

Improving the Productivity of Smallholder Coffee Farms in Kenya

IFC is working with Ecom, a global leader in commodity trading, to raise the productivity of smallholder farms, improve the quality of their coffee, and have a positive impact on the livelihoods of farmers in Kenya.

More specifically, IFC is working with Ecom to develop new farmer training tools and methods, adopt more sustainable farming practices, and meet international standards for quality.

IFC has partnered with Ecom since 2006, providing both investment and advisory services. The IFC program in Kenya was launched in 2011.

“Through the training facilitated by IFC we learned how to use seed varieties that are resistant to leaf rust and how to use mulch to prevent soil erosion and the loss of water. Thanks to this training, my farm will look very different 2–3 years from now.”

—Patrick K. Kabue, Farmer and Trainer



RESULTS AND IMPACT

- More than 16,000 small farmers improved the quality of their coffee and more than doubled their crop yield as a result of adopting the agricultural practices recommended by this project since it was launched in 2011.
- 350 promoter farmers were trained in good agricultural, certification, financial literacy and farm management practices. Each promoter farmer is transferring his or her knowledge to ~50 smallholder growers through training.
- 12 coffee associations (also known as co-operatives) and staff from 22 different wet mills learned about the financial benefits of producing better quality coffee that can fetch a higher price on international markets.
- Completed an IFC diagnostic study which evaluated the financing needs of farmers in Ecom's supply chain in Kenya. Based on its findings, a new business model is being developed that will improve access to finance for suppliers.
- \$154 million has been invested by IFC in Ecom globally since 2006.

*This series provides examples of IFC's impact, expertise and lessons learned working with clients and partners.

The Opportunity

According to World Bank data, the agricultural sector contributes to 30 percent of Kenya's GDP while an estimated six million Kenyans are employed directly or indirectly in agribusiness.

Coffee trade is one of the main earners of foreign exchange, bringing in 3.2 percent, yet 75 percent of Kenya's coffee is produced by small farmers with only 0.3–0.5 hectares of land. The major coffee growing regions are around Mount Kenya and the Aberdare Range, where the altitude and soil provide excellent conditions for growing premium coffee.

However, since 1989, production has fallen drastically, from 130,000 tonnes to less than 60,000 tonnes by 2009. This is attributed to a lack of agricultural training systems and weak public sector support of the industry, especially in terms of material inputs such as seeds and fertilizers.

In 2006, Ecom established Sustainable Management Services (SMS), a wholly-owned company, as a vehicle to manage the collection, training, and farm inputs along its coffee supply chain. SMS, with support from the Dutch humanitarian NGO HIVOS, successfully started training promoter farmers on how to spread best agricultural practices amongst coffee growers. SMS now wishes to significantly expand these activities and build capacity at the coffee association/co-operative level.

IFC's Approach

IFC is working with SMS, a subsidiary of Ecom that is responsible for the management of coffee supply chains in Kenya, to improve both the quantity and the quality of coffee that local farmers produce.

More specifically, IFC helps SMS to offer training on:

- Adopting Good Agricultural Practices (G.A.P.) that result in food that is safe and wholesome. (For instance, how to use organic manure).
- Obtaining international certification and accessing new markets.
- Improving financial literacy skills. This training builds on IFC's Business Edge management training workshops for farmers.

IFC also works with the Coffee Research Foundation (CRF), a non-profit whose mandate is to research, develop and disseminate appropriate technologies for enhanced productivity, quality and value addition. IFC is helping CRF with quality management and training at the factory level—a first in the history of the foundation.

Finally, IFC is helping Ecom Kenya assess the credit worthiness of coffee producers in its supply chain, allowing the company to move away from an informal lending system to a more sustainable, objective and standardized process. This mitigates Ecom's lending risks and, also, allows the disbursement of more funds to farmers. The farmers can then use the capital to increase their productivity through the purchase of necessary equipment and materials such as fertilizers, pesticides and new seed varieties.

IFC, a member of the World Bank Group, is the largest global development institution focused exclusively on the private sector.

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