

groups and community functions is creating excitement about investing in OFSP production.

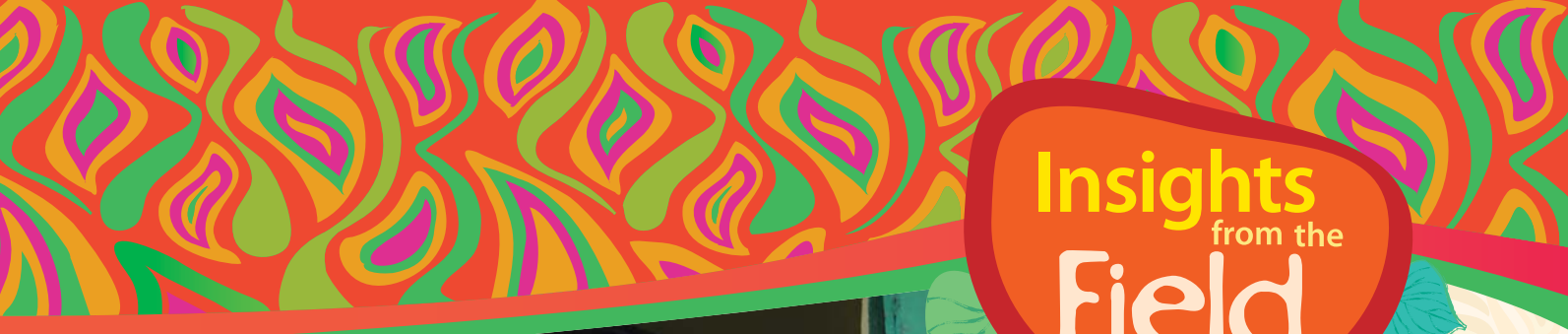
The SEED financial services product for OFSP related enterprises has just been rolled out in the community and its chances of replication elsewhere through village SACCOS is very promising. "It's early days yet, but all our work in thematic groups allowed us to leverage SEED to come up with a product that met our needs. Mrs Lidy Owino, the processor, who had previous failed to be eligible for a loan from the mainstream institutions is currently saving with Siaya SEED SACCO for 21 days so as to qualify for a loan. This is much more feasible for her than the normal three month period required by other financial institutions. We are very pleased with its success," says Victorine Owino. "OFSP can transform people's lives and this loan product will help that to happen".

Members of Yie Gi Tim Women group during their table banking Session; they have been organized by Siaya SEED SACCO to save for OFSP production activities. (credit Ch. Ogada)

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Capturing Our Learning: An interactive "write-shop" (facilitated by Well Told Story) was held to capture participants stories. Participatory role-plays explored what happened in different countries along the value chain. Divided into 3 acts the role plays portrayed the problem being faced; the solution; and the new reality. A mock radio phone-in show was used to tease out technical issues. Commentators and facilitators identified significant "ah-haa" moments, probing actors and directors for more information, allowing commentators to explore how things happened differently across countries. Recording the information was a crucial part of the process! Participants took notes, spokespeople for each play recorded the action and "ah-haa" moments were recorded on flipcharts. By the end of 2 days, we had stories with heroes and data which danced. Countries had also deepened their understanding about their own value chain activities, and had shared valuable experiences.



Lidy with some of OFSP scones. (credit S. Quinn)

Learning Cases for promoting market development for orange-fleshed sweetpotato in East and Central Africa

How a pioneering OFSP Loan Product helps the OFSP business expand in Siaya

One of the keys to success in turning farmers into self-sustaining business people has been access to credit.

In 2012 researchers and facilitators at UCRC encouraged the creation of a pioneering loan product that they hope will reap significant results in Siaya County, western Kenya.

