

### Beatrice Obara, Sourcing Cotton in Nyanza, Kenya

By Beatrice Obara<sup>1</sup>



Beatrice Obara is a Network Manager for RAVI; she is based in Nairobi. Beatrice is a director of Dedeby Green Ventures Capital Ltd (DGV), a limited company with a focus on value chain financing in the agricultural sector.

Beatrice is working with cotton farmers in Nyanza and is supplying Makueni ginnery.

#### My Network in 2013

In 2013 I supplied 90,000 kgs of seed cotton to Mukueni ginnery; 40,000 kg of cotton seeds to The Cotton Development Authority (CODA) and 40,000 kg of rice to The Lake Basin Development Authority (LBDA). In past years I have been able to supply more cotton but this year I have had time constraints due to a consultancy that I have been doing. However my plans are to work full time on cotton trading in the future.

#### My Reasons for Working with Cotton

I love cotton, my family comes from Nyanza and I was born in a cotton growing area. Here we have black cotton soil, it's hard to till but very good for growing cotton. My family has benefitted from cotton farming and I want to improve the lives of the cotton farmers in my home area. Cotton is a natural product which I love to wear; there is a lot of demand for cotton in Kenya, for leisure clothes, uniforms etc. Besides the lint there is also demand for cottonseed oil and cotton cake (as animal feed).



*Cotton delivered to the store in East Uyoma*



*Beatrice Obara and Ueli Scheuermeier examining cotton in Uyoma*

#### My Agents



Nicolas Ochung is my TSS agent on the buyer side and the DGV coordinator for my agents. He tells me about the crop projections and any other issues that the agents and farmers are dealing with. He does the paperwork with the agents and at times he travels with the crop to Makueni. I have three main agents. Each agent works with the lead farmers in their area to source and store the cotton. Edward Okech is the TSS agent in Ragengni, East Uyoma. Cotton usually comes in on bikes to his store, which can store 15 tonnes of cotton. He weighs the sacks and checks the quality; then the sacks are re-bagged and labelled with the store name. All the weights are written down with the farmer's details. Edward often travels with the cotton as it is transported to Makueni where it is reweighed and checked again for quality.

Edward Okech comments: "The farmers will not get a good crop this year because of the drought, lack of inputs and need for more ploughing. A lot of land has not been utilized and there are not enough tractors to meet the demand. We expect to source about 50 tonnes in this store. Price is not the main problem

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with the cotton farmers. Prompt payment is the important thing.”

We have a second store in Ngidwa, where Wilson Haya is my agent. Today he is weighing and checking cotton that has come into the store. 100 farmers supply Wilson's store and he could have more than 100 tonnes coming in, in a good year.



*Wilson weighs the sacks as they arrive at the store*  
The AR standard cotton is white and clean. This cotton has been sprayed and is therefore white as there are no insects in it. The BR cotton is stained through insects.



*Checking for AR quality cotton at Ngidwa*

Our third agent is Barak Odali, he aims to source 20 tonnes of cotton. He explains the situation: “Farmers are angry because they are trying to do farming but they need cash payment. That is the reason why farmers are failing to do this properly. They need to pay school fees and they want to be paid properly. The reason for cotton failure is the



slow payment.”

### Reactions of Mpesa Payments

We held a meeting, for agents and farmers, to explain the new system for Mpesa payments that we want to put in place, and the reason for the need to provide farmer details in advance. Farmers are worried by the 30/ KES withdrawal fee that Mpesa charges, this is what some farmers earn in one day, so we will have to deal with this, however all the agents agreed to the new payment system. Here are some of their comments:

“Mpesa is fine if you have money - but most of the farmers are illiterate. They will not believe that it will work so it will take time to introduce.”

"Yes security-wise it is acceptable. There are sleepless nights for the agents with cash, so I am for it for security purposes."

"Payments through Mpesa will save our (*the agents*) time".

### Working within the Academy

Our next challenge is to train up the agents to work with techfortrade (T4T) within the TSS Academy. In order to do this we are conducting some small deals so that the agents are clear about all the stages of the TSS deals. In order to access the Academy cash-on-the-bag (COB) fund it is necessary for our network to work in a way that shows the discipline needed to be able to conduct deals safely, securely and according to all the Academy rules that we have agreed together. After a number of satisfactory deals we intend to progress to using the commercial COB fund which will allow us to do larger deals. For our first Academy deal we have to complete a deal plan and a pending deal form. In the field our agent must send in the details of the farmers who will be supplying the cotton for the deal, including their mobile numbers so that money can be paid to them via Mpesa. We will also be providing T4T with all the details about our agents in the field including two references for each agent.

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