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# EABL Value Chain Analysis



## Introduction

### Background

The Global Labor Program is implemented by a coalition, which brings together a range of local and international organizations recognized globally for their expertise in labor rights, gender, and disability inclusion, equality, systems thinking, evaluative research, learning, and evidence uptake. The program is led by Sightsavers. The program will look at **providing solutions to the intersection of emerging trends in labor and inclusive development** as well as increasing the promotion and protection of workers' rights. The program will focus on two value chains in Kenya namely East Africa Breweries Limited (EABL) - locally Kenya Breweries Limited (KBL) (Subsidiary of Diageo) and Coca-Cola Beverages Africa Kenya (CCBA). The main objective of the program will be to demonstrate that a set of relational capacity-building interventions along value chains leads to improved levels of employment among people, particularly women with disabilities and men with disabilities as well as improvements in the protection of their labor rights.

### Study objectives

The purpose of analysing EABLs' Senator Keg beer value chain is to understand the structure of the value chain, the kind of jobs created and sustained along the chain and identify catalysts for inclusive employment and the greater protection and promotion of labor rights for all workers and producers.

### Methodology

Primary and secondary data sources were leveraged in a bid to understand the EABL value chain and the type of jobs sustained within it.

Key informant interviews were held with representatives of key business functions. The conversations were held online and included representatives from Corporate Relations, Agribusiness, and HR. External stakeholders including representatives from Sightsavers and Cereal Growers Association were also engaged in the data collection process.

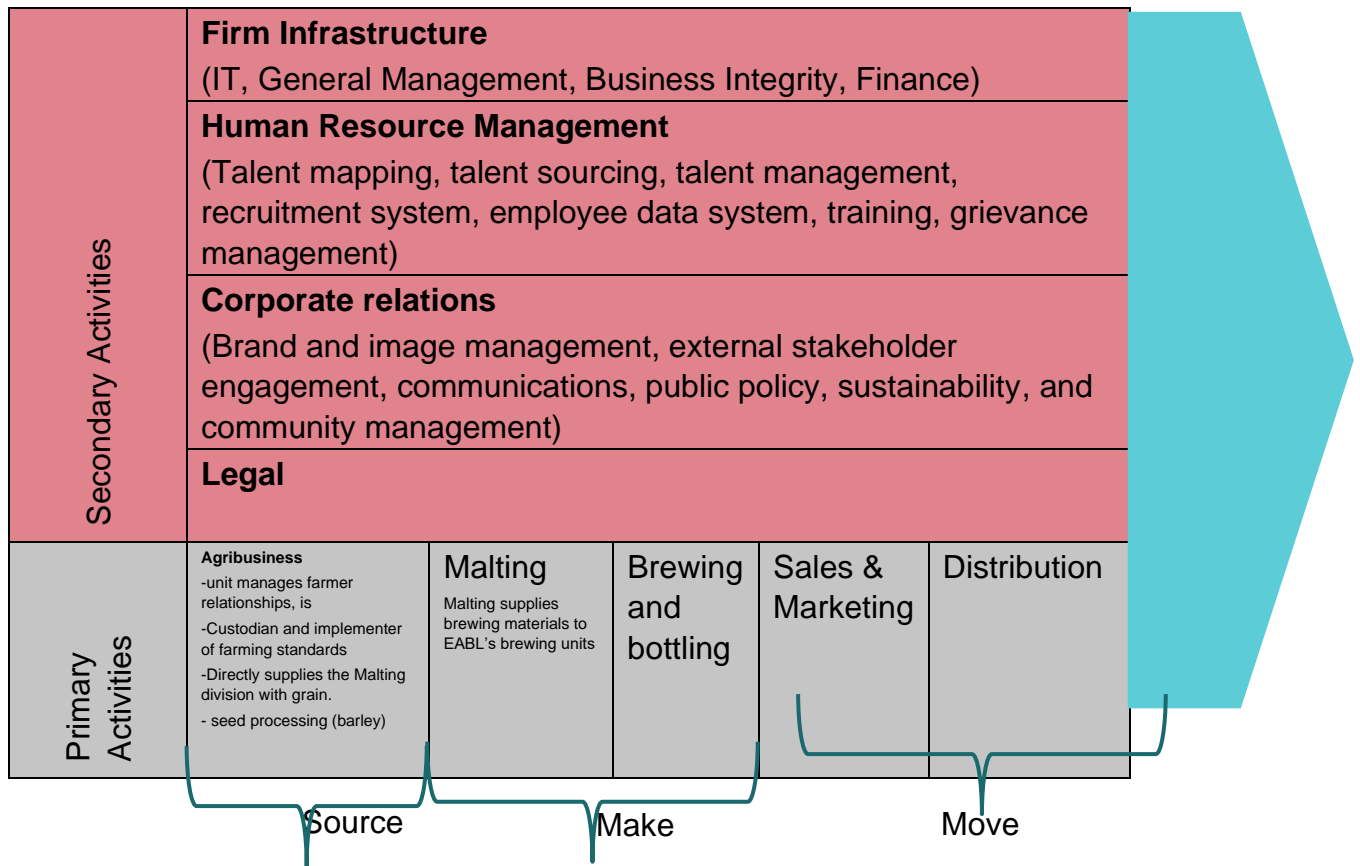
Secondary data was drawn from publicly available information such as EABLs' website, EABL's annual report, EABLs' sustainability reports, organisational policies, Diageo's Society 2030 publication, The Senator Keg story, celebrating 15 years of Senator Keg and EABL's reports to UN Global Compact among others.

