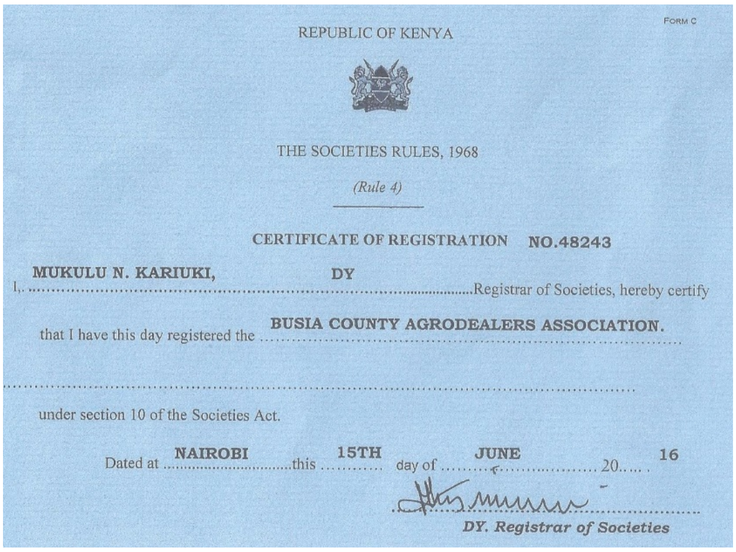
Case Study: County Agrodealer Association Strengthening Program

County based agrodealer associations, via "bottom up" growth, are supported to advocate for stronger agricultural input business environments in their counties in the wake of devolution in Kenya

Introduction

Agrodealers are the last link to the farmer in the distribution of seed and other agricultural inputs. Many smallholder farmers not only source products from their local agricultural input dealers (agrodealers), but rely on them for technical advice about which products to use and how to use them. In the rapidly evolving world of agricultural inputs – especially seed for new crop varieties – and the lack of government extension support in Kenya, strong, connected, educated and empowered agrodealers have much to offer Kenya's farmers.


FORM C

REPUBLIC OF KENYA

THE SOCIETIES RULES, 1968

(Rule 4)

CERTIFICATE OF REGISTRATION NO.48243

I, MUKULU N. KARIUKI, DY Registrar of Societies, hereby certify that I have this day registered the BUSIA COUNTY AGRODEALERS ASSOCIATION.

under section 10 of the Societies Act.

Dated at NAIROBI this 15TH day of JUNE 20 16

DY. Registrar of Societies

Official registration certificate, Busia County Agrodealers Association

The Problem/Challenge

The new constitution of Kenya, adopted in 2010, contained important provisions for devolving selected powers from the national to county level. Among these powers were powers related to regulating local businesses and overseeing agricultural activities. Counties were also tasked with many new responsibilities, including working to ensure food security for county residents. As a result, with devolution, many county governments took on new roles. At times, however, these roles served to crowd out local businesses and/or add to an already heavy burden of national regulation. Two examples of added layers of government involvement are: 1) counties became directly involved in seed and fertilizer distribution, using county funds and county depots; and 2) counties applied additional levies to local businesses which, in the case of agrodealers, needed to be passed on to local farmers.

As business opportunities appeared threatened, and regulatory costs and burdens were rising, agrodealers became increasingly concerned: who could speak for them?

The Starting Point

In 2014, the Kenyan agrodealer industry was largely disorganized, with no clear structures and with traders who were disconnected from the county governments, seed suppliers and the farmers they served. Within the seed industry, agrodealers were often regarded as rogue traders or brokers who were not regulated and, in many cases, could not be trusted.

On the flip side, agrodealers felt that they were misunderstood and that they too faced many challenges, key among these being intimidation by regulators. Their trade had also been infiltrated by rogue traders who were selling fake and low-quality products. Furthermore, they felt left out of key decisions and discussions that either directly or indirectly affected them, and they lacked an advocacy platform.

Previously, in 2008, a donor-funded project had worked to establish a national agrodealer association, KENADA, in addition to local associations, as part of a nascent agrodealer development project. At that time, devolution was not a reality so the key decision-making level was national. However, within a short period of time the national association had fallen apart and only one of the 25 local associations that had been supported later became registered and remained active. The national association had broken down rather rapidly due to management challenges and lack of trust. From 2009 to the time of the start of the crop seed project, agrodealers across Kenya did not formally meet to discuss their challenges.

