

The Value Initiative

Advancing urban value chain development to help millions of people work their way out of poverty.

Value Initiative Program in Kenya

AUTHOR

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Fronts Case Study

MAY 2012

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About SEEP

The SEEP Network is a nonprofit network of over 130 international organizations that believe in the power of enterprise to reduce global poverty. SEEP members connect in a global learning community to increase their impact in over 170 countries, where they collectively serve over 89 million micro-entrepreneurs and their families. Through SEEP's learning initiatives, microenterprise development practitioners co-create and exchange strategies, standards, and tools for building healthy economies with a sustainable income in every household.

www.seepnetwork.org

About The Value Initiative

From 2008 to 2011, with support from the Bill and Melinda Gates Foundation, The SEEP Network's Value Initiative advanced the knowledge and practice of urban value chain development to stimulate sustainable, large-scale, and poverty reducing economic growth, with a special focus on vulnerable populations. The \$6.5 million Value Initiative has two core Practitioner Learning Programs (PLPs): 1) Urban Value Chain Development and 2) Business Planning for Sustainability and Scale-Up.

Urban Value Chain Development

Although value chain development represents an innovative and systematic approach to address poverty, best practices for urban settings have yet to be well defined and broadly disseminated. In response to this need, the Value Initiative provided technical assistance with 3-year grants to four demonstration programs in Kenya, India, Indonesia and Jamaica. The SEEP Network facilitated capacity building, peer learning, and supported knowledge management process and research to advance and build the industry capacity in urban value chain development. The four Value Initiative Programs (VIPs) were implemented with the following partners:

Program Name	Lead Organization	Partner Organizations	Sub Sector	Location
VIP India	ACCESS Development Services	<ul style="list-style-type: none">• Jan Kalyan Sahitya Manch Sansthan (JKSMS)• Rajasthan Abhyudaya Sansthan (RAS)• Jaipur Jewelers Association	Jewelry	Jaipur, India
VIP Kenya	Academic Model Providing Access to Healthcare (AMPATH)	<ul style="list-style-type: none">• Export Promotion Council (EPC)• Fintrac	Passion Fruit	Eldoret, Kenya
VIP Jamaica	Jamaica Exporters' Association	<ul style="list-style-type: none">• The Competitiveness Company• Area Youth Foundation	Ornamental Fish	Kingston, Jamaica
VIP Indonesia	Mercy Corps Indonesia	<ul style="list-style-type: none">• Swisscontact• PUPUK	Tofu & Tempeh	Jakarta, Indonesia

Business Planning for Sustainability and Scale-Up

The Value Initiative partnered with five organizations to foster learning on innovative business models for sustainable, larger-scale enterprise development reaching a wider target group of marginalized communities:

- Entrepreneurship and Community Development Institute (Pakistan);
- Fair Trade Forum (India);
- LabourNet (India);
- SDC Asia (Philippines);
- KeBal/Mercy Corps (Indonesia).

For more information about the Value Initiative, including tools, additional learning products, photos and videos, please visit www.seepnetwork.org or contact Yibin Chu, Program Manager of Enterprise Development Community of Practice at chu@seepnetwork.org.

Table of Contents

Summary	8
VIP-Kenya Institutional Context	10
Value Chains: Passion Fruit and African Leafy Vegetables	11
VIP-Kenya Program	14
Interventions	15
Profiled Intervention: Increasing Fruit Output and Quality	16
Pilot	17
Pilot Results	17
Uptake	18
Lessons Learned	19

Summary

In Rift Valley and Western Kenya, AMPATH¹ is engaged in a widespread, holistic public health program that supports sustainable livelihoods with a combination of broad-based economic development and a “graduation” approach targeting the most vulnerable populations, particularly those impacted by HIV. This case profiles the economic development and livelihoods initiative, which was part of the Value Initiative Program in Kenya of The SEEP Network from 2009–2011 (referred to as VIP-Kenya). AMPATH was the lead implementing partner, working with the Kenya Export Promotion Council (EPC) and, for the first half of the project, Fintrac.

Even in the more vulnerable communities targeted by AMPATH, there is a wide range of farmers—from knowledgeable semi-commercial farmers who seek higher-value crops and markets, to recently settled migrants more familiar with cows than crops, to young widows with little land or experience in farming.²

VIP-Kenya opened economic opportunities for these diverse farmers by simultaneously operating a value chain development initiative in passion fruit and a graduation initiative that started with growing African leafy vegetables and participating in savings and loan groups. Meanwhile, in the target communities, AMPATH launched a comprehensive community-based public health initiative through which community members access public health education, basic primary health care (including HIV testing), referrals to doctors and hospitals for more in-depth care, and food aid for malnourished and destitute people, and more.

Some innovative aspects of the initiative include:



Traditional, less-productive farmland in Rift Valley, VIP-Kenya target area.

