

Network Status; Ruralnet Kenya 2013

By James Kanyi ¹



James Kanyi, CEO of Ruralnet Trading Services Ltd, based in Nyeri, Kenya, is a TSS Network Manager. He describes the status of his network in 2013.

James Kanyi; Ruralnet, Kenya

Ruralnet Trading Services was registered in 2010 as a social enterprise based in the Mt Kenya region. The company employs fair trade principles in its trading endeavours and our vision is to promote sustainable development in rural areas through honest brokering of horticultural produce from small-scale farmers. The company seeks to eliminate market inefficiencies in the horticultural value chain. Over the last few years we have worked linking small-scale horticulture farmers with buyers for the supply of snopeas, through Bernhard Mwangi my agent for the farmer groups in the Wiyumiririe area. However there are many challenges with dealing in snopeas at present, the major one being the testing for minimum residue levels of pesticides. Therefore at present I am concentrating on work with The Smallholder Marketing Programme (SHoMAP).

The Smallholder Marketing Programme



Ruralnet is one of the RAVI networks working in collaboration with SHoMAP. I have been working together with my agent Elizabeth Njoki (based in Embu), training the SHoMAP groups in the Meru Central district who grow bananas, mangoes and potatoes. Both parties share a common goal, to improve the incomes of smallholder horticulture producers through access to transparent and secure marketing

services that provide a fair share of market value to producers. The collaboration is championing sustainable trade through Transaction Security Services (TSS).

Training DAOs on the TSS Model

TSS is a brand that is applied to a particular type of service. This service ensures that sellers and buyers who are remote from each other can agree in advance to the conditions for their deal and TSS ensures that the deal happens exactly as agreed.



James Kanyi training SHoMAP members on TSS

In February 2013 we held a training workshop. The main objective was to train the District Agricultural Officers (DAOs) and SHoMAP desk officers on the TSS Model. All the Ministry of Agriculture staff involved in the SHoMAP districts in Eastern Region were brought together for a three day workshop at Kaguru Agricultural Training Centre in Embu.

Agents and Farmers



James Kanyi with his SHoMAP trainees

I have also trained 51 TSS agents in Embu, Meru and Imenti; these are from the commercial villages identified by SHoMAP. The regions of Meru Central and Embu each have four commercial villages. Imenti North and South, each have three commercial villages. Each of these villages has nominated two or three entrepreneurs to work with me as agents. These agents are linked to farmer groups with approximately 300 farmers.

¹ Edited by Anne Dennig in 2013

Marketing Links

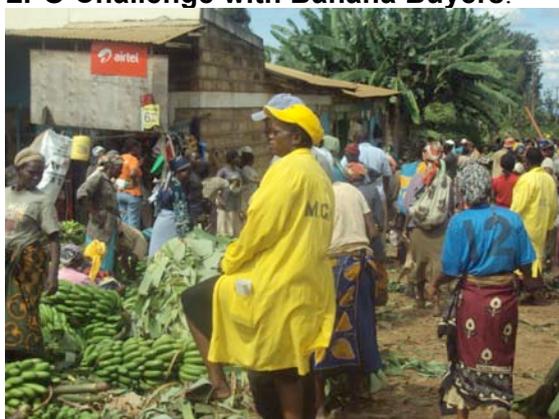
The groups that we are training need marketing help for their produce of potatoes, bananas and mangoes. We have been mapping out the buyers keen to buy through TSS and developing trading schedules for the commercial villages. We plan to sell potatoes to wholesalers in Nairobi. Bananas from the groups will be transported to the ripening sheds in Nakuru and Nairobi. The mangoes will be sold in Uganda to a mango juice-processing factory.

Challenges with Academy Business

We want to learn by doing but we have had difficulty getting started because of the conditions for taking part in the Academy deals. It has been assumed that you can scan an agent's ID easily and provide photos and references etc. However I have found that the agents get worried, they think that this means that they are involved with a bank, they worry about loans and they worry that "these people" want to know too much information; the agents are very sensitive.

It is therefore important that all the agents understand and get to know techfortrade; the agents will be suspicious when phoned by a stranger. We have had problems with conmen who phone us, and for this reason the agents will not speak about business to someone that they do not know. There is also a problem with conmen phoning about mobile money payments. Therefore people are not willing to say if they have received a payment, so when due diligence is done this may not work as the farmers may not admit that they have received money.

LPO Challenge with Banana Buyers.



Banana market Ntharene

Marketing bananas for my SHoMAP groups is a problem through TSS. The women ripeners won't sign an LPO; they only buy if they see the bananas. These women say "why don't you trust us, we have done this all our working lives". Also I can't give a whole load to one lady so I will have to get a group together and then how do I get them all to sign an agreement?

Mobile Money

Usually all traders come with cash and when they run out they promise to pay the farmers later, and that is a problem. Mobile payment to farmers is a good thing; every farmer accepts this as it is too risky to carry cash, but the issue with farmers is that they don't want to have to wait for payment and it will take time before they trust our system. Therefore we will need an Mpesa agent in the area so that they can see the mobile payment and cash it quickly; farmers will want to see the cash at first and then they will trust us with mobile payments.

My First Academy Deals

I am preparing for my first Academy deals, linking my SHoMAP mango producers to a juice processor in Kampala. The mangoes will first come from Embu where there is a commercial village, Karuma Mango Growers, where my agents are already trained. Paul Nyende is approaching Britannia Foods for an LPO for Ruralnet. They have asked for samples, which I am sending. The price is 800/UGX per kg (29/ KES). Usually buyers pay per piece (4-5/ KES), 2-3 mangoes weigh 1 kg, but the transport costs will be high, around 100,000/ KES. I will contact SHoMAP or the District Agricultural Officer for the government regulations for taking mangoes across the border. Paul Nyende has also offered to provide us with one of his agents to help with this. He will also act as my agent on the buyer's side. I will be submitting my deal plans and pending deal registration as I collect all the information needed to register my deals and apply for the training COB.

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