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AGRO DEALER ASSOCIATION DEVELOPMENT IN THE COUNTIES

SCOPING STUDY REPORT

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KCDMS | Kenya Crops and Dairy
Market Systems Activity

Feed the Future Kenya Crops and Dairy Market Systems Activity

TECHNICAL REPORT: AGRO-DEALER ASSOCIATIONS DEVELOPMENT IN PRIORITY COUNTIES

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Photo Caption

Front Cover: Agro-Dealer shop in one of the KCDMS priority counties

Back Cover: Various photos taken during the scoping study in KCDMS counties of operations

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LIST OF ABBREVIATIONS AND ACRONYMS

AAK	Agrochemical Association of Kenya
AGMARK	Agricultural Market Development Trust
AI	Artificial insemination
BAF	Business Advocacy Fund
CIMMYT	International Maize and Wheat Improvement Center
IPA	Innovations for Poverty Action
KENADA	Kenya National Agro-dealers Association
KEPHIS	Kenya Plant Health Inspectorate Service
KMT	Kenya Markets Trust
KVB	Kenya Veterinary Board
PCPB	Pest Control Products Board
STAK	Seed Trade Association of Kenya
SWOT	Strengths, Weaknesses, Opportunities and Threats
WHH	Welthungerhilfe

BRIEF ON THE ASSIGNMENT

Introduction

The Kenya Crops and Dairy Market Systems Activity (KCDMS) is a five-year (Oct 2017– Sept 2022) program of the United States Agency for International Development (USAID). It is funded as part of Feed the Future, the U.S. Government’s global hunger, and food security initiative that helps to increase agricultural production and reduce poverty and malnutrition in Kenya. KCDMS activity is being implemented in 12 counties and is designed to spur competitive, resilient market systems in Kenya’s horticulture and dairy sectors. KCDMS also seeks to improve access to information and productivity-enhancing agricultural inputs for smallholder farmers through sustainable commercial supply channels. RTI has contracted Agri Experience, Ltd (a Kenyan consulting firm focused on seed systems development) to conduct five scoping studies as part of a seed and inputs sector assessment. Agri- Experience began work on the scoping studies in mid-February.

This report presents the results and recommendations from the scoping study for the potential development of agro- dealer associations in the target counties.

The target counties are: Kakamega, Bungoma, Busia, Vihiga
Homa Bay, Migori, Kisii, Kisumu, Siaya
Kitui, Makeni, Taita Taveta

Scope of work

The scope of work for this study was to address the following questions.

Scoping Activity: Conduct a scoping mission for agro-dealer associations development in priority counties

- A. Characterize each of the target counties in terms of presence/lack of an agro-dealer association(s). Profile the association, if it currently exists.
- B. Conduct a SWOT and summarize the status of agro-dealer associations in the priority counties.
- C. What capacity building has been done by previous projects?
- D. What primary gaps require attention?
- E. What are the principal obstacles to agro-dealer association development, and how are these best avoided?
- F. What is the potential to reinstate the national association, and if high what is the recommended path?
- G. What approaches are needed to ensure sustainability, value provision, and accountability to the membership?

In addition, Agri Experience was asked to provide specific recommendations for consideration by the KCDSM team. The product was directed to be an approximately 15-page report with relevant appendices.

Methodology and interview list

The methodology employed for the work has consisted of the following:

1. Establishing contacts for officials of county agro-dealer associations
2. Establishing contacts for progressive/influential agro-dealers in counties where there are no associations
3. Planning for a joint, twelve counties, meeting with agro-dealer representation from each county to explore the research questions

4. Deciding on meeting date, venue, and preparing suitable meeting agenda
5. Conducting the meeting
6. Writing reports on findings from the meeting
7. Consolidating reports into draft report
8. Review of draft findings with KCDSMD leaders and partners
9. Development of final report and recommendations.

The meetings approach

Convening a meeting of county agro-dealer association officials and influential agro-dealers to address the research questions was determined to be the most efficient way to carry out this scoping study.

Five out of the 12 counties already have fully registered agro-dealer associations. A sixth county, Taita Taveta, has an existing association but which is yet to complete the registration process. Officials from the six counties were invited to the meeting. For the remaining six counties, progressive agro-dealers operating within each of those counties were invited. These were individuals who had good standing with fellow agro-dealers and county officials and would be able to authoritatively articulate issues within their counties as well as mobilize enumerators for the mapping exercise (additional scoping study conducted for RTI by Agri Experience.)