- Engaging microenterprises in the supply of technical assistance, inputs, and market access, particularly for passion fruit. Specific businesses include agro-input dealers, lead farmers, nursery operators, and informal traders. Also, helping informal traders upgrade their operations, rather than attempting to cut them out of the market.
- «Focusing on a range of market linkages for different qualities of fruit: rural and small town markets for grade 3 fresh fruit, larger city (in Uganda and Kenya) fruit-juice processors for grade 2 fruit, and export opportunities to Europe and the Middle East for grade 1 fruit.
- Sustainably integrating “farming as a family business” training into privately delivered extension services to support responsible use of increased cash income, to support women and youth develop a stronger voice in the use of their labor and the handling of farm income.
- Explicitly promoting “graduation” tracks, from basic survival crops and food subsidy to more diverse assets (chickens, goats) to more risky but lucrative cash cropping, and selecting a quick-turnover cash crop that is easily integrated with food production.

1 AMPATH is an innovative and leading public health partnership among Moi University (Eldoret, Kenya) and several US-based universities, in particular, the University of Indiana.

2 VIP-Kenya originally targeted microenterprises in rural-based towns and cities, but evolved to focus primarily on farmers; the urban-based enterprises were mainly traders and input suppliers.

- Integrating financial services at all levels: micro-lending and/or cooperative savings and loans for cash-cropping families, and savings groups for more vulnerable populations.
- Providing a variety of services for an entire community, rather than targeting either the most commercially oriented or the most vulnerable. Also promoting community members to join groups based on common economic interest without regard to HIV or social status (i.e., gender, widow, age, etc.)
- Bundling services to provide a full package of services to farmers: finance, inputs, access to markets, extension services, economic literacy, and family farming training.

Results

VIP-Kenya demonstrated an innovative, integrated graduation model and established a system through which a large number of people in vulnerable communities can access a range of services to increase incomes, reduce vulnerability, and reduce dependency on aid agencies. The program itself took quite some time to get established and actually offer services to clients. In the short time period—14 months—during which services were available, 4,200 clients accessed savings and loan services; 2,200 farmers (40 percent women) accessed passion fruit extension services; and 1,100 farmers (31 percent women) accessed extension services for African leafy vegetables.

Inputs and training were delivered by a combination of AMPATH staff and 17 private sector suppliers: agro-input dealers, nursery operators, traders, and lead farmers. While the share of farmers actually marketing crops, to date, is low (due to the short timeframe of actual implementation), the average increase in income for passion fruit farmers was around USD 400 above the control group farmers, and the average income increase of the African leafy vegetable farmers was around USD 50 more than control group farmers. Clients also received public health information and access to health care services.



Passion fruit farmer and child in productive fruit field.

Lessons Learned

1. Interventions need to be designed with an understanding of the vulnerable members of the community and the context in which they live.
2. Monitoring and evaluation of client progress and implementation of the intervention via key indicators is critical to responsive and effective programming. The Progress out of Poverty™ scorecard has mixed relevance.
3. Partnerships with for-profit, local small and medium enterprises (SMEs) can be an effective method of extending reach and strengthening community economic opportunities. Informal sector traders can upgrade to high-value traders.
4. A three-pronged approach that links safety-net services, graduation activities, and local small enterprises and businesses can create community-owned pathways out of poverty.
5. Bringing different stakeholders together around broad, common problems can inspire them to create new ways of doing business together.

6. Technical services of the intervention should not necessarily be implemented discretely, but presented as a bundle of different services that takes advantage of the potential for interaction and synergy—a bundle of agribusiness solutions (inputs, training and market access) with finance, for example.
7. Establishing business service markets alone may not help meet a program’s objectives on poverty outreach. The interventions should be integrated with a clear strategy for reaching the very poor and vulnerable who cannot afford the services. For example, AMPATH’s graduation model offered comprehensive packages of goods and services to an appropriate level of client.
8. Graduation is not a “quick-fix”; it may take several seasons.

VIP-Kenya Institutional Context

The Value Initiative program in Kenya (VIP-Kenya) was led by AMPATH, an innovative and leading public health partnership among Moi University (Eldoret, Kenya) and several US-based universities, in particular the University of Indiana. The two additional partners were the Kenya Export Promotion Council (EPC) and Fintrac, a leading agricultural development consulting firm. As part of its public health work, AMPATH also addresses livelihood challenges, with the understanding of the synergy between stable health and a stable source of food and income. With the addition of the Value Initiative program, AMPATH incorporated a value chain development approach and an urban perspective into its livelihoods security work. The goal of VIP-Kenya was to increase incomes of vulnerable populations, microenterprise owners, and workers in agricultural value chains in the Rift Valley (and Western Kenya)—value chains that span and link rural and urban areas. The target communities experience chronic poverty, conflict, and health impacts of HIV.

AMPATH launched its pilot value chain intervention in three Rift Valley locations (Kaptaget, Turbo, and Iten), with a medium-term view of extending the work to Western Kenya. The original intention was to explore rural-urban linkages and urban value chain development in towns and cities that are fundamentally agriculturally-based. However, the project evolved into a more rural initiative, focused on value chain development to strengthen vulnerable communities and “graduation” models for agricultural enterprises, especially targeting HIV-impacted populations.

