



Fostering Connections Between Formal and Informal Economies for Women's Empowerment

A Case Study of Nkiluthu Women's Group, Meru County, Kenya



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Colophon

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Women contribute a great deal to the agriculture sector in Kenya. And yet, they are widely disadvantaged due to persistent gender inequalities that have deepened during the Covid-19 pandemic. Nkiluthu Women's Group was formed at that time as a way for the women to cope with the higher gender burden of feeding the family. To access more opportunities, the informal group registered itself formally. Women's groups, such as Nkiluthu, are highly dependent on relationships with informal economy actors to link them with formal actors in the value chain. These relationships are not always positive, yet often the only viable option. Being within a group helps women to participate in the economy. And yet it is mainly because of their gender identity that their mobility and access to markets, and information including inputs are constrained. Development interventions, therefore, need to focus more on addressing gender inequalities. Not only by reaching out to women's groups and the formal actors they work with, but also by engaging the network of informal economy actors upon which such groups such groups depend¹ for 'first and last mile services'.

The context

Kenya's agricultural sector, which is predominantly rain-fed, plays a vital role in the country's socio-economic development. However, the sector faces numerous challenges, including low production and productivity occasioned by excess land fragmentation; frequent climate shocks, such as extended periods of droughts and floods; declining soil fertility, and expansion of farming activities into arid and semi-arid lands.

Other factors include: limited access to finance and insurance; poor quality inputs; and low adoption of innovations and technologies (GoK, 2019 and FAO, 2022).

More than 70% of Kenyans, mostly women, derive their income from agriculture, either directly and indirectly. And women make up to approximately 75% of the agricultural force compared to 51% of men (IDRW 2021). Despite the important role played by women in agricultural production and food security, women are faced with compounded challenges which are rooted in gender injustice. These include lack of or inadequate access to productive factors, such as land, capital/finance, labour, knowledge, water, and facilitative factors, such as advisory and extension, information, technology, and innovations, among others.



Figure 1: Woman in her sorghum farm, Kenya.

Did you know?

- Kenya ranked 95 out of 156 countries in the Global Gender Gap Report of 2021.
- Despite their high potential, girls and women in Kenya face multifaceted barriers which put them in vulnerable positions.
- COVID-19 significantly increased inequalities between men and women in education, health, representation in parliament, and participation in the labour market.
- The main causes of limited participation are gender-based violence; harmful cultural attitudes and beliefs; unequal access to and control over land, education, and employment.
- Key opportunities: entrepreneurship promotion; access to training and finance; implementing gender equality policies and legislation.

Source: USAID, 2023

¹ **First-mile services** encompass the resources and support that enable farmers to access essential inputs, including land, advisory services, seeds, soil testing and analysis, mechanization, fertilizers, and agrochemicals. In contrast, **last-mile services** focus on connecting farmers to output markets, facilitating the sale and distribution of their produce.

Nkiluthu Women's Group

In 2020, a group of 31 women in the plains of Tigania West in Meru County² came together with a common vision of improving the livelihoods of their families through their primary occupation: Farming. They were triggered by the devastating effects of Covid-19 and the burden they felt as women of being more responsible for feeding their families and educating their children. Nkiluthu Women's Group was formed with the focus of having enough food at the family level.

Meru is one of the 47 counties in Kenya located in the former Eastern Province and lies on the Eastern slopes of Mount Kenya. In terms of agroecological zones, Meru is classified as having 25% of arable land with the remaining 75% being semi-arid land. The county has a population of 1.55 million people. About 28% of them live in extreme poverty. More than 60% live in rural areas, the majority of whom are women. The major economic activity in Meru County is agriculture (crop farming and livestock keeping), from which 80% of families derive their household income. Both men and women are engaged in agricultural activities right from production to marketing, with men mainly engaging in market-oriented crops that are associated with expected higher income. Youth and women provide the largest share of both family and hired labour in crop production. While in livestock production, adult women provide the largest share of labour.

Initially, maize was their main crop but after extended periods of drought, performance was low. To mitigate this and build their livelihood resilience, the women decided to try farming a more drought resistant crop alongside their maize to spread the risk of crop failure. The group settled on sorghum (Sila variety) after consulting with the Ministry of Agriculture at the Sub-County level.

However, through time, the women established that there are other challenges besides climate change related crop failure that need to be addressed. The food and nutrition insecurity at home was also caused by low income and a lack of creditworthiness to access finances. To improve their livelihoods, they agreed to grow sorghum and high-iron bean varieties, and rear small livestock such as goats, chicken, and local cattle breeds. They also established a table banking mechanism that will allow them to access finances.

