

# *‘Match made in heaven?’*

An example of Group Dynamics in the  
value chain - The REAP to Vegcare story

by George Odo

CARE International

October 06



2nd National BDS Conference, Naiva:



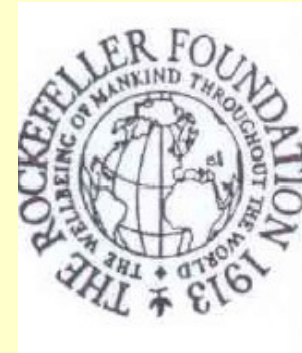
# The Social Investors

DFID UK & CARE UK PPA



Richard Ivey School of Business  
The University of Western Ontario

**IVEY**



**Business Services**  
Market Development Project (BSMDP)



Canadian International  
Development Agency

Agence canadienne de  
développement international

**Canada**



**USAID**  
FROM THE AMERICAN PEOPLE

AusAID



# Presentation content

- Background
- The initial model - REAP
- The partnership model – Vegcare
- Results to date
- Challenges to date
- Key Learnings



# Background

- Area: Kibwezi in Makueni district in Eastern Province of Kenya (About 200 kms from Nairobi)
- 76% of people live below 1 US \$ per day
- Livelihood is subsistence agriculture
- CARE in Kenya focus sectors are Agriculture, HIV/AIDS and Emergency response
- Agriculture strategy is about commercialized activities for smallholders (CASH) that is based upon MMWFP
- Rural Enterprise Agribusiness Promotion pilot began in 1999



# REAP - some wins....

- Over 800 farmers in 4 years directly benefited
- Farmers earning between USD 400 to 1000 pa
- Smallholders supplying market with 30 metric tones of vegetables per week
- Rural communities have improved access to social services like health & education
- *Conclusion – Good development work...*

