

Linking small-scale farmers to local markets in developing economies

A case study of a supply chain project in Kenya

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A paradox in today's globalised food industry is that while downstream actors complain about inadequate supply, producers complain about lack of access to a reliable market. Why is this, and can it be solved in a successful and inclusive manner? That was the core subject of this thesis. With the introduction of a new concept called "Inclusive Short Food Supply Chains", the thesis aimed to illuminate the necessary building blocks for creating successful linkages between small-scale farmers and local markets.

The gap between farmers and the business sector in the modern food industry is particularly evident in developing countries where the degree of small-scale farmers is high and the producers often suffer from limited access to information, productive assets and knowledge. Developing and strengthening the agricultural sector in these countries is therefore an important tool for reducing poverty, hunger and inequalities, as stated in the Global Sustainability Goals. However, the long and complex supply chains that characterise the modern food industry, with large and powerful actors such as processors, traders and retailers downstream, make it difficult for the farmers to cater to the market demand. There is an uneven distribution of value, where actors in the business sector take advantage of the powerless farmers at the bottom of the pyramid who have a hard time obtaining a reliable income.

This thesis explored how to solve these inequalities through a literature study of the concepts Short Food Supply Chains and Inclusive Business Models, which was complemented with applied research in a real life setting through a case study in Kenya. The case study focused on a supply chain project which is run by a Kenyan NGO called Kenya Organic Agriculture Network (KOAN), and

financed by The Swedish Society for Nature Conservation (SSNC). This specific project aimed to organise the food supply chains in a more systematic way, in order to create a robust and successful business and logistics linkage from producers to consumers. Organising the farmers into cooperatives and arranging storage facilities for their fruits & vegetables are two examples of how the project worked to bridge the gap and coordinate supply with the market demand.

The case study, where interviews and field trips constituted the main data collection source, resulted in the introduction of 10 necessary building blocks for the successful implementation of an Inclusive Short Food Supply Chain. Specifically, it was found that the volatile environment that often characterises a developing economy demands a strong intermediary organisation in the link between farmers and the business sector. This organisation can help with integrating knowledge and resources into the food supply chain. A high level of trust between the actors constitute another crucial building block, as trust-based relationships are vital in order for this type of collaboration to succeed in the developing context.

KOAN's supply chain project in Kenya was made as a pilot study with the hopes to create a replicable model that can be used in other developing countries. Hopefully, the concept of Inclusive Short Food Supply Chains could therefore be used in other locations and projects, where the aim is to create successful linkages between small-scale farmers and the local markets.

For more information on the topic, read *Business models that are inclusive of small farmers* by Vorley, B., Lundy, M. and Macgregor, J. (2008) and *Innovative Short Food Supply Chain management* by EIP-AGRI (2015).