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## The structural layout of EABL

EABL is made of three broad business functions that define the SOURCE-MAKE-MOVE model of the business, namely the Supply Chain business function, the commercial business function, and the Support Services business function. Supply Chains and commercials are the company's primary activities, while Support services include business units that support the operations of the core/primary activities.

Figure 1: EABL's Senator Keg value chain mapping



## Supply chains

Supply chains cover all the operations related to the production of Senator Keg beer. The key business units under supply chains are Agribusiness, Malting, Brewery & Bottling.

### Agribusiness

Agribusiness is a core business unit that falls under East Africa Malting Limited, a subsidiary of EABL. This business unit is responsible for supplying sorghum grain, the main ingredient that is used to make Senator Keg to the company. Sorghum grain is sourced directly from farmers, and in many instances, an intermediary (aggregator), is used to gather mass amounts of grain. EABL directly contracts farmers, directs sorghum farming standards, provides agronomic services to farmers, and ensures that the quality of grain accepted at supply points, is up to the standards required to produce Senator Keg. The Agribusiness unit manages farmer relationships, is the custodian and implementer of farming standards, and directly supplies the Malting division with grain. The unit ensures all sorghum used is sourced directly from farmers in Kenya, as per the agreements EABL has with the Kenya government as a pre-conditionality of enjoying tax rebates on the Senator Keg brand.

## Malting

Malting is a business unit that falls under EAML, a subsidiary of EABL. Malting unit receives quality grain from the agribusiness unit, which it converts to brewing material. The brewing material is supplied to EABL's brewing units, including KBL. Malting converts the grain received from agribusiness function, into quality brewing materials that are supplied to EABL's brewing units.

## Brewery and bottling

The brewing & bottling is the final unit in the Senator Keg production process.

## Procurement

The procurement business unit, which is under the supply chain provides logistical support in the production processes. Though not much information has been gathered so far, it emerges as a key unit that supports upholding procurement standards. Procurement is responsible for key processes such as Know Your Partner and Partner lifeline management, especially for those whom EABL/KBL has business contracts with. Procurement works with other departments to ensure that partners uphold relevant and applicable standards, hence allowing other business units (both primary and secondary) to focus on their key mandates.