3 AMPATH is also a leading public health program, especially for HIV and AIDS, and also addresses the formidable challenge of helping vulnerable HIV-impacted people and communities become economically stable and prosper. VIP-Kenya is AMPATH’s first foray into value chain development, partnering with the Kenya Export Promotion Council (KEPC), a government parastatal, and Fintrac, a US-based development contracting firm with a strong track record in Kenya of value chain development that engages smallholders.

Value Chains: Passion Fruit and African Leafy Vegetables

The VIP-Kenya team selected passion fruit and African leafy vegetables as promising value chains, which offer enterprise opportunities to meet the project goal of increasing incomes in HIV-impacted communities. It sought a mix of crop value chains that would offer easy entry to destitute or very vulnerable populations, as well as lucrative opportunities for more stable households and opportunities for vulnerable populations to aspire to as they become more secure. The team selected African leafy vegetables as a starter crop for new farmers (because they are easy to grow and can be traded and sold in urban markets or cooked for food,) matched with passion fruit as a high-value crop for more experienced farmers (and for new farmers to “graduate” to).

Market Opportunities

Both leafy vegetables and passion fruit crops offer health and nutrition benefits, and both have strong, profitable markets and increasing demand. Globally, regionally, and nationally, there is high un-met demand for passion fruit, primarily for juice. Local and regional demand for passion fruit has steadily grown, at 10 percent per year. (AMPATH’s partner Fintrac has successfully promoted passion fruit among small-scale farmers in Central Kenya and felt very comfortable about its potential in Rift Valley and Western Kenya.) African leafy vegetables are greens that are traditionally grown by small-scale farmers as a food crop. AMPATH has stimulated demand for such vegetables with its promotion of the importance of a healthy diet in general and for supporting the effectiveness of HIV medications.

In addition to their market potential, both crops flourish in a range of growing conditions, are relatively easy to grow, and have short growing seasons, producing quick returns and allowing multiple seasons. Compared to many high-value horticultural crops, passion fruit in particular can survive less-than-perfect handling. They are picked and transported before ripening, and there are three grades, based on size and color, each with its own profitable market. Perhaps best of all, a variety of food crops can be intercropped with passion fruit.

Institutional Resources

In developing the passion fruit and African leafy vegetable value chains, VIP-Kenya drew on significant institutional resources, many of them based in cities, but all focused on agricultural development. Table 1 lists some of the institutional resources the project mobilized in support of passion fruit and African leafy vegetable crop production and marketing. One type of facility missing in most value chains in the Rift Valley region is agro-processing (with the exception of dairies). There are no juice processing plants and only a few, medium-size vegetable processors. One example, MACE (which also specializes in weapons-grade hot pepper processing) dries and packages African leafy vegetables for regional use as an urban “emergency” food source and for export.

Table 1 Institutional Resources for Passion Fruit and African Leafy Vegetables Value Chains

Key government institutions	<ul style="list-style-type: none"> • Ministry of Agriculture • Kenya Agricultural Research Institute • Kenya Export Promotion Council (AMPATH partner)
Agricultural development organizations: donor contractors, non-governmental organizations (NGOs)	<ul style="list-style-type: none"> • International agencies with donor funded programs: Fintrac, TechnoServe, ACDI/VOCA • Numerous small Kenyan NGOs • Numerous community-based cooperatives, associations, self-help groups
Infrastructure to reach urban high-value or global export markets in more distant Kenyan cities	<ul style="list-style-type: none"> • Roads • New airport with cold storage
Proximity to increasing local and regional export markets	<ul style="list-style-type: none"> • Western Kenya • Uganda, Tanzania, and Rwanda
Vibrant agro-service sector	<ul style="list-style-type: none"> • Equipment suppliers • Input distributors • Agro-vets* • Nurseries • Wholesale and retail agricultural markets • Storage facilities
Financial services in urban and peri-urban areas	<ul style="list-style-type: none"> • Banks • Microfinance institutions

* Agro-vets are critical for passion fruit cropping to treat plant diseases that occur when people plant food crops under passion fruit vines.

Key Constraints in Passion Fruit and African Leafy Vegetables

In both passion fruit and African leafy vegetables, demand far outstrips supply, although in the passion fruit market the demand for high-quality produce is stronger. So, why are farmers not responding to demand? There are five key reasons that vary slightly for different segments of target farmers.

First, crop husbandry and business management in the Rift Valley suffer from knowledge and skills gaps among disparate population segments. Experienced farmers know commercial farming, but do not know passion fruit. Newcomers to farming, often recently settled nomadic or cattle-herding populations or women who have not had access to agricultural extension, may only know the basics of a few staple crops and have no experience with more temperamental crops or high-yield farming techniques. Destitute women—who have husbands away at jobs in larger cities, who are widows, or who are made vulnerable by the impact of HIV on their families—may often be in charge of farms for the first time or must support their families with very small plots. They may be beginners or have the rudiments of farming and just need basic seeds and tools.

