

# FARM SHOP: SCALING ACCESS TO AGRICULTURAL INPUTS IN KENYA

INNOVATIVE FRANCHISE MODEL BRINGS SUPPLIES, KNOWLEDGE, JOBS, AND PROFITS TO RURAL FARMING COMMUNITIES

## WHAT CANADIAN AND KENYAN COLLABORATORS DISCOVERED:

- ✓ A commercially viable and scalable franchise model that is more profitable for local agro-dealers
- ✓ Increased productivity and incomes, and reduced costs and risks for smallholder farmers, especially women
- ✓ New job opportunities for youth and women to work as farm shop assistants, franchise owners, agronomists, and livestock health workers
- ✓ The systems, processes, and technologies to support a modernized agro-dealer network

## BY THE NUMBERS

- 34,998 smallholder farmer customers (54% women) served by Farm Shop through a network of 75 franchised agricultural input shops
- 26,578 farmers (52% women) trained on various aspects of agronomy and animal husbandry through a network of 59 Village Level Demonstration Centres
- Over 75% of Farm Shop franchisees are profitable. Of the 114 shops that have opened across 5 counties in Kenya, 75 are profitable and 39 have closed (The most common reason for failure is a lack of discipline in managing cash flow)
- 51% of franchisees and 54% of shop assistants are women; 52% of franchisees were youth and 100% of shop assistants were youth
- Data collected from over 1,700 farmers showed an overall increase in milk production (10.1 litres per day on average in Farm Shop communities versus 8.9 litres per day in non-Farm Shop communities). Farmers who attended Farm Shop trainings also saw higher milk production.

## THE IMPACT:

A new generation of entrepreneurs – particularly women and youth – are adopting an innovative and field-tested business model that routinely boosts retail revenues by at least 500% in the first six months. Top performers have seen profits rise more than 2000%. This replicable social franchise model provides rural smallholder farmers with local access to affordable, high quality inputs (e.g., seeds, fertilizer, animal feed, medicines), services (e.g., soil testing, animal health care), educational opportunities, and trusted advice that improve livelihoods, productivity, and food security. Farm Shops also act as the village hub for farmer clinics, product promotions and demonstration sites, as well as a source of employment, especially for youth and women.

## THE CHALLENGE:

Rural smallholder farmers are the backbone of many sub-Saharan African countries, including Kenya where 80% of farms are run by women. But fragmented, informal and unreliable retail networks make it difficult to access the high-quality



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agricultural inputs and trusted advice farmers need. At the same time, agro-dealers fear losing money if they set up village shops to serve low-income farmers. Farm Shop's founders in Kenya knew the agro distribution network had to be modernized and transformed into a self-sustaining supply chain that provides rural farmers with affordable and reliable access to products, education, women-friendly services, and trustworthy service providers. The model needed to bring together three key ingredients for smallholder success: products, information, and financing.

## TRANSLATING RESEARCH INTO ACTION

### Building a modern and profitable supply chain

*"Farm Shop brings me about KES20,000 (CAD\$250) on a good day. That's five times the amount I used to make... I plough back this profit into my home, so I am now easily able to pay for my children's school fees, and they can eat well and have a good lifestyle."*

**Salome Wambui, Farm Shop Franchise Owner, Ndenderu**

- Farm Shop sources directly from leading agricultural suppliers to provide farmers with access to the highest quality and most innovative products
- Developed improved systems and processes for inventory management, financial management, quality control, performance measurement and supply management
- Improved on-time shop deliveries, expanded the range of products offered, and reduced costs across the supply chain
- Provided franchisees and their shop assistants with access to technology (e.g., mobile tablets and online interactive app) to operate more efficiently and better serve customers
- Shop owners and staff trained in customer service, shop management, bookkeeping, and financial management

### Better access to affordable, quality agricultural products and services

*"Farm Shop has been solely responsible for all the extra profit I am now making. I buy all the seeds from Farm Shop, as well as the pesticides and other necessary inputs... I earn about KES22,000 (CAD\$275) a month from the sale of the greens and fertilizer from the cattle. This has allowed me to send my two boys to school without any issues. And the volume of my produce is becoming much bigger."*

**Paul Mbugua, Farm Shop Agent and Farmer, Kiambu County**

- Farm Shops provide one-stop local access to over 850 high quality, affordable products from 30 different suppliers
- Demonstrated the most effective mix of farmer training and outreach to raise awareness of best agronomic practices
- A network of 59 Village Level Demonstration Centres act as learning centres to train farmers in crop and livestock management and effective use of products and services

### Expanding economic opportunities for women

*"I have a Bachelor's degree in Animal Health, and this was the perfect job for me. In today's times, it is difficult for youth to find jobs that match their degrees exactly, but I have been lucky. I am getting really good experience with supply of animal medication, and I am making good connections with the farmers".*

**Salome Wanjiku, Farm Shop Assistant, Karura Farm Shop**

- Farm Shop's business model has been designed with women farmers in mind, including employment opportunities, products, shop locations, timing of training sessions and other events, and access to credit

- Developed a Farm Shop human resources and employment policy that prohibits discrimination based on sex and other differences

## WHAT'S NEXT?

Farm Shop is moving forward with a five-year sustainability plan that includes: increasing revenues, reducing costs, and focusing resources on high-performing shops with greatest chance of profitability. An innovative finance product (Cascade Agricultural Finance) is being piloted to improve farmer access to credit so they can buy in larger quantities and reduce the number of shop visits to purchase inputs. Farm Shop is also experimenting with selling household goods (e.g., soap) to reduce the need for women farmers to make multiple visits to different shops. The social enterprise's long-term strategy also includes working with governments and local development organizations to provide farmer training. The mechanics of the social enterprise model could be applied to other sectors such as health, education, sanitation and water. The mechanics of the model could also be potentially transferrable to other sectors, such as health, education, sanitation, and water.

## LEARN MORE ABOUT THIS PROJECT

Project abstract:

<https://www.idrc.ca/en/project/farm-shop-scaling-access-agricultural-inputs-kenya-cifsr-phase-2>

Project website: <http://farmshop.co.ke/>

Research in action: <https://www.idrc.ca/en/research-in-action/farm-shop-scaling-access-agricultural-inputs-kenya>

## KEY OUTPUTS

### VIDEO

*Farm Shop Story*. (2017) [https://www.youtube.com/watch?v=CUZO\\_4eZheU](https://www.youtube.com/watch?v=CUZO_4eZheU)

*Farm Shop Profile* (2017) <https://www.youtube.com/watch?v=t2h1sAr6eQ0>

*Path to Scale - Farm Shop*. (2018) <https://www.youtube.com/watch?v=ifDgTs63ueM&t=2s>

### OTHER

*Farm Shop: lessons learned from scaling a social franchise*. McKague, Kevin; Harji, Karim; Jiwa, Farouk. (2018)  
<http://hdl.handle.net/10625/57060>

*Using statistics to model a social enterprise's path to scale*. Krause, Heather; Powell, Irene. (2018)  
<http://hdl.handle.net/10625/57061>

## VIEW ALL RELATED PROJECT OUTPUTS IN THE IDRC DIGITAL LIBRARY

<https://idl-bnc-idrc.dspacedirect.org/handle/10625/50659/browse?type=project&value=108126>

## QUICK FACTS

**Project location(s):** Kenya

**Institutions:** Cape Breton University (Canada); Farm Shop (Kenya)

**Project duration:** November 1, 2015—February 28, 2018

**Project budget:** CA\$ 1,500,000

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