The attendees of the meeting convened on February 27 and 28, 2018 at the Royal City Hotel in Kisumu represented the key informants for this study. The duration of the meeting was one and a half days. It should be noted that there was a lot of pressure to convene the meeting before the onset of the rainy season and hence the key March/April planting/trading season for the agro-dealers in the nine western counties (the rains had already begun in some counties by the start of this work). It was therefore difficult to have two representatives per county as would have been wished. Holding the meeting in Kisumu proved to be an attractive option for agro-dealers in the western counties who appreciated not having to travel too far from their businesses at this critical time. A carefully thought out agenda was prepared to correspond with research questions and ensure that these were adequately addressed during the meeting. The meeting was attended by a total of 22 agro-dealers representing the 12 counties. The distribution of agro-dealers who attended the meeting per county is given in Table 1 below. At least one agro-dealer represented each county. Most counties had two representatives, while Kakamega had three.

The purpose of the meeting was clearly explained at the onset. The agro-dealers who were present appreciated this chance to have discussions that examined the business operating climate, as opportunities for them to gather are few. To set the tone, an environmental assessment of developments within counties since devolution was jointly done, aimed at highlighting the changes that have recently taken place at county level and affect agro-dealer businesses. This was followed by discussions around how the businesses are evolving to respond to the changes. This helped the participants appreciate that there are significant changes that have taken place which they need to bear in mind throughout the discussions.

The agenda showing topics covered during the meeting is given in Annex I. The list of attendees is provided in Table 1, below.

Table 1: Attendees of agro-dealer association meeting

No.	County	Name	Position in Association	Name of Shop	Email
1	Bungoma	Mr. Boniface Wekesa	Chairman	Nakewa Enterprises	nakewaenterprises@yahoo.com
2	Bungoma	Dr. Sheikh Amin	Treasurer	Bungoma Chemist	bgchem@msn.com
3	Busia	Mr. Anthony Wahome	Chairman	Busia Agrovvet	Busia.agrovvet@yahoo.com
4	Busia	Mr. Geoffrey Nyongesa	Vice Chair	Butula Ebenezer	gnyongesa@gmail.com
5	Homa Bay	Mr. Stephen Muga	Member	Farmers Agrovvet	mugastephen@gmail.com
6	Kakamega	Mr. Habakkuk Khaamala	Chairman	Shibuli Agrovvet	hkhaamala@yahoo.co.uk

No.	County	Name	Position in Association	Name of Shop	Email
7	Kakamega	Mr. Pius Namungu Wamalwa	Secretary	Kongoni Farmcare Agrovet	pnamungu@gmail.com
8	Kakamega	Mr. Kevin Shimonyo	Member	Crying Stone Agrovet	N/A
9	Kisii	Mrs. Norah Mageto	N/A	Stans Agrovet	Noramoraa444@gmail.com
10	Kisii	Dr. Enoch Monda	N/A	Enochem Agrovet	enochemagrovet@gmail.com
11	Kisumu	Mrs. Beatrice Okello	N/A	Tiva Agrovet	Bettyokello073@yahoo.com
12	Kisumu	Mr. Micah Abura	N/A	Ranalo Agrovet	ranaloenterprises@gmail.com
13	Kitui	Dr. Julius Kisinga	N/A	Snow Agrovet	kisinga@thelujipharmacy.co.ke
14	Makueni	Mr. Paul Makau	Member	Planet Agrovet	Paulmakau9128@gmail.com
15	Makueni	Mr. Vincent Wambua	Member	Tazama Agrovet	tazamaagrovet@gmail.com
16	Migori	Dr. John Okello	N/A	Awendo Agrovet Stores	awendos@gmail.com
17	Siaya	Mr. Julius Okoth	Member	Avepo Agrovet	Juliusokoth2010@yahoo.com
18	Siaya	Mr. Zachary Okongo	Chairman	Siaya Agrovet	zachokongo@gmail.com
19	Taita Taveta	Mr. Liverson Mwaluma	Member	Valleson Enterprises	dukalawakulima@gmail.com
20	Taita Taveta	Mr. Francis Mzame	Chairman	Triple D Agrovet	fmwashy@gmail.com
21	Vihiga	Mr. Alex Adala	Chairman	Magada Farm Inputs	alexadala@yahoo.com
22	Vihiga	Dr. Isaac Livumbazi	Member	Serem Agrovet	Isaac_livumbazi@yahoo.com

A summary of the opening discussions is given below.

New developments happening in the counties since devolution

- As a result of devolution, there is increased migration to and within counties, with people moving from major cities such as Nairobi into the counties, as well as people moving from the rural area within counties to the county towns.
- Counties are investing in better infrastructure and capital equipment, for example many counties bought tractors for land preparation to lease to farmers at a subsidized cost (e.g., Kakamega and Siaya Counties).
- Counties such as Makueni have employed more extension workers and are offering artificial insemination (AI) services for free.
- Counties are allocating more money to agriculture (e.g., Kitui) and investing in value addition by building processing plants. In Kitui, a moribund training center for farmers was revived.
- Improved roads within the counties have opened the counties to more business, and there are increased employment opportunities.
- There is an introduction of new crops and crop varieties in some counties which has led to increased business for agro dealers.
- More funds are available for women and youth businesses within counties.
- Devolution has brought about a new dynamic with donor funding; some donors have shied away from investing in counties and have adopted a wait and see approach, while others are deliberately targeting counties in their investment agenda. Ambiguity with the national government still exists in this area.

