

First Malawi OVOP Training in Kenya (04-15 February 2013)

TRAINING REPORT **February 2013**

TABLE OF CONTENTS

1.0 INTRODUCTION	
1.1 Introduction-----	3
1.2 Objective of the Training-----	3
1.3 Overall Goal-----	4
1.4 Expected Outputs-----	4
2.0 OPENING CEREMONY	
2.1 Ms. Kazuyo Kaneko (JICA KENYA)-----	4
2.2 Mr. Shadrack Mangwiro (OVOP Malawi)-----	5
2.3 Mr. David Magwaro (Ministry od Industialization)-----	6
3.0 COUNTRIES REPORT	
3.1 Malawi-----	6
3.2 Kenya-----	7
4.0 LECTURES AND FIELD VISIT	
4.1 KIBT-----	9
4.2 KIE-----	11
4.3 Honey Care Africa-----	14
4.4 Cooperative Collage-----	15
4.5 SoMCoDI-----	18
5.0 FIELD TRIP	
5.1 Presentation from DIDO-----	20
5.2 Jitunze Group-----	21
5.3 Neetle World-----	21
6.0 PACKAGING SEMINAR	
6.1 Presentation from packaging consultant-----	23
6.2 Presentation from packaging companies-----	24
6.3 Presentation from KEBS-----	27
7.0 GROUP DISCUSSION	
7.1 Group Discussion 1-----	28
7.2 Group Discussion 2-----	30
8.0 WRAP UP AND CLOSING CEREMONY	
8.1 Mr. Shadrack Mangwiro (OVOP Malawi)-----	32
8.2 Mr. Kazumasa Sanui (JICA Kenya)-----	33
8.3 Certificate Distribution-----	34
9.0 CONCLUSION AND RECOMMENDATIONS-----	34

1.0 INTRODUCTION

1.1 Introduction

“Strengthening the Capacity of OVOP Programme for Delivering Services to OVOP Activities in Malawi” started on 7th April 2011 and will end in 6th April 2016. The overall goal of the project is to ensure that Income level of the local community engaged in OVOP movement is increased by producing value added goods and services which are marketable nationally and internationally, by using locally available resources. The Project Purpose is to ensure that the capacity of OVOP Secretariat and Assistant Cooperative Liaison Officers for delivering services to OVOP activities at local level is strengthened.

Over 40 OVOP products were now broadly spread among Malawian local markets and getting accepted, however, barely some of OVOP business practitioners had tried out their ideas into implementation. Despite Malawian domestic market is shrinking, emerging markets are much more attractive but unfortunately the presence of OVOP group business is not strong. OVOP is seen as one of the strategy to get into income generation, but bringing new business ideas and services for putting more value addition is critical challenge for effective business attitude and proper management as cooperative.

Counter Part Training in “Promotion for One Village One Product in Kenya” is specially established for joint working team which consists with Assistant Cooperative Liaison Officers and One Village One Product Group Representatives to improve basement of small business skills for promoting their business.

Upon successful completion of the course, participants are expected to;

- 1) Understand the concept and process of OVOP activities in Kenya;
- 2) Build up small business management know-how from good practices of Small and Medium enterprises and cooperatives;
- 3) Identify practical business idea through field visits, workshop, and discussions and;
- 4) Acquire the benchmark necessary for small business development

1.2 Objective of the Training

This training focused on the capacity development, especially targeted to OVOP group representatives and Assistant Cooperative Liaison Officers (ACLOs) for expanding their business skills.

For OVOP Groups

- 1) OVOP Groups could identify the several business models and discuss the breakthrough method from the business obstacles in the field.
- 2) OVOP Groups could identify the business ideas which is available to use in their group/community from the experience from good practice case study in Kenya
- 3) OVOP Group participants must share the ideas which discovered from the ideas from Kenya among group members, and decide the action plan with timeline.

For Assistant Cooperative Liaison Officers (ACLOs)

- 1) ACLOs could develop facilitating skills through field visit discussion, and guiding the view of business model for OVOP Group participants.
- 2) ACLOs could enhance their skills of facilitator, and compile the ideas of business model and business ideas together with OVOP Group participants.
- 3) ACLO must organize the meeting with OVOP Group members to share the experience

and ideas which they learned from Kenya and facilitate to make action plan with OVOP Group

1.3 Overall Goal

Community capacity development utilizing the concept of OVOP will be promoted in Malawi.

1.4 Expected outputs

Community capacity development plan utilizing the concept of OVOP will be formulated through the training and be implemented.