Weak market information and poor market linkages are endemic in the project’s Rift Valley locations. Most farmers in the region are not aware of the potential of passion fruit or African leafy vegetables until they are educated about them through promotions by agricultural development organizations (both government and private). Information

* Since 2008, due to the civil and political disturbances, urban residents have developed the habit of stocking emergency food, such as the dried, leafy vegetables, as well as canned goods.

about market demand, pricing, input availability, and cultivation of these crops is not readily available in the Rift Valley because horticulture is primarily promoted by the government in central Kenya, where it is more established.

There are only a handful of traders in the region interested in passion fruit, and the trade in African leafy vegetables rarely goes beyond neighbors buying from each other or individual women selling at a weekly local market. In both situations, traders have little access to capital, operate informally, buy on the spot, do not offer any supplemental services, and have short-term relationships with farmers. Information about fruit availability is scant: sometimes traders are short of fruit, even though a farmers' group only a few kilometers away is waiting by the road for a trader to come by.

Given reliance on traditional agricultural practices and little government attention and assistance, produce is generally found in low quantities and of low or unreliable quality. Farmers, who start to grow passion fruit without good training, may not be aware of its three different grades and the different prices of each grade; the demand in European, other African, or domestic markets; and how to increase production of grade 1 fruits. African leafy vegetables are often seen as “growing themselves.” With ad hoc cultivation practices and generally inattentive farmers, the leaves are often smaller, riddled by bites from invading insects, and tougher due to low moisture content. With awareness of markets and improved cultivation technique, farmers can significantly improve quality and market price of their greens.

Generally, farmers in the Rift Valley have inadequate access to production inputs. As with many horticultural crops, high yields of passion fruit require specific plants that are bred for particular regions. To start to produce passion fruit, farmers need seedlings and, after several harvests, they may need to graft new “scions” onto older plants to maintain high yields and to grow high-quality fruit. Kenya, however, experiences chronic shortages of quality, inspected passion fruit seedlings and scions. Other inputs, such as fertilizers, fungicides, pesticides, and materials for constructing trellises, are readily available. Seeds for African leafy vegetables are not always readily available and can be expensive or old, depending on the area.

Health issues loom large as a constraint for smallholder farmers in the Rift Valley. The effects and stigma of HIV particularly impact individuals, families, and communities on many levels. There are few options for health insurance for rural populations and urban residents not employed by a formal business or institution. Health crises of any kind can rapidly deplete family resources. Many people join groups—farmer associations, self-help organizations, and savings or microfinance groups—that offer emergency funds. However, people who are known to have HIV or who have an HIV-positive family member are often excluded from such groups. Even when they are included, their fund allocation can be insufficient for their need.

In turn, social exclusion of people impacted by HIV can affect their access to markets and resources. HIV-impacted families may also be excluded from farmer groups, which are often entry gates to participation in value chain development. Sometimes, people fear purchasing food from HIV-positive farmers, traders, or vendors. Even in very functional communities, if the HIV rate is



Passion fruit nursery.



Hardware store and agro-input supplier in Eldoret.

high, everyone in the community experiences the financial drain as they absorb orphans, deal with medical and funeral expenses, support the effects of the lower income of the extended family, and cope with the loss of members of the community and their productivity. HIV impacts farmers by reducing their capital to invest, reducing labor available to work on farms, and—sometimes—depriving widows of their land.

The VIP-Kenya Program

AMPATH's primary goal for VIP-Kenya was to enhance and increase the income for individuals and microenterprises in HIV-affected communities, who are (or become) active participants in the horticultural value chain. It also aims to strengthen the excluded, poor, and HIV-affected communities by helping them increase their agricultural productivity and gain access to export, regional, and local passion fruit markets.

The broad strategy was to respond to the large, unmet demand for passion fruit in the high-value export, regional, and local markets by increasing volume and quality of the produce, introducing marketing efficiencies, and expanding market benefits to the excluded poor and HIV-impacted populations. The value chain development to serve the communities impacted by HIV incorporates four key principles:

1. Stimulate economic development for the entire community, rather than exclusively targeting only the most vulnerable populations. This strategy reduces conflict and social divisions. It strengthens the capacity of communities to provide sustainable safety nets in which better-off community members take care of more vulnerable members. And it creates feasible economic opportunities that can motivate vulnerable people to strive for.
2. Customize support packages for different economic (or social) strata. For participating farmers with some established income and assets in the Rift Valley, passion fruit production offers an accessible, high-income earning activity. For vulnerable target clients, starting out with African leafy vegetables is a cheaper, less risky option, requiring less labor and simpler crop husbandry.



Women's savings and loan group in Rift Valley.

3. Set paths out of poverty and establish safety nets to prevent poverty. Assistance packages are designed to help vulnerable people “graduate” from dependency on food aid to subsistence agriculture with African leafy vegetables, then to commercial farming of passion fruit. Offering alternative packages implies that, if a family had to drop out of the passion fruit market because of a disastrous season or a personal crisis, there is support for them to re-engage in cash-crop production with African leafy vegetables and work their way back into passion fruit.
4. Integrate financial services with value chain development. For the very vulnerable, the graduation approach also entails the addition of affordable finance, which AMPATH addressed by establishing the “Group Integrated s for Empowerment” (GISE), a group savings model that permits access to immediate financing. For more economically secure households, AMPATH endeavored to link farmers with microfinance institutions that could help finance investment in passion fruit.