One negative outcome of devolution has been the increase in subsidies – whereas in the past only the national government had subsidy programs, many of the counties now distribute inputs to farmers (sometimes for free) and end up undermining agro-dealer businesses. Furthermore, the poor quality of inputs offered by the subsidy programs leads to negative perception among farmers about certified seed and other inputs. Briefcase traders have increased their activities to take advantage of quick and lucrative county government tenders.

KEY RESEARCH FINDINGS

The key research tasks/questions are presented below, together with the study results and findings:

A. Characterize each of the target counties in terms of presence/lack of presence of an agro-dealer association. Profile the association, if it currently exists.

Five of the 12 counties have fully registered associations – these are Bungoma, Busia, Kakamega, Siaya and Vihiga. Taita Taveta has developed its constitution and by-laws in readiness for filing registration documents but has not yet filed. Makeni County has an ad hoc association through which some agro-dealers meet to discuss issues as they arise, but the association is neither formal nor registered. Five other counties have no existing associations. For some of these counties such as Kisii and Kisumu, attempts to get formalized were made in the past and can easily be picked up. Homa Bay County had an association before devolution six years ago, which has since become defunct. Table 2 below indicates the registration status by county, and Table 3 provides an overview of the county associations, including key elements such as registration date, number of members, and advocacy activities.

Table 2: Summary of county agro-dealer associations' registration in the focus counties

Formally registered agro-dealer associations	Agro-dealer associations in the process of registration	Not registered
5	1	6
(Bungoma, Busia, Kakamega, Siaya, Vihiga)	(Taita Taveta)	(Homa Bay, Kisii, Kisumu, Kitui, Makeni, Migori)

Source: Agri Experience compilation

Table 3: Profile of agro-dealer associations in focus counties

Association Name	Formally Registered Association or Association in the Process of Registration						No Formally Registered Association Existing					
	Taita Taveta County Agro-dealer Association	Vihiga County Agro-dealer Association	Kaka-mega County Agro-dealer Association	Siaya County Agro-dealer Association	Bungoma County Agro-dealer Association	Busia County Agro-dealer Association	Makueni County Agro-dealer Association	Homa Bay County Agro-dealer Association	Kisii	Kisumu	Kitui	Migori
Year of inception	2014	2009	2016	2015	2016	2015	2017	2009	N/A	2018	N/A	N/A
Registration status	In process	Registered	Registered	Registered	Registered	Registered	In process	Not begun	Not begun	Not begun	Not begun	Not begun
Registration date		2016	2016	2016	2016	2016	N/A	N/A	N/A	N/A	N/A	N/A
No. of registered members	25	25	48	30	30	40	13	Not known	N/A	N/A	N/A	N/A
Frequency of meetings	Twice a year	Monthly	Quarterly	Quarterly	Quarterly	Quarterly	Not yet set	Not active	N/A	N/A	N/A	N/A
Registration fee	500	1,000	1,000	1,000	1,000	1,000	1,000	Not active	N/A	N/A	N/A	N/A
Annual fee	2,400	0	500	2,000	6,000	500	500	Not active	N/A	N/A	N/A	N/A
Advocacy &/or Influencing activities carried out in 2017	County Licenses Management of county subsidies Management of un-scrupulous businesses	Mobilization of agro-dealers to join the association Field days jointly with AAK on safe use of chemicals		None	Meeting with county on tendering harmonization Meeting with county revenue office on the high license fees	Lobbied for reduction of county license fees Accreditation of member agro-dealers Trained members on safe use of agrochemicals Bulk buying of fertilizers	Association is still young	Not active	N/A	N/A	N/A	N/A

	Formally Registered Association or Association in the Process of Registration						No Formally Registered Association Existing					
Association Name	Taita Taveta County Agro-dealer Association	Vihiga County Agro-dealer Association	Kaka-mega County Agro-dealer Association	Siaya County Agro-dealer Association	Bungoma County Agro-dealer Association	Busia County Agro-dealer Association	Makueni County Agro-dealer Association	Homa Bay County Agro-dealer Association	Kisii	Kisumu	Kitui	Migori
						Held farmer field day at ATC Busia						
Planned activities for 2018	Finalize on association registration Organize for member trainings Organize field days Reach out to county officials on issues of mutual interest	Member-ship recruitment drive Train farmers and carry out demos Training on safe use of chemicals, leadership, advocacy and business management	Mapping of agro-dealers Official launch of association Member-ship recruitment drive Bulk purchasing of fertilizers from Toyota Tsusho	Mapping of agro-dealers Official launch of association Member-ship recruitment drive	Mapping of agro-dealers Accreditation and branding of member stores Support the Kilimo Expo run through Bungoma Chemist Ltd ¹ Membership recruitment drive	Mapping of agro-dealers in the county Bulk purchasing of inputs for members Develop a master plan on dairy breeding for the county	Association is still young	Not active	N/A	N/A	N/A	N/A

