

COMPETE Grant Narrative Report

I. General Information

Grant Agreement No.:	CGA-STA-009-005
Grantee Institution:	Cereal Growers Association
Project Title:	The Establishment of Model Satellite Stores (MoSS)
Type of report:	Interim
Period covered by this report:	From 1 st April 2010 to 30 th June 2010

II. Background

In the past eight years, Cereal Growers Association (CGA) has been working with smallholder cereal farmers in the grain surplus areas of Kenya in building their capacity to engage in profitable farming. During this period, CGA has assisted in the formation of 60 farmer based organizations (FBOs) or farmer groups in these areas. Currently, these groups are working as a platform for knowledge dissemination in the entire value chain. Through training on best farming practices, farmers have increased their maize productivity from 8 bags (90kg) per acre to 25 bags. Most of these farmer groups are however faced with grain storage and marketing challenges. Most of the farmers are also over reliant on maize for food and income generation.

CGA is implementing this one year pilot project in both Trans Mara (Kenya) and Kongwa (Tanzania) Districts. The project commenced on 1st October 2009 and runs through to 30th September 2010.

III. Executive Summary

The main objective of this grant is to “improve the grain marketing systems” by establishing group-based Model Satellite Stores (MoSSs). These storage facilities will act as model centres for grain bulking, quality control and as hubs for market information. The project also proposes to organize field demonstrations and field days to train farmers on crop diversification for food security and alternative income generation.

The major activities and key achievements of the Quarter under review were as summarized below:

1. Maize supply contracts were signed between World Food Program P4P and nine (9) SHAs for a combined total of 1,019 MT valued at US\$ 293,450, a 50% price advantage compared to market price. Collection of the maize in final stages.
2. Five (5) Stores have been established - 3 in Trans Mara and 2 in Kongwa, Tanzania.
3. Harvesting season in Kongwa, Tanzania starts in July 2010 and the Cereal Growers Organization of Kongwa (CGOK), the farmer group acting as the project vehicle in Tanzania has been registered as a vendor with WFP. The store at Panda Mbili was refurbished and equipped with basic grain handling facilities.
4. Said Salim Bakhresa & Co Ltd, the leading grain milling concern in Tanzania, visited the farmer group in Kongwa and committed to buy any grain that is suitably consolidated and warehoused.
5. Number of new FBOs reached are 102 (4 in Trans Mara and 98 in Kongwa, Tanzania). The figure is very high in Kongwa because operations picked up late.
6. Value and volume of produce jointly marketed - 1,405 MT valued at Kshs. 27.3 million (all in Trans Mara) with a projection of approx. 5,000 MT (2000 MT in Trans Mara and 3,000 in Kongwa) in coming season.
7. Total number of beneficiaries of joint selling transactions was 2,060 farmer (943 in Trans Mara and 1,117 in Kongwa)

IV. Detailed activities

(a) Newly Established farmer groups and increased membership of SHAs:

Four (4) new farmer groups were mobilized and formed to bring the total number of farmer groups CGA is working with in the project area to 35 from 27 where 4 other established groups, were the existing and already registered groups which have joined due to CGA intervention on project awareness. The total membership has grown to 943 from 656 in December 2009 and 856 from March 2010, an increase of 30.4%. The number of Women benefiting from the project has also increased from 305 in Dec 2009 to 446 at present representing 31.6% increase. The new Farmer Groups are: (i) Ogilgei Women Group, (ii) Namunyak Kadra Self Help Group, (iii) Shunet Community Based Organization, and (iv) Nekishon Farmers Association.

(b) Strengthening capacity of FBOs:

(i) Stores / ware house management and PHH training - CGA in conjunction with WFP facilitated three trainings on stores management. CGA mobilized the trainees (who included the; Stores assistants, the stores management committees, farmer group leader reps representing 17 farmer groups) and provided for the training materials whereas WFP provided the trainer for stores management training and refreshments While CGA trained on PHH. The trainings took place at Angata Barrikoi, Keiyan and Romosha satellite Stores from the 3rd to 5th of March 2010 respectively. The total participants were 87, where women were 26.

(c) Joint cereals consolidation and marketing

(i) Volume and value of joint sales - the total volumes of the maize that have been collected through the three satellites were 1570 MT and the volumes marketed/sold so far are 1405.22 MT at a value of Kshs. 27.3 Million. There is an increased value of 37.4% from a normal scenario of selling through the farm gate and an increase of volume of joint sales from 667 MT last year 2009 of 52.5%. This could not have been achieved without the satellite storage facilities whose total capacity is 1,300 MT (100 MT – Romosha, 200 MT – Angata and 1000 MT for Keiyan stores respectively).

