

## Pro-poor market development initiatives based on the Commercial Villages Approach



### Vision

Increased poor household incomes for improved livelihoods

### Mission

Building Pro-poor market development initiatives and commercialization of poor households in Sub-Saharan Africa for enhanced community empowerment

## Private Sector partnerships open up Western Kenya for commercialized production and cottage processing of OFSP

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## Enhanced OFSP consumption based on a Business Model

- With increased VAD in Sub-Saharan Africa there is an emerging to develop a sustainable approach to OFSP availability both to the rural households and urban poor households
- Enhance access to affordable nutrition through commercialization and marketing
- Approaches designed by Farm Concern & CIP:
  - Increase rural & urban consumption of OFSP based on a Business Model
  - OFSP commercialization market access and consumer awareness

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## Implementation Approach 'Five strategic pillar',

- Market Research
- Commercial Villages Approach, CVA
- Value Networks Development
- Pro-poor Marketing models and systems modified
- Private Sector / Commercial Villages partnerships

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## Market Research

The 6 pillars of VNMS Research Tool

- Establishing size of market demand
- Analyzing consumer markets and buying behaviors.
- Identification of market segments and selecting target markets
- Analyzing value networks and marketing channels systems; includes value chain analysis, supply chain analysis and marketing channel analysis
- Scanning business markets environment
- Target group integration in value network profiling, business viability analysis and product value analysis.



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## Market Research Findings

- Highlight smallholder opportunities & threats
- Applied to develop market led project interventions e.g. domestic processed cashew nut market is 314 Tones annually
- Pro-poor marketing systems developed
- Partnership Agreements with buyers
- Identify agro-investors



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## Market Research Findings

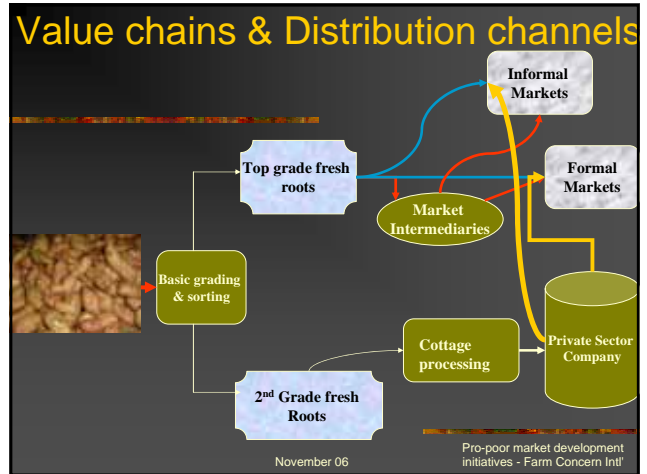
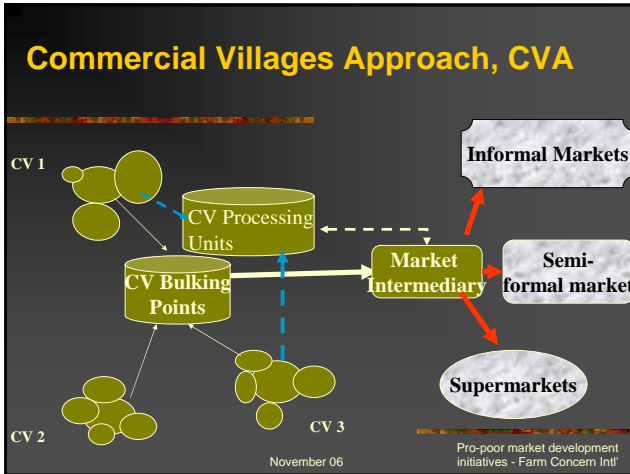
- Source & colour emerged as the top parameters considered prior to purchase by traders and consumers accounting for 27% each;
- OFSP roots & flour products recorded highest consumer preference
- OFSP based baby puree' recorded high preference among mothers & babies
- OFSP natural coloration on pastries preferred to artificial food colour
- Medium sized was preferred
- Pure OFSP flour preferred to composite flour
- Bruises didn't contribute significantly to the buying decision (considered as natural)
- Overall appearance and basic value addition accounts for 31% with minimal infections & cleanliness accounting for 9% and 8% respectively

Parameters under investigation	Specific preference factors	% of importance
Location	Source	27
Size	Size	11
Look / Appearance	No infection	9
	Freshness	5
	Cleanliness	8
	Shape	5
	Texture	1
	No bruises	3
Weight	Colour	27
	Weight	3
Dry matter content	Hardness/dry matter content	1
Pricing	Buying & selling prices	1