In 2013, Kenya Markets Trust (KMT) began to work in the crop seed sector, and partnered in implementing the DfID-funded Market Assistance Programme (MAP) project. A key challenge identified by the partners in the early days was the lack of networking and advocacy among agrodealers, both of which would be important in order to bring about improvements in crop seed education and distribution to smallholder farmers (SHF).

Early in the life of the project, the project team worked to consolidate and update existing agrodealer records beginning with the list of registered agrodealers from the national agrodealer regulator, the Kenya Plant Health Inspectorate Service (KEPHIS). This initial database was subsequently combined and cross-checked with an older list from another donor project (the Kenya Agrodealer Strengthening project, KASP, which was implemented by CNFA/AGMARK.) The resulting records covered approximately 6,700 agrodealers, but it was not known how many were still active, were presently licensed, or were hub agrodealers versus stockists[1]. The final list – albeit imperfect – was categorized by the post-devolution county designations, geo-mapped according to the nearest town, and made available on the project-supported online information platform, the Seed Sector Platform KENYA. At this point, however, only 30% of the agrodealers' information listed contained phone numbers, and it was suspected that many agrodealers listed were no longer in existence.

[1] Hub agrodealers are relatively larger and more sophisticated agrodealers who sell directly to farmers but also sell to other ag input retailers called stockists, who generally sell directly only to farmers.

Example of SeedShop Listing

County	BUNGOMA
Sub County	BUNGOMA
Name of Premise	RONAK AGROVET
Proprietor's Name	HARIKRUSHNA HARMANBHAI PATEL
Market/Town	BUNGOMA
Contact Address	Box 2555 Bungoma
Telephone	055 30427

The Journey

The project team began its crop seed work with agrodealers by initially consulting and interacting with a pilot group of 5 hub agrodealers and approximately 10 stockists per hub agrodealer. At regular "thinking/learning" meetings with the five hub agrodealers, it was clear that these agrodealers were very keen to be able to interact with each other. After formal project meeting activities, the agrodealers frequently met again to exchange stories about business challenges and solutions. The networking opportunity was very valuable to them.

Based on this behavioral observation and the growing realization that Kenya's agrodealers appeared to be extremely out of date relative to 1) crop seed opportunities, and 2) the importance of crop seed knowledge and distribution in solving Kenya's extensive food insecurity problems, the project decided to convene a much larger group of agrodealers. The 2015 convening, titled *Mazao Forum: Agrodealers and crop seed – vital links for food security in Kenya,* served to both educate agrodealers about their role and opportunities in the crop seed sector in Kenya and, equally importantly, to listen to the concerns of agrodealers. A key, overwhelming conclusion reached at the end of the meeting by the 54 agrodealers present was that they needed to establish an advocacy platform. There was extensive recollection, however, about how and why the previous attempt at a national association had failed.

The project then facilitated county agriculture stakeholders' meetings in 6 counties to better understand county issues, particularly with respect to crop seed. A key recommendation by farmers and other industry stakeholders was that agrodealers be closely regulated to address two concerns: 1) infiltration by rogue agrodealers who continued to be allowed to operate; and 2) the influx of fake products that was causing low crop yields. Stakeholders called upon county governments to regulate the agrodealers.

Meanwhile, the project convened a second, larger Mazao Forum with 122 agrodealers in attendance. The mirror image of the county and farmer concerns were raised at this convening – specifically, the need for stronger and more effective agrodealer self-regulation. In addition, many agrodealers shared stories of the growing, problematic involvement of counties in their areas of business, through seed and fertilizer subsidies, designation of favoured suppliers/distributors, and direct government distribution. Some participants spoke of local, informal agrodealer groups that had formed to address these challenges, but also noted that the county governments would not work with them unless they were formally registered as an industry representative. The idea of county based agrodealer associations, necessary in the wake of devolution, was born.

Agrodealers attending Mazao Forum 2, 2015

The project decided to formally explore the potential for county-centric associations, and facilitated meetings with agrodealers from ten counties. The counties were selected based on:

- ✓ the existence of some form of ad hoc agrodealer group or informal "association" that met occasionally;
- ✓ the potential for some form of leadership structure based on local commitment; and
- ✓ expressed interest in creating a formal association.

Nine counties were selected to participate in a project facilitated pilot called the County Agrodealer Associations Strengthening Program (CAASP): Taita Taveta, Kilifi, Siaya, Busia, Vihiga, Embu, Kericho, Nyeri and Meru. CAASP's goals were to build associations' capacity by facilitating understanding about how effective associations work, member value, ethical business practices, advocacy practices, leadership, and communication.