## Commercial

The commercial business function is responsible for the distribution and sale of Senator Keg to the market. The commercial business functions include the Sales business unit, Marketing business unit, and Distribution business unit (Outbound Logistics). Though the commercial side of the business was not a focus of this analysis, it emerges that the Sales business unit offers massive opportunities for the employment of people with disabilities as sales representatives and distributors.

## EABL's support activities

The support business functions contribute to the realisation of the businesses' core activities:

**Corporate Relations** – custodian of EABL's reputation image and relationships. CR guides all business units in the engagement of external stakeholders. CR is responsible for communications, public policy, and sustainability components of the business. Custodian of the organisational policies that guide communication. Directly supports sales and marketing departments in positioning the Organisation.

**Human resource management** – EABL's workforce is a major contributor to the company's success in the market, and the business is keenly focused on having a competitive advantage that allows for attracting the best talent in the market. The HR department is the custodian of HR-related policies and plays a key role in talent mapping and planning, talent onboarding, and talent management. The company offers impressive benefits to its staff including Annual salary reviews, long service awards, a Mortgage benefit scheme, a medical

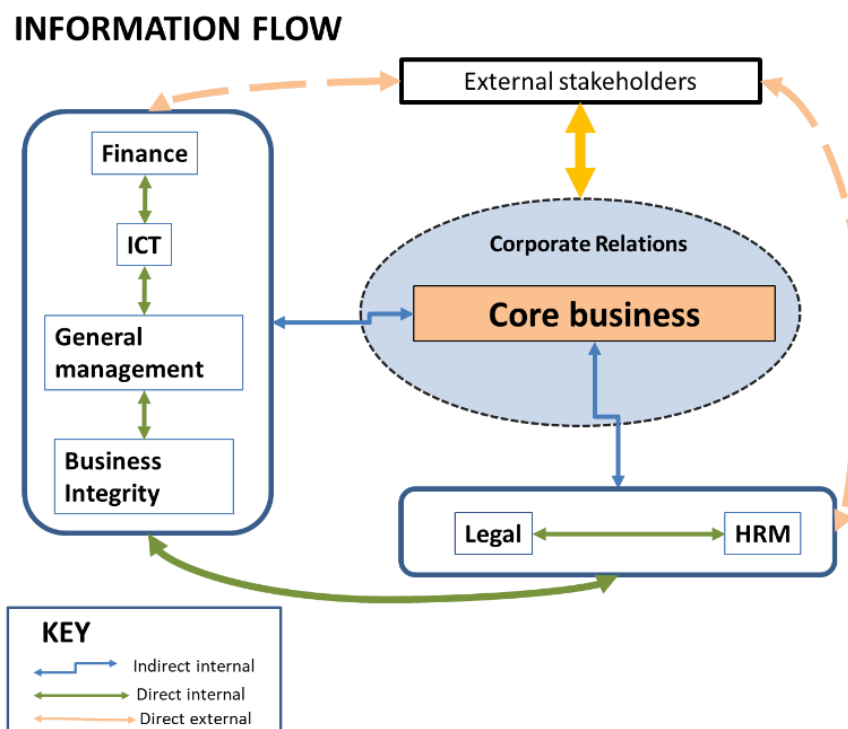
scheme, employ company ownership plan, bereavement leave, life insurance, and a flex philosophy to work (Moreso adopted since the start of the Covid-19 pandemic), and participation in collective bargaining agreements (for some staff). The company is known as a top employer in the country, and invests in creating a good experience for its employees, hence reducing staff attrition (5% in 2020)

**Other business Infrastructure** – Legal, Finance, Business Integrity, and General Management

## Relationship between business functions

### Information flow, power, and governance analysis

From the discussions with representatives of the different functional departments, all support activities are primarily designed to support the Core Business Activities in different capacities. The general objective for all support activities functions is to ensure that the core business activities are carried out in the best way possible.