As part of table banking, members contribute a one-off share of USD 10, from which money can be borrowed, and another USD 10 for giving to members on a rotational basis. Every month a member takes home USD 310. Each member is encouraged to borrow from the group, so that the shared capital can grow. The dividends are shared equally at the end of the year, when members get to take home a Christmas package. The women also have a social fund to which they contribute for welfare purposes such as funerals, weddings, graduations, and sickness that results in hospitalisation.

The women realised that they needed a network of other people to support their process of transitioning from dependency to agency. The group is currently duly registered with the Department of Social Services as a Self-Help Group and is governed by a Chairlady supported by the other executive members who include the Vice Chairlady, Secretary, Vice Secretary, and the Treasurer. The group is also working with the Ministry of Agriculture and Ministry of Cooperatives to become a formalised 'Village Savings and Lending Association'.



Figure 2: Nkiluthu Women's Group during their monthly table banking meeting.

² Nkiluthu Women's Group is located in the plains of Tigania West, Athwana Ward, Nkiluthu Sublocation of Meru County.

To create visibility and allow their members to contribute to matters affecting the agricultural sector in Meru, the group in 2020 registered with Cereal Growers Association (CGA), a national, member-based non-profit organisation for cereal growers, established to bring cereal farmers together to address industry challenges in Kenya. Through the Association, Nkiluthu Women's Group continue to benefit from technical services, and one of their members has been trained as a Farmer Advisor who supports the group by training them on agronomic practices. She acts as a focal point for availing services to the members, such as a linking to inputs and market outlets and exchange learning visits organised by CGA for the group to improve its operations.

Owing to their organised nature, product off-takers such as Shalem Investment Limited (large grain aggregator) and East African Brewers Limited (beer-making company) have noticed the group. These companies are working with these farmers to buy their sorghum and beans on contractual arrangements. East African Breweries not only buys but also offers inputs (fertiliser and Gadam Sorghum Variety) which they deduct from the proceeds of farmers when making payments to them. Their prices are better than Shalem Investment Ltd in view of the Chairlady of the group. The companies also offer aggregation services for the women farmers. Most dropping off is done by bicycles and motorcycles fondly referred to as '*Boda bodas*'. Shalem Investment Ltd has a store at the nearest market while East African Breweries Ltd has an agreement with St. Mathew Catholic and Nkiluthu Church, in which farmers aggregate and temporarily store the sorghum before the company collects it from there.

Women thus have the opportunity to bargain for better prices for their sorghum and minimize post-harvest losses. Advanta Seeds, a seed company, is currently trying out its drought-tolerant sorghum varieties with the farmers.

A network of actors around Nkiluthu Women's Group

The sorghum value chain is of economic importance to the Nkiluthu women smallholders and is served by both formal and informal actors. The informal sector actors are of particular importance: they primarily offer first and last-mile services for these women farmers who, owing to their scale of production among other factors (inaccessible roads, inconsistency), do not have direct linkage with the mainstream markets. The formal actors, on the other hand, offer a secondary level of engagement to the markets. Figure 4 summarizes the different actors and roles they play either Informally (I) or Formally (F) in the sorghum value chain from pre-production to consumption.

Pre-production: Mechanisation improves production efficiency, yet machines and tools from formal companies often target large scale farmers. **Local fabricators** play a very important role in creating tools and equipment that are affordable to smallholder farmers to reduce the disproportionate labour burden on women. Some of the equipment include rippers for conservation farming, jab planters and seeders for planting, threshers for beans and sorghum amongst others.



Figure 3: Nkiluthu women in one of the members beans farm.