2.0 OPENING CEREMONY

The 1st Malawi OVOP Training was officially opened by Mr. Magwaro (Deputy Director of Ministry of Industrialization, Kenya)

2.1 Remarks by Ms. Kazuyo Kaneko

Project Formulation Advisor, JICA Kenya Office (on behalf of Chief Representative of JICA Kenya Office, Mr. Hideo Eguchi)



Mr. Kaneko gives his opening remarks

In her opening remarks, Ms. Kaneko from the JICA Kenya Office welcomed all participants to Nairobi especially those visiting for the first time. She thanked the Ministry of Industrialization and their field staff for the support they have offered during the preparations for this training. She noted that the OVOP concept is built on the three main principles, namely (i) self-reliance and creativity (ii) human resources development, and (iii) thinking locally but acting globally. Local people take the lead, independent of

external factors and largely on their own creativity and self-reliance, to make unique products from local resources and to attract both local and external markets.

Malawi was hailed for being the first African country to implement the OVOP concept and currently the concept has spread to over ten countries. This has improved livelihoods in rural communities with improved incomes. She hoped that many more countries will join the OVOP concept. The training has blended both class and field training for participants to understand how theory can be put into practice, while reviewing lessons from the best practices in the field.

OVOP models vary from country to country and each country has something to learn from the other. She noted a few similarities between Malawi and Kenya model such as government instructions support arrangements. The most important factor across countries is the initiative and practical innovation by local residents, with the necessary government support. She thanked the participants for attending the training and wished them an exciting learning experience.

2.2 Remarks by Mr. Shadrick Mangwiro OVOP Secretariat Malawi



Ms. Mangwiro gives his opening remarks

The representative from Malawi who is the head of the OVOP secretariat in the Ministry of Industry and Trade noted that the program was officially kick started in the country in 2007. The program is implemented in various Districts where pilots were done followed by a baseline survey.

The secretariat produces periodical newsletter reporting on various activities twice a year. There are a number of achievements that have been documented amidst various challenges highlighted below;

- Low literacy levels in groups
- High requirements by Malawi Bureau of standards

- Proximity of OVOP secretariat which is Lilongwe – far from groups

The various OVOP groups in the districts are usually run as cooperative societies. The various groups represented made presentations of their activities to the training.

2.3 Remarks By Mr. Magwaro (Deputy Director of Ministry of Industrialization, Kenya)



Mr. Magwaroo gives his opening remarks

In the remarks made by Mr. David Magwaro the Deputy Director in the Ministry of Industrialization on behalf of the Permanent Secretary, he welcomed the participants in the county. He noted that Malawi and Kenya have common historical ties since both were colonies of the UK. Currently they have common interests since Kenya imports maize from Malawi when there is shortage in the local market.

A number of government officials especially from the Ministry of Industrialization have been to Malawi to get acquainted with the OVOP concept and its practice. Receiving participants from Malawi is a gesture of reciprocity for the two countries to continue exchanging experiences. He hoped that such training should be held in future on alternating basis not only between the two countries but also extend to other African countries implementing OVOP. He wished the participants success in the training and declared the training officially open.

3.0 COUNTRY REPORTS

Malawi and Kenya presented a report on their OVOP implementation.

3.1 Malawi

Mr. Shadrack Mangwiro explained especially OVOP Phase 2. Representative of each districts also explained their activities and current situation.



Presentation by ACLO

<Summary of their presentation>

Achievement

:JICA president award, Set up IT network for ACLO, Annual review meeting, OVOP award

Output

1 Capacity development for OVOP sec and ACLO
(Quality control, business development, etc)

2 Market linkage
(Tradeshaw, exhibition, etc)

Challenges

- 1 Market linkage
- 2 MBS certification
- 2 Capacity development to ACLOs
- 4 Understanding OVOP Concept

(Q) How to solve the challenge especially about sustainability of OVOP implementation?

(A) We Malawi have advantages of Government financial support (90% procurement of machinery for government). Political commitment solves better graduation financial reliance on JICA budget.

3.2 KENYA

OVOP Kenya coordinator gave them brief explanation of Kenya OVOP.



Presentation by OVOP Kenya

The OVOP programme in Kenya was introduced in 2007. It is one of the proposed action plans under the Industrial Master Plan currently being implemented under technical assistance from the Government of Japan.

Now OVOP Kenya is enjoying phase 2. One of the points of his presentation is to collaborate with several stakeholders. The stakeholders that were mentioned include; commercial banks, MFIs, training institutions, KEBS and so on. To make a good relationship with stakeholders is a key to provide good quality service to OVOP groups.

(Q) What is ILO Corp Africa Assistance?

(A) Assistance for small cooperative in Africa. In Kenya case, two OVOP groups received 20,000\$ each.

(Q) What is the advantage of cooperative?

(A) There are two levels of registration.

1) SHG (Self help, Group)

Ministry of social services issues SHG certificate. (Not a regal entity)

2) Cooperative

Ministry of Cooperative (Regal entity, annual fee is higher than SHG)

*Small groups first form SHG and then move to register as cooperative when they grow bigger.

(Q) What is the support by OVOP Kenya?

(A) Most of the support is capacity building. Others are to have exhibition for sales promotion.

(Q) What is community leader training?