### Vertical and horizontal linkages

As depicted in the graphical representation of the information flow above, the core business component is embedded within the Corporate Relations department in terms of

communication and information flow. Any information entering or leaving the central core business is passed through the corporate relations department. Although there is direct communication between internal departments (Legal, Human Resource Management, Business integrity, Finance, and ICT) and the core business department, the bulk part of the information flow is carried in the knowledge of the Corporate Relations department. Communication between the core business department and external stakeholders is strictly through Corporate Relations while communication between other departments (HR, Legal, finance, business integrity, ICT) and external stakeholders is direct but limited to pre-determined contents and contexts.

Given the above relationships, Corporate Relations (CR), Human Resources (HR), and Legal departments are very important entry points for partnership and influence. The Corporate Relationship department is the custodian of the corporate image which it achieves by controlling the relationship and information flow between EABL and all external partners and stakeholders in the value chain. The Human Resources (HR) function is the key player in policy development, custodian, and enforcer of organizational policies and practices while the Legal department ensures that all engagements are done within the host country and organizational legal framework. These three departments form the key entry points for Ungana or any other external project that aims to partner with or influence the mode of doing business within EABL. On the other hand, the core business functional units and other support units (e.g., Business Integrity) are important implementation partners.

## Supporting markets and business environment

The linkages with the market and the business environment are handled by various business units, but with extensive guidance on external engagements by the corporate relations function. The supply function determines the quality standards expected from input providers, and through the support of individual business units within it, training suppliers on the same. There are opportunities to strengthen engagement and quality feedback mechanisms with suppliers, especially farmers, and aggregators, whose feedback hasn't necessarily been visible in influencing the standards, modes of engagement, and supply chain efficiency.

## Value chain governance

Internally, standards are set with extensive input from the board level, through the executive. Refining and implementation by the individual business units. Setting standards is an iterative and dynamic process whereby the implementation organs have options for making suggestions and recommendations for consideration by the higher authorities. For instance, whereas the sustainability unit may not formulate the organisation's sustainability milestones, it advises the corporate relations director on opportunities to capitalise on based on businesses' experience from the respective implementation organs. The business operations are influenced by the Kenya Union of Commercial, Food, and Allied Workers, which

negotiates for favorable working conditions, through a collective bargaining agreement that is signed every 2 years.

Externally, EABL as a business is influenced by external organisations such as standards set by the membership organisations, they are a part of. Additionally, the Kenyan government influences the production of senator keg, i.e., EAML is required to source 100% of the sorghum used for making Senator Keg from Kenyan farmers with certain tax rebates as incentives for such as business concessions.

## **Systems and procedures that enhance opportunities for inclusivity and labor rights.**

Based on the responses from the KII participants, EABL is a dynamic organization where the organizational structures, policies, and systems change in response to internal and external changes and thus presenting a suitable opportunity to advance inclusivity and disability awareness within EABL.

The EABL internal relationships between departments, provide opportunities for noble ideas, including those on disability and inclusivity to flow and be implemented within EABL, for the line managers have opportunities to lay emphasis on the inclusivity and disability during the development of job descriptions and key skills required, the HR has the implementation role in the process to ensure achievement of the same, while the CR department being the custodian the corporate image has influence over all the other departments.

The grower's management system as presently designed has minimal information that can be used to promote inclusivity because the data in the database is not disability disaggregated, however, if the system is updated to include data on disability and other inclusivity-related data then the Management System can be an important source of data for the promotion of inclusivity among farmers and aggregators.

## **Producers & Farmers: Information flow and power relations**

From the interviews, it was apparent that farmers face several challenges, among them, land ownership, reliability of the quality of outsourced labor, land use practices where farmers have a negative perception of the user of fertilizer, and climate change that has led to erratic rainfalls affecting the productivity of sorghum and other crops. In addition, the main forum for exchange between farmers and EABL is the open public type of meeting, locally referred to as Public Barazas which limits the farmers' ability to air their views particularly, the reserved farmers, and whose mobilisation often fails to attract farmers with disabilities.

