



ENTREPRENEURSHIP STRATEGY FOR AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME (ASDSP II)

**Positioning Prioritized Value Chain Entrepreneurs
as Effective Drivers of Agricultural Commercialization**



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Agricultural Sector Development Support Programme (ASDSP)

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FOREWARD

This strategy has been developed through a three phased process by a consortium drawn from public, private, development partners and priority value chain actors. As the Principal Secretary, State Department for Crops Development and Research (SDCDR), I foreword this Entrepreneurship Strategy developed by the Agriculture Sector Development Support Programme (ASDSP II), a multilateral programme in the SDCDR supported by SIDA, EU and the Government of Kenya. This strategy provides a framework for identifying; developing and positioning entrepreneurial capacities of priority value chain actors including service providers in the ASDSP supported 29 priority value chains in 47 Counties. As the Principal Secretary, State Department for Crops Development and Research (SDCDR), I urge all the stakeholders, projects, programmes, service providers and value chain actors to read and make use of this framework to fast track the realisation of the sector aspirations as defined in Vision 2030 and the Big 4 Agenda.

SIDA supported programmes has contributed to the transformation of the Agriculture sector in Kenya for more than 50 years through institutional support and skills enhancement to the actors and service providers. This strategy builds on the previous actions by focusing efforts aimed at equipping priority value chain actors (PVCA) with entrepreneurial skills, knowledge and attitude. These capacity sets would drive the translation and transformation of existing social enterprises which was predominant in ASDSP I into start-ups or established agro based enterprises within the Micro, Small and Medium Enterprises (MSMEs) continuum. The PVCAs in Kenya face challenges that hinder start-up, growth and establishment of their enterprises to economic scales that fosters and sustains market access. An important issue that this strategy aims to address is the limited capacity of priority value chain budding entrepreneurs and service providers to: i) spot opportunities including capacity to identify emerging markets ii) demonstrate creativity and innovativeness iii) persevere, and v) exhibit business related social skills.

It is assumed that development of entrepreneurs through skills, knowledge and attitude development will lead to generation of start-ups and growth and establishment of agro-based micro, small and medium enterprises (MSMEs) which will contribute to expanded incomes, employment opportunities and food and nutrition security. These outcomes will ultimately contribute towards the realisation of the tenets of the Country's Vision 2030 and the Big 4 Agenda. The SIDA, EU and GoK supported ASDSP II entrepreneurship development goal and process is therefore anchored to achieve the following: i) support value chain actors to develop positive attitudes towards agribusinesses, ii) facilitate the priority value chain actor entrepreneurs to develop and or reinforce their business ideas, gather relevant information about enterprises and gain capacity to grow their enterprises to the next commercial level, iii) support priority value chain actor entrepreneurs determine real market demand and specifications, and iv)

facilitate institutional and organizational support for positive entrepreneurial orientation by potential stakeholders and service providers.

This strategy proposes strategic action that will contribute to creation of 125,000 entrepreneurs with right skills, knowledge and attitude to spot and maximize on opportunities thereby contributing to decent work, sustainable food and nutrition security and increased incomes as: i) support processes for enhancing gender aligned entrepreneurial skills, knowledge and attitude of PVCA and SPs evidenced by increased and effective use of bankable business plans, ii) reinforce the practice of positioning markets at the centre of PVC development through established capacities for effective identification, penetration and retention of markets, iii) support processes that lead entrepreneurs to align their actions to existing and emerging national and county policies, strategies, regulations and plans, iv) support processes that foster leveraging on existing resources and investments, v) facilitate processes that lead to a deepened understanding and sustainable promotion of the value chain approach to agricultural development, and vi) nurture actions that enhance application of efficient and interactive monitoring and evaluation with inbuilt learning, feedback and development unction.

I hereby, foreword this strategy for your reading, deepened understanding and implementation so as to bring the desired transformation in the Agriculture Sector and the Country at large.

Prof. Hamadi Iddi Boga
PRINCIPAL SECRETARY – SDCDR

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Your valuable contributions and insights on how to enhance entrepreneurial skills, knowledge and attitude of the priority value chain actors and the service providers will go a long way in contributing to the desired transformation in the value chain ecosystem.

The NAIRAS Technical Advisors ably guided the strategy development process. Their contribution cannot be under estimated.

The Priority Value Chain Actors (PVCAs), KMFRI, BRAND KE, KEBS, ACRE AFRICA, SAVIC, KALRO Kakamega and Kitale, Ministry of Agriculture, Livestock and Fisheries, County Programme Secretariat (CPS) – ASDSP and other stakeholders provided valuable information which has been used to develop this strategy.

Richard Ndegwa

NATIONAL PROGRAMME COORDINATOR – ASDSP II

EXECUTIVE SUMMARY

Agricultural Sector Development Support Programme II (ASDSP II) is a five-year Programme (2017-2022) financed by the Government of Kenya (National and County governments), the Government of Sweden and the European Union (EU). The overall goal of ASDSP II is to contribute to “transformation of crop, livestock and fishery production into commercially oriented enterprises that ensure sustainable food and nutrition security. The Programme aims at addressing four key challenges that hinder commercialization of agriculture namely, low productivity along agricultural value chains; inadequate entrepreneurial skills along agricultural value chains and among service providers; low access to markets by VCAs and weak and inadequate structures and capacities for consultation, cooperation and coordination within the Sector.

The Government and its development partners have over the years spent substantial resources building the productive capacities of value chain actors through skills development, research and technology transfer. These efforts have not always translated into significant commercialization. The Agriculture Sector growth and Transformation Strategy (ASGTS) highlights that 70% of SMEs have historically failed to achieve entrepreneurial success due to multiple barriers they face, including constrained product and service innovation, limited managerial and operational skills, limited business advice and training opportunities and difficulty recruiting quality staff. Inadequate entrepreneurial skills have been found to be a key factor that inhibits commercialization of agriculture. The 2019 ASDSP baseline survey found out that only 2641 PVCAs are implementing viable business plans out of the targeted 500,000 PVCAs.

This strategy is meant to provide the framework for identifying, developing and positioning entrepreneurial capacities of priority value chain actors including service providers. This is aimed at equipping PVCA with skills, knowledge and attitude to drive the translation and transformation of existing social enterprise groups which was predominant in ASDSP I into start-ups or established agro based enterprises within the Micro, Small and Medium Enterprises (MSMEs) continuum. The PVCAs in Kenya face challenges that hinder start-up, growth and establishment of their enterprises to economic scales that fosters and sustains market access. Some of the key issues include the limited capacity of PVC entrepreneurs and service providers to: i) spot opportunities including capacity to identify emerging markets ii) be creative and innovative, iii) persevere, and v) exhibit social skills related to business.

It is assumed that development of entrepreneurs will lead to generation of start-ups and growth and establishment of agro-based micro, small and medium enterprises (MSMEs) which would contribute to expanded employment opportunities, growth in incomes and stabilised food and nutrition security. These outcomes should ultimately contribute towards the realisation of the national aspirations envisioned in the Country’s Vision 2030 and the Big 4 Agenda.

The development stages of entrepreneurs are characterized as *Latent, Hypothetical, Emergent and Established*. The *Mission* of the strategy is therefore to provide a framework for identifying and developing entrepreneurial skills, knowledge and attitude of PVCAs to foster their entrepreneurial activity and capacity modelled across the *latent, hypothetical, emergent and established* growth categories.

The ASDSP II entrepreneurship development goal and process is therefore anchored to achieve the following goals: i) support entrepreneurs to develop positive attitudes towards agribusinesses, ii) facilitate the PVCA entrepreneurs to develop and or reinforce their business ideas, gather relevant information about enterprises and gain capacity to grow their enterprises to the next commercial level, iii) support PVCA entrepreneurs determine real market demand and specifications, and iv) facilitate institutional and organizational support for positive entrepreneurial orientation by potential stakeholders and service providers.

ASDSP II envisions PVCAs developing and using bankable business plans and presupposes transitioning of *latent* and *hypothetical* entrepreneurs into *emergent* and *established* entrepreneurs exhibiting the following attributes: i) transition businesses from social to commercial enterprises in the context of supporting livelihoods, investments and growing businesses, ii) mobilise and effectively assign resources, iii) align the enterprises to thrive within the existing framework (policies, laws and regulations) conditions, iv) be market responsive, and v) understand and effectively navigate within the value chain system

The strategic Objective is to: contribute creation of 125,000 PVC entrepreneurs with right skills, knowledge and attitude to spot and maximize on opportunities thereby contributing to sustainable food and nutrition security and increased incomes by 2022 indicated by an annual turnover of KES 80 billion and some 850,000 decent jobs created.

The specific objectives are to:

- i) develop inclusive and collaborative mechanisms for entrepreneurial skills, knowledge and attitude enhancement for developing and growing 125,000 PVCs entrepreneurs by 2022,
- ii) facilitate joint implementation, learning and innovation to link entrepreneurs to markets,
- iii) support mechanisms for policy, strategies, regulations and plans review, domestication and implementation to aid development and growth of entrepreneurs,
- iv) facilitate resource and assets mobilization to support entrepreneurial process development, and
- v) Develop mechanisms for monitoring, evaluation and provision of aftercare services to the PVC entrepreneurs.