(A) We choose candidate group leaders to have group management, conflict solution and so on.

4.0 LECTURES and FIELD VISIT

4.1 Kenya Institute of Business Training (KIBT)



Presentation by KIBT

The Kenya Institute of Business Training (KIBT) is an institution under the Ministry of Trade which that was established in 1966. KIBT supports One Village One Product (OVOP) by offering trainings in entrepreneurship to MSMEs operators. It offers business counseling and extension services to MSMEs operators

- They conduct business based research and consultancy for MSME and other stakeholders.
- Organize tailor made training programmes for various institutes on need basis.
- They target business groups, retirees, Community Based Organizations, youth, religious groups, NGOs etc. Employees of public and private organizations are also covered.
- They collaborate with Micro Finance Institutions, Ministry of Industrialization, Ministry of Labour, Export Promotion Council and other government agencies.

Some of the areas of collaboration include;

- OVOP, trade training for SME exporters, Productivity Centre of Kenya capacity building, among other areas.
- Development of OVOP curriculum jointly with the OVOP secretariat
- Deployment of experienced trainers to deliver quality training
- Implementation of training in selected counties
- Review curriculum jointly with OVOP secretariat

Major areas of training; OVOP record keeping, Profit and Loss account, marketing, market research, exposure to MFI, product quality, certification and procedures

Challenges

- Inadequate marketing skills
- Poor record keeping
- Competition from imported products
- Lack of capital
- Weak linkages with support institutions
- Minimal exposure to market requirements

(Q) What is the role of politician for OVOP implementation in Kenya?

(A) Constituency Development Fund is one of political fund. It can be used for basic infrastructure. (Grant)

(Q) What tactics do you do to make training effective other than methodology?

(A) Time allocation (5days), Using easy language.

(Q) How to solve the Challenge in competing with imported products from China.

(A) Establishing local market, improving in quality.

(Q) Difficulty in bringing new idea to local community. What initiative can be made?

(A) Giving gradual attitude. Convert one and it can convince others.

(Q) How do you collaborate with KEBS

(A) KEBS is parastatal under MIT.

(Q) How do you keep sustainability of project in the change of political situation like MP's change?

(A) Keep reminding in some extent. Keep encouraging about self reliance.

Keep explain lifespan of the business

(Q) What are the keys in succeeding implementation of OVOP?

(A) Leading Ministry do coordination through secretariat in collaboration with many different institutions.

(Q) How many OVOP products have KEBS in Kenya?

(A) Not many. It is not easy to get KEBS

4.2 Kenya Industrial Estates (KIE)



Presentation by KIE

Kenya Industrial Estates was started in 1967 as a subsidiary of the Industrial and Commercial Development Corporation (ICDC) in order to extend financial services to the country.

They provide medium and long term machinery, equipment and finance to MSME for expansion, modernization or rehabilitation

- Provision of industrial sheds/incubators to MSME in the country.
- Provision of business development and advisory services
- Provision of credit for short term working capital and equipment financing.

Credit is offered to an entrepreneur who contribute to industrial growth through value addition in the following priority sectors; manufacturing, building and construction, food processing, service industry and chemical industry.

Requirements

- Business must be viable
- Must have sound management put in place
- Must be from the relevant sector
- Demonstrate sound financial management skills
- Provide sufficient collateral to secure required amount
- A bankable business plan for star ups
- Applicants to have good credit history

Main areas of emphasis

Contribution to rural industrialization, value addition, job creation, export promotion, import substitution, gender parity and youth development

Challenges

- Perception that government funds are free
- Socio economic financial considerations – like supporting marginalised groups
- Lack of entrepreneurial capacity and insufficient funding
- Lengthy processing period (2-6 months)
- Weak or difficult in availing securities
- Unfair trade practices and competition from cheap imports

Measures

- Objective appraisal by competent staff
- Sector selection is crucial
- Size of loans to be optimum
- Cost of credit must be affordable
- Avoid political interference

(Q) What is the structure of getting loans from KIE?

(A) We require business proposal/plan. Security must be ensured.

(Q) How do you assist business without enough security?

(A) We ask them to get guarantors who can support them. (group guarantee)

(Q) Is there any system to check multiple loans from several different institutions?

(A) There is a system of checking financial records in the nation.

(Background checking – If you poorly paying, you will be black-listed)

(Q) What is the model of payment?

(A) Grace period – Between 3-6months

Interest rate – 15% annual

Payment period differs for type/amount

1-2year/working capital 5years/machinery

(Q) How loans are paid in Malawi?

(A) Most of cooperatives lend money from government. In case of default, normally we are supposed to dedicate the property. Cooperative encouraged to have balance in their account.

(Q) Is there way to encourage them to repay well?

(A) We send advisors to watch the business operation.

(Q) What is the solution for machinery breakdown?

(A) We give grace period while breakdown.

(Q) How is default handling? How long is the person have to wait once failed in payment?

