



# Accelerated Growth in the Agri-Food Sector

## How targeted business development services transform SMEs



### Introduction

Small businesses are the driving force behind innovation and economic growth. They are the engine of Kenya's economy accounting for 33.8% of the national output (*KNBS Economic Survey, 2022*).

However, the 2016 Micro Small and Medium Enterprises (MSMEs) survey revealed that 46.3% of small businesses closed within their first year of operation due to numerous challenges. These include lack of capital for investment to support their activities, lack of information on market opportunities and inefficient technologies, inadequate business training and skills, inability to access advice and consulting services and other related challenges.

The utilisation of non-financial business support services is increasingly promoted in order to address some of the hurdles that MSMEs face. This is subsequently associated with innovation and development of new products, improved products, processes and maintenance of customer loyalty leading to increased revenues.

Business Development Services (BDS) are critical in helping agri-SMEs in emerging markets grow, improve productivity, strengthen resilience, and access necessary finance.

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## Our Approach

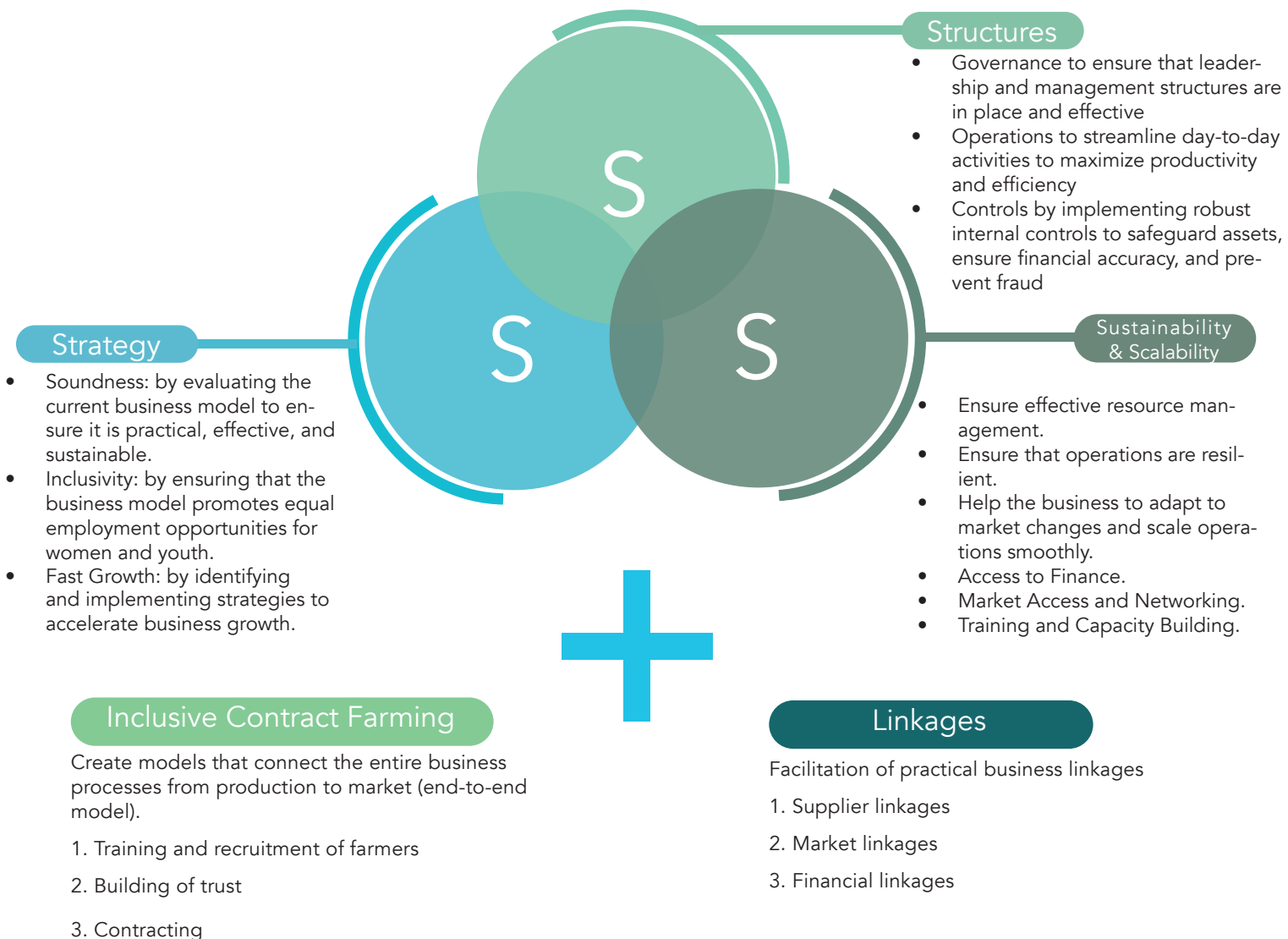
Agri-Jobs **4 Youth** partnered with Afriscope Research Ltd to develop and provide a personalised acceleration program for ten high-potential agri-food SMEs in Western Kenya. The goal was to boost business performance and readiness for investment through strategies like diversification and expansion, thus creating more job opportunities for rural youth and women.