The strategic interventions include:

- i) Support processes for enhancing gender aligned entrepreneurial skills, knowledge and attitude of PVCA and SPs evidenced by increased and effective use of bankable business plans. *This intervention will be realised through; intensification of capacity development for inclusive SPs and PVCAs to drive creation of innovative start-ups and growth of MSMEs; facilitating apprenticeship, mentorship and training and building the capacity of PVCAs and SPs on identification and utilisation of climate Smart agriculture, green growth and gender aligned technologies*
- ii) Reinforce the practice of positioning markets at the centre of PVC development through established capacities for effective identification, penetration and retention of markets. *The intervention will be realised through; support development and roll out of PVC market systems with a national, regional and county reach, support the development of PVCs and align them to existing funding mechanism, facilitate review and domestication of policies and strategies to support market access, building the capacity of PVCAs and SPS on market system development, management and operation*
- iii) Support processes that lead entrepreneurs to align their actions to existing and emerging national and county policies, strategies, regulations and plans. *The intervention will be realised through the following actions; Support review and domestication of policies and strategies to ease marketing and market access at the national and county levels and align the PVC actions to National and County policies, strategies, regulations, plans and structures.*
- iv) Support processes that foster leveraging on existing resources and investments. *This will be achieved through actions that support development of PVC and align funding mechanism and leverage on existing resources and investments to facilitate the transitioning of social enterprises to commercial enterprises*
- v) facilitate processes that lead to a deepening of understanding and sustainable promotion of the value chain approach to agricultural development by , and
- vi) Nurture actions that enhance application of efficient and interactive monitoring and evaluation with inbuilt learning, feedback and development unction.

The strategy will be anchored on the emerging CASSCOM structures at the county levels and the ATVET training programs at the national and county levels.

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ABBREVIATIONS

| | |
|----------|---|
| AFA | Agriculture Food Authority |
| ASDSP I | Agriculture Sector Development Programme Phase I |
| ASDSP II | Agriculture Sector Development Programme Phase II |
| ASGTS | Agriculture Sector Growth and Transformative Strategy |
| ATVET | Agriculture Technical and Vocational Education Training |
| BDS | Business Development Services |
| BM | Business Model |
| CASSCOM | County Agriculture Sector Steering Committee |
| CBO | Community Based Organization |
| CPS | County Programme Secretariat |
| CSA | Climate Smart Agriculture |
| FBO | Faith Based Organization |
| GG | Green Growth |
| ICT | Information Communication Technology |
| KEBS | Kenya Bureau of Standards |
| MOALF | Ministry of Agriculture, Livestock and Fisheries |
| MSEA | Micro & Small Enterprise Authority |
| MSME | Micro, Small and Medium Enterprises |
| NPS | National Programme Secretariat |
| PD | Programme Document |
| PIF | Programme Implementation Framework |
| PVC | Priority Value Chains |
| PVCA | Priority Value Chain Actors |
| SACCO | Savings and Credit Cooperative Organisations |
| SAVIC | Siaya Agriculture Value Chain Incubation Centre |
| SE | Social Enterprises |
| SPs | Service Providers |
| SIVCAP | Strategic Integrated Value Chain Action Plans |
| SWAG | Agriculture Sector Working Group |
| SWOT | Strengths, Weaknesses, Opportunities, Threats |
| TA | Technical Assistance |
| VCD | Value Chain development |
| VCP | Value Chain Platform |

DEFINATION OF TERMS

| | |
|--|--|
| Agri-Business Incubation: | Process aimed at supporting early stage agribusinesses by a service provider/incubator to enhance their survival rates and or new innovations in existing businesses. |
| Agri-preneurship: | Refers to entrepreneurship in agriculture. |
| Business Incubator: | A public and or private entrepreneurial facility or system designed to nurture businesses from idea generation to start-up, (M)SMEs through a comprehensive business support program to help them establish and accelerate their growth and success. |
| Business Development Service (BDS) Provider: | A person or a firm with competence and capacity to help VC actors to commercialize an identified opportunity through training, mentoring, coaching or hand-holding or providing business advice. |
| Business Plan: | Is a road map of how the PVCAs will operationalize an identified opportunity through innovations for increased PVC commercialization and competitiveness. |
| Emergent Entrepreneur: | Have sustainable competency at running a business venture and has demonstrated access to resources and the existence of successfully started business. |
| Entrepreneurship: | The capacity and willingness to develop, organise and manage a business taking into account possible risks in order to make a profit. |
| Entrepreneur: | An actor that seeks to influence the society and priority value chain ecosystem positively through the generated wealth without neglecting overall societal concerns like inclusivity and sustained environmental health. |
| Entrepreneurial Index: | An index that measures the entrepreneurs' business competencies, level of capacity for development of bankable business plans, and spotting value chain business opportunities. |
| Enterprise: | Business set up in the priority value chain ecosystem through the development and implementation of viable business plans. |
| Equitability: | The extent of the representation by equal numbers of individuals of the different sex and age group in priority value chain actors entrepreneurial skills development, such as women and youth. |
| Established Entrepreneur: | A proven and well-seasoned business owner and operator who know their market and have developed successful, profitable, and |

sustainable businesses.

| | |
|----------------------------|---|
| Gender: | Refers to the socially constructed power relations between women and men that establish the roles, responsibilities, opportunities and decision-making authority of women and men in society. |
| Gross Margin: | The difference between the <i>cost</i> to produce or purchase an item, and its selling price. It can also be expressed as a percentage or ration. |
| Hypothetical Entrepreneur: | An actor who exercises entrepreneurial tendencies, but has not started a business or has no refined business idea and skills. |
| Inclusivity: | The practice or policy of including people who might otherwise be excluded or marginalized in priority value chain development, in this case the youth and women. |
| Innovativeness: | The production and use of new and economically useful knowledge, technologies and best practices. |
| Latent Entrepreneur: | Have raw assets of entrepreneurial abilities but the assets are not developed enough for practical application. |
| Productivity: | A measure of the amount of agricultural output produced for a given amount of inputs [(an index of multiple outputs divided by an index of multiple inputs) (e.g. value of all farm outputs divided by the value of all farm inputs)]. |
| Social Enterprise: | A business that has specific social objectives as its primary purpose. Social enterprises seek to maximize profits while maximizing benefits to society and the environment. Their profits are principally used to fund social programs. |
| Social Entrepreneur: | An actor who starts a business for greater social good and not just the pursuit of profits. Social entrepreneurs may seek to produce environmentally-friendly products, serve an underserved community, or focus on philanthropic activities. |
| Value Chain Node: | Are the five functions played by the core actors in priority value chains; input supplier, Producer, Trader, Processor and Transporter. |
| Viable Business Plan: | Is a business plan that can attract financial services and products or support from firms/institutions. |

CHAPTER 1

1. Introduction

1.1 ASDSP II Contextualized to Entrepreneurship

Agricultural Sector Development Support Programme II (ASDSP II) is a five-year Programme (2017-2022) financed by the Government of Kenya (National and County governments), the Government of Sweden and the European Union (EU). The programme responds to the Agricultural Policy whose main objective is “Transformation of crop, livestock and fishery production into commercially oriented enterprises that ensure sustainable food and nutrition security”. Through the development of selected Priority Value Chains, the Programme aims at realising the main objective of the Agricultural Policy while supporting the Swedish Cooperation Strategy for development cooperation with Kenya. It responds to Strategic Area 3 of the Cooperation Strategy i.e. “better opportunities and tools to enable poor people to improve their living conditions”. The Agriculture Sector growth and Transformation Strategy (ASGTS) highlights that 70% of SMEs have historically failed to achieve entrepreneurial success due to multiple barriers they face, including constrained product and service innovation, limited managerial and operational skills, limited business advice and training opportunities and difficulty recruiting quality staff. They also experience limited access to affordable, formal finance, given the high perceived lending risk and low ability for lenders to accurately profile them. The National Agribusiness Strategy addresses measures of capacity building of all actors along the value chain in entrepreneurship and how to catalyse the transformation of subsistence farmers into commercial entrepreneurs.

The overall goal of ASDSP II is to contribute to “transformation of crop, livestock and fishery production into commercially oriented enterprises that ensure sustainable food and nutrition security”. The Programme’s purpose is to “develop sustainable Priority Value Chains (PVCs) for improved income, food and nutrition security”.

To contribute towards its goal, the Programme aims at addressing four key challenges that hinder commercialization of agriculture namely, low productivity along agricultural value chains; inadequate entrepreneurial skills along agricultural value chains and among service providers; low access to markets by PVCAs and weak and inadequate structures and capacities for consultation, cooperation and coordination within the Sector. By addressing these four problem areas, the Programme intends to attain the following four results or outcomes:

- 1) Increased productivity of priority value chains,
- 2) Strengthened entrepreneurial skills of Priority Value Chain actors,
- 3) Improved access to markets by Priority Value Chain actors and,
- 4) Strengthened structures and capacities for consultation, collaboration, cooperation and coordination in the Agricultural Sector.

The Government and its development partners have over the years spent substantial resources building the productive capacities of value chain actors through skills development, research and technology transfer. These efforts have not always translated in to significant commercialization. In 2013, ASDSP conducted a baseline survey which revealed that Kenyan Agriculture is in fact mostly subsistence. Inadequate entrepreneurial skills have been found to be a key factor that inhibits commercialization of agriculture. The 2019 ASDSP baseline survey found out that only 2,641 VCAs are implementing viable business plans out of the targeted 500,000 VCAs.

Inadequate entrepreneur skills in agriculture mainly arise due to lack of an “entrepreneurial mind-set” among VCAs especially at the lower level of the VCs coupled with limited access to information and shortage of competent business development service providers. An entrepreneurial mind-set is considered as the ability to identify, perceive and implement or actualize a business idea with the aim of generating wealth. A key characteristic to note is that the entrepreneur unlike a business person seeks to influence the society and value chain ecosystem positively through the generated wealth without neglecting overall societal concerns like inclusivity and sustained environmental health.