Engagement between farmers and EAML is mainly through the Agribusiness business unit which is responsible for supplying inputs to the Malting unit. The unit engages farmers and aggregators in the production and supply of sorghum grain. Contracted farmers are provided with agronomic extension services to build their production capacity and to ensure that the farm products meet the EAML standards. From the discussions, EAML retains a "Captive" level of governance of the supply chain; farmers are contracted to minimum or acceptable



levels of crop quality, with purchasing power decisions the sole right of EAML – albeit with an option for independent arbitration.

Practically, contracts (while cumbersome) reflect a large degree of “Market” level governance – that transactions are relatively simple (a certain price for a certain quality of crop), specifications are clearly transmitted in the contract and producers can grow with minimal input from the buyer. Farmers commit to a certain volume of the crop to EAML, but that does not have to reflect the total crop anticipated and with a clear contractual commitment that food security is the priority. The improved collaboration and organising of small-scale farmers through a variety of mechanisms, and perhaps through the farmers’ hub potentially offers small-scale farmers with disabilities an opportunity for collective leveraging of the market.

Farmer interaction with agronomic extension service providers is the second channel for farmers providing feedback to the EAML and airing their grievances if any. An effective and farmer-friendly feedback mechanism can be achieved through the introduction of a proper representation system instead of the Barazas, the meetings need to consider the special needs of persons with disability.

Another opportunity for improving engagement with farmers could be achieved through specialized organizations such as NCPWD. NCPWD has the potential to help farmers through the AGPO LPO financing which could be applied with the justification that contracted to farm is a business venture. Another opportunity for feedback and collective bargaining is through farmer associations, such as the Cereal Grower Association, which can be improved by including disability-inclusive facilities and forums.

## Opportunities for external collaboration with specialized organizations

From the discussions with representatives of the departments within, EABL, it is apparent that there are opportunities for collaboration between EABL and organizations promoting the interest of persons requiring affirmative actions, as follows:

- **EABL as an implementing partner:** Given the key roles played by the CR and HR departments, EABL in collaboration with specialized organizations can significantly contribute to disability employment engagement and rollouts, designing a workplace that is inclusive e.g., improving the physical accessibility, developing, and implementing plans for quick wins and sensitization – looking at disability as a broad-based category so that decisions.
- **EABL as promoter and advocate:** EABL is an active and influential member of several organizations in the private sector including KEPSA, KAM, and government agencies. In addition, EABL has a strong visibility profile and facilities that Sightsavers or any other disability-supporting institution can leverage. These are some of the strengths that EABL would be happy to bring to the table to speak about disability right. Examples include but are not limited to having a joint disability webinar/conversation with EABL that would bring in KAM & KEPSA, the UN global



compact, the Alcoholic and beverages association of Kenya, and the Bar Owners Association of Kenya

- In addition, EABL has a structure such as the **Growers Management System**, that can be used to promote inclusivity at the producer level by ensuring that data captured in the system are disability disaggregated and include all related data that can be used in the promotion and development of inclusive employment across the value chain.

- From the discussions, the HR department is a key partner and collaborator on issues touching on Labour Rights, management, and refining of the grievance reporting and responding to grievances. As an implementing partner, through the HR department, EABL can help in the development, enforcement, and review of policies, systems, and structures touching on Human Rights, Inclusivity, and grievances. While the CR departments can use their influence to promote the developed and proven policies across partners. For example, they can support the **Cereal Growers Association** bargaining for tax relief provisions for farmers with disabilities or ensure that other buyers of sorghum from farmers, like the World Food Program have inclusive and labor rights enhancement policies and practices.