Interventions

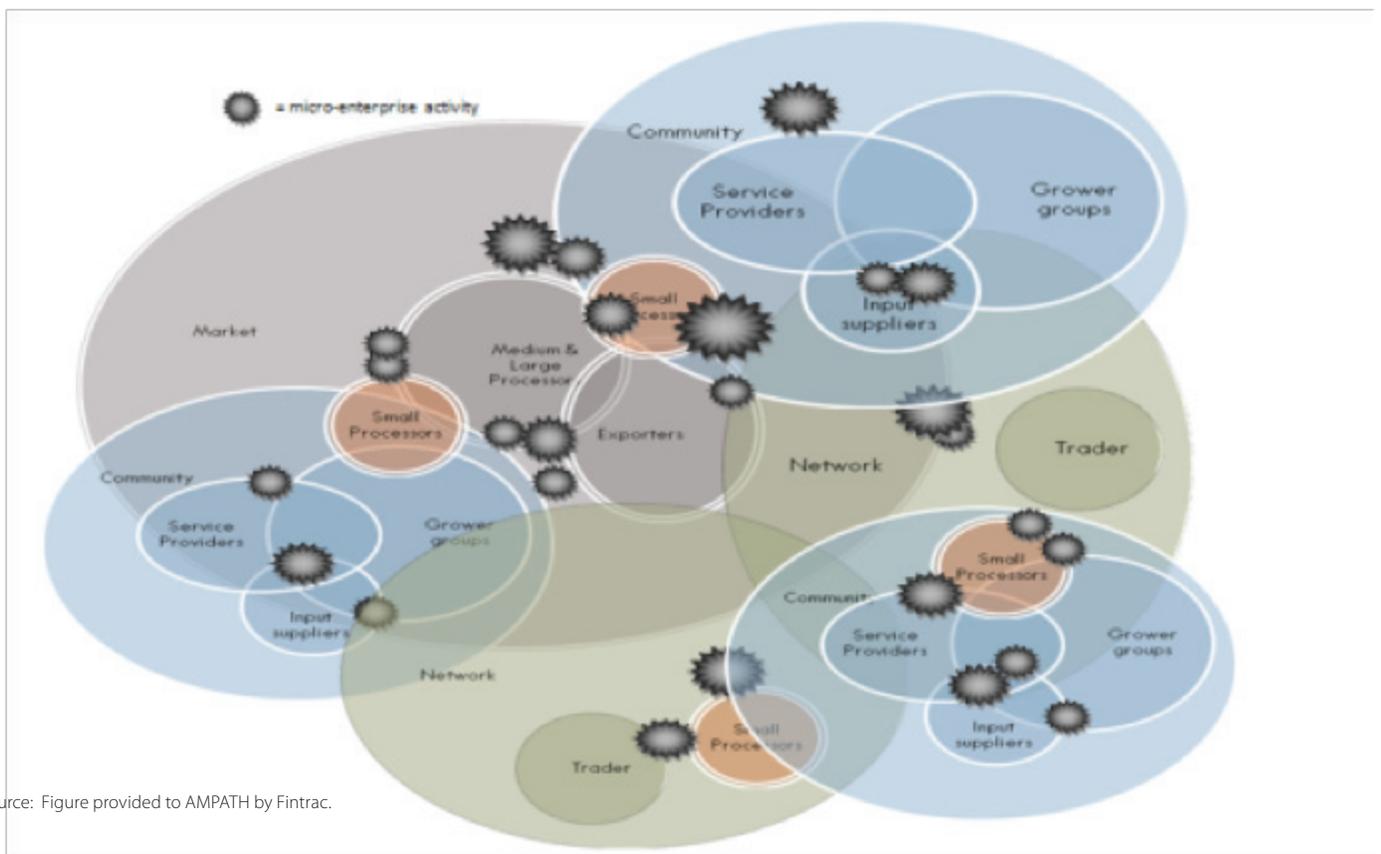
VIP-Kenya’s market-based interventions were designed to address priority constraints in the passion fruit value chain. The VIP-Kenya team grouped the interventions into linked activities or services from different types of businesses in the value chain, as illustrated in table 2. For example, in the “fruit output and quality” intervention area, farmers gained access to a comprehensive package of services needed to increase output and improve quality: technical assistance, tailored financial services, and inputs and equipment.

The causal model for this intervention is presented in figure 1. The program facilitated expansion of market linkages at the same time as it promoted passion fruit cultivation, in part by supporting open, growing clusters of supportive lead farmers, traders, and nurseries based at passion fruit collection points that the program helped traders establish. In addition to being part of a “graduation” model, this value chain development initiative assisted informal sector traders in becoming a formal, value-added trading company.