Source: Agri Experience compilation of information from agro-dealer meeting

¹ The eventual plan is to have the agro-dealer association running the county agriculture expo

Due to the influence of the previous work by CNFA and AGMARK between 2007-2012, and Kenya Markets Trust between 2013 and 2017, as well as interactions with fellow agro-dealers through forums such as agriculture trade fairs and Mazao Forums, agro-dealers in the counties without associations now appreciate the need for associations and the positive impact brought about by associations on the agro-dealer sector. Some of the county agro-dealers resolved on the sidelines of this meeting to try and reinstate formation of associations in their respective counties (e.g. Kisumu, Kisii, Makueni and Homa Bay).

B. Conduct a SWOT and summarize the status of agro-dealer associations in the priority counties

The exercise to establish the strengths, weaknesses, opportunities and threats for associations started off with a presentation explaining the purpose of a SWOT analysis and what it entails, after which the exercise was carried out by the group. Association members brainstormed on the SWOT matrix for their specific associations and later made presentations to the entire group. County associations shared most of the strengths, weakness, opportunities and threats in common. However, there were some which were unique to specific counties. These are clearly indicated in the matrix.

The general feeling was that with the onset of devolution, opportunities within counties have increased since many professionals are relocating back to the counties, thereby increasing purchasing power. The requirement in the new constitution (2010) for public participation has enhanced public private partnerships and increased the possibility of forming strategic linkages. The farmer is also more informed due to social media platforms. However, internal issues within associations such as mistrust, weak leadership, and low offering of member value, in addition to threats such as government and NGO subsidies, continue to cause serious challenges. Of importance is the need to regulate professionalism among agro-dealers, which can, in theory, be done through self-regulation by the associations. This will require skilled support, guidance, and implementation. Self-regulation is critical however, as the increased potential for business has also brought in rogue traders who want to make a quick kill. Not unexpectedly, they are tarnishing the image of serious agro-dealers as they prey on unsuspecting farmers.

Table 4: SWOT Matrix as presented by agro-dealers in focus counties

<h3>Strengths</h3> <ul style="list-style-type: none"> • Recognition as a registered association at county level gives credibility • Gives cohesiveness to agro-dealers and brings professionalism to the industry • Is a functional office with an administrative structure? • Constitution and by-laws govern the association • Able to self-regulate hence weeding out rogue agro-dealers • Is a mouthpiece for agro-dealers? • Contributions from members lead to sustainability • Watchdog of county government activities related to input supply 	<h3>Opportunities</h3> <ul style="list-style-type: none"> • Gives a platform for lobbying and advocacy for issues that affect agro dealers, hence able to influence policy at county level • Increased accessibility to authorities and policy makers • Agro-dealer numbers increasing at county level giving an opportunity of larger membership pool • Opportunity to partner with suppliers, investors and donors once formally organized • Increase in number of investors in the county • Influx of people in counties seeking opportunities that have come with devolution • Seed and input companies reaching out directly to agro-dealers to expand market base • Joint purchasing power through bulk purchases (Busia County Agro-dealers Association) • Increased bargaining power • Access to government tenders and funding • Social media has also led to informed stakeholders and farmers • Able to enhance value through provision of extension services (e.g., Bungoma farmer clinic) • Networking opportunities
<h3>Weaknesses</h3> <ul style="list-style-type: none"> • Financial constraints within associations impact negatively on running an effective association • Lack of adequate personnel, infrastructure, office space, equipment • Lack of technical capacity to run effective associations among the leadership • Seasonal nature of input business • Mistrust among members towards leadership including perceived conflict of interest, leading to low member recruitment • Unwillingness by some members to pay membership fees/poor member contribution • Lack of accreditation for genuine agro-dealers • Lack of data/records of genuine agro-dealers operating within a county 	<h3>Threats</h3> <ul style="list-style-type: none"> • Subsidies from both national and county governments • Subsidies and competition from NGOs • Climate change effects leading to unpredictable weather patterns • Increased pest and disease pressure • Too many licenses required make operating agro-dealer businesses very expensive • High cost credit • Corruption and political interference • High numbers of unlicensed businessmen and unscrupulous traders • Fake products and counterfeits • Unfavorable credit terms from suppliers • Unregulated imports • Excessive taxation

Source: Agri Experience compilation of information SWOT exercise performed at agro-dealer meeting

During the discussions about the changes that have come about because of devolution, the participants unanimously agreed that it is now more critical than ever to have county-based agro-dealer associations. The associations enable them to respond to the numerous opportunities as well as counter the threats that have arisen because of devolution.