ASDSP II aims to facilitate a change in mind-set of priority value chain actors by ensuring that the programme’s financial support to VCD interventions is perceived as ‘investment’. Thus value chain analysis, planning and interventions will be based on thorough market analysis and entrepreneurial planning that increase income geared towards commercialization.

This strategy is meant to provide a framework for identifying, developing and positioning entrepreneurial capacities of priority value chain actors including service providers. This is aimed at equipping PVCA with skills, knowledge and attitude to drive the translation and transformation of existing social enterprise groups which was predominant in ASDSP I into start-ups or established agro based enterprises within the start, Micro, Small and Medium Enterprises (MSMEs) continuum. The start-ups and established enterprises are aimed at creating decent work and increasing labour productivity for the core and non-core value chain actors and also contribute to food and nutrition security in Kenya. The target for ASDSP II is to reach out to 500,000 PVCAs.

1.2 Rationale for the Entrepreneurship Strategy

A review of the agricultural landscape in Kenya revealed that most agricultural value chain actors concentrate their activities to address the basic domestic food security and social needs. This makes them a peculiar type of social entrepreneurs with strong community and societal good will, a trait attribute that does not foster income and wealth growth. The Kenyan orientation mirrors the African perception index where only 37.2 % of the adult population see good opportunities for starting business as compared to 61.9% by North Americans and global average of 43% as shown in Figure 1.

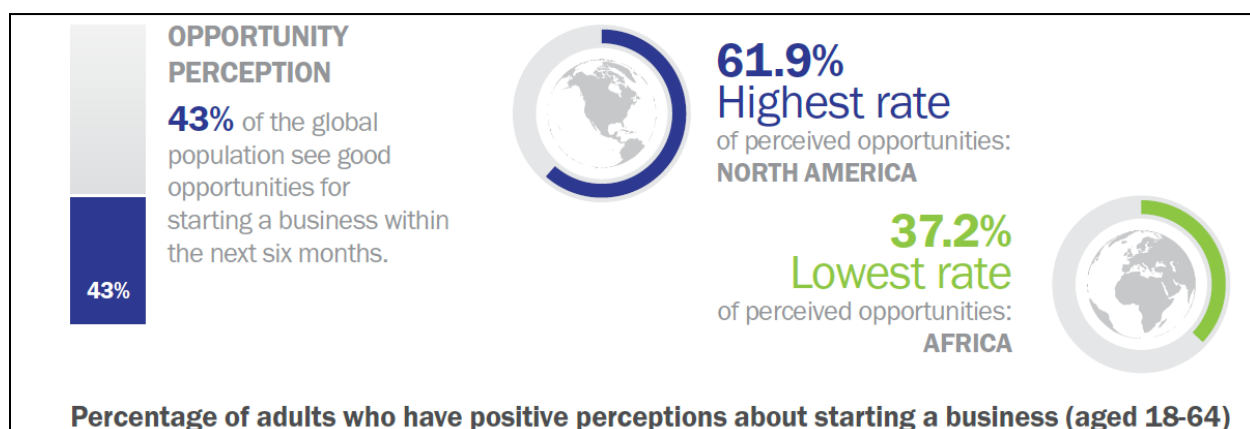


Figure 1: Global and Regional Perception on Opportunities

ASDSP II therefore aspires to translate the PVCAs in the agricultural sector from being social entrepreneurs into commercial entrepreneurs. The PVCAs in Kenya face challenges that hinder start-up, growth and establishment of their enterprises to economic scales that fosters and sustains market access. Some of the key issues identified that inhibit PVCAs from starting and growing enterprises include the limited capacity of PVC entrepreneurs and service providers to:

- Spot opportunities including capacity to identify emerging markets,
- Be creative and innovative,
- Persevere, and
- Exhibit social skills related to business.

The focus of the strategy is on establishing a framework for entrepreneurship development with associated benefits of enterprise development. The development of PVCAs should increase their capacity for entrepreneurial activity and ability to exercise that capacity, an action that requires that their skills needs be known and addressed.

It is assumed that development of entrepreneurs will lead to generation of start-ups and growth and establishment of agro-based micro, small and medium enterprises (MSMEs). ASDSP II therefore intends to support the development of a proper strategy to support the development of entrepreneurs who will create and nurture MSMEs. The MSMEs ecosystem would then contribute to expanded employment opportunities and attainment of 100% food and nutrition security ultimately contributing towards the realisation of the national aspirations envisioned in the Country's Vision 2030 and the Big 4 Agenda. A robust framework and strategy for the development of the entrepreneurs is therefore necessary. The conceptual framework aims at matching appropriate entrepreneurship development models with the existing entry and desired exit levels of PVCAs to equip them with skills, knowledge and attitude for starting and growing enterprises. The development stages of entrepreneurship are identified as Latent, Hypothetical, Emergent and Established (Figure 2).

| ENTREPRENEURSHIP GROWTH AND DEVELOPMENT MODEL | | | |
|--|---|--|--|
| Latent | Hypothetical | Emergent | Established |
| Have Raw Assets of Entrepreneurial Abilities <ul style="list-style-type: none"> • Social enterprise with a vision • Demonstrates some drive • Discontent with current solution • Has few or no role models • Has little or no entry education • Easily deterred | Have Entrepreneurial Tendencies <ul style="list-style-type: none"> • Has and articulates vision • Understands entire business model • Has no established business • Eager to learn • Demonstrates responsibility • Eager to learn • Follows through <ul style="list-style-type: none"> • Start your business | Starts and Operates an Emerging Business <ul style="list-style-type: none"> • Owns or manages business • Access resources • Has intermediate business skills • Multi tasks • Benefits from mentorship • Has room for improvement • Subject to discouragement • Improve your business • Grow your business | Established & Proven Business Owner <ul style="list-style-type: none"> • Well networked • Experienced success • Advanced business skills • Resilient personality • Discontent with current situation • Can mentor and influence others • Expand business |

Figure 2: Entrepreneurial Development Growth Model

1.3 Mission

A framework for developing entrepreneurship skills, knowledge and attitude of prioritized value chain actors to foster their entrepreneurial activity and capacity modelled across latent, hypothetical, emergent and established growth categories.

1.4 Value Proposition

Create 125,000 PVC entrepreneurs at various stages of development (Figure 3, Table 1) with skills, knowledge and attitude to identify and maximise on opportunities within the prioritized agricultural value chain ecosystem and supported to have bankable business plans that guide the start-up, growth and establishment of MSMEs (Figure 3) contributing Kenya shillings 80 billion in income, creating 850,000 decent jobs and fostering sustainable food and nutrition security by 2022.

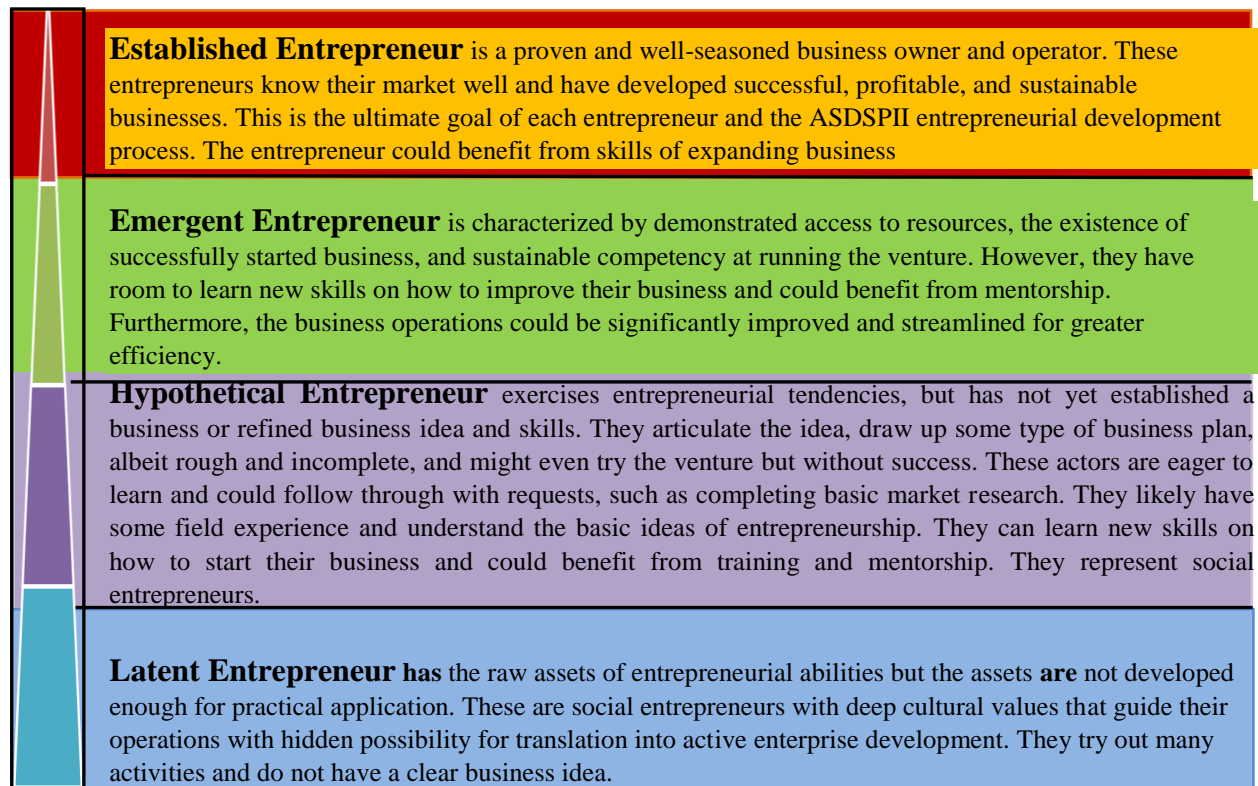


Figure 3: Characterization of Entrepreneurial Development Growth Models

Table 1: Value Proposition by Numbers

| Categories | No. of Entrepreneurs | No. of Entrepreneurs/County | No. of Enterprises/VC | No. Enterprises/Node |
|--------------|-------------------------|--------------------------------|--------------------------|-------------------------|
| Latent | 125,000 | 5319 | 1775 | 443 |
| Hypothetical | 112,500 | 2393 | 800 | 160 |
| Emergent | 10,000 | 213 | 70 | 14 |
| Established | 2,500 | 53 | 18 | 4 |

CHAPTER 2

2. Strategic Analysis of the PVCs Entrepreneurial Ecosystem

2.2 The Principles

The ASDSP II entrepreneurship development goal and process is anchored to achieve the following:

- i) Support PVCA entrepreneurs to develop positive attitudes towards agribusinesses,
- ii) Facilitate the PVCA entrepreneurs to develop and/or reinforce their business ideas, gather relevant information about enterprises and gain capacity to grow their enterprises to the next commercial level,
- iii) Support PVCA entrepreneurs to determine real market demand and specifications,
- iv) Facilitate institutional and organizational support for positive entrepreneurial orientation by potential stakeholders and service providers.

