

Bonde Soko Services; Status Update 2013

By Moses Gichuru ¹



Moses Gichuru, a TSS Network Manager for in Nakuru, Kenya, describes the work of his business, Bonde Soko Services.

Bonde Soko's Agents

Bonde Soko Services was registered in 2009 and is based in Nakuru, Kenya. Currently myself and one other agent are shareholders. My main agents are Anthony Ndirangu, who links with buyers; Elijah Kinanjui has a motorbike, he takes messages and checks quality and payments; Grace Githunji is based in Nairobi and links with buyers there; Frederick Githungi is based in Nyandarua and is an agent with the SHoMAP groups. I link with AgriNet's agents through Paul Nyende in Uganda and I am training new agents for the SHoMAP groups.

Sourcing for Porridge Flour

We started by working in many commodities, which led me to specializing in the ingredients for porridge flour: cassava, sorghum, millet, and sweet potatoes. Gichuru means porridge in Kikuyu, so to some extent it seems that destiny was calling!



Flour for Kemwa Foods, Nakuru

We source much of our produce through Engineer Opio in Soroti and Jacinta Namubiru in Tororo (members of AgriNet). The

Engineer has three cassava mills and networks of farmers in his area. He has his own cash-on-the-bag fund for sourcing and his agents have their own stores or collection centres. The produce is milled to Bonde Soko's specifications. For the sourcing from Soroti, I no longer have to travel there myself every week. I meet an agent from Soroti and use a regular transport company. We are sourcing 25 tonnes of cassava and 7-10 tonnes of sorghum per month for our buyers: Juhudi and Kemwa in Nakuru and Mummy Foods in Nairobi. We have also sourced cassava for Kabansopa; an animal feeds company.

Price Transparency

Transparency is part of Bonde Soko's service offer. Our porridge buyers know the suppliers and often they'll call them themselves to check availability before requesting Bonde Soko to organise and transact the deal. We are confident in the quality of our service and so we do not see this as a threat. Producers need to understand all the stages of value-addition that their commodity goes through in order to better understand how the pricing works and to appreciate that everyone is not a thug who is trying to cheat them.

Increase in Trade and Prices

Bonde Soko's turnover in 2009 was 700,000/ KSH. Since then our turnover has doubled. In 2009 we were trading 5-8 tonnes of cassava flour a month. In 2012 and now in 2013 we are trading 20-30 tonnes per month. There is potential to trade 50-100 tonnes per month, but we are limited by finance. Cassava prices have increased considerably since we began trading (from 8-15 UGX per kg to 22 UGX, to the current price of 44 UGX). The crop is now considered a potential cash crop for export and as a result of this, farmers have increased their earnings substantially.

Some Challenges

- Transport: This is a big headache especially during maize harvesting season when all the trucks get taken. Contracted trucks cost 300,000/ KSH, non-contracted trucks (empties on their return journeys) cost 70-80,000/ KSH, saving 220-230,000/ KSH, although the risks are huge because the goods are uninsured and the practice is illegal for cross-border trade.

¹ Edited by Anne Dennig in 2013

- Finance: Late-paying customers restrict cash flow. Interest charged by banks is around 24%.
- Exchange rates: Using the bank can cost 25% more compared to the informal rates at the border. But carrying all the cash across the border comes with its risks.
- Quality: Sourcing the quality required by the buyer is vital. We had a case where the requirements from the farmers were lowered for one buyer who makes animal feeds (Ushidi) and it was hard to get the quality back up to human standards again.
- Delivery of unpaid produce: We have no store and we are forced to deliver even when a buyer does not pay. We have plans for stores in Nakuru and Nairobi to overcome this.
- Traceability: It is difficult to trace produce when more than one farmer may have contributed to the contents of a sack.

Swim in a River you Know

Bonde Soko lost money (500,000/ KSH) when we tried trading in commodities in which we didn't have enough experience e.g. groundnuts. However we have never lost a coin on the cassava deals which we know well. We will do careful research into new markets for our work with SHoMAP.

New Markets for Potatoes



Tumaini Farmers' Group

We have been training farming groups and agents in Kenya who are producing potatoes. Bonde Soko has identified members of the Smallholder Horticulture Marketing Programme (SHoMAP) for training as TSS agents in my network. Entrepreneurs have been identified as potential TSS agents in the Districts of Nyandarua South and Buret and Nyandarua North District. We have also

introduced the Ministry of Agriculture staff in these areas to the TSS business model.

Our first experience with a SHoMAP group went badly. We linked Tumaini Farmers' group to a potato chip processor outside Nairobi. Our business is transparent, so the buyer knew the farmers that they were linking to and went directly to the farmers without using the TSS network. The buyers then played games, which have ended in the farmers losing money. So now the farmers



have come back to Bonde Soko for help. I am working together with Damalis Kagiri the group leader and she is registering farmers from the commercial villages

for our future TSS deals.

Damalis Kagiri, Tumaini Farmers' Group Leader

This time we want to link the farmers to wholesalers in the Gikombia market in Nairobi. This is a market for fresh vegetables. We have established links with some wholesalers who will pay cash on delivery. These wholesalers need help to source; this takes them time and uses up their cash resources. If they use the TSS network and the cash-on-the-bag fund (COB) it will allow the wholesalers to keep money in their pockets. We won't go near vendors or brokers but straight to the wholesalers.

We are now preparing for some Academy deals, starting with the Tumaini Farmers'.

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