

**Achieving the BIG 4 Government Agenda thro:**

**SENSITIZATION OF GREEN CULTURE**  
**( AGRIBUSSINESS SUSTAINABILITY)**  
**AMONG YOUTHS IN KENYA**

**BY**  
**YOUTH ENTERPRISE DEVELOPMENT FUND**



# WHAT IS AN AGRIBUSSINESS

- ▶ An **AGRIBUSSINESS** is an industry engaged in the producing operations of a farm, the manufacture and distribution of farm equipment and supplies, the processing, storage and distribution of farm commodity.

# PROFITABLE AGRIBUSINESS OPPORTUNITIES IN KENYA THAT YOUTHS CAN LOOK INTO INCLUDES THE FOLLOWING:

## 1. RABBIT PRODUCTION



- Rabbit production can be lucrative for an entrepreneur who has passion for animal husbandry. It is not expensive to start up. All you require is good knowledge in animal rearing. Rabbits are prolific in nature and have low mortality rate. Rabbit meat is highly in demand as it is medically recommended over red meat.

## 2. AGRICULTURAL CONSULTING SERVICES



- ▶ There is rising demand for agricultural information. This is due to the continuous changes in agricultural trends in the global economy. People having knowledge and experience in the field can start providing consulting services to farmers and institutions seeking to invest in agriculture.

### **3.HORTICULTURE**



- ▶ Horticulture is one of the easiest and fastest agribusiness to venture into. Horticulture crops brings proceeds as early as 3 months depending on the horticultural crop that you are growing. Many youths tends to neglect horticulture due to the fact that they think it is a tiresome and shoddy job

## 4. LIVESTOCK FEED PRODUCTION



- ▶ Livestock feed production is a small scale manufacturing business. By having access to feed ingredients and raw materials, you can begin processing feeds used in rearing livestock.

## 5. SPICES FARMING

Mainly spices cultivated are :

- a. White pepper (SafedMirchi)
- b. Black pepper (Kali mirchi)
- c. Bay leaf ( Tejpatra)
- d. Cloves (Laung)
- e. Red chilli (LalMirch)
- f. Coriander (Dhaniya)
- g. Turmeric (Haldi)
- h. Green Cardamom (HariElaichi)



Spices are used in almost all the dishes in order to make the dish much tastier. Spices are in high demand in the market. By growing spices like thyme, nutmeg, etc. you can make a lot of money supplying them to consumers and traders

## 6. DAIRY PRODUCTS



- ▶ You can start making your own dairy products like milk, cheese and butter for sale. However, you will need a detailed business plan and a SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats) of your plan and the resources you have available will be critical to the success of your business.



## 7. HATCHERY



- ▶ Another very good business for young entrepreneurs is starting a hatchery for eggs and selling day-old chicks to poultry farmers.
- ▶ It is a highly profitable business and your return on investment is very quick

## 8. POULTRY FARMING



One can set up a small poultry at your backyard. Poultry farming is the fastest growing sector in agriculture and farming business, experts have said. With the increased awareness on the health implications of red meat; there's an increased demand for white meat and birds are a source of white meat.

## 9.FODDER PRODUCTION



Fodder is any agricultural foodstuff, used to feed livestock's like chicken, pigs, goats and horses. There are several types of fodder, for example seaweed, bone meal, molasses, green maize etc. Fodder can be cultivated to feed livestock

## ► **FISH FARMING**



In Kenya, fish is one of the delicacies that people fancy, especially in the coastal and lakeside regions. The most sought for types of fish include Nile Perch, tilapia and Catfish among others. Rearing fish requires that you do a commercial type of farming. You will need a source of water to serve a pond (which is the most usable form for commercial fish farming). When properly done, fish farming can rake in millions.

## ***LIVESTOCK HOUSE CONSTRUCTION***



- ▶ Constructing poultry house, dairy farming cubicles and other such farming structures for use by farmers to rear their livestock.

# RISKS AND UNCERTAINTIES IN AGRIBUSSINESS

Categories of Risk		Sources of Risk	
		Tactical Risk	Strategic Risk
Business /Operational	Operations and Business Practices	Natural hazards, facilities, disease outbreaks	Contractual risk, internal processes and controls, management transitions
	People and Human Resources	Health, contract terms, turnover	Recruiting, training, retention, organizational culture
	Strategic Positioning and Flexibility		Mergers and acquisitions, joint ventures, resource allocation and planning, organizational agility, information access
Financial	Financing and Financial Structure	Debt servicing, leverage, liquidity, solvency, profitability	Debt structure, non-equity financing,
	Financial Markets	Cash, interest rates, foreign exchange	Portfolio misalignment
Business Relationships	Business Partners and Partnerships	information asymmetries, adverse selection	Interdependency, confidentiality, cultural conflict, information sharing
	Distribution Systems and Channels	Cost, transportation, service availability, hold-up	Access, dependence on distributors

