

The Nakuru Market Access Network

By Moses Gichuru¹



Moses Gichuru (right) at Kemwa Foods, Nakuru

Moses Gichuru, AgriTrade Regional Manager for the Central Rift, explains how the Nakuru marketing network works for consumers and producers of agricultural commodities.

AgriTrade Central Rift Network

In this region we have set up a number of Information Board (IB) networks according to different markets; these markets are divided into two. We have the consumers' markets, these are the markets within the towns; we have three of them in Nakuru town and one in Gilgit town. Then we have Information Board Managers (IBMs) in the producers markets; these are the farming areas. In Subukia, Solai, Ngorika and Iten.

Searching for Orders from Consumers

My network works like this. I usually go searching for orders for consumers in town with my IBMs; let me give you an example of maize. We know that the consumers are in town so we work with the millers, Discovery Unga, to source good quality maize from the farmers.

Sourcing Produce from the Farmers

Once the millers have given us an order we go to our producers' IBM in the farming area and we make an announcement, an advertisement, that we require a certain number of bags of maize. Then we arrange with our IBM who makes sure that we get those particular bags of the quality that we want. Then we transport

them into town. That's one way that our network works.

Marketing for Farmers

The other way is in the reverse. Sometimes we get a farmer who has something to sell and he doesn't know where to sell it. So the farmer gives their advertisement to their IBM who sends an SMS to us and then we place those advertisements on our IBs in town. The traders have come to realise that there are a lot of business opportunities that are found on our boards so they usually come and make enquiries, we contact the person who has made the advertisement and then a business deal is made.

Transaction Security with AgriTrade

The reason why I feel good working with AgriTrade is that I like their business model; the transaction security service. We, the farmers and all the other agricultural sector actors are realising that the way that the current business is running is a total mess up. There is dishonesty running all the way from the producer to the transporter to the broker and maybe even to the consumer himself; I mean to the top most buyer. What we like about the transaction security service is the honesty part of it. People work and get what is their due without somebody claiming at the end of the day that he has been cheated. So the way we do it is to work with players in the market chain that we trust. If we have a problem with someone we discard him. So we are only working with the good guys running the agricultural businesses.

Exchanging Market Information with AgriTrade

We send our prices to AgriTrade because we want them to send their own prices to us, which are gathered by other IBMs from the other markets; it's an exchange of information. If we don't do it they'll not send prices and we do not have the capacity to reach the other markets so it's only with AgriTrade that we have this capacity. Exchanging market information with AgriTrade is important because the people on the ground want to have a feel for what is happening in the other markets because that is the only way they will be able to peg their prices for the commodities that they are selling. Right now, if the farmer doesn't have that knowledge he cannot do the costing of his own commodity because he's

¹ Interviewed by Anne Dennig in November 2009

isolated, he's just there on the farm. Once we empower him by giving him the market prices, he can be able actually to gauge and see how he is going to price his own commodities.

Reliable Market Prices

The reason why our prices are reliable is that we have people on the ground, people who are running our boards. These are our IBMs. They are actually located in those markets and collecting prices. We have people on the ground itself that's what works for us.

Getting a Commission as an IBM

One way the IBM gets paid is from the commission we agree with the buyer or with the seller before the deal starts. If they don't agree on that small commission then we don't do any business with them because there are some costs which we incur when we try and link up the farmer or the buyer with that particular market such as phone calls, travel and time to actually talk to those farmers or the traders and to supply a sample of what the farmer has.

Information Boards

People are usually very excited to know the prices. So when they come to see the prices they see the advertisements. They have now realised that two business ideas can meet on that board, the supply and demand. So now in the town the boards are actually self-sustaining although a few boards in the rural areas still have a long way to pick up. We have some commercial advertisements on our boards, but we have agreed that in our region the market IBs will never carry anything less than 75% of agricultural market advertisement.

Network Deals

We have made a number of deals with Discovery Unga. We've been able to connect them around six or seven times to the farmers on the ground producing maize to the tune of around three million Kenyan Shillings. Discovery Unga usually buy maize for Ksh 300,000/ every week; so if we are able to spread out our capacity, we will be able to be meet that deal once a week which will be good for our business. We have also made several deals with Kemwa Foods sourcing out for their raw materials; this week we connected a deal for them for millet worth Ksh 120,000/ with farmers from Southern Nyanza.

We have also made several deals on supplying dairy goats and crossbreed chickens. On a lighter note there is somebody who has a pedigree buck rabbit. The farmers around have the traditional rabbits and there is a lot of interest for rabbit meat, so we've made an advertisement on our boards that anyone who wants to cross breed their traditional rabbit with that pedigree rabbit can come through us. We have already connected 14 farmers; in other words we have actually searched for wives for that particular rabbit!

Product Marketing

Another income for our network is 'product marketing'; we are selling flour for the millers for a commission. We are some of their best marketing agents because our network also works as a distribution agency; we've been able to sell their product, to the tune of around three or four million Kenyan Shillings. We also advise on packaging and branding; we have designed packaging for Kemwa Foods and are now working with Menengai Millers on their branding.



Packaging designed by the Moses Gichuru and the Nakuru IBMs

Expanding the Network through the SMS business

The network will expand. Firstly people have realised that the market prices that we give are usually correct; so people are now serious and ready to buy some SMS subscriptions. The business works like this, for example we go to a customer, he deals with chips and crisps and wants us to send him SMS messages concerning a particular type of potatoes. We already know where the producer markets are and we make a bulletin from the messages sent by our IBMs and send it to the client. Another potential client is Dr Wachira, the owner of Brook Feeds; he makes animal feeds. He needs weekly prices on the raw materials such as cotton-cake, sunflower-cake, silverfish etc. So for each customer we will need to tailor the SMS bulletins to suit.

New Developments for the Network

With my network I am now planning to start auctioning maize to the buyers in Nakuru. We will be working together with Philip Wachira who is working with around 700 farmers in Gilgil and Kamala. We expect to be able to get a better price for the farmers than the cereal board offers (this will be our minimum price) and we will pay the farmers ‘cash on the bag’. We will start with a small auction to gain some experience and then build up to larger quantities and regular auctions.

Our other plan for the network is to connect the organic farmers around Solai to the Nakuru markets. We are linking with Peter Mwaura from Sustainable Livelihood Initiative Development, who is advising various women’s producer groups on organic production.



The Upendo Hope Self Help Group

The Upendo Hope Group produces butternut squash, pumpkins and highly nutritious flour made from grain amaranth, stinging nettle, black nightshade and spiderweed.

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