Initial CAASP meeting in Siaya County

Of the nine counties, Embu Agrodealers Association had already made great strides and was the only county association that had been registered. Vihiga Agrodealer Association had continued as a district-based self-help group that was meeting regularly and had a group savings and loans function. The other county groups had been meeting informally, and a few had some form of a leadership structure in place.

Implementation

From the beginning, CAASP was designed to be user-driven, within the boundaries of Market Systems Development practice, and based on a very low level of direct facilitation by the KMT crop seed project. The project underwrote capacity building meetings and trips, but did not provide funds directly to the groups. This included hiring of meeting rooms, facilitating trainers, including ChamaSoft[2] as an option for keeping track of funds, and linkage with the Business Advocacy Fund (BAF) who provided training on advocacy. CAASP activities were primarily based on ideas generated by, and supported by, the county groups.

Key areas identified by the nascent associations for support included the formation of association constitutions and by-laws, development of sufficient member value to convince members to contribute through dues and time, leadership training, advocacy skills, and tools for transparency.

The project team's work as facilitators in the strengthening process was to create linkages between the associations and market actors who were best placed to offer advice and guidance. A consultant was brought on board to coach the associations on drafting constitutions and by-laws, and to guide them through the registration process. The Business Advocacy Fund (BAF) provided training in advocacy, leadership and communication skills. The group was introduced to, and trained by, ChamaSoft to learn how to transparently manage their finances, keep records, and communicate efficiently with their members.

In addition, and importantly, representatives from the nine groups were brought together approximately semi-annually to share experiences, help each other, and network.

Implementation at this stage was not without its challenges. Some of the associations encountered problems of accountability with funds siphoned by corrupt officials, while others complained of poor communication between members and the association leadership. The registration process at the Office of the Attorney General was a tedious and lengthy one. In some counties, the great distances involved meant that only members close to the main town were easily able to regularly attend meetings.

Despite these challenges, this first phase of CAASP was characterized by perseverance, good will, open discussions about ethics, and progress.

The Results:

[2] ChamaSoft is a Kenyan bookkeeping and communications tool, originally developed for investment groups (referred to as chamas) but also suitable for other groups. ChamaSoft is currently used by several thousand chamas in Kenya.

By the first quarter of 2016, most associations were making headway in the registration process and were able to gain audiences with their county governments to present their issues. Key among the issues raised were:

- exclusion from county subsidy distribution programs, which directly impacted their business sustainability;
- regulation of trade licenses; and
- inclusion in the county agriculture planning committees.

Based on these audiences, some counties registered good early results, for example: Vihiga and Embu achieved inclusion into the county subsidy distribution program; Embu succeeded in reducing county license fees from KES 15,000 to KES 6,000; and Vihiga and Busia gained seats in the county agriculture planning committees. Kilifi and Busia liaised with their county governments to organize agriculture stakeholder forums.

By the second quarter of 2016, seven more counties crowded in, requesting to become part of the CAASP effort. These included: Bungoma, Kakamega, Trans Nzoia, Tharaka, Nandi, Kwale and Makueni. These additional counties were trained using the same capacity building approaches and market actors as the initial nine counties.

By the end of 2016, 11 of the 16 associations were fully registered and actively engaging their county governments for advocacy purposes. During 2016, many agrodealers, through their associations, made in-roads with their county governments to improve the business climate. They also evolved to use additional tools and engage in new activities. Examples include:

- Some associations attracted bulk purchases from suppliers at discounted prices (Busia, Bungoma)
- Some associations are using online media platforms such as WhatsApp to communicate with each other, report rogue traders and source for additional supplies from colleagues when they run out (Busia)
- Radio stations invited some of the associations (Kilifi, Siaya, Embu, and Kakamega) to educate farmers on proper farming practices
- FAO invited the Kilifi association to participate during the World Food Day expo where some of their members exhibited and trained farmers
- Associations and county governments have taken steps to more accurately map agrodealers in the county in order to ensure all farmers have access to seeds and inputs, in addition to carrying out self-regulation and uncovering rogue agrodealers.
- Embu and Vihiga counties successfully carried out a mapping exercise in 2017, recording 209 and 96 agrodealers respectively.
- Associations and "pre-association groups" in an additional eleven counties carried out mapping in March and April 2018, through the support of a USAID project that elected to fund "post-CAASP" activities in support of the dairy and horticulture sectors in the projects chosen counties (Bungoma, Kakamega, Busia, Vihiga, Siaya, Kisumu, Homabay, Migori, Kisii, Kitui, Makueni and Taita Taveta).

As a result of poor leadership and internal politics, two counties (Nyeri and Taita Taveta) encountered challenges and are no longer active.