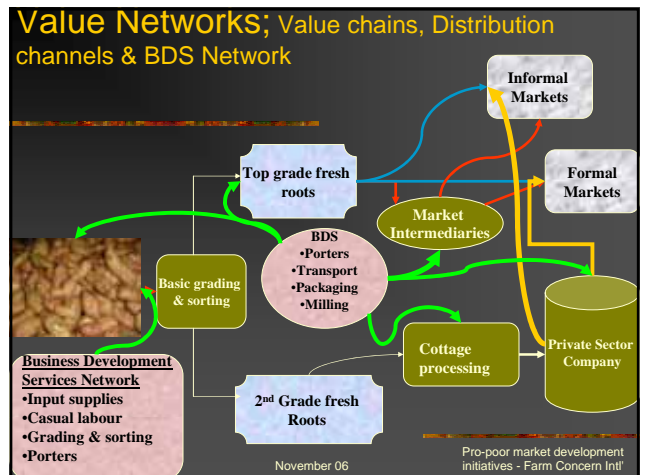
Source: Farm Concern & CIP, 2004

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- ### Enhance value chain efficiency
- Identify key hubs along the value chains and establish role of each hub
  - Develop a value chain efficiency matrix that enables you to select hubs & chains offering a competitive advantage for the poor
  - Enhance business efficiency of identified players as project clients – their success is the success of suppliers (poor)
  - Identify value chains enhancing smallholder competitiveness in various market segments
    - Business markets
    - Consumer markets
    - Industrial markets
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## Role of Commercial Village Processing Units

CV 1, CV 2, CV 3

- Harvesting
- Grading
- Sorting
- Chipping
- Drying
- Storage

Collective Packaging

Milling services: outsourced

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## Role of private sector

CV 3 Processing Unit

- Brand development & mgt
- Deal with trade barriers e.g. VAT
- Market development
- Product placement & space creation
- Demand creation
- Build on exiting distribution channels
- Consumer feedback

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## Role of CIP

- Financial Support
- Technical assistance to commercial villages on; agronomic practices, vine multiplication, product development and processing
- Utilize consumer, buyers & farmers feedback on variety improvement
- Product testing, quality monitoring & product improvement along the value chain
- Variety testing on key parameters; disease resistance, nutritive content

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## Role of Farm Concern

- Establish Commercial Villages & enhance CV participation along Value Networks
- Develop marketing systems presenting competitive advantage for smallholder farmers
- Consumer awareness
- Monitor marketing forces & market dynamics
- Equip farmers with business & commercial skills
- Enhance smallholder commercialization of OFSP
- Enhance establishment of CV Banking systems

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## Impact



- Commercial Vine multiplication systems established
- Currently, 3,170 smallholders in commercial production of OFSP with an average 0.5 acres on OFSP and few cases of 2-5 acres
- Annual incomes from OFSP; Kshs. 14, 265,000 ( USD 203,790) however this is additional incomes to basic incomes translating to average additional incomes of Kshs. 5,250 / HH ( USD 75)
- Impact of an overall cash economy of USD 203,790 is noticed with increased idle land converted to OFSP & increased local collective investments e.g. oxen for ploughing
- CIP & FCI focused on regions with minimal agribusiness opportunities
- Growing demand e.g. export company placed an order of 30 Tons / week
- Increased local demand for fresh roots & flour products

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## Increased utilization of vines for smallholder dairy sub-sector

- Enhanced commercial vines multiplication targeting smallholder dairy sub-sector; dairy goat & cows
- Low productivity of roots for vine multipliers has led to roots diverted for household consumption
- Smallholders claim increased milk production & no smell is detected in the milk unlike smell detected on milk if animals are fed on large quantities of white / yellow fleshed vines: Claims not yet scientifically proven



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## Marketing systems

### Market diversification

- Increased rural consumption
- Improved urban access to OFSP
- Product image building through mainstream value chains



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## Monitoring market environment forces:

- Dynamic market forces consistently threaten poor communities and smallholder farmers
- Identification of market entry barriers enables the design of market entry routes and design of competitive strategies



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## Market Development

- Product promotion at formal & informal markets
- Increasing consumption of sweet potato leaves
- Commercialization, building bulk, & ensure consistent supply
- CV – based quality assurance mechanisms developed & monitored
- Enhance roles of CV marketing sub-committees
- Meet market demands and trade requirements



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## Promotional campaigns

### Strategic promotional strategy

Promotional events benchmarked to private sector promotional approach – 5 million outreach achieved  
Out-door promotions, exhibitions, in-store promotions, point-of-sale promotions, exhibitions, trade fairs, sampling, cookery demonstrations, recipe booklets, radio live talks,



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## Private Sector Partnerships

- Formal private sector companies & local investors
- Develop partnerships based on a BUSINESS MODEL with pro-poor development oriented processes
- Facilitate Buyer / Supplier forums to increase communities exposure to BUSINESS PARTNERSHIPS
- Articulate roles of all players (include CV)

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## Opportunities for Market-led Research

- Design & implement market-led research
- Research within a business model
- Peg a commercial value to research finding e.g. business opportunities for commercial service providers like commercial nurseries, local artisans, input companies
- Feedback to commercial players on research findings
- Research Agencies to invite Value Network Players through research processes
- Commercialization ensures technology uptake and scaling up is assured

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