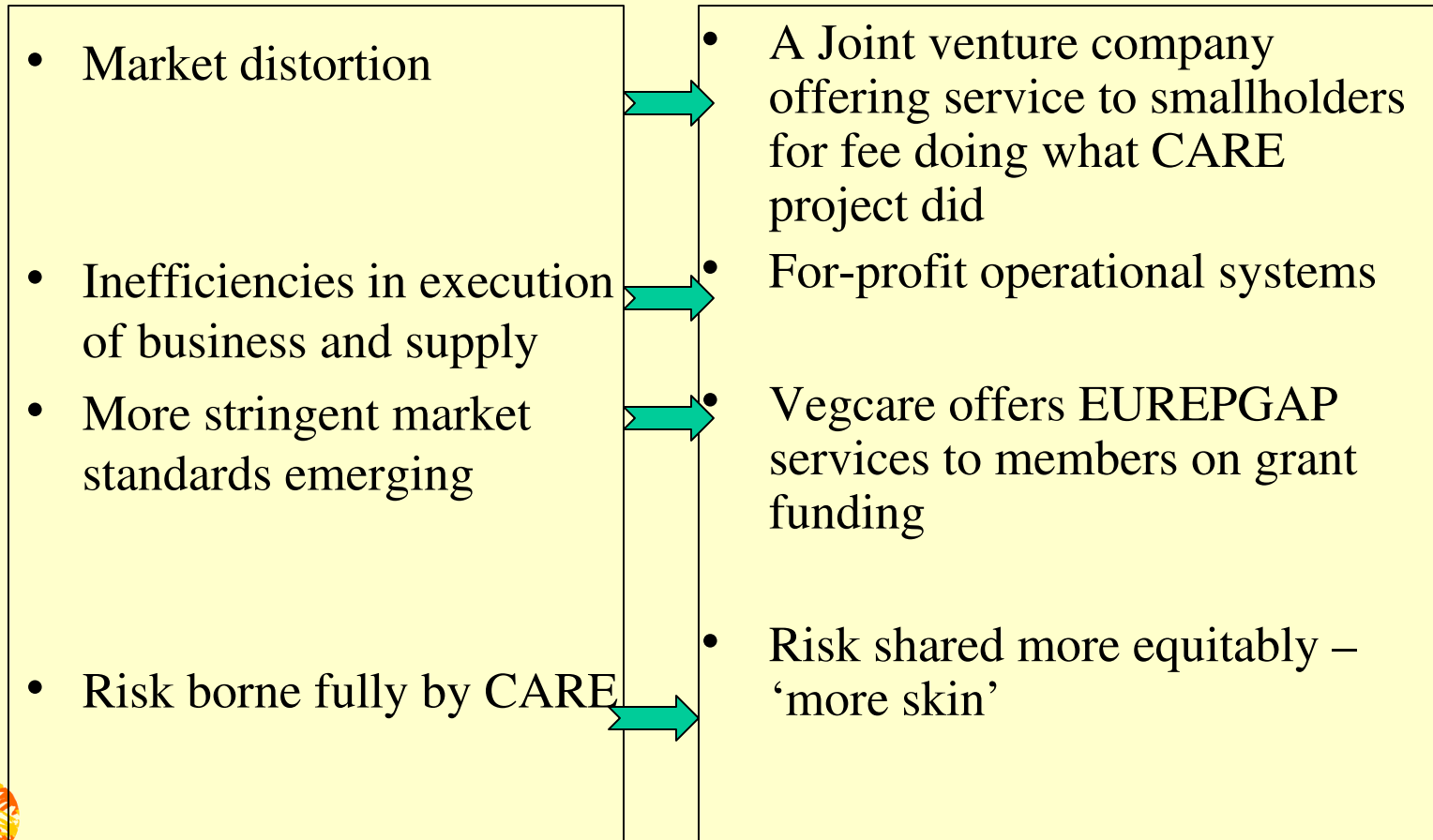


# REAP - but also some real issues.....



- Market distortion (‘Garden of Eden’)
- Inefficiencies in the execution of model
- More stringent market standards emerging
- Risk not shared equitably
- HUGE farmer debt
- *Conclusion: Sustainability and commercial viability in doubt.....*