2.3 Strategy Development Approach

The strategy was developed through a three phased process that included:

- i) a scoping exercise to define the entrepreneurial landscape in Kenya;
- ii) strategy analysis, formulation and drafting,
- iii) Review and validation by policy experts value chain practitioners and actors drawn from the State and County departments, development partner organisations, business community and the value chain platforms.

The scoping exercise provided a synopsis of the underlying skill sets and gaps that need to be addressed. The scoping was conducted in a workshop of 30 experts and practitioners using focus group discussions, key informant interviews, role plays and interactive plenary sessions and guided modulated presentations by facilitators on topical issues. The perception of the respondents was captured on key elements defining individual entrepreneurial competencies and supportive framework conditions. The respondents rated their perceptions on a scale of 1-5 expressed as (Excellent=5 Very Good=4, Good=3, Fair =2, Bad=1). The respondents provided their perceptions on the level of skills and knowledge in the areas of financial management, social skills on persuasiveness and articulation, intrinsic attitude traits demonstrating creativity and innovativeness, passion, and optimism, futuristic orientation adventure and perseverance.

2.4 Entrepreneurial Environment

The PVC entrepreneurial ecosystem or environment was analysed in the context of:

- i) The PVCAs and service providers entrepreneurial skills, knowledge and attitude,
- ii) Market access by PVC actors,
- iii) Productivity of PVCs,
- iv) The framework conditions that include the policy and institutional support systems and structures.

2.4.1 The PVCAs Entrepreneurs and Service Providers Skills

The ASDSPII PD and PIF envision PVCAs developing and using bankable business plans to guide their operations. Development of bankable business plans presupposes transitioning of latent and hypothetical entrepreneurs into emergent and established entrepreneurs. The emergent and established PVC entrepreneurs should exhibit the following attributes:

- Transition businesses from social to commercial enterprises in the context of supporting livelihoods, investments and growing businesses,
- Mobilise and effectively assign resources,
- Align the enterprises to thrive within the existing framework (policies, laws and regulations) conditions,
- Be market responsive,
- Sensitivity to gender and social inclusion concerns,
- Understand and effectively navigate within the priority value chain ecosystem.

During the scoping exercise, the PVCAs, CPS and SPs exemplified varied levels of competencies and understanding on the key business and entrepreneurial skills examined. Among the respondents, the livestock PVCAs exhibited very good knowledge of financial management principles while the crops PVCAs demonstrated good skills on basic routines of financial management like book keeping. On understanding and practical application of human resource management, the livestock PVCAs demonstrated very good understanding and skill sets while the crops PVCAs had poor understanding of human resource management and functionality. The vegetables and other crops PVCAs had good understanding of operations and functions of networks and linkages. The vegetables PVCAs indicated good involvement and performance in networks.

On attitudes, the livestock PVCA indicated bad intrinsic values (low levels of creativity and innovativeness, poor futuristic attributes, low optimisms and passion). They also had bad social (persuasiveness) skills. The crops PVCA on the other hand were perceived to have very good intrinsic values (creativity and innovativeness), they also exhibited good characteristics of decisiveness and futuristic visioning, they were well-motivated and had excellent social skills on persuasion. Both the service providers and value chain actors exhibited significant skill and knowledge gaps on motivation and opportunity identification, creativity and innovation, growing and sustaining passion and optimism. They also had low capacities on futuristic forecasting and propensity to risk. These missing attributes that are aligned to inherent and acquired skill and knowledge sets require to be addressed. The cognitive business skills particularly on functionality of markets, human and financial resource management, customer care and networking were rated variously as bad and good and therefore need to be strengthened to improve the effectiveness and efficiency of the entrepreneurs.

A strategic action to address these limitations would be to develop a *gender responsive entrepreneur screening tool* for mapping the entrepreneurial spirit index. This index measures the entrepreneurs' business competencies, level of capacity for development of bankable business plans, and spotting business opportunities.

The total early stage entrepreneurial activity in PVCs is gauged by how they use: i) business plans to guide decision – making in establishing enterprises; ii) entrepreneurial employee activity viewed from the perspective of the business plan; and iii) the entrepreneurs' social activity aligned to their interactions and involvement within the value chain ecosystem. This activity index would guide the positioning of the PVCAs and define their placement, development and growth needs to be disaggregated by sex and age.

2.4.2 Market Access

The Agricultural Sector in Kenya is characterized by fragmented production systems comprising of over three million smallholder farmers. This poses a challenge in efforts to coordinate and aggregate produce into economic levels to sustain market supply. Entrepreneurs disrupt market equilibrium by introducing new products (-market combinations) into a market, fulfilling the needs of consumers as well as driving out less productive firms as their innovations advance the production frontier. A clear understanding of the market system is therefore a fundamental entrepreneurial attribute. The key issues identified that inhibit PVCAs entrepreneurship entry in markets include:

- i) Inadequate PVC agro infrastructure; storage, market space, aggregation centres, abattoirs and slaughter slab equipment,
- ii) Poor road network and ICT infrastructure,
- iii) Unfavourable market entry regulations and controls,
- iv) Limited capacity by PVC entrepreneurs and service provider to identify emerging markets,
- v) Size and complexity of the ecosystem which is hard to navigate,
- vi) Insufficient market information.

2.4.3 Productivity

ASDSP II has been fronting a clear understanding between production and productivity. Production is the process of creating, growing, manufacturing, or improving goods and services within or across the value chain nodes. Productivity on the other hand is a measure of the efficiency or rate of production reflected in Gross Margin terms. Productivity reflects the amount of output (e.g. number of goods produced) per unit of input (e.g. labour, equipment, and capital). It can be presented as a percentage of output over input or as the difference between the gross revenue and the total variable cost. It is essentially the interrelationship between input and output.

The low productivity of the PVC enterprises is linked to a number of factors namely:

- Limited technical, organisational and entrepreneurial skills among actors cutting across women, men and youth in agribusiness development. Women specifically face multi-faceted challenges varying from financing, regulatory, cultural norms, lack of relevant entrepreneurial skills and networking opportunities,
- Low perception of the concept of value chain development and the role of value chain platforms,
- Low adoption of climate smart technologies
- Fear of failure and aversion to risk,
- Employee related difficulties,
- Skewed leaning of most value chain systems to meeting the basic and social needs of the actors. Most value chain enterprises were identified and established on the basis of necessity as opposed to opportunity. Generally, necessity motivated enterprises operate at social basic needs level with little impetus for growth into commercial ventures.

There is potential for increasing productivity of PVCs through exploring existing local resources and expansion of systems to economic scales of production. The skills and knowledge of PVCAs need to be enhanced so that they can improve their resource harnessing and mobilising to increase their sensitivity to operating at scales that generate economic value.

Productivity of PVC enterprises is also largely dependent on existing labour force. An important indicator for measuring entrepreneurship aligned labour productivity is the entrepreneurial employee activity. This is the ability of employees to create and launch new goods and services, new business units, subsidiary organisations or new establishments to foster expansion and growth. Building an employee asset base for the enterprise is one of the tasks facing PVCAs selecting the best-qualified employees who are motivated and willing to grow with the venture has become increasingly challenging in view of employees' expectations, toughened government regulations and other employee associated costs.

The entrepreneurship strategy will endeavour to improve low productivity by addressing the following areas among others:

- i) Facilitate the development of relevant tailor made training content and models targeting productivity issues with special emphasis to climate smart agricultural technologies, especially those that are suitably for use by women and attractive to the youth, to increase, scale of production, and employability attributes of PVC workers and managers,
- ii) Support identification of opportunities and innovations that enhance women and youth participation in the PVC
- iii) Support initiatives for mapping, assigning and optimising use of available capacities and existing resources,
- iv) Develop efficiency and innovative economic models of production through nurturing entrepreneurial skills, knowledge and attributes beyond the predominant factor driven model,

- v) Align PVCAs motivations towards opportunity identification while establishing enterprises instead of the prevalent necessity based approach,
- vi) Reinforce actions that will lead to appreciation and strengthening of value chain approach.