The SWOT matrix above clearly lists the numerous challenges that face agro-dealer businesses. However, many counties shared their experiences stating that, through associations, they have been able to respond effectively. Key examples are outlined below.

1. In some counties agro-dealers have responded to negative policy issues, such as subsidies that disrupt normal market systems, by engaging with county governments to allow them to participate as input suppliers. In this way they ensure that the sustainable foundation of the sector is not undercut by one-off subsidy programs, and that quality inputs are made available to farmers, reliably each season, affordably and in a timely manner.
2. In some counties, agro-dealers have jointly procured inputs such as fertilizer and benefitted from bulk purchases. Consequently, this approach has helped the customers to benefit from the savings/reduced costs.
3. The Vihiga association has registered a welfare group which serves as a savings and loan society, lending to members and raising funds for common welfare.
4. Agro-dealers are increasingly offering extension services and product information to farmers as part of the added value of purchasing inputs from their shops. In several instances, they are setting up demos to showcase the performance of crops and inputs. Associations have improved access to training and collaborative demos.
5. Many businesses have had to change from sole proprietorships to limited liability companies to allow them access tenders from county and national governments, as well as large NGOs. Associations and peer networking can support this increased level of professionalization.

Most associations are growing stronger as they work toward a common purpose, which is to strengthen their businesses and serve farmers. Moreover, dialogue with county governments can only begin when agro-dealers are organized into a formal group, i.e., county agro-dealer associations. Most of the associations have operated mainly from members' dues and funding from some of the leaders within the associations, because they recognize the importance of being in associations.

C. *What capacity building has been done by previous projects?*

During the scoping work we captured training for associations undertaken during the last two years, i.e. 2016 and 2017. A full list of the trainings is given in Table 4. Most trainings were conducted by specific oversight bodies such as Pest Control Products Board (PCPB). Others were conducted by input supply companies. Business Advocacy Fund (BAF) conducted training on advocacy, influencing and communication skills for six out of the 12 focus counties. Note that even where there were no formally registered or convened associations, capacity building still took place through groups of agro dealers, for example in Kisumu.

Table 4: List of capacity building undertaken through Agro-dealer Associations

County Agro-dealer Association	Organization	Training	Year
Busia	PCPB	Training and accreditation of safe use of pesticides	2017
Busia	KALRO	Use of planting tool App	2018
Busia	KEPHIS	Control of Fall Army Worm	N/A
Kakamega	CARE Kenya	Effects of climate change	2016
Kakamega	WHH	Soil testing and analysis	2016
Kakamega	PCPB	Government policies on chemicals and handling	2017
Kakamega	Kenya Seed Ltd	New seed varieties	2017
Kakamega	AAK	Safe use of chemicals	2017
Kakamega	CIMMYT	Training on an information platform that gives information on farm inputs and advisory	2018
Kakamega	Baraka Fertilizer	Baraka fertilizer promotion and how to use	2017
Kakamega	KEPHIS	Seed handling and agro-dealer registration	2017
Kakamega	IPA	Importance of lime and farmyard manure	2017
Kisumu	AGMARK	Business management	2016
Kisumu	PCPB/AAK	Certification and registration	2018
Siaya	Agri Experience	Advocacy	2016
Siaya	Agri Experience	Leadership	2016
Makueni	KEPHIS	Seed quality and handling	2016
Makueni	KVB	Poultry	2016
Makueni	BAF	Advocacy	2016
Bungoma	KMT	Financial Management	2017
Bungoma	Bungoma Chemist	Bungoma clinic	2017
Bungoma	KMT	Customer care	2016
Bungoma	KMT	Financial and marketing	2016
Bungoma	KMT	Shop remodeling	2016
Bungoma	BAF	Advocacy and Leadership	2016
Bungoma	Agri Experience	Association sustainability, association financial management tool (Chama Soft), constitution writing	2017
Kisii	Twiga chemicals	Safe use of chemicals	2017
Kisii	Osho chemicals	Customer care and counter sales	2017
Kisii	STAK	Hybrid seed safe handling and storage	2017
Kisii	Kenya Vet Association	Poultry husbandry	2017
Taita Taveta	AGMARK	Business development	2016
Taita Taveta	BAF	Advocacy and leadership	2016

Source: Agri Experience compilation of responses provided at agro-dealer meeting

D. What primary gaps require attention?

The primary gaps requiring attention within existing associations are

1. Strong value proposition to attract and retain members
2. Development of a practical, and enforceable, code of conduct
3. Leadership skills among officials of the associations
4. Ability to carry out advocacy
5. Organizational and financial capacity of associations for accountability and transparency; lack of tools, systems and processes to conduct the association efficiently and transparently
6. Dependency on donor funding which can jeopardize sustainability
7. Availability of data, especially on genuine agro dealers, products being sold, etc.
8. Engagement with potential partners, investors and donors, that does not undercut a market systems approach

