

Adapting business models to incorporate smallholders into Global Value chains.

Presentation by

Apollo Owuor – Kenya Horticultural Exporters Limited

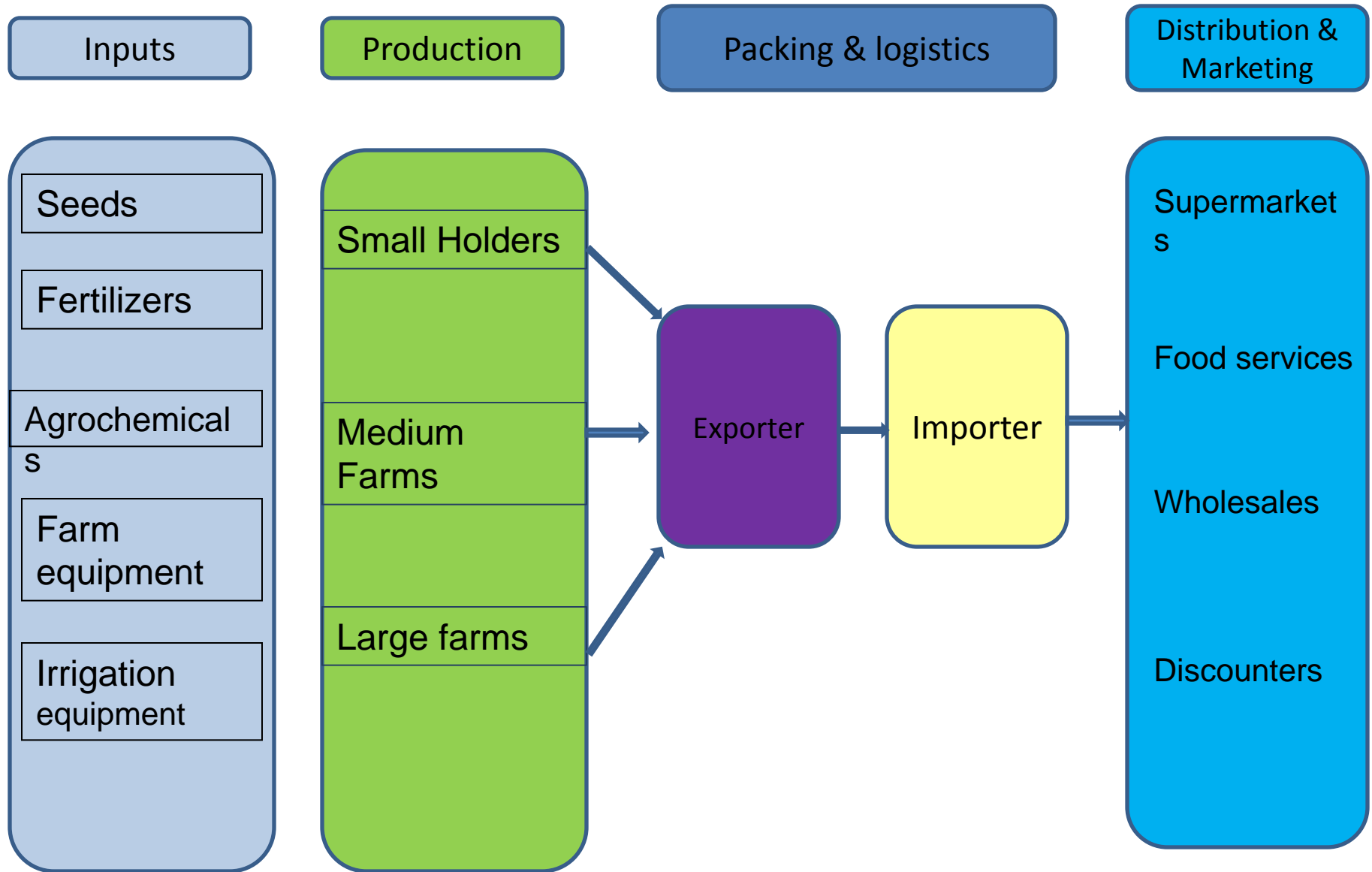
To the Multi Year Expert Meeting on Investment, Innovation and Entrepreneurship
for Productive Capacity Building and Sustainable Development

Geneva 19th to 21 March 2014

Challenges of integrating Small Holder Farmers in GVC

- Productivity
- Access to input & service financing/credit facilities
- Quality
- Economies of Scale
- Inadequate access to infrastructure development
- Standards Compliance-
- Transaction Costs
- Global Economic Status

CURRENT EXPORTER-SHG MODEL



Integrating Small Holder Farmers in Global Supply Chains



Integrating Small Holder Farmers in Global Supply Chains

- Farmer Identification
- Capacity Building
- Management Control
- Aligned and Strategic linkages
- Market Access
- Sustainable Production
- Ethical Trading
- Competitiveness

The KHE model



Kenyan Small Growers Case

- Gives small scale farmers to access the market.
- Organised into Manageable Groups of between 25-35 Members.
- Operate under GAP accreditation.
- Acreage range typically from 0.5 to 5 acres per farmer
- Provides a vital sustainable income (approx 4 x national average).
- Schemes supported through community initiatives.
- On the ground management teams implement systems /controls.
- Centralized Management