# CONTINUATION

	Market Prices and Terms of Trade	Product price volatility, input price volatility	Contract terms, market outlets, market access
Market Conditions	Competitors and Competition	Market share, price wars	Antitrust, industrial espionage
	Customers and Customer Relationships	Product liability, credit risk, food recalls	Poor market timing, inadequate customer support
	Reputation and Image	Product recalls, defective products, rating agencies	Corporate image, brand image, reputation of key employees, community relationships
Policy and Regulation	Political	War, terrorism, civil unrest, law, governing agencies	Enforcement of intellectual property rights, change in leadership, revised economic policies, budget shortfalls
	Regulatory and Legislative	Reporting and compliance, environmental, food safety, traceability	Government trade negotiations, Government farm subsidies
Technology	Technological	Asset specificity, research and development	Complexity, obsolescence, workforce skill-sets, adoption rate, diffusion rate

## METHODS OF CURBING RISKS AND UNCERTAINTIES IN AGRIBUSSINESS

### 1. FLEXIBILITY IN PRODUCTION

- Flexibility means that the farming system is arranged in such a manner that farmer can work without much cost, move out from one enterprise into another if economic conditions make this shift desirable.

### 2. DIVERSIFICATION OF PRODUCTION

- Diversification means that the farmer carries on several farm enterprises simultaneously in order to avoid the dangers of having all his eggs in one basket.

### 3. LIQUIDITY

- Apart from compromises in the designs of farm buildings and equipment, flexibility may require that the farmer holds a greater proportion of his assets in liquid form than he would if he did not care for flexibility.



#### 4. **CONTRACT FARMING**

- This is another device which can be adopted by the farmer to overcome uncertainty. It involves contractual agreements in money terms between the farmer, manufacturing firms and input suppliers.

#### 5. **CHOICE OF RELIABLE ENTERPRISE**

- Youths should be aware that yield from certain enterprises is more stable than from others. For example, yield variation of pigs and poultry, is generally thought to be less than that of sheep and beef cattle. Again cereal yield is generally less variable than the yield from root crops.

## 6. ADOPTION OF INNOVATIVE TECHNIQUES

- Again uncertainty is avoided by the farmer by continuing to stick to the traditional crops rather than the crops involving new innovations even if these may be more remunerative. Innovations in the activities involving biological element have more uncertainty around than and are consequently slow to be adopted.

## 7. MAINTAINING RESERVES

- This is another form of flexibility. Maintenance of extra multipurpose equipment and labor force larger than what is normally necessary, to meet some types of uncertainty e.g., floods, etc., may be helpful. Maintenance of food reserves may also be helpful at times.

## 8. CROP INSURANCE

- ▶ Crop insurance deals with the other major form of uncertainty that is, yield uncertainty.
- ▶ By means of crop insurance, the farmer can insure himself against certain chance occurrences such as loss due to poor weather, insect infestations and disease.

## 9. Buffer Stock Scheme

- Like the guaranteed price scheme, the Buffer stock scheme is also aimed (generally) at removing price uncertainty. In this method, the buffer stock authority (which is ordinarily government agency) purchase stocks of agricultural commodities in years of bumper crops and unloads them into the market in years of crop shortages with a view to raising price in times of glut and lowering them in times of scarcity.

# SUSTAINABLE AGRICULTURAL PRACTICES

- ▶ **SUSTAINABLE AGRICULTURE** practices refer to farming activities which are done in Vis a Vis the perfect knowledge of the systematic ecological conditions of the area. Sustainable farming or Sustainable agriculture helps the farmers innovate and employ recycling methods, this apart from the conventional perks of farming.

## **BENEFITS OF SUSTAINABLE FARMING**

1. ENVIRONMENT PRESERVATION
2. ECONOMIC PROFITABILITY
3. MOST EFFICIENT USE OF NON-RENEWABLE RESOURCES
4. PROTECTION OF PUBLIC HEALTH
5. SOCIAL AND ECONOMIC EQUITY

# Sustainable practices that youths can adopt in agribusiness includes;

- INTEGRATED PEST MANAGEMENT
- CROP ROTATION
- AVOID SOIL EROSION
- CROP DIVERSITY
- NATURAL PEST ELIMINATORS
- MANAGED GRAZING
- BETTER WATER MANAGEMENT
- ADOPTING AGROFORESTRY PRACTICES
- REDUCING OR ELIMINATING TILLAGE
- PLANTING COVER CROPS.

