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# Inclusive Agribusiness Contribution to Local Food and Nutrition Security

## Follow the Food Research Project (Kenya)

### Food security challenge in Kenya

Like many countries in sub-Saharan Africa, Kenya grapples with the problem of food and nutrition insecurity. In 2011, approximately 10 million Kenyans were chronically food insecure [1]. Despite notable improvement, food insecurity remains a significant concern through 2016, considering an estimated four million people consumed meals lacking in dietary diversity, but made primarily of staples, with some green vegetables, and oil flavors [2]. Recently, it was reported that approximately 2.4 million people relied on relief food aid [3]. The persistent food crisis has even prompted the government to make food and nutrition security a crucial target in its Big-Four Agenda, proposing an increased role of the private actors in the agricultural sector [4]. In light of these circumstances, several smallholders' targeted inclusive business (IB) initiatives by the Kenyan government and development agencies have been implemented, and others are underway across the country.

### Inclusive agribusiness initiatives

The rationale behind inclusive agribusiness is that smallholders are unable to participate in and benefit from commercial value chains owing primarily to production means inadequacies and low productivity [5]. Inclusive businesses promise to foster a

win-win outcome for both smallholder and businesses. The former benefit from access to capital, to mitigate risk via tools such as insurance, knowledge and technology, and the market information, while the latter gain access to farm resources and labour. It is argued that IBs provide opportunities for disenfranchised individuals from low income communities, otherwise inaccessible due to social, economic, geographical and structural barriers. Overall, food and nutrition security is envisioned through increased food availability, and income (access).

Despite the increased popularity among governments, donors and other development stakeholders, little is known about the impact of inclusive business on local communities. Given inclusive business approach dominance in governments and donor policy agenda, its potential success and/or limitation to contribute to local food security warrants extensive assessment. In this endeavor, we conducted case studies of three inclusive business initiatives in three counties - Makeni, Nakuru and Tharaka Nithi, with significant levels of food and nutrition insecurity.

Produce	Location	Investment	Minimum requirement	Inclusivity aspects
<b>French bean</b>	Tharaka Nithi	Dutch government	Irrigation	Inputs, credit, training, Extension services, Market linkage
<b>Mango</b>	Makueni	European Union	-	Inputs, training, Extension services, Market linkage
<b>Dairy</b>	Nakuru	Dutch government	-	Inputs, credit, training, Extension services, Market linkage

### Initiatives analysed

The initiatives studied adopted different theories of change. The French bean case, promoted in a densely populated area to counter land scarcity problem, aims at contributing to food security by engaging farmers in a high-value export crop and thereby improve their income and food security accordingly. The mango initiative's goal is to improve smallholder income via value addition and market linkage thereby addressing high post-harvest losses in the community. The dairy initiative aims to boost dairy smallholder income by improving their productivity and capacity to produce quality milk.

### Outcomes of the initiatives

The studies observed diversity in terms of assets, resources, access to information and technology, and a bias of inclusive agribusiness towards the better-off farmers. This makes the inclusivity aspect of the initiative questionable. From the first two cases, we found that to participate in the initiatives, smallholders had to have adequate base assets – access to irrigation for the French bean<sup>1</sup> case, and relatively bigger than average farm plot sizes in both cases. Smallholders are characterized by marginalization, in terms of accessibility, resources, information, technology, capital and assets, but there is a great variation in the degree to which each of these applies among smallholders [6]. In the inclusive agribusinesses, smallholder inadequacies are framed in the context of supporting smallholders limited

resources to exploit their farm plots resources. As such, while the inclusive features of the initiatives help bridge the non-land resources gap among smallholders, their limited success in affecting the land resources among smallholders highlights a critical insufficiency in addressing the local needs. This is clearly exemplified by the fact that only smallholders that meet a certain threshold in terms of their resource base - often the minority, are able to take part in the initiatives. For the participating farmers, inclusive businesses offer real potential to contribute to their food security needs, but with consideration of several factors. Like in other studies, we found improved income from the initiatives does not translate into better food intake [7, 8]. Smallholders tend to spend their income on non-food needs such as paying school fees, agricultural inputs, healthcare, and assets. In certain instances, farmers wish to buy certain foods but they are unavailable in the local markets. We also believe nutrition knowledge is inadequate among many farmers, especially where they prioritize other needs ahead of their nutrition.