Developing the model – wider stakeholder engagement – bringing financial institutions and corporates into the mix

- To provide the financial architecture to drive long term sustainability
- Development of social and environmental component
- Mobile phone technology to drive production capability
- Crop insurance
- Aligned and Strategic Partnerships -Public and Private Sector for Capacity Building

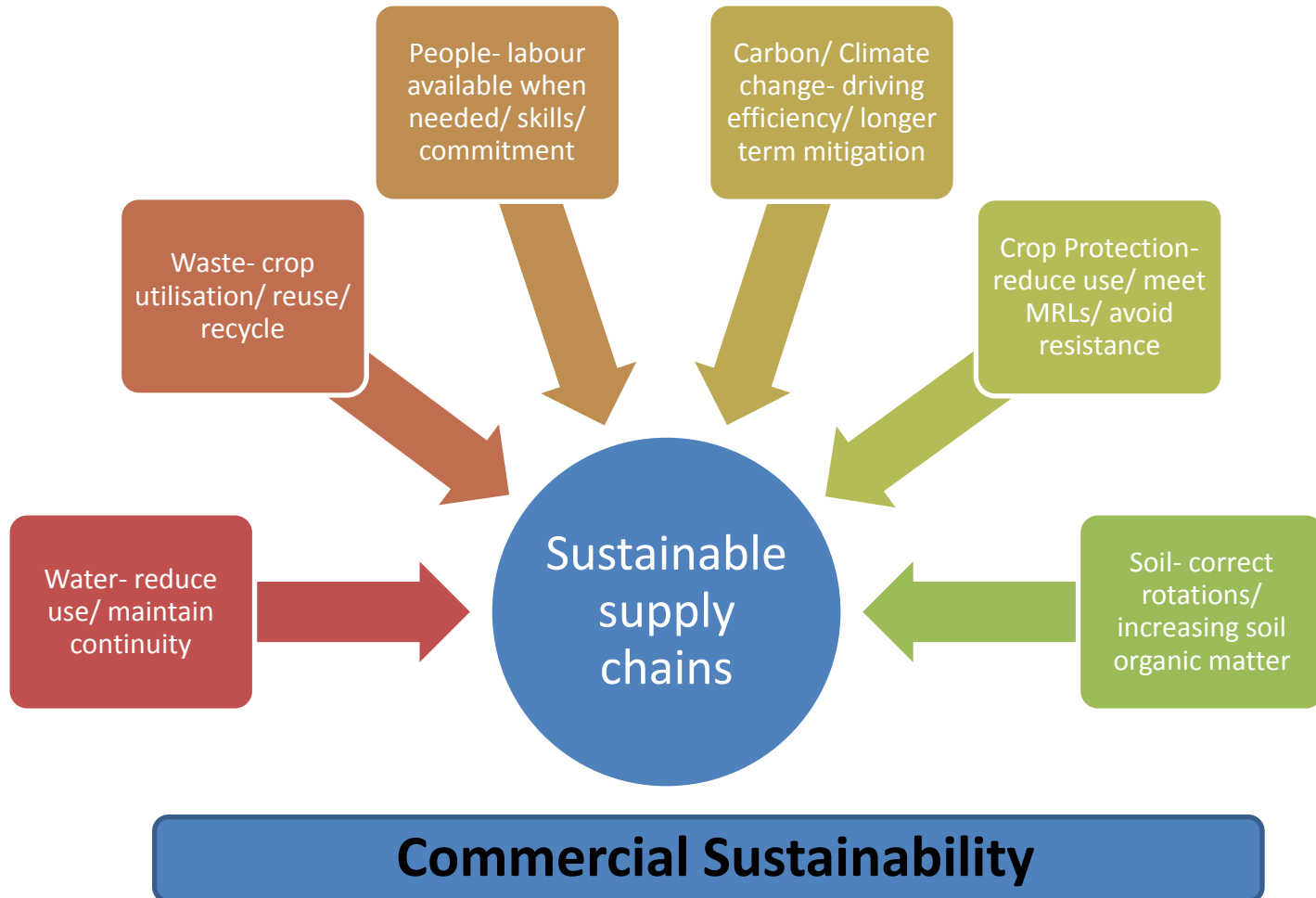
Opportunities for Public, Private Partnerships

- Promote partnerships btwn SHG & financial credit facilities
- Promote partnerships between SHG and agro-businesses for input supply models
- Support SHG to comply with market standards and customer requirements
- Stimulate production and market information systems – Robust ICT Platforms

- Enhance the management capacities of SHG –Financing training & Capacity building
- Improve infrastructure devt- structural and financial
- Promote technology transfer - Productivity & Value addition
- Integrate SHG in research
- Align and minimize private retailer standards

Business sustainability

Sustainability is no longer CSR driven but central to business strategy ensuring delivery of products on time to required volume and driving profitability



The big Qns

- *Development of STI capabilities and innovation systems for integration or upgrading within GVCs, **How can this be done?***
- *Determinants of the Impact of GVCs on developing Country Firms technology learning & STI capabilities, **Which are they?***
- *Policy makers can leverage firms participation in GVCs to improve Firms Technological Learning & STI capability devt, **How?***