to women food processors. Basically, the same method as used in the earlier FIT-exchange visits could be used, although integration of some of the elements of the WWB-methodology could be explored. On the longer term, KWFT-people could probably organise these exchange visits, since they are now building up experience with this in the textile sector. I was told that they were already considering going into the food processing sector after this. They probably have enough food processors among their clients, or could recruit these relatively easily, since they can offer credit which is sure to attract people. They could also contact the 'key actors' (the hosts). KWFT doesn't have time to take it on at this moment however; it probably would have this only in about one year from now.

### **5.3. Mentorship**

A variation to the idea of exchange visits could be Mentorship. The idea is that a well-established woman entrepreneur takes on one or two small or starting entrepreneurs to guide and mentor for some time (for example a half year). Mentors could be either from the same sector or from different sectors. (Same-sector mentorship could be of more use to the mentored entrepreneurs; however, their relation could be hampered by distrust, if both could or do operate on the same market.) A mentoring fee would assure that both sides take the relation seriously. The fee could not be the sole reason for the mentor to provide the assistance, however.

Although something similar to this is already carried out by K-Map, I will shortly discuss two somewhat diverging variants that took shape during the consultancy.

*The Kerala-helps-Kenya variant*

The Indian community from Kerala would be interested in providing business mentorship, in order to show their good intentions regarding the development of Kenya and the Kenyans. This could be carried out from a Kerala community centre which they want to set up. At this moment they have just found a space which they can use.

Since there would be no or almost no women among those providing the Keralan mentorship, the idea of specifically providing the service to women food processors also becomes problematic and therefore this option is not relevant in the context of this consultancy. The idea could be taken up by FIT in another context than this mission.

*Retirement variant*

Mentors could also be people retired from industry: the problem of retirement is taken quite seriously in Kenya at this moment. It may be investigated if organisations such as Lions club or Rotary club would be interested in organising such a mentoring system.

A better alternative is probably to work through FKE, which already has training activities for the retired, which could provide a good entry point.

*Conclusion*

The idea of mentoring is not specific for food processing. In the variants described, not many women and not many women food processors will be reached. It may be interesting to FIT in general, however. A drawback remains that, even in its variants, it is similar to what is already being done by K-MAP, and would therefore not be very innovative anymore.

**Appendix 1 -**

## Appendix 2 - Literature used

- ATI (1992) 'Oilseed entrepreneurs press on in Africa', ATI Bulletin #24
- Busolo, Dolline (1995?) 'Indigenous fermented cereal snacks in Kenya'
- DeGroot, Barbara (1990) *Informal Sector Business in Kenya: the Impact of National Policy in Local Government Practice*, USAID
- Espiard, E. (1992) *Fruit and vegetable processing industries*, Nairobi: UNIDO
- Gemini (1994) *Micro- and Small-scale Enterprises in Kenya: Results of the 1993 Baseline Survey*, Bethesda, Maryland, USA
- GTZ (1992?) *Kenya Private Sector Strategy Study*, GTZ/ World Bank
- K-MAP (1994) *Preliminary analysis of the fruit processing sub-sector in Kenya*, K-MAP Nairobi/ ILO-FIT Geneva
- K-REP (1993) *Inventory of small and jua kali enterprise development projects and programmes in Kenya*, K-REP, ODA, UNDP
- Kiruthu, Z.N. & U. Kraus-Harper (1994) *UNIDO Training Programme for women entrepreneurs in the food processing sector, Report on an exploratory mission to Kenya*
- Kristjanson, P., C. Wangia & J. Kashangaki (1995) *Agribusiness Subsector Study, Final Report*, USAID/ Kenya Private sector Office/ Mwaniki Associates
- McCormick, Dorothy (1992) *Why small firms stay small. Risk and growth in Nairobi's small-scale manufacturing*, Nairobi: Institute for Development Studies, University of Nairobi
- MRTT&T (1994) *Women entrepreneurs for Growth: Assistance to Technical and Business Skills in the Food Processing sub-sector* (proposal for project, see UNIDO '94)
- Parrott, Lisa (1993) *Pride Kenya: Nyahururu Baseline Survey Report*
- Sethna, Armin (19?) *Kenya's Informal Sector Entrepreneurs. An examination of some characteristics and constraints of "Micro" Entrepreneurship*, K-REP Research Paper no. 11
- UNIFEM/KCB (1994) *Study on Women and Credit in Kenya*
- Wenner, Mark D. & William Escudero (1993) *Constraints in the Kenyan Fruit Juice Processing Industry*, USAID, Abt Associates, Inc.