Overall, our studies highlight a discrepancy between the aim of the agribusiness and the local needs. From the French bean case study, we found that the promoted product should align with the local context and needs. Makueni is near semi-arid region, where production of French bean does not align with local climatic conditions. Even though the initiative participants had access to irrigation

<sup>1</sup>French bean production is highly water intensive; a farmer has to have access to irrigation infrastructure to produce the crop

infrastructure, the dry climate hampered the productivity of the crop, resulting to losses for most of the smallholders that were involved in the business. Furthermore, French bean rarely form part of local meals unlike traditional beans varieties such as kidney bean that are considered valuable for local consumption. Where a cash crop is promoted like in the case of French bean and Mango, increased focus on the income risks exposing farmers to food insecurity, as in the just described scenario of substituting food crop production, and/or exposing households to food unavailability or price fluctuation when they have to rely on food markets [9].

Through the dairy case study in Nakuru, we learned that, irrespective of the presence of a donor supported business intervention, smallholders' inclination towards a specific business model is based on individual smallholders' farming goal(s) and markets attitude, which are shaped by individuals distinct economic and social attributes. This in turn affects their ability to benefit from specific inclusive business interventions, including those that are targeted towards enhancing food security. Most development interventions tend to perceive smallholder farming communities as homogeneous, thereby promoting rather generalized solutions to their marketing needs. However, our assessment indicates that smallholder households are highly heterogeneous in terms of farm plot sizes, family size, livestock holding and level of income diversification; to social characteristics that include age, education level, and cultural attributes. For instance, we found that smallholders opted to sell their milk to brokers instead of donor supported cooperative because the latter made payments at the end of the month instead on a regular basis. Studies have established that the length of payment period impacts households' food security, whereby a regular payment other than a lump sum is positively associated with food security [10, 11].

### **Policy recommendations**

From our study findings, we are convinced that inclusive agribusiness has a role to play in contributing to food security in smallholder communities. Our recommendations as presented here have partly contributed to the

development of a business tool that inclusive agribusiness stakeholders, especially the private actors, can use to ensure that their initiatives reach the desired outcome vis-à-vis local food security [12]. The main finding of our study entails the reach of inclusive agribusiness in smallholder communities. Despite genuine efforts to reach low-income smallholders, we find that there are limitations to the approach – exclusion of the most resource poor farmers, only very specialist knowledge transfer and limited enhanced income due to small portions of farming plots. If these limitations are not addressed, the approach risks even further marginalizing the poor of the poor that are unable to participate. As such, inclusive business should therefore be perceived only as a partial answer to overcoming food insecurity. This could be achieved by combining inclusive agribusiness initiatives with social protection programs [13]. Overall, in their core design, all food and nutrition security interventions should entail a scan/ investigation regarding the impact/ effects on local food markets (availability and prices) and cultural food habits.

Inclusive agribusiness initiatives that aim to enhance smallholder food security through increased income should be accompanied by policies that targets the poor social services, particularly health, education and skills training, which tend to compete with food security, for instance, in the event that farmers prioritize school fees over acquiring better food. These policies should integrate strategies that aim to promote alternative employment opportunities beyond farming. This would imply acknowledging that some farmers are not able to earn a decent livelihood from smallholder farming, owing to an inadequate resource base. Perhaps it necessitates supporting other suitable business strategies such as hydroponics.

Land use and access to land resources such as irrigation are critical for smallholder food security. Business actors should ensure that where farmers are operating with small portions of farm plots, it is important that they are able to keep a proportion of their plots for own consumption next to the cash crop. If access to water for irrigation is a requirement for the farmers to participate in an initiative, it is crucial that the business and/or the initiative

make an effort to try and include low-cost and efficient irrigation infrastructure, instead of only working with those farmers who have already have access. This might necessitate drawing support from the local government and development agencies. Business actors should also make an effort to pay farmers regularly. This way, they are likely to spend the extra income on food, thereby improving their food security.

Smallholders with low resources – income, assets and capital are commonly most food insecure. Therefore, development initiatives such as inclusive agribusiness should mainly target these farmers to participate and allow them to grow their resources.

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