

Agrodealerships in Western Kenya: How Promising for Agricultural Development and Women Farmers?

Bell Okello, Silvia Paruzzolo, Rekha Mehra,
Adithi Shetty and Ellen Weiss



Introduction

Agriculture is a critical driver of economic growth in Kenya, contributing nearly a fourth of the country's gross domestic product and employing close to eighty percent of the rural population.ⁱ Recognizing the importance of this sector, the Government of Kenya and development organizations have made commitments to improve agricultural productivity through policy, legal and regulatory reforms laid out in the government's Agricultural Sector Development Strategy. This strategy encourages 'farming as a business' and the shift from subsistence to market-oriented commercial production by small-scale farmers. To facilitate this shift and enhance productivity, government programs¹ focus on increasing farmers' access to and application of modern farming inputs, particularly improved seeds and fertilizers, which are distributed mainly through agrodealers. Agrodealers are the focal point linking input suppliers to farmers and farmers to output markets of traders, processors and consumers.

Unfortunately, access to and appropriate use of agricultural inputs is often cited as one of the biggest challenges facing most small-scale farmers, especially women.ⁱⁱ In Kenya, as in many sub-Saharan African countries, female farmers and laborers perform critical roles in helping to ensure food security for their households and communities. Women are also significant players in the country's overall agricultural production for export and domestic consumption.ⁱⁱⁱ Despite their critical contributions, women often face a disadvantage in their access to farm inputs. A recent study reveals that Kenyan women consistently use fewer farm inputs as compared to their male counterparts.^{iv} Another study in Burkina Faso finds that total household output could be increased by

ten to twenty percent if some of the inputs from male-controlled plots went to plots controlled by women.^v The World Bank estimates that Kenya's overall economic growth in 2004 would have almost doubled from 4.3 to 8.3 percent if women had enjoyed equal access to resources.^{vi}

This paper highlights findings from a rapid assessment of the agrodealership model in Western Kenya and evaluates the model's potential to deliver inputs and services to women farmers. The International Center for Research on Women, in collaboration with Agricultural Marketing Development Trust (AGMARK), conducted this assessment to examine the role of agrodealerships in strengthening agricultural production and marketing, with a particular focus on their efforts to engage and serve women farmers. The assessment documents that agrodealers sell a diverse array of products besides seeds and fertilizers, and also offer a variety of services and information, all of which contributes to enhancing agricultural productivity. However, even though women represent a large percentage of the customer base, agrodealers do not proactively take into account women's particular needs, preferences and constraints, which can impede women's access to improved inputs and services. Additionally, while becoming an agrodealer offers an income earning pathway for women, more can be done to enhance this opportunity for women's economic advancement. Recommendations on how agrodealerships can be more responsive to women farmers' needs for agricultural products and services are provided.

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¹ One example is the National Accelerated Agricultural Inputs Access Program—NAAIAP.

Agrodealerships in Kenya

Approximately 10,000 agrodealers are dispersed throughout Kenya, of whom at least 30 percent are women.^{vii} Agrodealer operations vary in size, ranging from small stockists to large wholesale stores. There are seasonal agrodealers who stock a small range of agricultural inputs during certain seasons, as well as permanent agrodealers who have stores that sell inputs all year. The agrodealers come from varied backgrounds, and include people with professional qualifications in agricultural and veterinary sciences.

At least 3,000 of Kenya's agrodealers have participated in business management training through the Kenya Agrodealer Strengthening Project (KASP), which was funded by the Alliance for a Green Revolution in Africa. KASP was a three-year initiative implemented in over 64 districts in Western, Nyanza, Eastern, Central, Coast and Rift Valley provinces by AGMARK, in affiliation with CNFA, Inc.^{viii} AGMARK's overall objective is to strengthen rural agrodealer networks to help boost farmers' incomes and productivity through better access to agricultural inputs and better production practices. Through KASP, AGMARK deliberately facilitated more women to become agrodealers, especially in rural areas, and encouraged those already in the business to attend training sessions and enhance their businesses. With more women agrodealers trained and supported with start-up matching grants, more women farmers are being reached with productivity enhancing farm inputs as well as agricultural technologies.

Agrodealerships in Kenya offer a unique model that combines business practices with activities normally provided by the development sector. The model aims to achieve a dual bottom line strategy—income for agrodealers via input sales and enhanced agricultural productivity and potentially higher incomes for small-scale farmers. Agrodealerships thus have the potential to become a viable business for owners and a sustainable model for development.² The agrodealership model also offers promise as a means to fill the gaps left by poorly-functioning government extension services.