Table 2 Overview of VIP-Kenya’s Market-Based Services

Intervention area	Specific interventions or business model
Fruit output and quality	<ul style="list-style-type: none"> • Technical assistance • Tailored financial services • Inputs and equipment package
Micro-processing and value-added products	<ul style="list-style-type: none"> • Quality control system • Tailored financial products • Technical and business training • Infrastructure services
Market linkage: Farmer to trader	<ul style="list-style-type: none"> • Market information market • Business skills and management training
Market linkage: Trader to formal markets	Promotion and market services

Figure 1 Clustering Model for Market Expansion in Agri-business Sectors

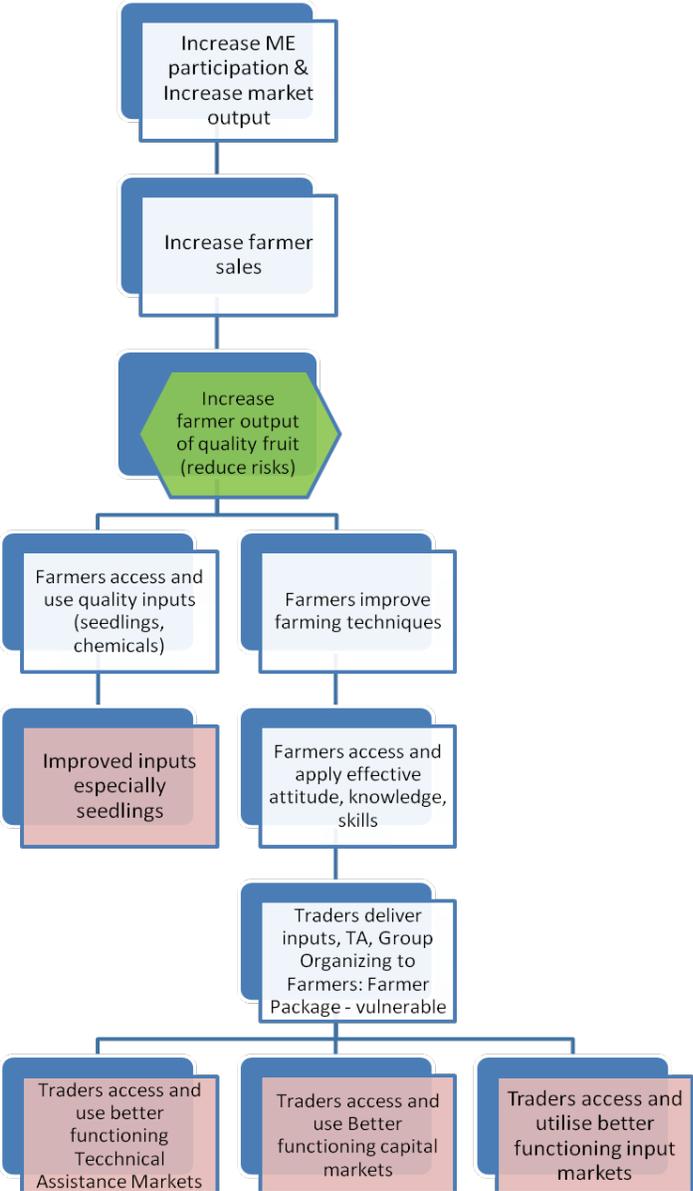


Source: Figure provided to AMPATH by Fintrac.

Profiled Intervention: Increasing Fruit Output and Quality

To increase passion fruit output and quality, farmers need access to a package of well-designed and well-timed services, including technical (agricultural and business) assistance, inputs and equipment, and finance. AMPATH’s vision is that several types of active entrepreneurs will recognize their collective potential and collaborate to create such a package for farmers. The collaborators include traders, nurseries, agro-chemical suppliers, hardware stores, and lead farmers. AMPATH took on the task of building the capacity of these agricultural service providers. Figure 2 lays out the causal logic of this intervention.

Figure 2 Causal Model for Intervention 1: Increase Fruit Output and Quality



Pilot

The focus of the pilot was to develop the passion fruit package, explore different kinds of suppliers for the package, and test financial viability of business models for delivering the package to farmers. AMPATH's initial steps included:

- Market and technical research to identify information, inputs and equipment, and finance needed;
- Development of a training and technical assistance package or bundle made up of agronomic practices, business management and basic bookkeeping principles (targeted at agricultural service providers), quality control, adult learning principles, solutions to language barriers, recognition of ethnic and class issues, and “family business development”;⁵
- Wide promotion of the opportunity to be a service provider to traders, farmer groups, agro-chemical suppliers, and nursery owners (The team then screened applications and selected 16 service providers, balancing different business types.);
- Comprehensive training for service providers; and
- Subsidized contracts for service providers to help small-scale farmers, based on their performance in the training. (This subsidy reduced the risk of trying something new.)

A crucial component of this strategy was to embed technical advice in each service that was included in the bundle of crucial services and tangible goods sold to farmers. The VIP-Kenya team marketed the technical assistance by articulating the key business incentives and opportunities to each supplier:

- Traders can improve farmers' business performance by providing technical assistance to them (with an expectation of obtaining higher quality and greater volume of passion fruit).
- Service providers can also sell their expertise to traders.
- Nurseries can expand their customer base when farmers approach them for quality seedlings.
- Ultimately, farmers benefit from technical assistance, which gives them the opportunity to increase passion fruit output.