### Appendix 3 - Programme of Consultancy in Kenya

Saturday 12-8

Study of documents, preparation

Sunday 13-8

Briefing by Mr. Peter van Bussel

Study of documents

Monday 14-8

Briefing by Mr. Jim Tanburn

Study of documents

Arranging meetings

K-REP (Kenya Rural Enterprise Program)

Mr. Aleke Dondo

Mr. Henry Oketch (Research)

Tuesday 15-8

Women Entrepreneurs for Industrial Growth (Textile Project):

Ms. Joyce Assanga

KWFT (Kenya Women's Finance Trust)

Ms. Rosemary Macharia (Group-lending program)

Ms. Jedidah Nymgesa (Organisation of Exchange visits)

FKE (Federation of Kenya Employers)

Ms. Rosemary Wanjau

Mr. Charles Nyangute

Wednesday 16-8

Coca-Cola

Mr. Maina Kariuki (Officer for Public Relations and Government Relations)

UNDP

Mr. Joel Nielsen

TOTOTO Home Industries

Ms. Hadija Shacombo (DMD)

Premier Foods

Mr. C.I. Roy (MD)

SEPSO Ltd.

Ms. Jean Gichuki (manager accounting services)

Ms. Flora Wahome (Sepso client)

Thursday 17-8

Food processor's Association

Ms. Wangu Mwangi (Secretary)

Consultant

Ms. Zipporah Kiruthu

Arranging meetings

SEPSO Ltd.

Ms. Jean Gichuki (manager accounting services)

Friday 18-8

Telephone Netherlands Embassy

FIT

Mr. Jim Tanburn

Wonder Foods

Mr. Simon Glover (MD)

Saturday 19-8  
 Visit to food processors and metal workers on outskirts Nairobi

Sunday 20-8  
 Mr. Simon Glover (MD)

Monday 21-8  
 Coca-Cola  
 Mr. Charles Kagochi (Distribution Manager Kenya)  
 East Africa Industries Ltd.  
 Ms. Margaret Mwari (head of department for women's groups demonstrations )  
 Ms. Hellen Gitari (Vanden Bergh professionals division, bakery specialist)  
 Telephoning Tototo  
 CPC  
 Ms. Ann Mbabu (*telephone*)

Tuesday 22-8  
 Kenya Professional and Business Women's Association and IDCA (International Development Centre for Africa Ltd.)  
 Ms. Martha Mugambi (Chair of KPBWA and MD of IDCA)  
 Mr. James Njoroge (Director of IDCA)  
 GTZ Soybean project  
 Derek Waymark (*telephone*)

Wednesday 23-8  
 Visit to Kiambu, Gitinghuri, Ikino, Ruiru, Juja, Thika.  
 Kenya Fruit Processors Limited, Thika:  
 Mr. Charles Huerlimann (MD)

Thursday 24-8  
 TOTAL  
 Mr. Maina Kiba (Special projects officer)  
 Farmer's Choice Ltd.  
 Ms. Brenda Mbathi (Marketing manager)  
 K-REP  
 Analysing GEMINI data with Mr. Henry Oketch  
 SEPSO  
 Mr. Joseph Gichuki (MD)

Friday 25-8  
 Telephoning FKE, KWFT  
 UNGA  
 Mr. Alfred Owori  
 Marketing Support Service  
 Assistant to Mrs. Gilda Odera (*telephone*)

Saturday 26-8  
 Draft Report

## **Appendix 4 - Other information gathered**

### ***Premier Foods***

Premier Foods might be interested to develop a product that could be an input into women's businesses. If such a product would be a leverage to women's sales, and if it would leave room for value to be added by them, some overlap with FIT's mission might arise. Examples could be European porridge (unsuccessfully tried by Nestle), traditional porridge (mainly competition for food processors) soup flavouring.