(A) Unable to borrow for 7years once you have black- listed.

(Q) Do you have third party institute to check financial history?

(A) Credit Reference bureau

Field visit

Participants had an opportunity to visit three KIE's clients in industrial area.

(Leather masters Ltd, Makiga engineering services Ltd, SUPACOSM Products Ltd)



Leather masters Ltd



Makiga engineering services Ltd



SUPACOSM Products Ltd

Those clients enjoy the service provided by KIE, especially following services.

- *Industrial Estates Development & Incubation services
- *Financial support services
- *Business advisory services

And there is a good relationship between clients and KIE.

4.2 HONEY CARE AFRICA



Langstroth Beehive and facility

Honey Care Africa is a for-profit social enterprise that has launched its business in a Beehive program to provide smallholder farmers in rural areas with the inputs, training, services and market access necessary to become commercial honey producers.

FLOW of the activities of Honey care member
1 Registration

- 2 Buy hives with a loan or cash
- 3 Attend training
- 4 Watch five colonize
- 5 Maintain and inspect
- 6 Harvest and collect
- 7 Honey care buy for it
- 8 Honey care processes in Nairobi
- 9 Honey care sells the final product

Benefits of honey care member

- : More income – at least 4,500Kshs per hive per year
- : Guaranteed purchase of honey
- : High quality langstroth beehives
- : Beekeeping training
- : Ongoing technical support so hives produce more honey
- : Financing through MFI partners
- : Less than 4 hours work each month
- : Bees polinate crops increasing harvest 15-30%

Honey care Africa is not only one of BDSP but also buyer. And they also pay attention to environmental impact for sustainable business. For OVOP implementation in Africa, it is really required to collaborate with this kind of institutions. (Same as Ecopia in Ethipopia).

One of the participants bought this beehive as a sample. We expect to see tangible result through this new beehive.

4.4 COOPERATIVE COLLAGE



Cooperative College



The participants had the opportunity of getting acquainted with the cooperative movement in Kenya at the Agricultural Training College which is housed by the Cooperative College under the Ministry of Cooperative and Marketing.

Cooperative movement was meant to empower people socially and economically through mobilization of their resources. Cooperatives have roots in the Africa traditions where people were encouraged to pull and work together. Cooperative Values are self-help, self-responsibility, democracy, equality, equity and solidarity

The movement has evolved over time especially in Kenya due to the support from various policy documents and sessional papers. Cooperative development need to pursue cooperative activities in conformity with respective sectoral objectives. It is a unifying factor for the people with common interests

1. Promotion of marketing and processing channels
2. Offers investment opportunities
3. Financial access for the low income earners

The Kenya government decided to liberalize the Cooperative sector in order to allow flexibility for growth. As a result of this, the management of the cooperative was placed in the hands of the members while the government created an environment conducive for cooperative growth. Currently cooperative societies are autonomous, member controlled, self-reliant, commercially viable and operate within the internationally accepted cooperative principles.

SACCO Societies Regulatory Authority

- License SACCO societies to carry out deposit taking business
- Regulate and supervise licensed SACCOs
- Protect interests of members of SACCO Societies
- Protect the development of SACCO societies
- Levy contributions in accordance with the Act.

Membership is open and voluntary and societies are democratic encouraging member economic participation, autonomy/independence, education, training and information, cooperative among cooperatives, concern for community. Men and women have equal voting rights and decisions are done through consensus while policies are approved by members.

(Q) No. of shares a member can buy to avoid bias (dominating the Co-operative):

(A) maximum 1/5 (20%)

(Q) What should be done if a Co-operative fails to give dividends at the end of the year?

(A) Co-operative is its members, members must decide.

(Q) Why do we still have governance challenges in most Co-operatives when we have a Co-operative management model?

(A) We still have many sinners although we have the Bible and Quran, Gita,

(Q) What happens when a Co-operative fails to make profits at the end of the year?

(A) Can fail, or interventions can be made to turn it around

(Q) What kind of training should be made for Co-operatives utilize the Co-operative management model?

(A) Sensitization to change mindset, attitude change, paradigm shift.

(Q) How can we motivate increased political will towards Co-operative development in a country?

(A) Kenya example: sensitize policy makers, make them form their own Co-operative (including Parliament SACCO)

(Q) How many members should constitute the Executive Board in order to run it effectively?

(A) As per Co-operative Laws, regulation and internal regulations. 4: Chair, Secretary, Treasurer, Vice-Chair

(Q) What is the good number of the Executive Committee members?

What steps/stages should we follow to transform Co-operatives into business enterprises?

(A) Sensitization, training, systems, and increased member participation, professionalization of management

(Q) What should Co-operatives do when their national Governments are not showing interest in Co-operative development?

(A) Sensitize them! Lobbying and advocacy, apex Co-operative representation has this role

(Q) How do Co-operatives increase their membership?