Methods

This assessment aims to provide a better understanding of the agrodealership model, and to identify ways that agrodealerships can be more responsive to women farmers' needs for agricultural products and services. The following questions guided the assessment:

- What services do agrodealerships offer at the assessment sites?
- Are there gender differences in farmers' utilization of agrodealers' products and services? If so, are agrodealers responsive to these gender differences in farming needs and constraints?
- What role can agrodealers play in increasing women farmers' access to productive inputs and services?

Six counties in Western Kenya (Bungoma, Busia, Kakamega, Vihiga, Kisumu and Siaya) served as sites for the study. These counties were selected because 1) AGMARK has worked there for at least four years, 2) AGMARK has trained women agrodealers in the counties, and 3) the counties are within 150 km of Kisumu, AGMARK's base for Western Kenya.

Across the counties the researchers collected qualitative data from convenience samples of farmers and AGMARK-trained agrodealers operating enterprises in towns and rural areas. A total of 12 agrodealers (eight women and four men) participated in interviews that were held on site, providing an opportunity for the researchers to also collect observational data on the agrodealership. AGMARK staff and the agrodealers helped recruit farmers from existing farmer groups for participation in focus group discussions (FGDs). In all, 14 FGDs were conducted with 173 female farmers and 43 male farmers.

² This is similar to the double bottom line strategy pursued in the microfinance sector, which also aims to become financially sustainable while serving the needs of low-income users.

Key Findings

Agrodealers' roles are more diverse than just selling inputs, offering clients a variety of services.

As this assessment was done in the middle of the planting season, the agrodealerships were mostly stocked with planting inputs, especially seeds and fertilizers. All the surveyed agrodealers stock certified seeds of various crops (e.g., cereals, pulses and vegetables), but some larger operations also stock seedlings, veterinary drugs, animal feeds, crop pest and disease management applications, farm equipment and fresh produce. The assessment reveals great variation in the quantities and varieties of the products sold due to factors such as seasonality, capital outlay of the agrodealer, demand and availability of the products and the degree of specialization by the agrodealer. Although most note that they have problems stocking their shops appropriately, the town/urban-based agrodealers had a greater variety of stock than the rural ones. Also, the latter serve fewer customers on average and earn lower return than their urban counterparts.

In addition to inputs, the agrodealers provide different types of **training** to farmers:

- *Group training*: Depending on the topic, group training can be conducted by the agrodealer or by subject matter specialists, often experts from the Ministry of Agriculture. The training, which could last a few hours or a whole day, is initiated by the agrodealer, sometimes in response to a client's request. The group session can take place anywhere with available space—an agrodealer's shop, a farmer's open field, a school or church.
- *Demonstration plot*: This type of training is often organized jointly by agrodealers, farmers and input supply companies. The input suppliers generally facilitate the sessions while agrodealers display goods and services, help mobilize farmers to attend and either own or co-own the demonstration plot.
- *Field days*: These are often big events—such as exhibitions—in which multiple stakeholders participate, including agrodealers, Ministry of Agriculture staff, farmers and input supply companies. Training occurs when the farmers visit specific exhibits and receive instruction or view a product demonstration.
- *Training/technical assistance*: Provided to customers in shops or directly on their farms, these brief training sessions help farmers follow the instructions to properly utilize new inputs (e.g. pumps, fertilizer).
- *Farmer-to-farmer training*: Some agrodealers have recently adopted farmer-to-farmer training, themselves training a set of farmers to on-train members of their groups or neighborhoods.



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Not all agrodealers offer each type of training as they are constrained by a variety of factors, including time, costs and differing skills and capacities. In some cases, the agrodealers deliver the training by employing or partnering with staff possessing complementary skills and experience. The capacity of organized training to generate demand for their products can influence an agrodealer's motivation and decisions about the number and types of programming to offer.

Agrodealers also offer **output marketing** services, which take a variety of forms:

- *Providing space in or near the agrodealer shop:* This allows farmers to display and sell small amounts (a few kilos or a few bags) of produce (e.g., maize and beans) to consumers.
- *Brokering produce:* In this case, agrodealers seek produce from farmers to aggregate and re-sell either retail or wholesale. Farmers supplying produce are paid in cash on delivery, or shortly thereafter. Most agrodealers offer this arrangement and this service is growing in the region under assessment.
- *Brokering large amounts, up to several tons:* Some agrodealers are under contract with the World Food Programme or with breweries. In these cases, farmers have to meet specified and stringent quality criteria regarding moisture content, prevalence of impurities, or color and size of product, among other characteristics. Agrodealers aggregate commodities, paying farmers cash either on delivery or when the produce is sold to buyers.