A drawback would be however that such a product is not yet developed or tried out - it may not be easy to find one that will be marketable but not in competition with an existing rural version of the product.

If Premier Foods comes upon a relevant idea it will contact FIT.

### ***East Africa Industries' Bakery Program***

EAI has a separate program for the promotion of their baker's fat and bread improver to bakeries. Through this they reach some 120 bakeries: 15 very large ones, about 70 medium-sized ones, and 35 small ones (some of which may be relatively large in terms of their turnover or profits). There are very few women among the managers or owners of these enterprises. These are their serious customers: the group used to be larger, but many small bakeries went out of business in the period that flour was suddenly very difficult to get from 1990-1992. EAI is interested in increasing this group of fixed clients; they do so now by occasionally advertising their activities for a larger group, and by individually encouraging those bakers that they come across that seem inclined to increase their business.

For this group or for subgroups of this group, East African Industries organizes three regional seminars a year and one large general one (in april), as well as seven to ten demonstrations for a maximum of 15 bakers each. There is a demonstration-bakery in Nairobi. The participants of the seminars may number around 50: some bakeries send as many as nine of their employees (including women). The seminars are about business improvement, quality, new recipes, new products and new tools. The yearly central seminar is quite an investment: EAI pays for the meeting space, lunch, etc. Some of the seminars are for beginning entrepreneurs (among the 120 fixed clients) and discuss the very basics of business.

EAI sometimes works together with UNGA on this bakery program.

### ***GTZ consult: oils and soybean***

GTZ has commissioned a German consultants organisation (including Derek Waymark) to develop the growing and use of soybeans.

Almost no soybean is grown in Kenya now. The project gives technical assistance to farmers on agricultural aspects of soybean, and to larger processors in Nairobi (such as House of Mandi), trying to convince them to process it. They have also trained trainers to approach farmers on household utilisation and processing for own use. Soybean could also be processed at what they call the

medium scale level (cottage industry) - they are also interested in that part, but are not doing anything in that direction yet. Some of the necessary tools would probably still have to be adapted (such as the bean dehuller, available in Latin America and Asia), and the project has no financial assistance component that could help cottage industry to finance such machines.

### *Farmer's Choice*

Farmer's Choice is a Kenya-based company that specializes in sausages (but also has other products, including pig feed). Some 50 tons of sausages a week are sold (50,000 packages of 20 pieces). 50% of this is sold through food places such as fish & chips bars.

Farmer's Choice has an extension program for pig farming, and an intensive program for supermarket control: 16 people are full time employed to visit its 120 supermarket outlets in Nairobi daily. Keeping up minimal health standards is a great concern to them.

As to the fish & chip outlets, Farmer's Choice does not have a very intensive program. It will paint the stores with its red logo, and sometimes provide aprons, and it has two mobile kitchens with which it is shown how to prepare sausages. As a matter of fact, the TOTAL's MEKO stoves play an important role in sausage preparation (see 4.3). Farmer's Choice is now also providing Farmer's Choice dust coats to hawkers. Most contacts with the outlets go through the stockists, of which most bigger towns have one.

Mrs. Brenda Mbathi explained that Farmer's Choice will not try to reach smaller food producers with its sausages, since this product is too perishable to be relevant for the smallest enterprises. It also has limited possibilities for investing in development activities for its outlets: moreover, as it is, the sausages are already selling very well, so that business support would probably not increase these sales (apparently one can make 100% profit on the sausages). For this reason, we did not find any direct possibilities for cooperation. The only thing might be some involvement in the TOTAL option, if another actor would be needed there.