

OPPORTUNITIES & CHALLENGES FOR SCALING THE INNOVATION

- Huge client-base for SPE in terms of DFCS members is opportunity for scaling the model. This requires support at different levels.
- Shift toward sustainable intensification of dairy puts access to quality fodder at centre of sector development.
- SPEs can contribute to lowering cost of production.
- Investment need in quality equipment and other inputs for both SPE and farmers can limit expansion of SPE businesses, though investment is only Ksh 60,000 for a chopper or pulverizer (divided by 3-6 persons.)
- Seasonality of business and varying farmer adoption of services limits growth, which contributes to drop-out from groups.

ACKNOWLEDGEMENTS & MORE INFORMATION

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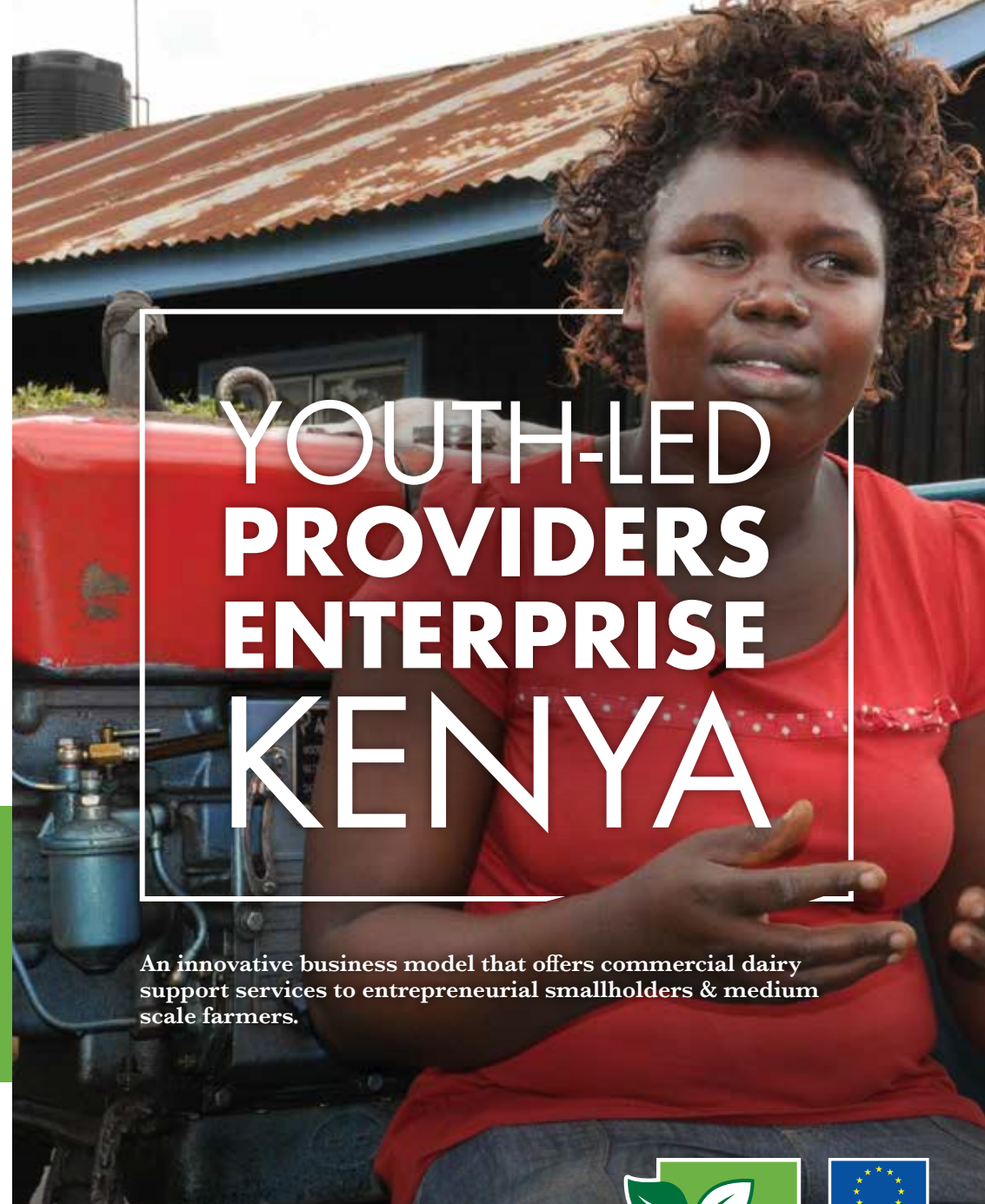
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YOUTH-LED PROVIDERS ENTERPRISE KENYA

An innovative business model that offers commercial dairy support services to entrepreneurial smallholders & medium scale farmers.