(A) Service delivery, good returns on investment

(Q) What should be done first if the Co-operative has less capital to run its business?

(A) Sell more shares to members, borrow from financial institutions

(Q) What are the Income Generating Activities (IGAs) of Co-operatives in Kenya. Are Co-operatives in Kenya depending on shares only?

(A) No! many Co-operatives have core activities and secondary activities. Meru Central Farmers' Union has a flour mill, a dairy processing plant, animal feeds factory, a hotel, a petrol station and a bank!

Examples of products / services that Kenyan Co-operatives are selling internationally. Handicrafts, milk and dairy products, coffee, tea, pyrethrum

(Q) Can District Co-operative Officers (DCOs) help in giving out dividends when asked by the Committee of the Co-operative?

(A) Use banks to make any payments to members! Let agricultural Co-operatives also allow members to establish Savings and Credit Co-operatives (SACCOs) through which members can be paid for their produce!

Kiambaa Dairy Farmers Cooperative



Facility and Yoghurt

Participants got an opportunity to visit the above cooperative which was formed to market dairy products. The society belongs to members who have met joining requirements. The Society has elected officials representing nine regions. The operating capital has been raised from the contributions from the members since bank loans are very expensive to service. The Cooperative Society has a total of 2,500 members out of which only 1,700 are active.

1. They collect milk from various collection centers for chilling and marketing.
2. They also provide credit facilities to the members of the Society
3. They have a management that carries out marketing of the milk, risk assessment to ensure minimum losses and maximum returns.
4. They also have a staff capacity of 50 members who carry out other businesses to supplement their income such as water distribution and car washing.

Lessons from the field

1. It is important to hire qualified professionals on merit in order to run the society professionally, even if they're members of the society.
2. Staff members need to have realistic target that are verified monthly.
3. Consultations are key before approval of all the important decisions.

The management board is usually trained by the Ministry of Cooperative and Marketing. Depending on the performance of the society, members are paid dividends at the end of the year

4.5 SOMCODI

Songa Mbele Community Development Initiative (SoMCoDI) initiated by Sister Veronica Thiga is a good example of an innovative extension model which tries to release the potential of farmer groups through the mobilization and utilization of locally available resources.



SoMCoDI was allocated an old building at KARI

SoMCoDI started off with 10 groups in 1989 and has grown to over 451 groups with a membership of about 16,732 members in June 2012. The programme covers whole country.

The Objectives of SoMCoDI Include: empowering the community for mobilization and sustainable utilization of locally available resources at their disposal, poverty reduction, food security promotion and empowerment of women, men and youth economically through trainings in processing and value addition using the LIP approach.

Livelihood Improvement Practice (LIP) for rural community Development

SoMCoDI uses LIP approach to achieve rural development. The approach capitalizes on locally available resources in terms of improving the existing situation. The method focuses on controlling expenditure to generate capital.

Value Addition through agro-processing

SoMCoDI helps the farmers to reap more from their produce through value addition. For instance, the farmers are encouraged to process yoghurt as opposed to selling raw milk. This fetches them more after sale, hence improving their livelihoods. They are also taught to process other foods like bananas and cassavas and make crisps, flour, cakes, etc. Other value addition activities that the participants observed were fruit juice processing, beadwork, tie and dye of fabrics, avogado soap making, vegetable drying and weaving. SoMCoDI guides and facilitates some of the groups trained to meet the eligibility requirements for them to attain certification from the Kenya Bureau of Standards (KEBS), enabling them to sell their produce in supermarkets.

5.0 FIELD TRIP

5.1 Presentation from DIDO

Participants traveled to Nyeri North, a district in Kenya's Central Province and one of the target districts. Mr. Kugo District Industrialization Development Officer (DIDO) gave a brief of OVOP implementation in Nyeri North, where participants would visit 2 groups. The project area has a population of around 240,000.



Presentation by DIDO

The main economic activities in this area are:

- Food and cash crop farming
- Livestock farming (dairy cattle and goats, rabbits, poultry, beef cattle and beekeeping)
- Horticulture (summer and cut flowers, vegetables)
- Tourism (the father of the Scout movement, Baden Powell and his wife are buried there, and many scouts visit it every year. It is also home to Tree Tops Hotel, where the reigning Queen was holidaying when she became Queen)
- Manufacturing

They have OVOP District Committees (ODC), whose membership is government field officers.

(Q) What is the challenge now you face?

(A) Many challenges there. One thing is to change the mind of OVOP group member. They are lacking of business mind.

(Q) Is there any financial assistance from DIDO?

(A) Provision of linkage between financial institutions and OVOP groups.

(Q) Any other challenges?

(A) Packaging is one of crucial issues.
Not only knowledge of packaging but also procurement.