Given that affordability is a critical constraint limiting farmer demand, some agrodealers allow customers **deferred payment** on inputs, offering fairly favorable and informally agreed upon terms. Often such "credit" is made available only on a short-term basis, with repayment due in a few days. Typically, farmers repay without interest. Agrodealers are generally reluctant to offer deferred payment, though clients often request such assistance. Mostly, agrodealers will permit a deferred payment option for customers they know and trust, such as those with whom they have long-term working relationships.

Some agrodealerships have established links with **savings schemes**, which can assist farmers' cash flow shortages and financing. Through the KASP, AGMARK has recruited and trained community mobilizers to encourage farmers to join Farm Inputs Savings and Loans (FISL) groups. FISL groups enable farmers to save for a few months in anticipation of input purchases in the planting season. The mobilizers are linked to service providers like agrodealers after being trained for a maximum of three days in group dynamics and management, savings, loans and numeracy. Mobilizers are then contracted for three to six months to work on an on-going basis to strengthen the groups. Groups could save money in their own accounts or through an agrodealer. At planting time, farmers could use their savings to buy inputs, or if they have saved with an agrodealer, they could receive an amount of inputs equivalent to their savings. Some agrodealers who have promoted FISLs feel that they provide the best solution to address farmers' cash constraints. However, overall, the FISLs have not been as successful as they might have been. When the KASP program ended, the FISL groups were left to function by themselves and the brief duration of the program may not have been sufficient to keep them alive. In many cases, group members took the benefits—including farm inputs and interest earned in the first year—and then abandoned the groups.

Women farmers make up a large share of agrodealerships' customer base and have different purchasing patterns than men.

The agrodealerships' customer base consists of four types of farming enterprises:

- *Households* farming less than five acres (often not more than three acres) are the largest category of customers; they are primarily poor or middle class and practice mixed farming.
- *A few better-off farmers*, most of whom are experienced and knowledgeable, and farm more than five acres of land.
- *Local institutions* like schools or colleges and NGOs/CBOs.
- *Common interest groups* (CIGs) such as women and youth groups who have both individual and joint activities, although most members farm as individuals. Some agrodealers catalyze CIG formation and use them to reach out to farmers by setting up demonstrations. Most groups do not purchase inputs collectively but rather as individuals, although this is not exclusively so. A few groups buy inputs together, either for group projects or for later redistribution among themselves.

Women access agrodealerships in substantial numbers because they do a large share of the agricultural work on the farms and because agrodealers have more linkages with CIGs, which tend to be mostly made up of women. What is not clear from our data is the extent to which women use their own resources to pay for the inputs.

This assessment finds that women tend to buy seeds of staples and horticultural crops and fertilizers, whereas men are more likely to purchase inputs related to livestock husbandry and farm equipment. A number of differences are observed in the types and varieties of products purchased by women and men:

- Women tend to purchase more affordable seed varieties.
- Women farmers are more likely to take into account the taste/quality of the end product, especially for home consumption.
- Women tend to prefer varieties of seed that they have seen doing well.
- Women tend to understand their soil conditions, and will consequently invest in seeds specifically suited to their plot of land.
- Regarding livestock, women are more likely to purchase poultry-related inputs, while men focus more on inputs, including drugs, for larger animals like cows.

The most evident difference was observed in the quantity of products purchased at one time. Respondents report that women often buy one or two kilograms of fertilizer, whereas men might purchase 50 kg bags. For women farmers, this may result from lacking sufficient funds or having many competing needs. By purchasing small amounts over a period of time, most women ultimately buy the same quantity as men. The intervals between purchases could be surprisingly short, with researchers witnessing one woman who returned to the same shop multiple times over the course of a few hours.



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Women farmers need and utilize the varied services offered by agrodealers.

Respondents report that it is more common for women than men to attend the various types of training offered or facilitated by agrodealers, particularly field days. One reason is that training often targets CIGs, which are mainly comprised of women farmers. Women also seek out agrodealers more often for technical information, particularly when a product's label is unclear.

In addition, women are the ones who bring their produce to sell, albeit in small quantities, at the agrodealerships, taking advantage of the agrodealerships' output marketing services. Men typically have easier access to other sales opportunities.

Finally, according to most of the agrodealers interviewed, more women than men seek deferred payment. Women's need to defer payment is likely due to their more limited resources and purchasing power. Agrodealers are often more willing to provide women a deferred payment option because women are less mobile than men and therefore easier to contact for re-payment. Women also belong to groups in which members could guarantee their ability to pay back the agrodealer. Additionally, since women tend to buy in small quantities, the risk to the agrodealers in giving credit to them is less than that of men who generally purchase larger quantities of inputs.

Agrodealers' delivery of products and services is gender blind.

