Partnership between CGA and EAML in Kenya: **an example to follow?**

Partnerships between farmers and brewing companies create challenges, risks and opportunities for both parties, from competition with food crops and impact on food security and sustainability, to empowering farmers and developing local value chains and models of governance. An example from Kenya.

More and more beers are being produced from local raw materials in Africa, particularly sorghum and manioc. Those beers are helping address challenges such as relocating the value chain, providing economic opportunities for African farmers, and promoting environmental sustainability, such as in the case of sorghum.

Augustin Douillet - FERT

In 2018, East African Breweries Limited (EABL) – a Kenyan company in which the multinational Diageo holds a 50% stake – set up a malting facility in Kisumu, in western Kenya, with the objective of sourcing white sorghum locally. In order to optimise the supply chain, EABL's subsidiary East Africa Malting Limited (EAML) called on an experienced farmers' organisation (FO) called Cereal Growers Association (GGA). Back in 2013, when the government imposed a 50% tax on the sale of sorghum beer, EAML and CGA organised a joint lobbying campaign, which was ultimately successful. The government announced an amendment allowing for a 90% discount on excise duty for sorghum beer, which helped revive demand. EAML then announced that it would renew its contracts with small-scale sorghum farmers. This initial collaboration created a strong bond between the two entities, which led to a partnership agreement.

An economic opportunity for farmers

Under the partnership arrangement, CGA is in charge of mobilising farmers within groups to facilitate sales to the company, and offering them training in best agricultural practices to boost their productivity. CGA is not paid by EAML for its work supervising farmers. Rather, the organisation simply fulfils its mission to help its members gain access to the market, secure outlets, inputs and financial services (particularly loans for inputs). By developing the local supply chain, this partnership has helped farmers boost their income and improve their living conditions. In the past, sorghum was not considered an income-generating crop. Farmers used to depend mainly on maize for their food and income, but maize needs a lot of water to grow and is therefore poorly adapted to semi-arid zones.

Food security and sustainability

Partially replacing maize with commercial sorghum presents the advantage of ensuring a more secure harvest and a guaranteed market, and enabling households to buy wheat flour, cornflour and bean flour. What's more, through the agricultural advisory services that CGA offers farmers on crop-management techniques, the adoption of sorghum creates a virtuous circle. Promoted as part of a crop rotation with legumes, which build soil fertility (such as common beans and mung beans), sorghum is better adapted to the local climate and allows farmers to diversify their diet and income.

Risk of dependency

CGA is not directly under contract with EAML. It plays an intermediary role, strengthening the negotiating power of farmers vis-à-vis the company. It also acts as a trusted third party, providing reassurance to both parties. EAML's monopoly situation in Kenya's sorghum market for beer production places farmers in a situation where they become dependent. This is a common scenario in beer value chains at international level, given the critical size of malt houses. And yet, EAML is totally dependent on CGA's farmers to supply its facility (the national sorghum supply is still well below the company's needs). CGA is also working to diversify outlets for sorghum farmers. It supports the Kenyan government's food-fortification policy – the "Flour Blending Policy" –, which includes sorghum and will thus provide an alternative market for farmers.

Financial model and governance: risks for the continuation of the partnership

There are questions regarding the financial sustainability of the current arrangement: EAML does not provide funding for the technical and organisational assistance that CGA provides to farmers. CGA's work is funded by mobilising project funds from donors, which ultimately benefit EAML. If the projects come to an end, the FO will no longer be able to supervise or mobilise the farmers. To address this risk, CGA is currently exploring different scenarios. One scenario would be to negotiate a commission with EAML based on sorghum volume to reflect the added value of its work. Another would be to use the financial surpluses from the more lucrative wheat sector to cover those costs.

One other reservation has to do with the current governance model, which provides for the presence of "associate members, upstream and downstream companies with which CGA has privileged ties (advertising, networking with farmers and test platform). For the moment, there are none on the FO's board of directors. But those privileged relationships with multinationals defending an industrial agriculture model pose a challenge all the same for the sustainability model promoted. ■

FOR MORE INFORMATION:

This article is a summary of Inter-réseaux's experience-assessment report on the partnership between CGA and EAML, which is available here (in French): https://bit.ly/3vxmexG