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## Disability inclusion along the Senator Keg value chain

### Existing disability inclusive practises

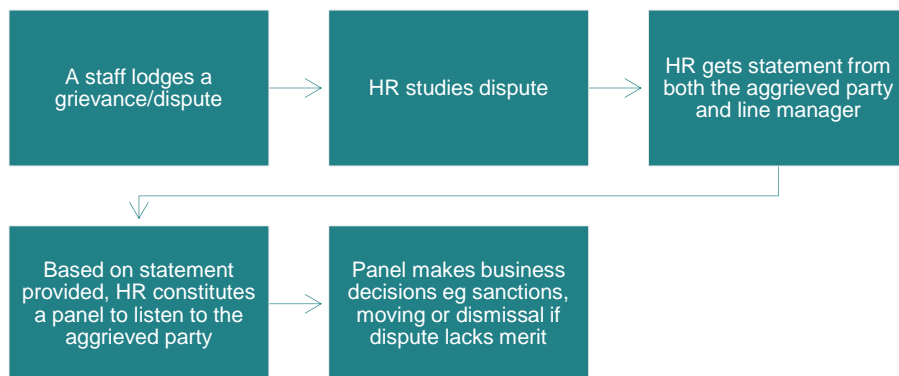
HR plays a key role in promoting disability inclusion within the organisation. Through the support of Sightsavers, in 2021, the department developed disability inclusion goals and action plans that the company aims to achieve. These include increasing disability representation within the company to 3% by 2022, increasing disability confidence among EABL employees, and leveraging the International Day of People with disabilities to celebrate people with disabilities among others. Some of the actions already in motion include mobilisation and training of over 150 staff drawn from Kenya, Uganda, and Tanzania on disability inclusion; a social media campaign joining in marking the International Day of Persons with Disabilities; deliberate sourcing of resumes from disability talent for consideration in the company's internship program and commissioning of an accessibility audit of 3 key facilities.

The CR relations department is a key entry point for promoting disability inclusion. Through the department's leadership and in collaboration with the Agribusiness unit, significant milestones in the inclusion of farmers with disabilities along the Senator keg value chain have been achieved. Between 2019 – 2021, 41 farmers with disabilities with an acreage of 76.5 acres joined the pool of farmers supplying EAML with sorghum grain used to produce Senator keg. The program has experienced rapid expansion, with the recent establishment of a farmers' hub led by people with disabilities.

Multiple reporting mechanisms allow for opportunities to raise grievances using the channels that staff are most comfortable with. A staff with a disability can report an issue directly to the line manager, they can report to HR, the business integrity unit, or the company's

anonymous platform called SpeakUp. SpeakUP is an online and phone-based reporting platform. The platform is managed by an external organisation and works directly with Diageo/EABL in resolving complaints. A grievance mechanism guides the internal dispute resolution mechanism.

Figure 2: Staff dispute resolution process



## Gaps in disability inclusion

**Data:** EABL collects, and tracks gender-disaggregated data in a bid to monitor the company's progress towards achieving 50:50 representation of women and men in the company by 2025. On the other hand, disability disaggregated data is not collected hence there is the absence of a mechanism for tracking disability representation among employees, farmers, and aggregators. This is an important gap and opportunity for engagement with EABL HR whereby disabilities partners can make inputs in setting inclusivity targets, and strategies for achieving and monitoring of the set targets. The monitoring system could include updating the staff data management portal to capture the disability information of existing staff and new applicants.

**Policies:** The business has various policies geared towards promoting an equitable and conducive work environment for employees exist. Though the policies mention diversity and inclusion, there is no explicit mention of realisation and protection of the labor rights of people with disabilities. The HR function is the custodian of HR policies, and the HR director has a strong influence on the revision and inclusion of disability-specific clauses. The HR director has a responsibility to ensure policies are up to date, up to the market standard, and well aligned with country legal provisions.

**Physical barriers** - Physical accessibility of the business is a prominent issue that curtails disability inclusion efforts by the company. Based on an accessibility audit commissioned by the business in 2020, the HQ (Bustani) location has more advanced accessibility ratings in comparison to the facilities that host most of the supply side of the business. The process of adjusting the structural facilities requires extensive consultations, budget allocations, and approvals hence may take some time before the realisation of accessibility.