E. What are the principal obstacles to agro-dealer association development, and how are these best avoided?

The following were cited by the agro-dealers as key obstacles to association development:

- Long and tedious process of formal registration at the registrar's office
- Absence of shared vision, like-mindedness and common interests among agro dealers
- Sacrifice of personal time and finances for association officials
- Low appreciation of benefits of belonging to an association
- Past negative experience such as misappropriation of funds
- Fear of powerful members within the association

In general, we agree with these observations; the agro-dealers themselves show a fairly high level of awareness of the challenges to association development, which is positive. The obstacles mentioned above result from weak structures, low capacity among officials and lack of a vision and/or knowledge on how to offer a value proposition to members that will entice and retain an increased number of members. Capacity building to improve governance structures, ensure that proper systems, policies and procedures are in place, and improve advocacy and communication efforts, will address some of the challenges. Ideally, capacity development should subsequently be paired with a systemic approach for member feedback on association performance, to improve accountability of leadership. A major concern of the agro-dealers related to transparency in the management of finances. Use of IT tools that offer transparency, such as Chama Soft, could begin to address this, but uptake appears to be low. One challenge is that many agro-dealers are not computer literate, which prevents them – if officers of their association – from taking up IT tools to increase transparency.

A more detailed list of potential solutions is included in the Recommendations section.

F. What is the potential to reinstate the national association, and if high what is the recommended path?

To understand the potential of reinstating the national agro-dealer association, we first sought views on what caused the failure of the Kenya National Agro-dealer Association (KENADA). The following reasons were given:

- KENADA was “forced” on agro-dealers before they clearly understood the need for its existence, probably because of donor objectives and timelines. There was limited consultation with agro-dealers before its formation
- There was a lack of key instruments such as a constitution and code of conduct to guide members
- The leadership structure was poor, and the association was run as a one-man show
- There was alleged misappropriation of funds

There were significant reservations as to whether a national association would be the solution to issues faced by agro dealers. It was felt that counties needed to first strengthen the local associations and enlist association formation in counties without associations, before coming together to form a national association. This approach would lead to greater buy in and avoid the pitfalls of the previous national association.

Some agro-dealers however acknowledged that there were certain areas where a national representation would greatly assist counties on common issues such as national subsidies. It was suggested that an interim, or working, group could be formed on an as-needed basis to discuss these issues, as county associations continue to be formed and strengthened.

G. What approaches are needed to ensure sustainability, value provision, and accountability to the membership?

- Mechanisms to ensure transparency and accountability need to be a part and parcel of how associations are run. This includes applying tools that share timely and accurate information with members, especially about the management of the association's finances.
- Another area that needs to be strengthened is the capacity of the leaders of association to manage strong and sustainable associations, and clearly recognize and deliver the value the association proposes to offer to its members. Strong and competent leaders would enhance the relevance of the association as well as its sustainability.
- Associations need to look beyond funding through donors, but rather offer attractive propositions to members to retain them. This could be through negotiating for discounts for bulk suppliers, offering relevant training, hosting demos and field days to increase input purchases, linking members to new markets etc. As mentioned earlier, some associations such as Vihiga have diversified into offering a savings platform where members can borrow funds for working capital, although this has necessitated a separate registration to cover this activity.
- There was strong support by agro-dealers we consulted for mapping agro-dealers within the counties. This is viewed as the first step in weeding out rogue traders. (Note: The progress and status of the mapping exercise form a separate scoping report for KCDMS.

Use of IT tools such as WhatsApp and agro-dealer association websites would greatly improve communication challenges and ensure timely and regular communication with members. In addition, financial transparency tools such as ChamaSoft, or another alternative, can increase the levels of trust in an association.

RECOMMENDATIONS FOR MARKET SYSTEM DEVELOPMENT

County agro-dealer associations are critical to address policy and other business-related issues existing within counties, many of which are emerging because of devolution. It is important to note that most of the registered associations are only approximately one and a half to two years old, hence they would benefit greatly, during this nascent stage, from support that will strengthen them and lead them to sustainability, without creating dependency.

We have observed that agro-dealers in these associations, and even those that have a loose formation but are not formally registered, largely pay their own way to well-regarded business and networking events because they see value in being in an association. In addition, several opportunities have arisen that agro-dealers can take advantage of, and this is best done if they are properly organized.

Recommendations for strengthening agro-dealer associations, within the context of market system development, are listed below.

1. **Support the establishment of agro-dealer associations in focus counties that do not currently have an association but want to establish one** – Support the formal national registration of county level agro-dealer associations. Support the initial group work, through coaching and knowledge transmission, for activities such as development of constitutions and by-laws, determination of member value, and establishment of dues, etc. Generally, this support does not require much funding, as it mainly requires knowledge and capacity building, although some meeting facilitation for training, preparing the required documents, and getting members' consensus may be helpful.
2. **Provide leadership training to both new and existing associations** – Strengthen leadership capacity to enable leaders to run successful associations that offer the necessary and attractive value to members and avoid becoming an elitist club. This could be done either by exposing the association leadership to other successful associations, or through a mentorship program, or both.