2.4.4 Framework Conditions (Policies and Institutions)

i) Policies and Regulations

There are several policies and strategies that the proposed ASDSP II entrepreneurship development strategy could be aligned to:

- **The Micro and Small Enterprise ACT, MSEA (2012)** is the legal framework for the development and regulation of micro and small enterprises. It provides for the establishment of the Micro and Small Enterprises Authority. The Act provides for definitions for *enterprise to mean a firm, trade, service, and industry or business activity with specific categorisation of enterprises based on the turnover and the number of employees.*
- **The Youth in Agribusiness Strategy (2017-2021)** provides a platform through which youth empowerment should be realised. Among the youth empowerment strategies provided for include; mainstreaming youth issues in national development agenda, addressing constraints that hinder youth from realizing their full potential in the sector, establishment and promotion of skills development capacity for youth in agriculture, establishment of a Youth in Agriculture Fund and the establishment and strengthening of youth in Agriculture organizations to facilitate effective participation in post-production agricultural value chains to address markets and marketing challenges faced by the youth. Other strategies aim at transforming the mind-set and perceptions of the youth towards agribusiness; equipping youth with appropriate agribusiness skills, knowledge and information; enhancing access to affordable and youth friendly financial services; supporting implementation, reviews and development of policies that create an enabling environment for youth entrepreneurs and promoting youth-inclusive climate smart agricultural technologies and creation of green jobs for environmental sustainability.
- **The Technical and Vocational Education and Training Act 2013** is an ACT of Parliament to provide for the establishment of a technical and vocational education and training system; to provide for coordinated assessment, examination and certification; to institute a mechanism for promoting access and equity in training; to assure standards, quality and relevance; and for connected purposes. This ACT guide establishment of a standardized entrepreneurial training process.

- **National Agribusiness Strategy** seeks to; i) remove barriers and create incentives for the private sector to invest in agribusiness and related business opportunities; ii) invest public resources more strategically to trigger growth in agribusiness; iii) make agribusiness systems more competitive, easily adaptable and ‘fleet footed’ in order to deal with dynamic markets and the opportunities they bring; and iv) encourage institutional frameworks, which enable all actors to utilise market opportunities. Of the relevance is the focus markets at the centre of all production, processing, product development and packaging; promotion of smarter organisation of the actors in the sector to enable enterprises to benefit from economies of scale and improved productivity and improving the range and effectiveness of financial and non-financial services.

Whereas these instruments provide for capacity development of the entrepreneurs, their focus is more aligned at *growing enterprises than on nurturing the entrepreneurial spirit and skills*. This strategy therefore makes a point of departure by *fronting actions that are more focused on unlocking the inherent potential of the entrepreneur*. This process informed the need for screening and developing specific growth elements to transition the budding entrepreneurs along the latent, hypothetical, emergent and established continuum (Figure 2)

ii) SWOT Analysis

The strategic analysis endeavoured to further categorize service providers according to their environment and orientation. This entailed looking into their existing levels defined as either financial or BDS providers, social or commercial enterprises. The SWOT analysis done on the institutions identified the following areas of strengths, weaknesses, opportunities and threats (Table 2).

Table 2: SWOT Analysis

| Strength | Weakness |
|---|--|
| <ul style="list-style-type: none"> • Presence of many organizations focused on enterprise development within the ecosystem, • Local and international foundations with a strong enterprise development pillar providing financing, • Specialized programming for young people and women e.g. the affirmative government funds, | <ul style="list-style-type: none"> • Talent gaps in organizations providing services to MSME, |
| Opportunity | Threats |
| <ul style="list-style-type: none"> • Leveraging microfinance institutions and/or banks to develop “upcountry” rural BDS and technical capacity-building services and suitable financial products, | <ul style="list-style-type: none"> • Quantity of services is there, but quality assurance of services is lacking, • Lack of a local talent pool for early-stage MSMEs, |

2.4.5 Review of Entrepreneurial Development Frameworks and Processes

ASDSP II provides that *emerging* and *established enterprises* should demonstrate use of developed business plans. The business plan would be a tool that describes and guides the way a

business operates. Entrepreneurial development should therefore aim at *growing skills and attributes* for *effective development and application of bankable business plans*. A review of existing entrepreneurial development processes in the country is presented in Table 3.

Table 3: Characteristics of Appropriate Development Processes

| Entrepreneurial Development Model | Characterization | PVC Target Entrepreneur Level | Service Providers |
|---|---|--|--|
| 1) Apprenticeship programme | <ul style="list-style-type: none"> • Mentoring and coaching process through learning by doing. • Latent and hypothetical entrepreneurs are developed in the lead host industries and families • Very appropriate for the youth in and out of learning institutions • Requires partnerships between ASDSP, institutions of learning and lead host industries and families | <ul style="list-style-type: none"> • Latent • Hypothetical | <ul style="list-style-type: none"> • Host Families • Individual mentors • Host Institutions |
| 2) Incubation | <ul style="list-style-type: none"> • Entrepreneurs are provided with conducive environment for generating and testing business idea, starting and growing enterprises, • Provides space, mentorship, coaching, training and networking and linkages. | All stages of growth | <ul style="list-style-type: none"> • SAVIC • KCIC • ILAB Africa • KIE • KIRDI • KU Incubator |
| 3) Integrated (Entrepreneurial process stage model) | <ul style="list-style-type: none"> • Focuses on the bottom of pyramid of agri-enterprises that has grouped as social enterprises including women and youth groups. • Best suited for budding (latent and hypothetical) PVCA entrepreneurs with the following needs: <ul style="list-style-type: none"> ○ Awareness and desire on enterprise development, ○ Knowledge and skills development, ○ Product development, ○ Networking and strategic alliances. | <ul style="list-style-type: none"> • Latent • Hypothetical | |
| 4) County Agricultural Extension | <ul style="list-style-type: none"> • Focuses on the bottom of pyramid of agri-enterprises that has grouped as social enterprises including women and youth groups. • Best suited for budding PVCA entrepreneurs with the following needs: <ul style="list-style-type: none"> ○ Awareness and desire on enterprise development, ○ Knowledge and skills development, ○ Product development, ○ Networking and strategic alliances. | <ul style="list-style-type: none"> • Latent • Hypothetical | <ul style="list-style-type: none"> • County Government • Hand in Hand • FBOs • NGOs • CBOs |

CHAPTER 3

3. Strategies and Actions

3.1 Strategic Objective

To contribute creation of 125,000 PVC entrepreneurs with right skills, knowledge and attitude to spot and maximise on opportunities thereby contributing to sustainable food and nutrition security and increased incomes by 2022 and an annual turnover of KES 80 billion and create some 850,000 decent jobs.

3.2 Specific Objectives

- i) To develop collaborative, inclusive and equitable mechanisms for entrepreneurial skills, knowledge and attitude enhancement for developing and growing 125,000 PVCs entrepreneurs by 2022,
- ii) To facilitate joint implementation, learning and innovation to link entrepreneurs to markets,
- iii) To support mechanisms for policy, strategies, regulations and plans review, domestication and implementation to aid development and growth of PVCs entrepreneurs,
- iv) To facilitate resource and assets mobilization to support entrepreneurial process development in the PVCs,
- v) To develop mechanisms for monitoring, evaluation and provision of aftercare services to the PVCs entrepreneurs.

3.3 Guiding Principle

Innovativeness, inclusivity, equitability and profitability of PVCs enterprises realised through entrepreneurial skill, knowledge and attitude development of the PVCAs and SPs with a focus of transforming social enterprises into commercially viable MSMEs steered by bankable business plans. The enterprises should demonstrate growth in turnover and profitability to foster financial sustainability for re-investments and business expansion as well as provide income to business owners and operators commensurate to middle income livelihood status in line with the tenets of Vision 2030. The PVCA entrepreneurs and SPs will foster growth across the *latent, hypothetical, emergent* and *established stages*.

3.4 Strategic Interventions

- i) Support processes for enhancing gender aligned entrepreneurial skills, knowledge and attitude of PVCA and SPs evidenced by increased and effective use of bankable business plans,
- ii) Reinforce the practice of positioning markets at the centre of PVC development through established capacities for effective identification, penetration and retention of markets,
- iii) Develop clear and gender responsive models for PVCs competitiveness. (E.g. Hub, Commercial villages, aggregation.),

- iv) Support processes that lead entrepreneurs to align their actions to existing and emerging national and county policies, strategies, regulations and plans,
- v) Support processes that foster leveraging on existing resources and investments,
- vi) Facilitate processes that lead to deepening of understanding and sustainable promotion of the value chain approach to agricultural development,
- vii) Nurture actions that enhance application of efficient and interactive monitoring and evaluation with sex/age disaggregated data, inbuilt learning, feedback and development.

3.4.1 Development of Gender Aligned Entrepreneurial Skills, Knowledge and Attitudes

The key Challenges

The main challenges identified in all classes of social entrepreneurs were:

- i) Inadequate entrepreneurial skills, knowledge and attitude for PVCAs and SPs.
 - Inadequate business development skills (market research, business planning, financial management and accounting, human resource management, resource mobilization),
 - Inadequate entrepreneurial skills (misaligned motivation and opportunity identification, low creativity and innovativeness, poor propensity to risks, lack of decisiveness, passion, optimism and perseverance).
- ii) Low awareness of climate smart agriculture, green growth and gender aligned technologies.

Strategic Action I: Intensify Capacity Development for Inclusive SPs and PVCAs to Facilitate Creation of Innovative start-up and Growth of MSMEs

- Develop frameworks for screening, (identifying and certifying) men, women & youth PVCAs and SPs,
- Undertake capacity and training needs assessment for PVCAs and SPs,
- Design and develop value chain systemic program of PVCAs especially targeting women and youth to build their capacity and address some of their challenges,
- Enhance the delivery processes of entrepreneurship SPs through capacity building and development of tailored entrepreneurship packages

Strategic Action II: Facilitating Apprenticeship, Mentorship and Training Programmes

- Identify, strengthen and position mentors, role models and coaches as performance motivators for entrepreneurship development both at national and county levels,
- Identify, strengthen and position host institutions and families as centres for entrepreneurial and business skills enhancement and benchmarking both at national and county levels.