5.2 Jitunze Group



Facility and Trout

This is a self-help group whose main specialty is to produce Trout species of fish for the tourism market. The group has officials who also have various management responsibilities of running the business. The business is located on the slopes of Mt. Kenya enjoying smooth flow of river water from the mountain which flows into the fish ponds and is released to be used downstream.

They are occupying land which I owned by the government and are paying some fee to the government. They are also carrying out training to various groups that are interested in entering into fish farming.

5.3 Neetle World



Field and product



Sealing by manual

Nettle World was established in 2005 with an aim of promoting the use of natural stinging nettle (*Urtica Massaiica*)/Sandalwood (*Osyris Lanceorata*) This was after noting the malnutrition in the community and also the strong medicinal value of the plants. In conjunction and partnering for more information and research with relevant institutions like the Ministry of Industrialization, Ministry of agriculture, KEFRI, KEBS and others, Nettle Woods decided to domesticate the elephants for commercial purposes. Since then Nettle World has penetrated the market with stinging nettle products under the brand name NETO

The group is run by various officials who are elected by members. They have rented out a farm where the Nettle is grown

Processing and packaging is done through manual system and the product already has KEBS certification making it eligible to be sold in the local supermarkets. The product is packaged in various sizes that end up retaining at different prices.

6.0 PACKAGING SEMINAR

6.1 Presentation from Packaging Consultant



Presentation by Packaging Consultant

Branding as competitive edge for MSME

Branding is part of marketing and this is an activity of creating, communicating, delivering and exchange offerings that have value to customers, clients, partners and society at large.

Identification of customer needs and meeting them is key.

Producers move from products focus to customer focus and know that customer is a moving target.

Need to develop new products, innovation and creativity

Strive to maintain old customers and long term customers as part of customer retention.

Brands act as value enhancers for enterprises and enhance customer loyalty.

Fundamentals of packaging

Packaging is key for product safety, consumer acceptance, retailer requirement, product preservation, logistical concerns.

Packaging principles – containment, compatibility, retention, restraint, separation, cushioning, clearance, support, maintain, prevent abrasion, weight distribution, shock prevention, visibility, closure instructions.

Packaging materials; paper, paperboard, corrugated board, plastics, glass, textiles, wood and inks.

Importance of packaging- usability, carries vital information, keeps hazardous products away, nutritional information, ethical consumerism, safe handling ad use and tracing manufacturing information.

Labeling and bar codes

Labels – a paper, polymer or material fixed to a container or article on which is printed a legend information of the product, address etc.

Labels – provide product information, product instructions and enable consumers to make choices.

Bar codes – these are 13 digit GSI/EAB Bar Codes whose main purpose is to enable the products to enter supermarkets both locally and internationally.

Identification keys and other standard data are translated into barcode format and may be captured automatically by scanners which also transmit data to computers for further processing.

Bar codes – improve stock control, improve shelf space management, check productivity gains, accurate pricing, accounting savings and fast efficient services

Producer benefits – no price tags on brand names, feedback on product movement, feedback on new product performance, improved product planning, market strategy optimization, product price, promotion, place.

(Q) How small groups can get access the barcode system? Shall we ask supermarket to give us their own barcode system?

(A) There are two choices.

Establish partnership with a supermarket to give their barcode system.

Bring products to supermarket as a commodity and let them package it under their brand.

(Q) What happens to barcode when the information (e.g. price or quantity) has changed?

(A) All the information should be updated in computer system in supermarket or other institutions.

*Branding as a competitive edge of MSMEs

(Q) Customer still go for the fake or copy product of famous brand. What should we do this matter?

(A) Big problem in branding in Africa and all over the world.

Product might be poor quality and government have to work on protecting registered brand.

6.2 Presentation from Packaging Companies

General Printers Limited



Presentation by GPL



GPL Products

It was founded in the year 1967. GPL currently has 200 employees in Kenya with an Installed capacity of 10,000 Tons Per Annum and Share capital & reserves of KSH 560 million (approx. USD 8.5 million) GPL started as a commercial and book printing company and was a brand name to reckon with in the publishing industry. After having achieved the excellence in the technology of printing, GPL in 1976 started diversifying its scope by making a move into flexible packaging printing. GPL has since then been the pioneer and “leader” in the flexible packaging industry in Kenya and largely in the Eastern and Central African region

They can arrange tailor-made products.

(Innovative package e.g. OMO carry-able package, Rice zip lock package, Oil package in small, Juice sachet, etc)

Thermopack Ltd

Their motto is “Quality Packaging for Quality Customers”





Presentation by Thermopak

Manufacturers of: Punnets for horticultural industry, packaging for fish and meat industry.

- *Packaging plates, bowls & cups for water, juice, Yoghurt & Ice cream etc.
- *Sanwich wedges, and packaging, planting seed trays of propagation parts.
- *Take away containers (printing on round containers possible)
- *All above available in Biodegradable

Thermopak Limited recognises the importance of environmental protection and will comply with all environmental regulations, legislation and approved codes of practice relating to the processes and activities of the Company. It is the objective of Thermopak Limited to co-operate and maintain good relations with all regulatory authorities and bodies.