There are various players working on the promotion of orange-fleshed sweetpotato (OFSP) in Ugunja and Gem Sub counties of Siaya County. These include Kenya Agricultural Research Institute (KARI-Kakamega), Ugunja Community Resource Centre (UCRC), Farm Concern International (FCI), Siaya Sustainable Economic Enterprise Development (SEED) Saving and Credit Cooperative Society (SACCO), Sauri Women for Change, Ministry of Agriculture, Livestock Development and Fisheries (Ugunja and Gem Sub Counties), 17 seed multipliers, 40 root producers, 9 processors (e.g. Siwongo OFSP Processors), 2 traders and 1 transporter. These players were united through the use of the Participatory Market Chain Approach (PMCA), a participatory process that facilitates linkages or connections among all the actors and transactions involved in the movement of OFSP from the input supplier, producer, distributor, processor and traders to the consumer. This is an approach that enhances collaboration, facilitates linkages and builds trust among actors.

Mrs. Victorine Atieno Owino, together with fellow Kenya PMCA facilitators, set up thematic meetings with different groups of value chain actors to explore opportunities for raising capital for business start-ups or expansion. She soon realised that "small-scale farmers, traders and processors including women and young people want to start or expand their OFSP enterprises; but they face numerous challenges that stop them from accessing financial and credit services". These include:



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Atieno Victorine¹, Ogada Charles, Adipo Rachel², Ndolo Philip, Caroline Agamala, Akhwale Michael³.

¹ Siaya SEED SACCO. P.O. Box 330 40606, Ugunja. victorine_atieno@yahoo.com
² Ugunja Community Resource Centre (UCRC): P.O. Box 330 40606, Ugunja
³ KARI: P.O. Box 169 50100, Kakamega, Kenya

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- inaccessible financial services due to unrealistic terms and conditions
- inappropriate financial products, especially for single women/female headed households
- long distances to the financial providers offices or branches service points
- low literacy levels among small scale farmers and market traders
- fear of financial institutions and debt

Actors in the three thematic groups (processing, fresh roots and seed) together with Mrs. Owino researched further and found that: some financial institutions have established agricultural loan services but they tend to be for large scale operations. This made these products unfavourable for small-scale farmers especially women and young people. Given that women and youth have been identified as agents of economic growth, lack of access to affordable credit has had major negative effects.

Rachel (UCRC Field Officer) and Lidy (a recipient of a loan) outside Lidy's Bakery which she set up using the money and from where she produces and sells OFSP "baked goods". (credit S. Quinn)



The products that existing banks offer are not suitable for OFSP production which is normally produced seasonally on a small scale by women farmers. These financial service products attract high interest rates; have short repayment periods and the banks lack the capacity to reach the small scale farmers who are also often put off by the bureaucracy. Further, the mainstream financial institutions, though available, are not responsive to smaller scale farmers' needs because smaller-scale farmers are viewed as high-risk investments. A business expert supporting our efforts further confirmed this by saying: "In many of our meetings researchers came up against this problem of people unable to expand their businesses because of discrimination in the financial world. There is also a not always justified fear of debt", says business planning expert Dr. John Jagwe.

Many small-scale chain actors perceive formal financial institutions such as banks and micro-finance agencies as the preserve of people in formal employment and the rich. In many cases, they do not operate any accounts with the banks – a condition that often forms the first basic requirement for engagement. Other conditions for loan access include:

- availability of collateral
- guarantees from husbands or other third parties for single women

These factors make it nearly impossible for the youth and women farmers to access these services from the existing financial institutions. Small-scale farmers remain powerless and have developed a fear of loans. They are unfairly locked out and the economy and health of the area is suffering as a result.

Ms. Lidy Owino is a single woman living with her parents. A member of the processing thematic group, she had expressed interest in accessing a loan to expand her business. Lidy bakes and sells OFSP based confectioneries in Wagai market and has a turnover of approximately USD 730 per month. She wants to access additional funds to buy more equipment to expand her business (a refrigerator for perishable products, an oven for baking OFSP products and a sealing machine for packaging). She has not had the motivation to apply for loans as she feels she does not meet the qualifications. Her fear comes from a past experience of going into a contract to supply a school with the products she sells. The contractor did not have confidence in her as she was not married and the contract ended prematurely. This happened despite the good business plan she had developed with the help of facilitators from KARI, UCRC and actors of her processed product thematic group. Had she received the extra capital, she may have expanded and created more opportunities and returns on her investment.