# The partnership model - Vegcare

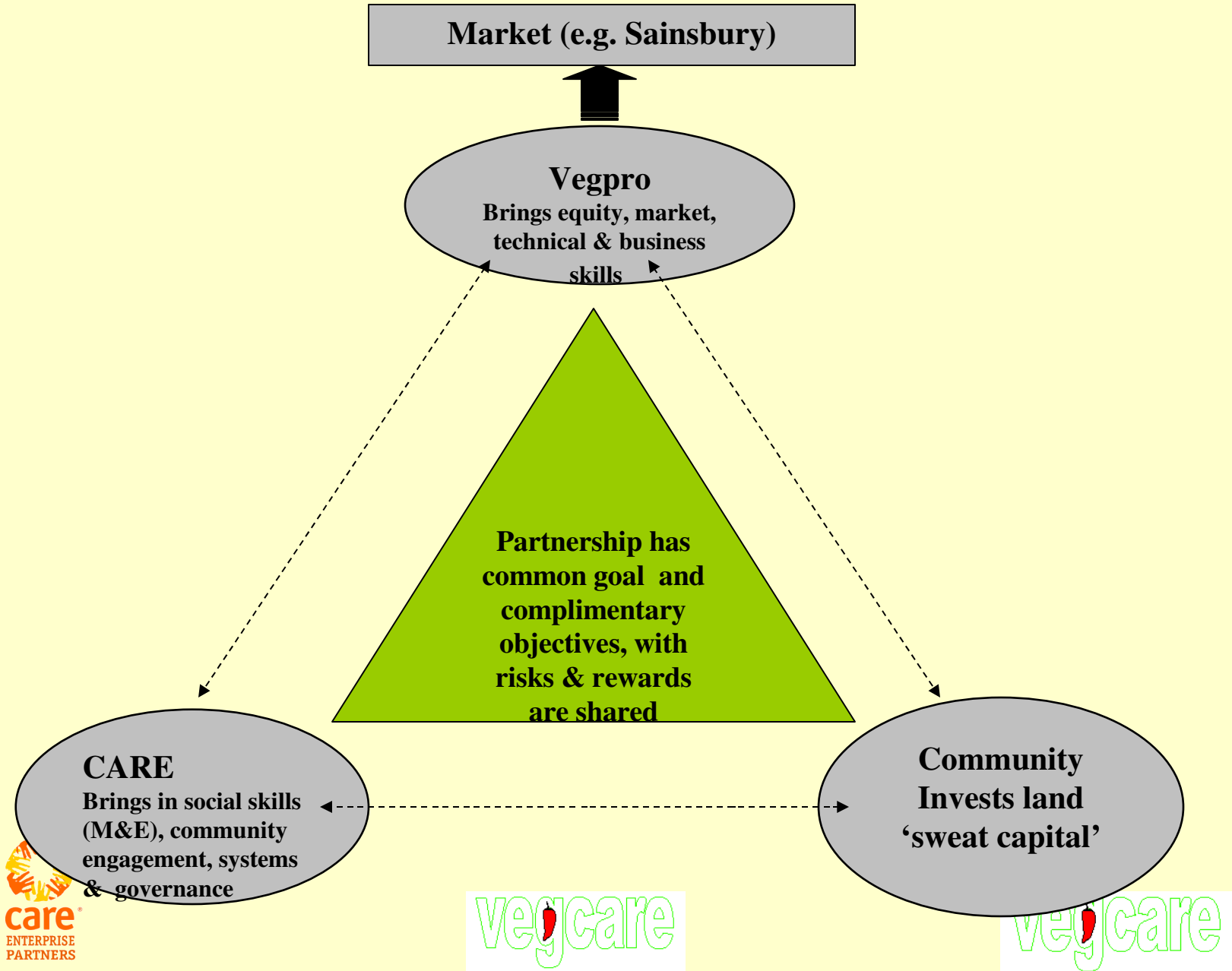


# The Partnership model - Prelude

- Partnership negotiations & institutionalization
  - Strategic planning
  - Legal review
  - Business Planning
- Community group dynamics
  - Community ‘buy - in’
  - Group selection
  - Old debt restructuring



# The partnership model - Vegcare





# The Partnership model – Results in Year 1

- BP in place to make Co. viable in 3 years with 750 farmers with 900 acres
- 450 smallholder farmers with 600 acres in 1<sup>st</sup> 6 months recruited
- 30% women members
- USD 180,000 to smallholders in 12 months
- 30 MTS per week
- Eurepgap QMS for smallholders developed



# The Partnership model – Challenges in Year 1

- Drought
- Inadequate technical coverage/spread
- Large rejects due to inability to meet quality specs
- Lack of Trust among partners
- 50% loss of production due to side-selling and large reject levels
- High staff turnover
- EUREPGAP adoption slow



# The Partnership model -Key Learnings

- Group dynamics
  - New groups composition
  - Self governance & sustainability
- Governance
  - Decision making
  - Board composition
- Contract farming
- EUREPGAP
- Partnership

*JS Sainsbury's*



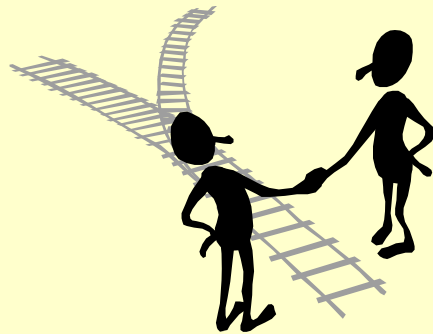
# *Match made in heaven?*



*Grown in partnership with smallholder farmers*



*or in bed with the enemy.....?*



*Grown in partnership with smallholder farmers*