The selection process was competitive and guided by clear criteria:

- A minimum of eight people on pay-roll (guided by the definition of SMEs from the Kenyan government), and
- An annual turnover per SME above KES 5 million.

Priority was given to SMEs involved in outgrower schemes, processing, or aggregation in value chains such as apiculture, groundnuts, poultry, and horticulture.

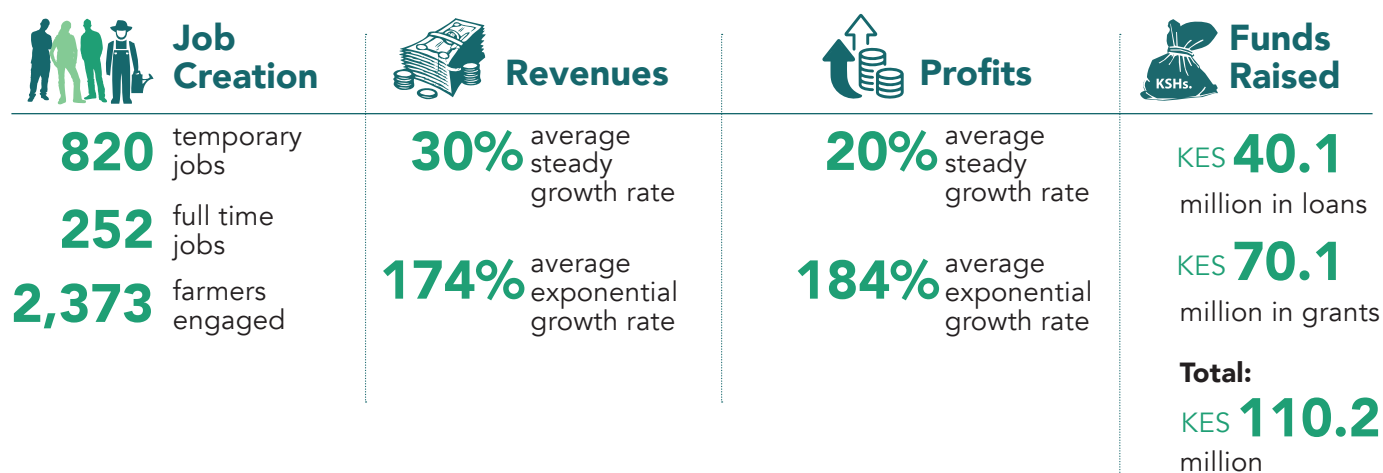
## The programme adopted the following strategies to BDS



## Impact

The acceleration programme supported the ten SMEs to develop and optimise new business models which helped them to adapt to changing customer needs and explore new revenue streams. The enterprises attained increased revenue through product diversification, expanded market share and streamlined production processes that enhanced overall efficiency. The SMEs were prepared to be more investor ready which improved

their attractiveness to funding institutions. Additionally, the SMEs enhanced their capacities in human resource management, governance, financial management and compliance to regulations. With the integration of inclusive contract farming, the SMEs promoted women and youth employment at pre-production, production and the supply chain post-production nodes of the respective value chains.



## Success Factors

- ① Trust building through regular engagement and non-disclosure agreements.
- ① Focus on organic growth of SMEs based on their growth stages allowed them to futureproof their businesses against market shocks.
- ① Integration of technical aspects and soft skills for enterprise development.
- ① Nurturing entrepreneurial spirit through business to business (B2B) engagements.
- ① Promoting collaborative initiatives between similar agri-SMEs is necessary for growth.
- ① Evolving from traditional business plans to adopting business improvement plans.
- ① Implementing of service agreements to hold SMEs accountable.
- ① Applying a demand-driven BDS approach to the enterprises.
- ① Clear selection criteria based on the SME taxonomy.



### Success Story

Arianda Farms Africa is a youth-led enterprise that focuses on African Leafy Vegetables (ALVs). Their core business is aggregating ALVs from farmers and reselling to end consumers. Thus, they offer a market guarantee to the mostly female and young smallscale farmers whom they also equip with trainings on commercial farming. The consumer benefits from organically produced ALVs that are affordable and easily accessible for a better nutrition.



**15X** increase

in the number of farmers and farmer groups supplying them with ALVs, while expanding their local market to include supermarkets, hotels and individual buyers.



**70X** higher

turnover achieved through more suppliers and higher sales.



**6X** multiplied

their number of full-time staff.



*The trust that we have been able to build with our farmers and consumers has opened up amazing opportunities. We have a thriving network and a brand with a good reputation in the market. Our focus on product development and, at least for now, increasing volumes rather than the margin has been a game changer for us.*

- Mercy Odanga, Director



## Collaboration & Partnerships

We build on collaboration and partnerships with local institutions to provide specific support to the enterprises, thereby ensuring a wholesome approach to business development. The acceleration programme leveraged on partnerships with the County Governments of Kisumu, Siaya, Kakamega, Bungoma and Vihiga, as enablers for MSMEs. As well as partnerships with Friends Kaimosi Technical

Training College and Bukura Technical College on technical and soft skills capacity building of enterprises, Ustadi Foundation for skilled youth interns adopted by the agri-SMEs, Kenya Industrial Research and Development Institute (KIRDI) on product development, Brighter Monday on HR development, various development partners and financial institutions for grants and debt financing respectively.

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