Women's savings and loan group in Rift Valley.

Pilot Results

VIP-Kenya demonstrated an innovative, integrated graduation model and established a system through which a large number of people in vulnerable communities can access a range of services to increase incomes, reduce vulnerability, and reduce dependency on aid agencies. The program itself took quite some time to get established and actually offer services to clients. In the short time period—14 months—during which services were available, 4,200 clients accessed savings and loan services; 2,200 farmers (40 percent women) accessed passion fruit extension services; and 1,100 farmers (31 percent women) accessed extension services for African leafy vegetables.

Inputs and training were delivered by a combination of AMPATH staff and 17 private sector suppliers: agro-input dealers, nursery operators, traders, and lead farmers. While the share of farmers actually marketing crops, to date, is

⁵ This is an approach to addressing gender and inter-generational equity concerns, and a way of promoting constructive and equitable use of new income earned from lucrative cash cropping.

low (due to the short timeframe of actual implementation), the average increase in income of passion fruit farmers was around USD 400 above the control group farmers, and the average income increase of the African leafy vegetable farmers was around USD 50 more than control group farmers. Clients also received public health information and access to health care services.



Training and program orientation of input suppliers, traders, nursery managers, lead farmers.

Uptake

The goal of the market up-take phase is to stimulate expansion of service providers (and through them, more assistance to farmers), market linkages, and widespread adoption of the effective and financially viable innovations tested during the pilot phase. The VIP-Kenya team promoted dissemination of pilot results in several ways:

1. The pilot successfully established a common physical marketplace, as part of expanding the market linkages, where farmers could deliver their produce to traders and where traders could interact with potential buyers. AMPATH encouraged traders and nurseries to gather at these locations to offer their services and products. Together, the lead farmers, traders, and nurseries form a passion fruit cluster, working together to enhance each others' businesses and expand the market with new entrants.
2. Program staff conducted follow-up visits and mentored (unstructured) the different service providers to help them grow their business.
3. The VIP-Kenya team documented the business models of different suppliers—nurseries, traders, agro-chemical suppliers, lead farmers.
4. The team disseminated the business models and encouraged more suppliers to enter the market via stakeholder meetings, workshops, conferences, agricultural field days, newspaper notices, fliers, newsletters, and consortium networks. Service providers already had fliers and business cards, and were accustomed to participating in trade fairs and like events.
5. Part of the pilot included a partnership with the Ministry of Agriculture, so its staff can replicate the program in other geographic areas.

Businesses in the value chain also employed creative expansion strategies. Traders in the pilot's three Rift Valley locations set up a network of traders and formed a registered company, the Equatorial Hortifresh Company Ltd. The company operates a passion fruit consolidation center in Eldoret and delivers produce to local and regional markets. Equatorial Hortifresh identified nursery operators and leading passion fruit producers to provide commercial technical assistance, which is offered to farmers as part of a package of goods and services. The company also attracted Can-Ken International, an export company based at the Eldoret International Airport, and contracted it to offer coaching on export procedures, legal issues, and business-partner codes of conduct.

Lessons Learned

AMPATH considered the broad lessons learned in its pilot, choosing these as most relevant for other practitioners:

1. Vulnerable members of a community need to be given the responsibility and ownership of their own success.
2. Interventions need to be designed with an understanding of the vulnerable members of the community and the context in which they live.
3. Monitoring and evaluation of client progress and implementation of the intervention via key indicators is critical to responsive and effective programming.
4. Partnerships with for-profit, local small and medium enterprises (SMEs) can be an effective method of extending reach and strengthening community economic opportunities.
5. A three-pronged approach that links safety net services, graduation activities, and local small enterprises and businesses can create community-owned pathways out of poverty.

Lessons Learned about Local Partnerships

1. Informal sector traders can upgrade to high-value traders. Their role in providing farmers with packages of technical assistance and linkages to quality seedlings, agrochemicals, and urban markets was critical to the success of the initiative.
2. Bring different local actors and stakeholders together and inspire them to create new ways of doing business together. For example, traders purchased seedlings and inputs to distribute to farmers. Also, involving Kenya's Ministry of Agriculture opens another outlet for sustaining the project and may bring further government attention and programs to the Rift Valley.



Training and program orientation of input suppliers, traders, nursery managers, lead farmers.

Lessons Learned about Implementing Value Chain Development and Graduating the Vulnerable Target Population

1. Establishing business service markets alone will not help meet the program's objectives on poverty outreach. The interventions should be integrated with a clear strategy for reaching the very poor and vulnerable who cannot afford the services, such as AMPATH's graduation model that offered comprehensive packages of goods and services to an appropriate level of client.
2. Technical services of the intervention should not necessarily be implemented discretely, but presented as a bundle of different services that takes advantage of the potential for interaction and synergy. In practice, farmers rarely require single or unique services. In the Rift Valley project, successful technical intervention depends on farmers' access to affordable production inputs (passion fruit seedlings from nurseries, fertilizer, and access to finance, for example). Therefore, technical assistance, inputs and equipment, and tailored financial products are delivered as a package or in parallel. The interrelationship and complementarities of services also indicates how to appropriately phase in the interventions.