A summary of the accomplishments of individual associations follows.

	Accomplishments		
County	2015	2016	2017
Vihiga	Completed registration	Opened savings and credit account for members Mobilized for more membership Conducted mapping (96 agrodealers)	Involved in county subsidy programme, Continues with savings and credit scheme
Embu	(Was already registered at the start of CAASP), Mobilized for more membership	Included in county subsidy programme Conducted mapping (209 agrodealers), Lobbied for reduced licensing fees	Continued in county and KCEP subsidy programme
Busia	Launched the association Proceeded with mobilization for membership ahead of registration	Completed registration Members trained by ChamaSoft Co-opted into county agricultural planning committee	Held stakeholders forum in conjunction with county government, Initiated plans for fertilizer bulk purchasing
Kilifi	Launched the association Proceeded with mobilization for membership ahead of registration	Completed registration Liaised with county government in holding stakeholders forum	Included in KCEP subsidy programme Mobilized members for bulk seed purchasing
Siaya	Launched the association with interim officials Mobilized additional members	Completed registration	Co-opted in county agricultural planning committee
Kakamega		Launched association Completed registration	Carried out advocacy for inclusion in county subsidy programme
Bungoma		Launched association Completed registration	Started mobilization for increased membership Mobilized members for bulk fertilizer purchasing
Trans Nzoia		Launched association Completed registration	Initiated mobilization for membership
Tharaka Nithi		Launched association Completed registration Conducted membership recruitment	Co-opted into KCEP subsidy programme
Kwale		Launched association Embarked on registration	Initial member mobilization and start-

County	Accomplishments 2015	2016	2017
			up meetings
Meru	Launched association Started membership drive	Completed registration Continued with advocacy for inclusion in county subsidy programme	Co-opted into KCEP subsidy programme
Nyeri, Taita Taveta, Makueni, Kericho,			Selected interim officials Continued with membership recruitment

Lessons Learnt and Future Considerations:

The key lessons learned, particularly from the considerable internal momentum for this work generated by the agrodealers themselves, include the following.

1. Taking a strong bottom up approach is better than a top down approach.

2. Agrodealers in non-pilot counties were eager to crowd in, but having an existing networking platform like Mazao Forum contributed strongly to this.

3. County institutions and business suppliers welcomed the associations – with no communication or assistance from the project – and began to connect with them almost immediately.

4. Most counties will not work with an association unless it is legally registered under Kenyan law (The Societies Act).

5. Large counties with remote locations posed problems for breadth of membership due to travel challenges.

6. Bringing the associations together motivated them and catalyzed greater progress from lagging associations.

7. Licensing processes for agrodealers are onerous. (One association reported that agrodealers in that county needed 18 licenses in order to do business.)

8. The associations all wanted transparency and to build trust, but few utilized the IT tool to which they were introduced to accomplish this. It is possible that the tool was too complicated for Treasurers not used to IT tools. A new, simpler Equity Bank tool may offer better results.

9. Associations were eager to conduct county-based mapping to identify the legitimate agrodealers in their counties. Counties also wanted these lists of legitimate agrodealers.

10. Associations with a savings and loan scheme attached to it may prove to be more focused and active, although a separate registration is required.

11. The program could be carried out with minimal facilitation for meeting location services only (room, etc.). Agrodealers freely covered transport even over great distances, and made their time available. No direct funding was given to any association, with the exception of a small transport stipend if an association was conducting a mapping exercise.

Recommendations for future support, or continued development of this initiative, are outlined below.

1. Facilitate additional/ongoing training for the counties on proper leadership practices, and the downside of not follow them. This should include the proper management and nurturing of an association, the importance of transparency, remaining apolitical, avoiding elite capture, and fiduciary stewardship.

2. Consider expanding CAASP to other counties, possibly in partnership with other donors.

3. If working on county policy and legislation, seek to ensure that county agrodealer association representation in various county committees is formalized, and not simply a matter of goodwill or temporary willingness to have the private sector at the table.

4. Continue to encourage additional mapping exercises. Facilitate STAK to ensure updated information is included in the SeedShop database.

5. Facilitate key agrodealer leaders to attend the STAK Congress, for example by cost sharing the registration fee, to enable them to network with each other in an environment of learning about seed developments and connecting with seed companies.

6. Facilitate dialogue between county agrodealers association leadership and STAK to define STAK member value for associations and to identify areas of common interest for members. For example, STAK could possibly represent county agrodealer association interests at KEPSA, and provide a channel for agrodealers to raise concerns through KEPSA.