6.3 Following Presentation provided from KBS



Presentation by KEBS

- *General Information of KEBS
- *Food standard, labeling, packaging & barcoding
- *S-Marks (SM, ISM & D-Mark)
- *Benefits
- *Products Covered
- *Application for S-Mark
- *S-Mark impact on business
- *S-Mark impact on economic development

Kenya Bureau of Standard was established by an act of Parliament in 1974 and is currently based in Nairobi with six offices in the regions of the country. They have the following functions; development of standards services, testing metrology services, quality assurance and inspection, and national quality institute. They prepare and promote standards at national, regional and international levels. Standards are developed in collaboration with technical committees, government agencies, manufacturers, institutions of higher learning and research institutions.

Standardization works are mandatory and quality marks are issued for locally manufactured products. The mark is also issued to compliant imported products. – food, electrical or electronic items, infant ware and toys etc.

Diamond mark of quality, mark of excellence in quality

1. Provides confidence to consumers on quality of the products
2. Facilitates fair trade for Kenya products within EAC countries and beyond.
3. Raises efficiency in manufacturing through development of quality systems

Manufacturers can apply and pay fee to the nearest KEBS offices. KEBS technical officers will sample products and recommend for issuance of relevant certification.

Permits are renewed annually. The marks provides fair market competition reduce substantial counterfeits, expand markets and maintain existing markets.

- Certificates eliminates and minimizes waste, reduces healthy and safety risks and saves on health expenditures.
- Increased awareness on quality encourages international trade and benchmarking.
- Standardizations works to streamline markets, enhances food safety, provision of information on items.
- Bar coding is good for product traceability, creation of trade fairness, compliance with other regulatory agencies etc.

NEMA, Factories Act, Public Health Act etc. The regulatory bodies have a mutual understanding with KEBS that they embrace quality aspects as per their mandates.

(Q) Is there any inspection for the Chinese products imported to Kenya?

(A) Every two years inspection operated while it comes through legal channel. But illegal products like guns we cannot trace but have to chase it from the market.

(Q) How we can get food analysis internationally?

(A) Testing center/laboratory should be needed. KEBS can operate food analysis.

(Q) What is the penalty for causing problem in food factories?

(A) KEBS advise and work together until production will be improved. Warning, advise, training then closing if there is no improvement.

(Q) What made you to categorization in standards? There is no category in Malawi.

(A) There are three categories.

1 S-Mark 2 IS-Mark 3 Diamond –Mark

Local products can be easily tested on the site of production. There is regional testing office.

(Q) Do you identify all problems to be improved at one time? Or how you monitor the product /production site?

(A) Major problem – Affects production

Minor problem – not affects production advise to improve it gradually, then audit.

7.0 GROUP DISCUSSION

7.1 Group Discussion 1 (08Feb AM)

Agenda1

To set up a criteria for finding Malawi OVOP Model Groups

Aganda2

To understand Current Situation for OVOP implementation



Gorilla Group (Mchinji District)

Criteria for Model Group

Group organization - function, transparency, accountability, gender equality

Product quality – international standards, packaging, labeling, MBS

Product quantity

Marketing and Sales

Uplifting livelihood

Environmental mitigation

Monkey Group (Mulanje District)

Criteria for Model Group

Good organization – group cooperation, members commitment,

Capital management

Product quality

Marketing and Sales

Good leadership – good governance, visionary, strong and vibrant, passion

Giraffe Group (Chitipa District)

Criteria for Model Group

Good organization – Self reliance, teamwork, compliance, gender balance

Business idea – uniqueness

Business management - risk management, record keeping, stock control

Marketing – customer relationship

Certification – MBS

Network - procurment

Lion Group (Ntchisi District)

Criteria for Model Group

Group organization – teamwork, good leadership

Product facilities – factory shell,

Marketing – Market research, information, customer service

Financial management – financial record, loan payment
Partnership – MFI, technical institution, suppliers

7.2 Group Discussion 2

Agenda 1

To set up business goal (One Year)

Agenda 2

To understand current situation

Agenda 3

To find out three big challenges

Agenda 4

To set up solution

Agenda 5

To set up the role of each player



Lion Group (Ntchisi District)

* Business goal (One Year)

To get certificate of MBS until Feb 2014

(C) To consider about good sales as well

(C) - comment

*Three Challenges

Standard, Packaging, Compliance

(C) OVOP Sec requires taking action. Business Plan, quotation, construction plan, etc.
Please do not just sit and wait.

Monkey Group (Mulanje District)

*Business goal (One Year)

Total sales 1 million by Dec 2013

*Three Challenges

Good quality of product
Proper collection system
Participation of members

(C) All the points have been made by the members

(C) Challenges is the committee to gain trust from farmers

(C) Funding from OVOP sec should be considered according to performance of coop activity and reporting.