**Attitudinal barriers** - Limited knowledge of disability contributes to the perpetuation of harmful bias towards people with disabilities. Inclusion of disability inclusion in the wider diversity and inclusion agenda is useful in ensuring sustained learning and growth on effective disability inclusion strategies among staff at all levels.

**Mobilisation of people with disabilities:** The agribusiness unit offers massive opportunities for the inclusion of people with disabilities within the sorghum value chain. However, reaching farmers with disabilities has proven difficult as not many show up in farmer meetings. Opportunities for linkages with local disabled people's organisations and the National Council of People with Disabilities can be leveraged to achieve active participation of people with disabilities in farmer meetings and other forums.

Some farmers with disabilities struggle with farming operations, especially because the bulk of the farming operations are manual. In this case, farmers with disabilities enlist the help of their families or paid labor. This, however, has its own challenges, especially in situations where supervision has not been done appropriately, they end up getting poor/low yields due to ineffective farming practices (such as delayed application of agrochemicals). There is an opportunity to explore the social protection mechanisms established by the government towards people with disabilities, and how they can be applied to supporting quality ventures by farmers with disabilities.

## Skills mapping

The table below presents the key skills required within the value chain, for the functions which the study managed to collect data within the period of data collection. There are lots of missing elements that are useful in showing the full scope of diversity of skills and qualifications relevant to the organisation and highlighting entry points of disability talent.

Support Activities	Business function	Positions in the function	Skills needed	Educational levels
	IT			
	General management			
	Business integrity			
	Finance			
	HR	HR Business Partner, HR Advisor, Talent manager, Rewards manager, Benefits manager, Graduate trainee HR coordinator		Minimum bachelor's degree in business
	Corporate relations	Sustainability Manager Society Executive	Communications skills, Public policy skills corporate relations skills	Minimum bachelor's degree in communications/PR

	Legal				
<b>Core Business Activities</b>	Agribusiness	Head of Agribusiness Regional agribusiness managers Area supervisors Plant operators	Technical operator Farmers Aggregators Agronomy advisory companies	Agronomists Mechanical engineering Electrical engineering	
	Malting	Quality analyst Technical operator	Safety officer Manufacturing excellence lead	Chemical and process engineering	degree
	Brewing and Bottling	Shift packaging manager		Chemical and process engineering	degree
	Sales and marketing				
	Distribution				

## Recommendations for further studies

- Discussions with key business unit representatives including a representative of Supply chains at the HQ level would have been useful for a comprehensive and top-down outlook of the value chain structure, and the role of the HQ-based supply functions in production.
- Discussions with representatives from Malting, brewery & bottling as well as legal would have allowed for a more detailed understanding of their role, and jobs sustained within them.
- Efforts should be undertaken to increase understanding of the extent to which EABL's policies are explicit about the rights of people with disabilities.
- There is a need for further studies on factors limiting the abilities of aggregators to promote disability inclusion directly and actively among farmers engaged. Investigate the extent to which disability inclusion contributes (positively or negatively) to the aggregator's primary responsibility of sourcing grain supply to EABL.

- Although the primary target of the study was EABL, there is a need for a detailed assessment of System-wide thinking across the manufacturing section. NCPWD and Social protection ministry to understand factors that limit the promotion of disability inclusion. In addition, there is a need for government economic empowerment strategies to align disability inclusion with any new industry innovations and regularly update organizational policies in line with the changing dynamics in the labor markets and social protection systems.
- To increase systemwide opportunities, the application of the ILO systems approach to increase the chance of the Global Labour Program realising its objectives is useful in increasing systemwide opportunities. The social dialogue needed to fundamentally increase equality of opportunity and universality of labor rights protection can only happen if opportunities for dialogue across the whole system through building stronger capabilities.
- From the study, there is an untapped benefit in the establishment of Systemwide linkages between Kenya's Business Sector, particularly, the manufacturing section, Disability Networks, KAM, KEPSA, and other associations.