Another entrepreneur who has been through a similar situation is Mrs Jenipher Awino, who is a widow from Bar Atheng' village. Jenipher is engaged in both the production of OFSP fresh roots and the processing of products such as chips, crackies and crisps. These have a big market in schools around her village. She uses home equipment in processing so it takes a long time to have the quantity required for market. To ensure that the market is supplied she has

employed other members of her group who also produce small quantities.

As the OFSP based snack products have gained a bigger market share in schools they need better equipment, such as motorised chippers that will help them process flour. Their second need is to expand their OFSP root plots for consistent supply throughout the season. Despite a good business plan, the existence of a good market and product, the main challenge has been accessing credit from local financial institutions. Mrs. Awino fears that if she gives her family's land title deed as security for the loan, the land may be auctioned by the bank as has been experienced in some cases.

Different chain actors expressed their fear of approaching financial institutions but through discussion it was resolved that all financial institutions within the county would be invited for a consultative meeting at the community level in August 2012. Kenya Commercial Bank, Equity, Kenya Women Finance Trust, Cent SACCO and Siaya SEED SACCO all attended the meeting and laid out their terms and conditions. Each institution had a chance to share the different agribusiness products they offer. After the presentations from the institutions were completed, it was noted by the actors that none among the financial institutions had a loan product specifically for OFSP.

Siaya SEED SACCO saw the competitive advantage of coming up with specific OFSP products to support start up or expansion of processing as well as OFSP root and seed production. Siaya SEED is a local institution that was started by UCRC back in 2004 and had provided financial support services for agricultural products introduced and promoted by UCRC within the community. The first step for them was to understand the benefit and learn more about OFSP, which they did with the help of the thematic groups and UCRC.

Siaya SEED SACCO loan brochure showing OFSP as one of the enterprises qualifying for asset loans and training. (credit R. Adipo)



UCRC supported "table-banking" with different groups to encourage savings activities. Siaya SEED developed a specific loan product that now enables both women and men to invest in OFSP. It's always challenging to introduce a new financial product to the market but since UCRC and KARI had done enough awareness on the benefits of OFSP, Siaya SEED SACCO built on that through trainings on savings, group trust building, credit management, follow up visits and forging a closer working relation with UCRC to ensure that a financial support product for OFSP is rolled out. The product addresses collateral and women's issues by encouraging group guarantees, savings and the enterprise as security for the loans. This has provided an opportunity for small-scale chain actors including Mrs Jenipher Sidha, from Sinani Village of Ugunja Sub - County to apply for a capital loan with Siaya SEED SACCO immediately the product was rolled out. She established an acre for production of roots and is expecting to harvest by mid October 2013. When receiving her loan she commented that "We thank Siaya SEED SACCO for listening and coming up with an affordable and easy to get credit for women farmers. It has been difficult in the past for women to access loans for agricultural enterprises."

A transporters' youth group known as Ugunja Rawade based in Nzoia Market of Ugunja Sub - county are processing their loan with Siaya SEED SACCO to invest in production of OFSP roots so as to diversify their income source and improve on household food security. It's encouraging that they opted for the enterprise for its viability and the existence of Siaya SEED SACCO financial product can provide the start-up capital. They have applied for a loan of USD 625 to be paid back in 12 months with a grace period of three months. The presence of Siaya SEED SACCO is helping meet the needs of smallholder farmers by providing friendlier small loans for OFSP business start-up and expansion. The promotion of these loan products through meetings, visits to farmer

Siaya SEED SACCO brochure explaining membership and savings conditions for cash or asset loans and training. (credit R. Adipo)