(Q) Market finding is the job for the members?

(A) One of the duties of ACLO to facilitate of linkage to the market.

Giraffe Group (Chitipa District)

*Business goal (One Year)

To increase the Product 19,200L/year (Now 5,000L)

(Q) What is marketing committee system?

(A) System means that Business center with shops

(C) Business management training has done by OVOP, but not indicated in your format. We have to reconsider components of training and follow up.

*Three Challenges

Establishment of raw material collection center
Transportation for raw material
Food analysis

(C) Vehicle in Muzuzu City is for transporting products, go and meet CEO to release the vehicle. Also consider running cost for the vehicle/driver. It is not available for free

(C) Invite MBS/Ministry seniors to come and see Kenya's condition to see international standard.

Gorilla Group (Mchinji District)

*Thumba Honey

*Business goal (One Year)

To increase honey production to 1,440kg/year from 720kg

*Three Challenges

Poor product quality, Certification, pure forest honey

(C) Better to compare other competitors

*Katengeza Cane Furniture

*Business goal (One Year)

To increase sales

*Three Challenges

Durability, Proper finishing, Customer care

(C) find resource/information of necessary input /implementation and then bring to JICA/OVOP



8.0 CLOSING CEREMONY

8.1 Malawi – Closing remarks by the head of OVOP Secretariat



Closing remark by OVOP Malawi

In his closing remarks the head of Malawi OVOP Secretariat in the Ministry of Industry and Trade Mr. Shadrack Mang'wiro thanked the JICA Kenya Office and the Ministry of Industrialization for the preparations made that were useful in all the meetings and

discussion held during the two week training.

He noted that though Malawi had started OVOP earlier, it has a lot to learn from the Kenya especially the institutional support and the role of the various service providers.

8.2 Closing Remarks by Sanui Kazumasa – Senior Representative- JICA Kenya Office



Closing remarks by Mr. Sanui Kazumasa JICA Kenya

The closing remarks were made by Mr. Kazumasa Sanui who is the Senior Representative of JICA Kenya Office. In his remarks he thanked the Ministry of Industrialization, the District Industrial Development Officers (DIDOs), training organizers, facilitators, resource persons and all the participants for making this training a great success. He also thanked the preparatory team that was in charge of designing the training and preparing the schedule of meetings and appointments.

He noted that the training had contributed to the capacity building of both the OVOP secretariat and the Cooperative Liaison Officers so that they could effectively deliver services to OVOP activities at the local level. The participants were urged to use the acquired knowledge to continuously modify their programs and seek to achieve better results.

Lastly they were urged to put in place networking forums that could encourage continuous sharing of information amongst participants within Malawi and even beyond to other countries that are implementing OVOP. He congratulated each of them for qualifying to be awarded with the certificate.

8.3 Certificate Distribution



9.0 CONCLUSIONS AND RECOMMENDATIONS

During the training, there are a number of conclusions that were drawn, resulting from the general OVOP experiences from several African countries that are at various stages of the implementation of this concept. All OVOP programmes are not able to fully meet their commitments due to budgetary constraints and general lack of budget support from their countries which can be attributed to other competing expenditure commitment by the government. In most countries there is no clear government support policy. Whereas in some there is top political commitment in others this seems to be lacking.

OVOP requires that relevant and adequate capacities are developed at various levels of the implementation chain from the top to the bottom. Lack of adequate capacities in the implementing institutions which has been caused by staff turn-over and other supply side constraints have affected government implementing institutions on service delivery. In a number of places there no clear governance of structures especially if the officials also have other competing roles to perform in the office. This has been made worse by weak institution structures and weak linkages between institutions falling under various government agencies.

Technological development has not been taken up by the various OVOP groups and businesses, most of whom are still applying traditional technology and this has also affected the quality of their products. In most countries there are problems of lack of market access which is partly due to lack of official certification of the products or lack of proper channels of transportation. All in all many challenges seem to be common among the African groups with varying degree of severance across different countries.

Recommendations

Arising from the above observations it is necessary to make specific recommendations that are necessary to help improve the implementation of the OVOP in the various countries as follows;

1. OVOP program being a government policy in all countries, should be able to attract strong political commitment.
2. OVOP programs require to have resource mobilization strategies that involve impressing upon their governments to allocate additional financial resources for their support.
3. It is important to have a clear top down structures that have demarcation of responsibilities without overlaps and weak coordination.
4. The implementing institutions require support in order to build capacities that are important for the continuity in the provision of services to the businesses and groups at all levels.
5. Collaboration with research institutions and institutions of higher learning remains key in carrying out various researches whose findings are useful in improving the delivery of services.
6. Branding and marketing such as setting up of Antennae shop in Malawi are some of the practical examples of the important interventions that are key in improving the program. This can also be boosted further by other incentives such as access to the various service providers and financial institutions.