Despite the assessment's documentation of gender differentiated demand for agricultural inputs, the agrodealers interviewed do not seem to be reflecting upon and deliberately responding to women's particular preferences. When asked specifically about their products and services, the agrodealers do note gender differences, but they have not proactively decided to address these differences in ways that make a difference to women. Given the importance of women farmers to their customer base, greater consideration by agrodealers of their needs and constraints would likely benefit agrodealers' bottom line of profitability. In addition, it could also contribute to improving the productivity of women farmers, which would have implications for households and communities as well.

Women play a managerial role in the agrodealership model, yet they may not be as well qualified or well trained as men.

In our sample, the women agrodealers are either co-managers of the business along with their husbands, have assumed management control from husbands who started the business, or have been the sole proprietor from the beginning. In most cases, the women have participated in business management training provided by AGMARK, but this is not consistent across the sample. Additionally, the women are less qualified than the men in agricultural and veterinary science. Irrespective of their training and qualifications, the agrodealerships managed by women in our sample are very successful and show substantial profits. Their success is likely linked to the fact that women agrodealers belong to CIGs and, as noted previously, these groups represent a strong market for the services agrodealers offer.



Conclusions and Recommendations

This assessment highlights the valuable role that agrodealerships play in meeting farmers' needs, particularly women farmers, for inputs and services, supporting other research that documents their critical contributions to agricultural development.^{ix} The provision of these types of services, which are usually under the purview of government or the non-profit development sector, underscores the unique multi-faceted role agrodealerships can play in enhancing farmers' productivity.

Notwithstanding real challenges faced by the agrodealers, such as irregular input supplies, cash constraints and limited training skills, both women and men farmers note important benefits of agrodealerships beyond the increased availability and easier access to farm inputs. They recognize agrodealers as an important source of technical knowledge, information on and access to output markets and improved linkages with other actors. Women farmers seem to find deferred payment and output marketing particularly beneficial, perhaps because of their more limited mobility and greater financial constraints as compared to men.

However, the assessment also demonstrates that the gender dimensions of the agrodealership model possess important implications for women farmers' productivity and economic advancement. Despite gender-differentiation in farmers' purchasing patterns, as well as in their demand for goods and services, the agrodealers themselves have a limited awareness of the relevance and implications of these differences. This represents a missed opportunity for agrodealerships to expand their sales by proactively reaching out to women. Moreover, though women are playing key roles in running agrodealerships as owners and managers, they often come into their managerial positions through their husbands and may not have received sufficient technical training that could benefit their customers.

In order for the model to be more effective for both women and men farmers, more investments need to be directed towards gender-responsive capacity building for agrodealers and towards creating some form of "credit" to address the financial constraints farmers (especially women) face in purchasing farming inputs. In particular, we recommend:

Building agrodealers' capacity to be responsive to gender differences. For more small-scale women farmers to access quality and adequate quantities of seeds and fertilizers, agrodealers need to pay attention to stock and packaging. Smaller packages (starting at 1 kg) will enable impoverished women farmers to buy important inputs like seeds and fertilizers over time (without being discouraged by constantly rising prices) and to carry the packages for the distances they need to travel (mostly by foot).

Investing in group savings as a viable long-term option, especially for women farmers, to access adequate quantity and quality of farm inputs on time. An initiative like the FISL, which facilitates individual farmers coming together and mobilizing their own savings for purchasing farm inputs, is needed. These groups can also form the nucleus of other mutually beneficial activities, such as joint marketing. The latter may be particularly important for women, who often have only small surpluses to sell; pooling their outputs may be more cost-effective than marketing individually, especially when required to transport produce over long distances with little access to vehicles, as is often the case.

Directing more efforts at increasing the number of women agrodealers and better equipping them technically and financially to assume this role. This would entail outreach to more women in promoting the agrodealer-ship as an income generating opportunity, but also tailoring capacity-building efforts to their specific needs. Women agrodealers can potentially make good profits by reaching out to many other farmers because they often belong to ClGs within their villages. This contact can also be critical to sharing information about agricultural inputs and techniques for improving productivity at the village level. Moreover, being an agrodealer would offer women an opportunity of earning additional income, and could also enhance their leadership skills and status in society.

Yet, greater attention would need to be placed on providing women with the necessary financial and technical resources in order to maximize this relatively untapped pathway for engaging women in income generation.

Conducting further research to design and test a more gender-responsive agrodealership model. Given the size of our assessment, we cannot generalize the findings to the overall population of agrodealers and farmers in Kenya. Yet, we feel confident that the conclusions of this inquiry can provide the basis for additional research designed to deepen our understanding of the role agrodealers can play in enhancing the productivity of women farmers.



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Headquarters
1120 20th Street, NW
Suite 500 North
Washington, DC 20036
www.icrw.org
Tel: 202.797.0007
Email: info@icrw.org