Strategic Action III: Building the Capacity of PVCAs and SPs on Identification and Utilisation of Climate Smart Agriculture, Green Growth and Gender aligned Technologies

- Identification of SPs with requisite skills in CSA, GG and Gender aligned technologies,
- Link PVCAs and SPs with relevant institutions and coaches for training, mentoring and coaching on CSA, GG and gender aligned enterprise development,
- Strengthen and position CSA and GG SPs to facilitate development and use of climate smart and women and youth centric bankable business plans.

3.4.2 Putting Markets at the Centre of PVCs Development

Key Challenges

The main challenges identified in all classes of social entrepreneurs in relation to markets included:

- i) Low access to markets characterised by: thin and disaggregated local rural markets (PVCAs trading in distant urban markets is not remunerative owing to high transportation and transaction costs), inability of PVCAs to understand and stay well informed about markets, and to add value to their products to meet market needs, limited/unreliable market information, market liberalization with the global market affecting the local market negatively. The negative effects include dumping of cheap crop and livestock commodities (milk) and products from other countries which could suppress local production,
- ii) Limited access to finance services and products heralded by the following:
 - Challenges for entrepreneurs to find a fit business portfolio (right portfolio and products) as financial and non-financial services and products ecosystem is large and hard to navigate,
 - Low financial literacy especially of social entrepreneurs,
 - Inadequate business management skills and practices marked by poor or lack of financial records,
 - Low levels of operational efficiency which affects the cash flow systems of social and micro enterprises,
 - Weak capital asset base of social, micro and small enterprises,
 - Wrong perception and high risk profiling of social and micro entrepreneurs by banks.
- iii) Unfavourable framework conditions marked by low institutional capacity to play agreed roles and deliver on marketing obligations, inadequate or misaligned infrastructural support and lack of supportive policies allowing for negative political interference that results in market distortions and extortion (excessive and duplicate cess and tax regimes, price distortions),
- iv) Low skills and knowledge levels for SPs and PVCAs on market systems and dynamics.

Strategic Action I: Support Development and Roll out of PVC Market Systems with a National, Regional and County Reach

- Support development and establishment of market intelligence, information and communication for entrepreneurs,
- Enhance marketing skills of women and Youth and build their capacities on market intelligence, information & knowledge

Strategic Action II: Support the Development of PVC aligned Funding Mechanism

- Facilitate establishment of a funding portfolio that links banks (insurance companies, savings and credit co-operative organisations (SACCO) and microfinance institutes) and PVCAs to improve access to innovative products and services that meet specific needs and requirements of PVCA entrepreneurs,
- Initiate partnerships with financial service providers for leveraging on inclusive financing in VCD e.g. earmarking loans for women and youth in order to strengthen their participation in VCD.

Strategic action III: Facilitate Review and Domestication of Policies and Strategies to Support Market Access

- Link programme planning actions to county development planning especially those targeting market infrastructure development,
- Support county policy domestication processes by aligning market access interventions to PVC specific.

Strategic Action IV: Building the Capacity of PVCAs and SPs on Market System Development, Management and Operation

- Identify and strengthen SPs (including mentors, coaches and angel investors) with market systems development competencies and link them to PVCA,
- Intensify capacity development of entrepreneurs to identify and penetrate old and emerging markets,
- Identify and position value the competitive advantages of value chains in the Counties and regions,
- Leverage on existing structures and systems to link PVCAs to market systems

3.4.3 Policy, Strategies, Regulations and Plans Review and Domestication

The policies and strategies aligned to agribusiness development are focused at the development of the enterprises yet the missing link is the *low levels of entrepreneurial skills among the actors and the service providers*. Further, The Kenya Constitution 2010 provides for two levels of government, at the national and the county. This puts an extra demand on counties to review and domesticate national policies. This strategy provides the framework for developing and positioning entrepreneurs as key drivers for the development of PVC enterprises targeting both the national and county actions.

Key Challenges

The main challenges identified in all classes of entrepreneurs included:

- i) Unfavourable business enabling environment,
- ii) Un-favourable market entry conditions,
- iii) Low enforcement of policies and regulations,
- iv) Poor quality assurance of services and products,
- v) High operational costs of starting and doing business
- vi) Over-importation of Western talent and products without local context.

Strategic Action I: Support Review and Domestication of Policies and Strategies to Ease Marketing and Market Access at the National and county levels

- Link programme planning actions to county development planning especially those targeting market infrastructure and entrepreneurial skill development,
- Support county policy domestication processes by aligning market access and entrepreneurial skills development interventions to PVC specific needs.

Strategic Action II: Align your Action to National and County Policies, Strategies, Regulations, Plans and Structures

- Strengthen Institutional Framework for Start-ups and growth of MSMEs,
- Champion development of a framework for positioning County ATVET institutions as centres for transforming agriculture and promoting employability through entrepreneurial skills development,
- Facilitate development of a framework for establishing agricultural incubators, incubation processes and accelerators as centres for enhancing entrepreneurial and performance motivational skills to PVCAs entrepreneurs and SPs,
- Support enhancement of the delivery processes of the pilot incubators and position them as pioneer SPs through among others accreditation to ATVET and MSEA, and review of their institutional, governance and management structures to foster performance,
- Develop a framework for leveraging on and accessing existing investments and assets,
- Support the strengthening of PVCs ecosystem with special focus to PVC structures, network and cooperate system for linking PVCA entrepreneurs

- Enhance understanding of the functionality (Governance, Management and Function) of Government governance systems as well as PVCs Structures,
- Support the formation of PVCs business association for lobbying and advocacy for business environment improvement.

3.4.4 Facilitate Resource and Assets Mobilisation

Micro, small and medium enterprises represent a significant part of the Kenyan economy and are one of the strongest drivers of economic development, innovation and employment. However, their growth is dependent on utilization of key resources such as financial, human labour and non-financial services. In addition, the environment in which they operate have underutilised capital resources- which if exploited could spur their growth.

i) Access to financial and non-financial services and products

Financial access refers to the ability to get traditional financial services such as savings accounts, credit, insurance, and loans. In addition to these, financial and others institutions also offer non-financial services such as advisory services, training and information as well as business clubs and other networking events. These services – often referred to as business development services or BDS. Training programmes, in particular, have aimed at assisting different groups of individuals (often the most disadvantaged in societies) to start up and grow their own businesses. In addition to offering general business advisory services to, some institutions also offer sector specialist support pertaining to particular business sectors or more specialist aspects of business such as international trade or equity investment however these services are only offered to medium sized enterprises.

Key challenges in accessing financial and non-financial services and products include:

- Challenging for entrepreneurs to find a fit as financial and non-financial services since ecosystem is large and hard to navigate,
- Low financial literacy especially of social enterprises,
- Poor financial records at social and micro levels,
- Low levels of operational efficiency which affect the cash flow systems of social and micro enterprises,
- Weak capital assets of social, micro and small enterprises,
- Social and micro enterprises are perceived by banks as high risk

Strategic Action I: Support Development of PVC Aligned Funding Mechanism

- Support mapping and profiling of financial institutions, indicating products, portfolios, especially those that meet women's and youth VCD requirements.
- Facilitate linkages with financial institutions (banks insurance companies, savings and credit co-operative organisations (SACCO) and microfinance institutes) and PVCAs to improve access to innovative products and services that meet specific needs and requirements of value chain actors,

- Initiate partnerships with financial service providers for leveraging on inclusive financing in VCD e.g. earmarking loans for women and youth to strengthen their participation in VCD.
- Facilitate development of contractual systems that establish and sustain linkages between PVCA and market outlets within and without the value chain ecosystem.

Strategic Action II: Leverage on Existing Resources and Investments to Facilitate the Transition of Social Enterprises to Commercial Enterprises

- Support mapping and profiling of existing resources and investments,
- Develop a database and knowledge management system to improve access to existing investments and assets,
- Develop a framework for leveraging and accessing existing investments and assets.

CHAPTER 4

4. Implementation Framework and Exit Strategy

4.1 Develop Monitoring, Evaluation Mechanisms and Aftercare Services

The key challenges include:

- Lack of clear monitoring and learning system on the PVCA entrepreneurs and growth of enterprises in ASDSP II PD and baseline. It capitalizes on business plans,
- No clear measurement as key performance indicators for the PVCA entrepreneurs and SPs skills.

Strategic Action I: Develop a Monitoring System with Key Performance Indicators to check out on the Transitioning of the PVCA Enterprises

- Develop clear key performance indicators for entrepreneurship,
- Disaggregated data by sex and age and their enterprises,
- Develop reporting system for tracking on progress,

Strategic Action II: Collating of Lessons Learned and best Practices and Dissemination

- Collect and collate the lessons learned and best practices in implementation,
- Documentation and dissemination of best practices and lessons learned on entrepreneurship development in ASDSP II.

Strategic Action III: After Care Services

- Development of profile of established coaching, mentorship and training SPs
- Development of an alumni profile by each SPs,
- Developing modalities for follow up and provision of after care services by SPs

4.2 Institutional Arrangement

The main challenge is lack of institutional structure for developing entrepreneurial skills that reflects the diversity of PVCAs.

Strategic Action I: Anchoring Strategy on Emerging Structures and Institutions

This is a programme specific strategy drawn to guide development and growth of entrepreneurial skills for the programme specific PVCAs and SPs. The lessons and processes gained could also inform development of entrepreneurial skills by other programmes. The strategy will be anchored on the emerging CASSCOM structures at the county levels and the ATVET training programs at the national and county levels.