# FINANCING OF AGRIBUSSINESS

Youth enterprise development fund has designed a special loan to cater for the youths who are venturing in agribusiness opportunities. The loan known as **AGRI- BIZZ** loan will be available for all the youths who are partaking agribusiness activities.

## FEATURES & QUALIFICATIONS OF THE AGRI-BIZZ LOAN

- ▶ Must have a valid supply contract where applicable and copies of the same provided
- ▶ Must have relevant licenses and copies of the same provided
- ▶ Applicants must source for inputs or equipment from accredited vendors and provide invoices/quotations for the same
- ▶ Must have a proposal for starting an agricultural undertaking endorsed by a mentor in the same agribusiness who will also guarantee the applicant
- ▶ Must provide relevant business records including sales agreement



# CONTINUATION

- ▶ Must provide certified 3 months bank statements
- ▶ For companies, groups and partnerships membership composition must be at least 70% youth (18-34 years).
- ▶ Undertaking by contracting/procuring entity to pay the proceeds to Youth Enterprise Development Fund
- ▶ Must provide proof of ownership of land where farming will be undertaken or lease agreements for leased land, or consent of use of land from owner.
- ▶ Must have 2 guarantors who must provide bank statements, one of whom must be operating in the industry. In the absence of this, the applicant must provide a conventional security.
- ▶ Start-up applicants must be organized in groups, or must have alternative income, or must provide conventional securities

## Loan Amount

- ▶ The maximum available for this loan shall be **Kshs. 2,000,000** per individual borrowing. Maximum amount available for **startups** shall be **Kshs. 100,000** for those applicants without alternative income and **Kshs. 200,000** for applicants with alternative income i.e. salary.

## Amount Financed

- ▶ For purchase of equipment: up to 90% of the value

## Mode of Loan Disbursement

- ▶ For equipment: Pay the vendor
- ▶ For inputs and other purchases: Disbursement may be done to borrower in tranches.

## Grace Period

- ▶ Grace period shall vary with agribusiness project but shall not exceed 3 months.

# MARKETING OF AGRICULTURAL ACTIVITIES

- ▶ Agricultural marketing involves a series of activities that are undertaken in order for the farm output to reach the final consumer.
- ▶ In order for a youth to market the products well one must understand the market structures available owing to the fact that the elasticity of demand and supply of agricultural products is inelastic.
- ▶ INELASTIC DEMAND IS A SITUATION IN WHICH THE DEMAND FOR A PRODUCT DOES NOT INCREASE OR DECREASE CORRESPONDINGLY WITH A FALL OR RISE IN ITS PRICE.

# MARKETING STRATEGY MAY INVOLVE A SERIES OF KNOWN STEPS WHICH INCLUDE;

1. **IDENTIFY** YOUR FARM'S MARKET.
2. **SET YOUR FARM APART.** DIG DEEP INTO MARKET RESEARCH IN ORDER TO UNDERSTAND THE TREND OF COMPETITION THUS ALLOWING YOU TO PLAN ON HOW YOU SHALL IMPLEMENT PRICING STRATEGIES SUCH AS PRICE PENETRATION.
3. **JOIN FARM ASSOCIATIONS.** THIS WILL HELP IN MARKET SURVEILLANCE INFORMATION IN ORDER TO TAP THE LOW SUPPLY AND DEMAND AREAS OF THE PRODUCT

4. **Attend farm-related events.** From this events such as the ASK shows, Bootcamps and conferences one is able to market themselves fully.

5. **Provide good customer service.** Once you provide a good customer service to a single customer , they shall market your product to the ultimatum.

6. **Begin advertising your products.** This can be done by having a Tag or a brand and from the brand provided it is quality product or service then you shall win big in marketing

# THE AGGREGATOR MODEL

**YOUTH ENTERPRISE DEVELOPMENT FUND** IS IN THE EVE OF DEVELOPING AN AGGREGATOR MODEL IN WHICH YOUTHS WILL BE ABLE TO PRODUCE AND FIND READY MARKETS FOR THEIR PRODUCE.

THE AGGREGATOR MODEL WILL FOR SEE THE DEVELOPMENT OF AN APPLICATION WHICH WILL BE USED BY THE USED TO POST THEIR PRODUCE ONLINE, FIND READY MARKETS AND NEGOTIATE FOR FARE PRICES SO THAT THEY CAN ACHIEVE THEIR PROFIT MAXIMIZATION LEVELS.

THIS WILL HELP FORM A BRIDGE AND A COMPLETE CIRCUIT FROM THE ACTUAL AGRIBUSINESS IDEA, TO THE PRODUCTION, TO THE FINAL MARKETING OF THE AGRIBUSINESS PRODUCTS.



**THANK YOU**