Leadership within associations needs to be dynamic, and responsive to the evolving challenges faced by their associations. Training modules covering different topics on leadership may be useful, but what is more important is having a mentor “walk” with the leaders over a period as they undergo the teething problems that are expected. The mentor will be able to offer practical advice and may also be able to link them to providers of different solutions as needed. The South African National Seed Organization (SANSOR) is an association of seed companies that clearly stands out as an association that has figured out its role and the value it brings to members and may be willing to assist in this area.

Specific training programs that are aimed at strengthening leadership, such as the BAF training for advocacy, communication and media skills, will be useful for newly formed associations. BAF caters for certain costs of the training such as course facilitation and training materials, hence association leaders may need some support to attend the training, such as transport costs.

3. **Support the strengthening of operational and financial systems within new and existing associations** - Support for acquiring systems that strengthen operational and financial processes within associations will increase transparency, especially in the management of member contributions and other funds. This should preferably be done on a cost-share basis, to allow the association to fully embrace the acquisition and use of the system. Such systems will give confidence to both existing and potential members that their funds are not being misappropriated. For example, IT applications such as ChamaSoft bring transparency in the management of members' contributions and support to purchase such a system and training for members on its use could be given. It will also be important to ensure effective training, and a period of “walking” with the association to ensure proper utilization of the system.

4. **Support the development and running of an information portal that offers useful and current information to agro-dealers** - Agro-dealers need a range of information on products and their use, new pests and diseases and how to manage them, how to effectively run a business, statutory requirements, effective marketing and communication etc. It has been documented that agro-dealers have provided available information to farmers, especially related to use of agrochemicals and improved varieties of seed, as well as other services such as credit and spraying services to farmers (Chianu et al, 2008). In an agro-dealer baseline survey carried out by Bayesian Consulting Group Limited in 2016 in eight counties in Kenya which included Bungoma, Kisii and Taita Taveta counties, it was found that 76% of agro-dealers educate farmers about new seed varieties over the counter.

This information exchange requires agro-dealers to be equipped with new, practical and relevant information on a consistent basis. This will be particularly important as an increasing number of educated and/or “returning to the county” agro-dealers enter the sector and compete with existing agro dealers. Customers want information, and providing it is a strong competitive advantage. For example, during the outbreak of the Fall Army Worm in the long rains of 2017, agro-dealers were overwhelmed by requests from farmers about information on mechanisms and products for managing the pest, but many, if not most, did not have accurate information about how to combat the pest. Agro-dealer associations would be the right place to host an information portal that prioritizes key information and makes such information available to its member agro dealers. We recommend that the project consider supporting the development of such a platform to be made available to agro-dealers through their associations.

5. **Support mechanisms that assist agro-dealer associations to understand and identify real member value offering** - Successful associations thrive on understanding the real “pain points” of their members. Unlocking the solution to these challenges allows them to offer substantive member value. Associations that offer member value can attract and retain members within the association. We recommend support for instruments such as member and non-member surveys, reviewing and strengthening of association constitutions to have stronger focus on member representation, etc., to assist registered and new associations in understanding member value dynamics. A joint forum could also be supported that brings some leading association leaders to share how they arrived at the member value proposition for their individual associations, and some ideas developed about what these could be for county agro-dealer associations.
6. **Support a forum that brings agro-dealers together to discuss their issues and jointly arrive at solutions** - Support for a forum, such as the Mazao Forums which were facilitated in the past through the support of Kenya Markets Trust, will provide business and strategic linkages among agro-dealers and create a platform for sharing information. Continuation of this type of support on a cost shared basis will enable the participation of more agro dealers and create a platform that facilitates dialogue around relevant topics. The Seed Trade Association of Kenya (STAK) hosted a joint congress and Mazao Forum in 2017, as a way of incorporating agro dealers’ issues into the larger seed dialogue. Agro-dealer sessions that addressed issues unique to agro-dealer businesses were conducted as separate breakout sessions, to separate them from seed company issues. We recommend support for such an annual convening, and since STAK already has this incorporated into their annual congress, this could be a good entry point.
7. **Support a modest “pay for performance” support plan for associations that behave in a proper manner** - To encourage proper behavior that focuses on delivering member-value, and an association that is run in a transparent manner, a modest level of “pay for performance” support could be put in place for qualifying associations. An MOU would drive this approach, with a clear understanding of how to “climb the ladder” of member value. Funding under the MOU would be earned and approved under close oversight by a mentor/monitor. The funding levels could be modest, or could be paid in the form of specific services such as modest underwriting for an AGM, cost shared dues for ICT tools, etc.