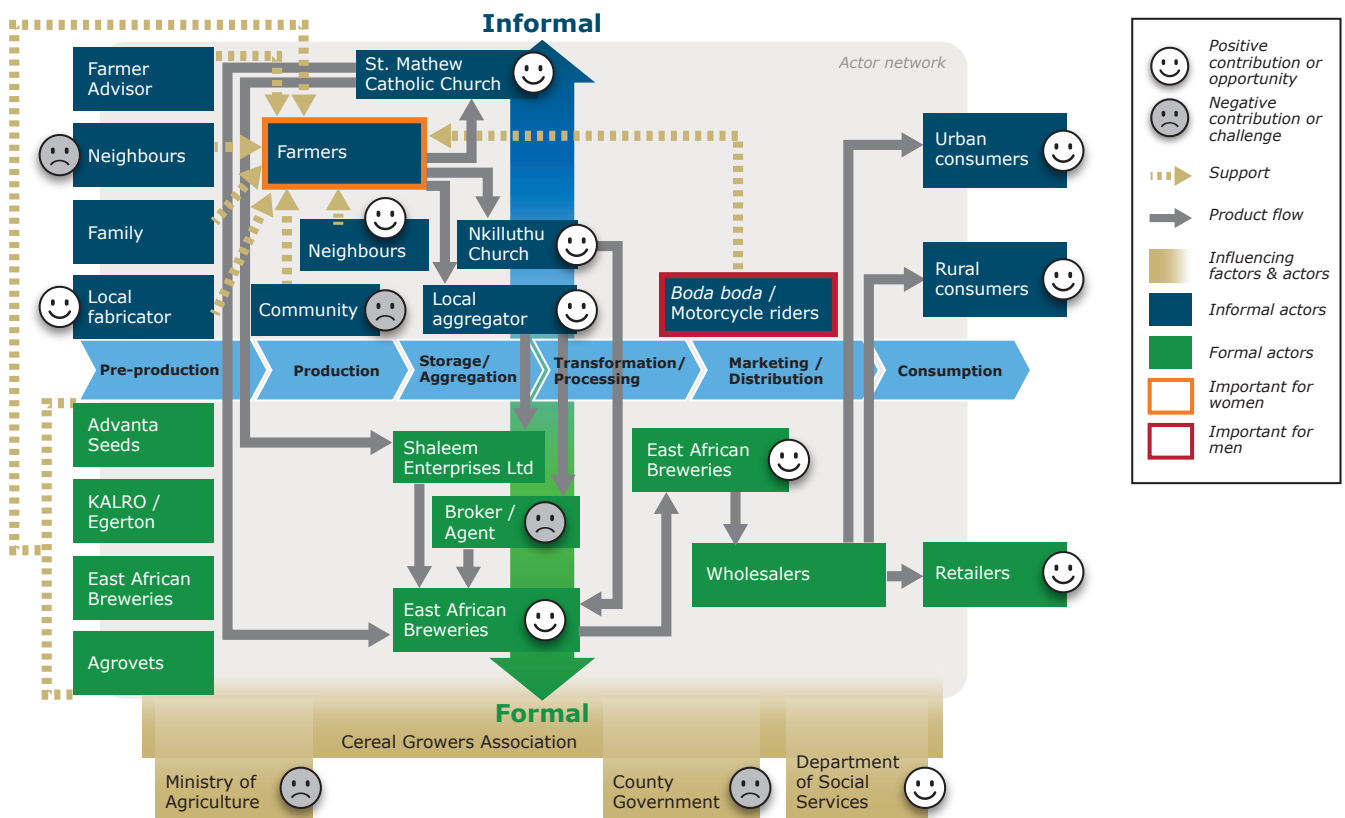


Figure 4: Actor network of Nkiluthu women sorghum farmers, Meru County, Kenya.

Due to limited budget allocation to the agricultural sector in Kenya, the average Government extension staff to farmer ratio is 1:1400, while FAO recommends 1:400. The average age of extension staff is high, and agricultural extension is demand driven. Altogether, this means many farmers are not reached. The **Farmer Advisors** often fill this gap as part of a community-based private extension model. It uses model farmers to offer end-to-end extension services, providing a link for other stakeholders to reach farmers. The farmer advisors are trained and facilitated to address their fellow farmers’ technical demands in partnership with the private and public sector. On average, a Farmer Advisor serves between 100 and 200 farmers and is a self-sustaining model as the Farmer Advisors earn a commission from the sale of products and services they offer to farmers on behalf of companies and or institutions.

Production: The **neighbours, family and community** offer a cheap source of labour through the social capital in which they support each other to do farm operations and participate in the sharing of sorghum seeds. They also through their networks provide financial support to each other. Labour sharing is an important factor for production.

Aggregation: The **local aggregators** and the **collection centres** play a very critical role in offering links market outlets. The aggregators and collection centres agents can permeate rural areas that formal large aggregators cannot. They also offer credit facilities to farmers based on trust and this makes it possible for the women farmers to access mainstream markets. They also offer temporary storage of produce before transport to the main urban markets and or millers.