During the lifecycle of ASDSP II, the strategy shall be facilitated for roll out through activities defined in the annual work plans and budgets, innovation and capacity development proposals as drawn by NPS and CPS at both national and county levels. In the long run, the PVC Platforms will play a key role in planning and driving the strategy.

4.3 Sustainability and Exit Strategy

4.3.1 Financing

The cost of implementing this strategy will be shared among different interest groups, mainly The Government of Kenya through the Agricultural Sector Development Support Programme at the NPS and CPS levels (as informed by the SIVCAP process), other development partners and the private sector. A detailed five year work plan detailing specific activities will be formulated from which annual work plans will be drawn by both the NPS and the CPS. Important funding mechanisms will include national and county government's budgetary allocations augmented by any other resources gained through partnerships and networks.

4.3.2 Institutional Restructuring

The programme will support initiatives that will culminate in mainstreaming of the strategy into county sectoral policies and plans and the county integrated development plans to sustain the actions beyond the programme. ASDSP II will also support mainstreaming and alignment of the strategy into, national and county sector policies, strategies and plans.

4.3.3 Positioning Value Chain Platforms as Strategy Drivers

The core role of PVC platforms is to improve coordination and collaboration along the 29 priority value chains, resulting in more efficient and equitable linkages that benefit entrepreneurs through creation of market linkages and shared information between transporters, producers, input suppliers, traders, and processors. The PVC platforms will be strengthened as drivers of the strategy to change the unproductive market dynamics and stimulate actors to take a broader view of the chain beyond the self-interest of individual position.

Table 4: Entrepreneurship Strategy Implementation Framework

| Challenges | Strategic Action & Target | Intervention | Service Providers | Timelines |
|--|---|--|-----------------------------|------------|
| A. Inadequate entrepreneurial skills, knowledge and attitude for VCAs and SPs | Intensify capacity development on opportunity identification, business plan development for inclusive SPs and PVCAs to facilitate creation of innovative start-up and growth of MSMEs | -Develop a gender inclusive framework for screening value chain PVCA into latent, hypothetical, emergent and established classes; -Develop of frameworks for identifying, certifying and profiling of SPs | ASDSP | March 2020 |
| | | -Profile the PVCAs and assess the scale of their businesses and capacities – disaggregated by sex and age -Undertake capacity and training needs assessment for SPs | ASDSP | March 2020 |
| | | -Design and development of a value chain systemic program that build capacity SPs in line with programme objectives and approaches. | ASDSP,TA,MOALF | March 2020 |
| | | -Enhance an inclusive delivery processes of entrepreneurship SPs through capacity building and development of tailored entrepreneurship packages; -Develop and revise curriculum for SPs (Incubators, TVET institutions, and other individuals and institutions) for capacity development of entrepreneurs | SPs and ASDSP | March 2020 |
| | Facilitating training, mentorship and apprenticeship programmes | -Identify, strengthen and position mentors, role models and coaches as performance motivators targeting women and youth on application of business plans for entrepreneurship development ecosystem both at National and County levels | ASDSP, SWAG, CASSCOM | March 2020 |
| | | -Identify, strengthen and position host institutions and families as centres for entrepreneurial and business skills and knowledge enhancement and benchmark both at National and County levels | ASDSP ,SPs and institutions | March 2020 |
| B. Weak institutional, legal and regulatory frameworks in support of entrepreneurial development | Support review and domestication of policies and strategies to ease marketing and market access at the national and county levels | -Link programme planning actions to county development planning especially those targeting market infrastructure and entrepreneurial skill development, -Support county policy domestication processes by aligning market access and entrepreneurial skills development interventions to PVC specific needs. | ASDSP, SWAG, CASSCOM | |
| | Align actions to existing National and County policies, strategies, regulations and plans | -Strengthen institutional framework for start-ups and growth of MSMEs -Develop a framework for positioning County ATVET institutions as centres promoting employability through skills development -Develop an inclusive framework for establishing agri-incubators, incubation processes and accelerators to enhance entrepreneurial skills and performance motivational skills to VCAs especially targeting women and youth entrepreneurs and SPs -Review institutional structures that may not sufficiently foster performance and enhance the delivery processes of the 3 pilot incubators through: accreditation to ATVET and MSEA | ASDSP, SWAG, CASSCOM | |

| | | | | |
|---|---|---|---|---------------|
| | | - Develop a framework for leveraging on and accessing existing investments and assets. | | |
| | | -Support the strengthening of PVCs environment with special focus to PVC structures, network and cooperate system for linking PVCA entrepreneurs -Enhance understanding of the functionality (Governance, Management and Function) of Government governance as well as PVCs Structures, -Support the formation of PVCs business association for lobbying and advocacy for business environment improvement. | ASDSP, SWAG, CASSCOM | |
| C. Low awareness of climate smart Agriculture and green growth technologies | Building the capacity of PVCAs and SPs on identification and utilization of climate smart Agriculture and green growth technologies | -Identification of appropriate SPs with requisite skills in CSA and GG technologies and mainstreaming CSA into business plans ; Strengthen CSATWG on mainstreaming CSA processes into business plans for increased productivity | ASDSP, Input programmes and project SWAG, CASSCOM | March 2020 |
| | | -Link PVCAs and SPs with relevant institutions and stakeholders for training, mentoring and coaching | ASDSP, SPs and institution. and project SWAG, CASSCOM | March 2020 |
| D. Low access to markets by VCAs | Support development and roll out of PVC market systems with a national, regional and county reach | -Support development and establishment of gender responsive market intelligence, information and communication for PVC entrepreneurs | ASDSP, AFA, County governments | December 2020 |
| | | -Support PVCs processes for product branding and compliance with local and international standards | ASDSP, KEBS, BRANDKE | December 2020 |
| | | -Facilitate review and development of a funding mechanism for establishment, operation and management of a market system for PVCs | ASDSP, Trade, Cooperatives, Chambers of Commerce, | July 2021 |
| | | -Facilitate strengthening of PVC platforms to be focal points for development and sustenance of market systems at the county | ASDSP, CPS, Chamber of commerce, cooperatives, | July 2021 |
| | Build capacity of PVCAs and SPs on market system development, management and operation | -Identify and strengthen SPs (including mentors, coaches and angel investors) with market systems development competencies and link them to PVCA | | |
| | | -Intensify capacity development of entrepreneurs to identify and penetrate old and emerging markets and strengthen SPs (including mentors, coaches and angel investors) with market systems development competencies and link them to PVCA | | |

| | | | | |
|---|---|---|--|-------------|
| | | Enhance marketing skills of women and Youth and build their capacities on market intelligence, information & knowledge -Intensify capacity development of entrepreneurs to identify and penetrate old and emerging markets | | |
| E. Limited access to finance and unstructured financial service support | Support development of PVC aligned funding mechanism | -Support mapping and profiling of financial institutions indicating products, portfolios and support aligned to PVC development Facilitate linkages with financial institutions (banks insurance companies, savings and credit co-operative organisations (SACCO) and microfinance institutes) and PVCAs to improve access to innovative products and services that meet specific needs and requirements of value chain actors - Initiate partnerships with financial service providers for leveraging on inclusive financing in VCD e.g. earmarking loans for women and youth in order to strengthen their participation in VCD. -Facilitate development of contractual systems that establish and sustain linkages between PVCA and market outlets within and without the value chain ecosystem | ASDSP,SPS CASSCOM ASDSP, SPs Trade, Cooperatives | March 2020 |
| | Leverage on existing resources and investments to facilitate the transition of social enterprises to commercial enterprises | -Support mapping and profiling of existing resources and investments, -Develop a database and knowledge management system to improve access to existing investments and assets -Develop a framework for leveraging and accessing existing investments and assets. | ASDSP, SPs, Programmes, Projects | March 2020 |
| F. Lack of clear monitoring, evaluation mechanisms | Develop a monitoring system with key performance indicators to check out on the transitioning of the PVCA enterprises | -Develop clear key performance gender responsive indicators for entrepreneurship, - Sex/age disaggregated data and their enterprises (-Develop reporting system for tracking on progress, -Development of an alumni profile, -Developing modalities for follow up and provision of after care services, | ASDSP, SPs | 2020 - 2022 |
| | Collating of Lessons learned and best practices and dissemination | -Collect and collate the lessons learned and best practices in implementation -Documentation and dissemination of best practices and lessons learned from PVCA entrepreneurs and enterprises created. | ASDSP, SPs | 2020 - 2022 |

Screening and Assessment Tools

Entrepreneurial Skill Sets

1. Motivation

- a. Why do you want to start the business or why are you in this business
 - i. To earn extra money.
 - ii. To earn money (only source of income).
 - iii. To supply food to the household.
 - iv. There was an opportunity to supply missing product or service.
 - v. There was a need to give back to community through the product or service supplied.

2. Creativity and Innovativeness

- a. How did you decide on the product or service(s) to provide?
 - i. Through observation of need.
 - ii. Through research.
 - iii. By seeing what my neighbour is doing.
 - iv. By learning from somewhere else (Specify).
 - v. Through training (it is what I trained on).
 - vi. Others (Specify) -----

3. Perseverance

- i. How long have you been in business?
- ii. How many businesses have you started for the number of years you've been in business?
- iii. How many of those businesses are still running?
- iv. How many of those businesses have stopped?
- v. What was the reason for stopping?
- vi. Have you encountered any challenge (s)
- vii. How did you deal with the challenges encountered?

4. Risks

- i. How do you react to failure?
- ii. How do you prepare to handle failure?