Success Story: A Passion for Fruit Farming in Eldoret, Kenya (Uasin Gishu County)

"Poverty," says Abraham Kimutai, "is a big enslaver of people. It clouds the mind, weakens the spirit, incapacitates thinking, and exposes one to exploitation. In short, it dehumanizes." He adds philosophically, "Interestingly, we all have weapons to smash poverty chains." Kimutai is a passion fruit farmer and member of Beliomo Self Help Group, which was registered by the Ministry of Culture and Social Services in 2009.

"I'm expecting a bumper harvest this season," he declares as he plucks a purple fruit. He then splits it open to reveal a deep orange jelly that drips juice. "Look, my garden yields grade 1 fruits!" he announces proudly.

For this middle-aged man, passion fruit farming is his new-found love. He started off in 2009 with one acre of land that was beset with passion fruit diseases. Currently, he has three acres of passion fruit that previously were maize fields. He received technical assistance in passion fruit agronomy from a nursery owner who sold him seedlings. The nursery owner included the value of technical assistance in the cost of each seedling. A passion fruit seedling costs USD 0.4. During the first harvest season, Kimutai picked 300 kilograms of fruit per week for six months from his one-acre field. The total harvest from was about 5.2 tons. After selling his passion fruit for USD 0.7 per kilogram, his total income was USD 3,466. He compares this to a similar acreage of maize, which produced 2.7 tons, and which he sold for USD 600.

"With the proceeds of my fruits, I am able to pay school fees for my five children and I bought a Fresian cow worth USD 256. I also installed electricity and a satellite TV (worth USD 778). Soon, I will move out of this wooden structure into the permanent house which is now being constructed. My passion fruit crop has even enabled me to open a bank account. Now I have an ATM card," he enthuses with a swagger.

In the future, Kimutai intends to expand and upgrade his current bucket watering process to a drip irrigation system. He also intends to expand to five acres of passion fruit within the next four years. "I also intend to buy a pickup truck to help transport my fruits to the market," he goes on. "I am very grateful to the nursery owner in this region for training me and offering guidance on market opportunities. Whenever I have a problem regarding my orchard, he is always ready to help," Kimutai says.

3. Using a graduation approach is not a quick-fix, but may take time. The VIP-Kenya estimates that the graduation model it established requires several seasons of African leafy vegetable crops for clients to start investing in additional assets such as goats or chickens and several more before risk tolerance and savings would allow for investment in passion fruit. In addition, it is crucial, that the specific businesses promoted be easy to "take up," as well as be market driven and sensitive to community needs and desires, so that it becomes sustainable in the long term.
4. Two of the pilot's critical success factors were its thorough understanding of the characteristics of the targeted (vulnerable) population and assurance that a safety net was in place to help them absorb the continuous social, economic and political shocks of life. The VIP-Kenya staff worked closely with site social workers, nutritionists, and community health workers. (Normally staff is originally hired from the sites in which they work and thus know the clients well.) The project established trust with the community and this relationship helped the project activities succeed and enabled the program to adjust delivery of the intervention as needed. In addition, working in collaboration with the government of Kenya and partnering with the Kenya Export Promotion Council helped AMPATH integrate economic and social issues into its activities. The project provided a platform for the vulnerable communities to have ownership over interventions that were market driven and embraced by the community.
5. Combining agribusiness interventions (such as access to inputs, training, and markets) along with financing was another key success factor. As the clients adopted the agribusiness interventions, the group savings and loan model enabled them to expand and diversify their activities through access to convenient and less costly financing. This brought about financial growth and behavioral changes faster than the program anticipated.
6. Progress out of Poverty scorecard has mixed relevance. The Progress out of Poverty scorecard did not present a complete picture of the target beneficiaries, but it was effective in detecting changes of assets owned by a household.
7. Commercial approaches to market development require nimble management and administrative structures in the implementing program. To stimulate the market, the program initiated entered business partnerships with entrepreneurs in the passion fruit value chain. The project recruited and trained local traders, nursery owners, and entrepreneurial farmers (lead farmers) to deliver technical assistance, access to quality inputs, and access to credit. In the cost-sharing efforts, the program experienced administrative delays in procurement and payments. It was hard to balance AMPATH's lengthy procurement and payment processes with the private-sector partners' need for fast cash.
8. AMPATH found that the most successful clients demonstrated two common attributes: adoption of the culture of savings, promoted by the village savings and loans methodology; and a drive to venture into higher-value agribusiness initiatives. Farmers took the initiative to identify profitable areas they felt they could transition into, such as poultry, seed processing, goat rearing, and passion fruit. The process was ultimately driven by their willingness and personal decision to take part in higher-value activities.