CONCLUSION

Agri Experience is very grateful to RTI and USAID, through the Kenya Crops and Dairy Market Systems Development Activity, for the opportunity to carry out this scoping study. The opportunities available for developing strong agro-dealer associations at county level are enormous, and these associations are even more relevant now than they were before, pre-devolution.

The 22 agro-dealers who participated in this study paid their own way to Kisumu and gave their time during the most critical period in the input sales calendar – the onset of main planting season. This shows significant commitment and readiness to go to the next level.

We hope that the information provided in this report, as well as the recommendations, will be useful in charting the way forward in terms of developing the considerable potential of agro-dealer associations.

Agri Experience is happy to collaborate further in areas where we have expertise, if needed.

Annex 1: Agro-dealers' association meeting agenda

DAY 1		
	TOPIC	FACILITATOR
8.30 - 9.00 a.m.	Introductions	AM
9.00 - 9.30 a.m.	Background on RTI/AE scoping studies	MM
9.30 – 10.15 a.m.	Environmental assessment: 1. What are the new development in your counties since devolution, which are affecting your businesses? 2. How are your agro-dealer associations responding to these developments?	AM
10.15 – 10.30 a.m.	Presentation: Why do associations exist?	MM
10.30-11.00 a.m.	TEA BREAK	
11.00 – 11.15 a.m.	Introduction to SWOT	NN
11.15 -1.00 p.m.	SWOT group work -Ask each association to list their strengths, weaknesses, opportunities and threats) -Presentation of a good example of SWOT conducted for Kilifi Agro-dealers Association	AM/MK/MM
1.00 - 2.00 p.m.	LUNCH BREAK	
2.00 - 3.00 p.m.	Presentation of the SWOT discussions	MK
3.00 - 3.45 p.m.	Association representatives conduct a SWOT of their county associations	AM
3.45 - 4.30 p.m.	What are the primary gaps in agro-dealer association development? (Identify principal obstacles to agro-dealer association development, national association- mandate, duplication of roles)	AM
4.30 - 5.00 p.m.	TEA BREAK	
5.00 – 5.30 p.m.	What are the approaches that can be employed to sustainability?	NN
5.30 - 6.30 p.m.	Group discussions on capacity building done per association i. Association building ii. Association mobilized iii. Other trainings	AM
DAY 2		
	TOPIC	FACILITATOR
8.00- 9.00 a.m.	Research questions for: - Value chain - Pasture & Fodder - Seedling nurseries	AM/MK
9.00 – 10.00 a.m.	Presentation of the capacity building	MK
10.00-10.30 a.m.	TEA BREAK	
10.30 – 11.00 a.m.	County presentation of agro-dealer association profiles	MK
11.00 – 11.45 a.m.	Discussion on existing and alternative distribution models	AM
11.45 – 12.30 p.m.	Agro-dealer mapping (<i>Proposals and set timelines</i>)	RM
12.30 -1.30 p.m.	Wrap up of the forum (<i>Highlight key takeaways & next steps</i>)	MM
1.30- 2.30 p.m.	LUNCH & DEPART	

Annex 2: Literature reviewed (Note: only most relevant are included)

- AFAP. (2018). *Relief Web*. Retrieved from <https://reliefweb.int/report/world/getting-inputs-farmers-hubs-and-spokes-agro-dealer-model>
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- Chianu J. N., Mairura F., Ekise I., and Chianu J. N. (2008). *Farm Input Marketing in Western Kenya: Challenges and Opportunities*. TSBF-CIAT. Nairobi
- Etyang T. B., Okello J. J., Zingore S., Okoth P. F., Mairura F. S., Mureithi A. and Waswa B.S. (2013/2014). *Exploring Relevance of Agro Input Dealers in Disseminating and Communicating of Soil Fertility Management Knowledge: The Case of Siaya and Trans Nzoia Counties, Kenya*. *Agricultural Information Worldwide – Vol. 6*

Annex 3: Types of licenses & statutory deductions required by agro-dealer businesses

1. KEPHIS license
2. PCPB license
3. KVB license
4. County trade license (Single Business Permit)
5. Practice license - Vet
6. Fire license
7. Parking license
8. Health license
9. Signpost license
10. Branding license
11. County van selling license
12. NEMA license
13. Workman compensation
14. NHIF
15. NSSF
16. PAYE
17. National Industrial Training Authority (NITA) Permit
18. Store license



Photo 1: Agro-dealer Association members during breakout session on SWOT analysis in Kisumu. Photo 2: Agro-dealers sharing ideas with Agri Experience staff during the study
Photo 3: Bungoma, Kakamega, Kisumu, and Busia Agro-dealer Association members in a breakout group on SWOT analysis. Photo 4: Dr. Kisinga, Coordinator, Kitui Agro-dealers Association makes a point during the plenary session

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