INTRODUCTION

The Service Provider Enterprise model (SPE) is an innovative youth-led business model in which young men and women as groups offer commercial dairy support services to entrepreneurial smallholders and medium scale farmers. The focus point of current SPEs is silage making for dry season feeding, in combination with advisory support to dairy farmers on feeding and dairy cow management.

SILAGE MAKING BY YOUTH GROUPS AS BUSINESS

Access to sufficient and quality fodder is a challenge for Kenyan dairy farmers, both with respect to on-farm fodder production and preservation. The newly-formed, youth-led SPEs offer contracted services to farmers who are willing to pay for quality silage making. The SPEs partner with dairy farmers' cooperative societies (DFCS), in training and demonstration leading to contracted silage making. The SPEs have introduced farmers to new fodder crops for silage (maize, sorghum and oats) and enhanced feeding management strategies that support their farming business.

BETTER FEED, MORE MILK

Silage making boosted the availability of feed during the dry season, which in return contributed to reduced seasonal fluctuations in milk volumes. The costs of maize silage is much lower than that of hay or dairy meal (1kg dry matter maize silage = Ksh 16; resp Ksh 28 & Ksh 40).



INVESTMENTS & BENEFITS OF THE INNOVATION

INPUTS

SPE	KNOWLEDGE: silage making, advisory & business skills.
SPE	TECHNOLOGY INVESTMENT: choppers, chuff cutters.
FARMERS	BEHAVIOUR CHANGE: Willing to pay for support services.
FARMERS	ON-FARM INVESTMENTS: technology, structures & materials.
DFCS	BUSINESS RELATIONS: link farmers & SPE; incentives to members; build loyalty with buyers.

INNOVATION

CONTRACTED SILAGE MAKING & DAIRY FARM MANAGEMENT SUPPORT BY YOUTH-LED SPE

OUTPUTS

Youth employment & sustainable incomes.

Higher availability of feed in dry season & decreased feeding costs resulting in low cost of production.

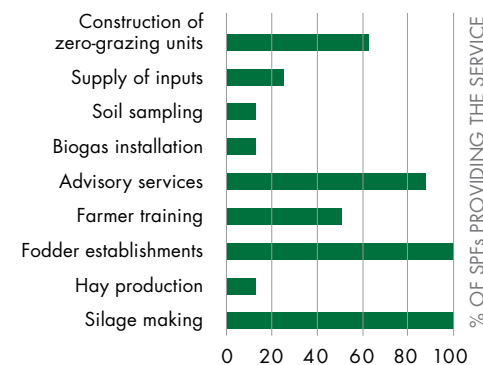
Increased milk production
Increased farm incomes & growth in sustainable & competitive farming enterprises.

Increased & consistent milk collection at DFCS leading to stable milk supply along supply chain.



In addition, farmer clients have reported increases in milk production and better animal health, linking the change to the SPE services. Farmers from Meru County, where SPEs made the most silage, reported productivity increases from between 5-6 to between 8-9.5 litres per cow per day. The SPEs have expanded their bundle of services to address diverse needs of farmers in order to contribute to efficient, sustainable and profitable farm enterprises, see figure below.

SERVICES PROVIDED BY SPEs (n=8)



FACTS & FIGURES

- **SPEs ARE GROUP AGRI-ENTERPRISES** of between 3-6 local youth
- **CURRENTLY 30 ACTIVE SPEs** in at least 6 Counties in Kenya, with 160 local youth self-employed in service delivery.
- **SNV TRAINED OVER 200 YOUTHS** from 25 SPE groups, part of these were trained and formed in 2017
- **A RECENT STUDY OF 8 SAMPLED SPEs** operating in three regions found:
 - SPEs charge farmers between **US\$ 4.50 TO 10 PER TON** of silage
 - SPEs under the KMDP project have provided various services to about **5215 FARMERS IN THE YEARS 2015 AND 2016**
 - They made an estimated **11,178 TONS** of silage in 2016, mostly maize
 - Against an equivalent of **US\$50,301** in cumulative business volume for the SPEs.