CAPACITY AND NEEDS ASSESSMENT: PVCA ENTRY FORM

| PVCA Information | | Date: |
|--|--|---------------|
| 1. Your name: | 2. Sex: <input type="checkbox"/> Male <input type="checkbox"/> Female <input type="checkbox"/> Other | |
| 3. Your address (business or personal): | 4. Age: __ <input type="checkbox"/> <18 <input type="checkbox"/> 36 - 65 <input type="checkbox"/> 18 - 35 <input type="checkbox"/> > 65 | |
| 5. Email: | | 6. Telephone: |
| 7. Your highest education completed: <input type="checkbox"/> Primary (1) <input type="checkbox"/> Secondary (3) <input type="checkbox"/> College (2) <input type="checkbox"/> Other (4) Please specify: _____ | 8. What is your preferred training/learning language? <input type="checkbox"/> English (3) <input type="checkbox"/> English & Kiswahili (1) <input type="checkbox"/> Kiswahili (2) <input type="checkbox"/> Others (Specify) ----- (0) | |
| 9. Have you attended any skills training related to your business? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes Please specify:----- ----- How long was the training:----- ----- | 10. Have you attended any management training related to your business? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes please specify:----- -- How long was the training:----- -- | |
| 11. Currently, what is your main occupation? (select all that apply to you) <div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <input type="checkbox"/> Full-time employed in public sector <input type="checkbox"/> Part-time employed in public sector <input type="checkbox"/> Full-time employed in private sector <input type="checkbox"/> Part-time employed in private sector <input type="checkbox"/> Unemployed, previously employed in public sector <input type="checkbox"/> Unemployed, previously employed in private sector </div> <div style="width: 48%;"> <input type="checkbox"/> full-time self-employed / own business ▶ Go to 19 <input type="checkbox"/> Part-time self-employed /own business) ▶ Go to 19 <input type="checkbox"/> Farming in PVC <input type="checkbox"/> Trader in PVC <input type="checkbox"/> Processor in PVC <input type="checkbox"/> Input Supplier <input type="checkbox"/> Transporter </div> </div> | | |
| 12. What is your average monthly family income (KES)? <input type="checkbox"/> < 20,000 (1) <input type="checkbox"/> 100,000 – 1,000,000 (3) <input type="checkbox"/> 20,000-100,000(2) <input type="checkbox"/> > 1,000,000 (4) | 13. What Entrepreneurship training have you attended before: <div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <input type="checkbox"/> None <input type="checkbox"/> Mind-set Change <input type="checkbox"/> Spot Opportunities <input type="checkbox"/> Business Planning </div> <div style="width: 48%;"> <input type="checkbox"/> Start Business <input type="checkbox"/> Improve Business <input type="checkbox"/> Expand Business <input type="checkbox"/> Other (Specify)----- ----- ----- </div> </div> | |
| | | |

Business Starters

| | |
|--|--|
| <p>14. Do you have a concrete and feasible business idea?</p> <p><input type="checkbox"/> No, not yet (0) ▶ Go to 32</p> <p><input type="checkbox"/> Yes (1) → Please describe:</p> <p>If you already have a business plan, what would you like to do with it?</p> | <p>15. For the business you intend to start, do you currently have the necessary technical skills?</p> <p><input type="checkbox"/> No <input type="checkbox"/> Yes</p> <p>If No, What technical skills to you require?</p> <p>-----</p> <p>-----</p> |
| | <p>16. For starting the business, do you intend to ask for a loan from a bank or any other institution?</p> <p><input type="checkbox"/> No <input type="checkbox"/> Yes</p> <p>If No explain source of funding: -----</p> <p>-----</p> <p>---</p> |
| <p>17. Please explain why you want to start a business:</p> | <p>18 When do you intend to start-up?</p> <p><input type="checkbox"/> within 3 months (1)</p> <p><input type="checkbox"/> within 6 months (2)</p> <p><input type="checkbox"/> within 1 year (3)</p> <p><input type="checkbox"/> after 1 year (4) ▶ Go to 30</p> |

Business Owners

| | |
|---|---|
| <p>19. What is your current line of business?</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <input type="checkbox"/> Agro dealer <input type="checkbox"/> Agro Trader <input type="checkbox"/> Agro Producer </div> <div style="width: 45%;"> <input type="checkbox"/> Agro Processor <input type="checkbox"/> Transporter <input type="checkbox"/> Other (specify): <div style="border-bottom: 1px solid black; height: 15px; width: 100%;"></div> </div> </div> <p>Do you intend to remain within this line of business?</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <input type="checkbox"/> YES <input type="checkbox"/> NO. Please specify what line of business you are interested in: <div style="border-bottom: 1px solid black; height: 15px; width: 100%;"></div> </div> <div style="width: 45%;"></div> </div> | <p>20. Describe your primary business activity (business trade):</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <input type="checkbox"/> Service Specify type of services----- <div style="border-bottom: 1px dashed black; height: 15px; width: 100%;"></div> <div style="border-bottom: 1px dashed black; height: 15px; width: 100%;"></div> <div style="border-bottom: 1px dashed black; height: 15px; width: 100%;"></div> </div> <div style="width: 45%;"></div> </div> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <input type="checkbox"/> Product Specify type of Product----- <div style="border-bottom: 1px dashed black; height: 15px; width: 100%;"></div> <div style="border-bottom: 1px dashed black; height: 15px; width: 100%;"></div> <div style="border-bottom: 1px dashed black; height: 15px; width: 100%;"></div> </div> <div style="width: 45%;"></div> </div> |
| <p>21. Name of this business:</p> | <p>23. What is your position in the business?</p> |

| | | |
|---|--|---|
| 22. When did you start your business? <input type="checkbox"/> Less than 1 year ago (0) <input type="checkbox"/> More (1) : first commercial month: __ . __ (mm.yy) | | <input type="checkbox"/> Owner/Manager (1) <input type="checkbox"/> Owner/ <u>Not</u> manager (2) <input type="checkbox"/> Shared owner (3) <input type="checkbox"/> Employee /Coop member (4) |
| 24. How many customers on average does your business have on daily basis? <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <input type="checkbox"/> < 5 (1) <input type="checkbox"/> 5 – 10 (1) <input type="checkbox"/> 10 – 20 (2) </div> <div style="width: 45%;"> <input type="checkbox"/> 20 – 50 (2) <input type="checkbox"/> 50 – 100 (3) <input type="checkbox"/> > 100 (3) </div> </div> | 25. What are your average daily sales (KES)? <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <input type="checkbox"/> < 500 __ (1) <input type="checkbox"/> 500 – 1,000 __ (1) <input type="checkbox"/> 1,000 – 2,000 __ (2) </div> <div style="width: 45%;"> <input type="checkbox"/> 2,000 – 20,000 __ (2) <input type="checkbox"/> 20,000 – 50,000 __ (3) <input type="checkbox"/> > 50,000 __ (3) </div> </div> | |
| 26. Do you own any of the following business assets? <input type="checkbox"/> Machinery, including any generators, small and medium machines used in your business <input type="checkbox"/> Tools, including anything you use to conduct business <input type="checkbox"/> Equipment, including vehicles and transport products <input type="checkbox"/> Land, if belonging to the business. This includes land for any buildings (acres) <input type="checkbox"/> Buildings, if belonging to the business | | |
| Own land and buildings (business space): <input type="checkbox"/> Sufficient land and sufficient space (1) <input type="checkbox"/> Insufficient land and sufficient space (2) <input type="checkbox"/> Sufficient land and insufficient space (3) <input type="checkbox"/> Insufficient land and insufficient space (4) <i>Please describe your most important asset(s):</i> | Own means of transport: <input type="checkbox"/> Animal traction (1) <input type="checkbox"/> Bicycle (2) <input type="checkbox"/> Small vehicle (3) <input type="checkbox"/> Large vehicle (4) <input type="checkbox"/> More vehicles (5) | Own tools, machines, etc: <input type="checkbox"/> Simple tools (1) <input type="checkbox"/> Small machine (2) <input type="checkbox"/> Small machines (3) <input type="checkbox"/> Computers (4) <input type="checkbox"/> Big machine (5) <input type="checkbox"/> Big machines (6) |
| 27. How many people do you employ?: __ employees (including the owner) out of which __ women, ---Youth; <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <input type="checkbox"/> Mostly full time employees, all paid a salary (1) <input type="checkbox"/> Mostly part time workers, all paid a salary (2) <input type="checkbox"/> Mostly family members, paid a salary (3) </div> <div style="width: 45%;"> <input type="checkbox"/> Mostly full time employees, not all paid a salary (4) <input type="checkbox"/> Mostly part time workers, not all paid a salary (5) <input type="checkbox"/> Mostly family members, not all paid a salary (6) </div> </div> | | |
| 28. Is your business currently registered? <input type="checkbox"/> No (0) <input type="checkbox"/> Yes (1); <i>If yes, with whom:</i> | 29. Do you have more than one business? <input type="checkbox"/> No (0) <input type="checkbox"/> Yes (1) <i>Please specify:</i> | |

30. Are you a member of an association or value chain platform?

☐ No (0) ☐ Yes (1); If **yes**, please specify which one: _____

31. Does your business have access to finances? If yes, please specify:

- ☐ Governmental or non-governmental organizations;
- ☐ Banks that have a small business window;
- ☐ National and international donor development agencies;
- ☐ Credit unions / cooperatives;
- ☐ Community programmes
- ☐ Other, please identify: _____

32. What are your plans for the business in the near future?

- ☐ Remain with / strengthen same business (1) ; ☐ Start new business activities in addition to existing one (2)
- ☐ Start new business, replacing old one (3) ; ☐ Do not know (4)

PVCAs SELECTION TREE

With this tool, CPS can determine if PVCA fulfill ASDSP Entrepreneurship selection criteria and which type of Entrepreneurial capacity Development suits the PVCAs best. The numbers in brackets refer to question on the Entrepreneurial Skills Assessment Form.