Distribution: The **boda boda/motorcycle riders** play a very important role in offering means of transport for aggregated produce from the farms, and from local aggregators/collection centres to the larger aggregators. The motorcycles can reach rural areas where roads are impassable especially when harvesting takes place during the rainy season hence contributing to reducing of post-harvest losses.

Consumption: **Rural and urban consumers** offer the market for the produce from farmers creating a pull effect on production. As long as there is a market, farmers will continue producing.

Contribution to food system outcomes

Women play a very important role in ensuring there is food and nutrition security at the household level. The case of Nkiluthu Women's Group shows that informal women's groups – that grow into registered functional groups – can further contribute to this food system outcome. For this to happen, the network of actors around such groups are essential, many of which operate in the informal economy.

Through women's collective activities, the very much needed income for the households is boosted (the economic food system outcome). For this, women's groups and individuals often depend more on informal local aggregators, *boda boda* riders and markets compared to men because of the double (productive and reproductive) burden society puts on them.

These informal actors create entry points for other stakeholders to access the rural areas for testing their innovations and technologies (companies, researchers, and universities), provide public services (the Government), implement programmes (development partners) and explore business opportunities (financial institutions, schools).



Figure 5: A visit to Nkiluthu Women's Group at the sorghum farm of the Chairperson.

All this contributes to the economic development of the country. Through their Village Savings and Loans Associations (VSLAs), the women contribute finances that, through rotational contributions to members, enable them to pay school fees for school-going children and afford to improve their living standards by enhancing their purchasing power.

The Women's Group also made it possible for them to receive training on practical agroecological practices to build their resilience against the negative impacts of climate, such as the use of rippers for ploughing that help with moisture conservation and the use of drought-tolerant sorghum varieties.

What if these different actors in the informal sector would be prohibited to operate?

Overall, the exclusion of informal economy actors from the agricultural and rural sectors would likely have detrimental effects on food security, economic stability, and social equity. Based upon the role they play in the case of the Nkiluthu Women's Group, their exclusion would lead to reduced food security, loss of livelihoods, increased inequality, decreased innovations, limited access to production resources, weak resilience systems and market disruption.

Important challenges and opportunities

Many women's groups, such as Nkiluthu, operate informally and often go unnoticed in development initiatives that prioritize formal organisations. However, these informal groups play a crucial role in enhancing food and nutrition security in Kenya. Some programmes do target these women's groups, but there tends to be insufficient focus on the informal networks they rely on, largely due to the same bias of favouring formal stakeholders. These informal actors help bridge the gaps created by systemic challenges, including:

- **Limited access to resources:** Barriers to accessing land, credit, seeds, and fertilisers hinder women's productivity.
- **Lack of advisory services:** Limited access to agricultural advice and extension services restricts women's ability to improve their farming practices.
- **Cultural and social barriers:** Societal norms can prevent women from participating in decision-making processes.
- **Market access issues:** Women often face challenges in reaching markets to sell their produce.
- **Technological gaps:** A lack of access to modern agricultural technologies that impede growth and efficiency.

Strategy for engaging better with the informal actors

There is a need to appreciate the contribution of all actors in the food system ecosystem, whether it is informal or formal. Their characteristics and behaviours, both negative or positive, affect the food supply chain and the entire system. The majority of smallholder farmers rely on the informal actors in the food supply chain for their livelihoods and food and nutrition. However, for women it is even more important. The generally disadvantaged position of women is due to discrimination based on their identity, and this plays out in limited access to finance, markets, information and generally opportunities. For an informal women's group, such as Nkiluthu, to grow, it is absolutely essential to start building on relationships in the informal economy.

By recognising what informal economy actors in the food system already contribute to groups, like Nkiluthu, development practitioners and change agents can work to strengthen their positive contribution while mitigating areas of their negative contribution. This calls for a participatory food system development approach that seeks to work with the realities of informal actors to create a more inclusive system in an organic way. This will require intentional setting up of structures and or platforms for engagement.

The first step should be to recognise the importance of both formal and informal groups, such as the Nkiluthu Women's Group and institute platforms for effectively engaging them in agricultural and rural transformation processes. Effective engagement refers to the process of intentionally analysing the actor-network that such groups depend on particularly in the informal sector. The analysis should aim at understanding the gender implications in the agricultural sector, the power play and influence dynamics, and the entrepreneurial capacity of these farmers. Informed by the analysis, targeted services can then be organised to enhance the capacity of such groups to improve their livelihoods and contribute to economic development.



Figure 6: Sorghum farm, Kenya.

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