Table 1: Summary of Jointly Consolidated and Marketed Produce in the Quarter

No.	Group	Membership		Consolidated Vol. (MT)	Sold Vol. (MT)	Value (Kshs)	Avail. Balance (MT)
		Total	Women				
ANGATA MoSS							
1.	Koptigei Widows group	66	66	106.46	106.46	2,218,233	0
2.	Angata Farmers SHG	35	15	43.69	43.69	910,888	0
3.	Oldonyo Orok marketing SHG	23	0	102.53	62.6	1,391,110	39.93
4.	Pastors Association	23	0	12.88	12.88	253,422	0
5.	Ogilge SHG	26	12	182.94	62.61	1,276,967	120.33
6.	Keturo SHG	34	0	108.73	108.73	2,304,421	0
7.	Rotet Women group	21	19	76.66	75.31	1,573,983	1.35
8.	Bidii Torch	20	6	38.02	34.85	730,794	3.17
9.	Oldonyo Orok Maendeleo Women Group	23	19	45.76	45.76	1,116,086	0
SUB TOTAL		271	137	717.67	552.89	11,775,904	164.78
KEIYIAN MoSS							
10.	Mashambani SHG	17	10	343.96	343.96	6,383,433	0
11.	Keiyan Group Ranch	44	2	35.86	35.86	559,287	0
12.	Tangi SHG	24	8	112.34	112.34	2,089,277	0
13.	Omokobokobo Women Group	16	11	7.56	7.56	115,530	0
14.	Namunyak Karda SHG	20	7	77.63	77.63	598,623	0
SUB TOTAL		121	38	577.35	577.35	9,746,150	0
ROMOSHA MoSS							
15.	Romosha Farmers Association	28	10	149.66	149.66	3,130,110	0
16.	Naretisho Farmers Association	68	14	119.11	119.11	2,556,560	0
17.	Ilmirisho SHG	28	8	6.21	6.21	138,000	0
SUB TOTAL		124	32	274.98	274.98	5,824,670	0
GRAND TOTAL		516	207	1,570	1,405.22	27,346,724	164.8

There were no consolidation/joint sales in Kongwa due to drought in the last season.

(ii) *Beneficiaries* - The villages served from the satellites include Angata satellite – 16, Keiyan – 15 and Romosha 16 villages. The number of women groups that marketed the

maize together through the three satellites was four (4) with a total membership of 126 women farmers out of a total of 516 farmers from 17 farmer groups selling jointly 235 MT. This is an improvement from last quarter where only one women group with 88 farmers had sold 144 MT. However the total number of women that marketed their maize through the satellites was 207 out of 516 participating farmers, representing 40% of women.

In Kongwa, the awareness creation around Panda Mbili has reached 41 Farmers Groups with a total of 585 farmers. The expected harvest is 6,500 tones and the volume available for sale is 1,800 MT. In Songa Mbele 57 farmers group with 532 farmers has been reached and the expectations is to harvest 3,610 MT and will expose for sale 1,200 MT. The MoSS at Panda Mbili has been refurbished and equipped with the basic grain handling and quality assurance tools and equipment in readiness for the exercise.

Angata Satellite Store serving 16 villages received Kshs. **11.8** million therefore an average of Kshs 735,994 per village. Keiyan Satellite Store serving 15 villages received Kshs. 9,746,150 therefore an average of Kshs 649,750 per village. Romosha Satellite Store serving 16 villages received Kshs. 5,419,670 therefore an average of Kshs 364,040 per village. Panda Mbili Satellite Store serves about 10 villages while Songa Mbele Satellite Store serves 4 villages but no sales have yet been made in Tanzania.

(iii) Quality transaction costs and sourcing time - with the provision of the storage facility and WFP providing the market for the small scale farmers, there has been improved quality and storage period has increased from a situation where farmers were selling at farm gate immediately after harvest to 2-3 months of storage at the MoSS. There has also been a 75% reduction in sourcing time for the buyer from four weeks to less than a week. This has been possible through the awareness that maize stocks are available at the stores. Consequently there is a 72% reduction in transaction cost where a farmer is able to incur about Kshs 70 per a bag of 90kgs at the MoSS compared to the normal Kshs 220 – 300 per 90kgs bag when delivering to the market individually.

(iv) **Linkage to market** - So far, 17 Farmer Groups from Trans Mara have been registered as vendors/ suppliers to World Food Programme (WFP) through the Purchase for Progress (P4P) initiative thereby making them eligible to bid for WFP tenders. More groups have filled the vendor registration form and are awaiting approval from WFP. On the other hand WFP, CGA and the Farmer Groups are in the process of implementing a new way of tendering called the Delivery Forward Contract (DFC), where the farmers can win the supply tenders before upfront. The farmers are very enthusiastic on this as it will assure them of a ready market as they go to farm.

In Kongwa, the project had a meeting with the WFP office in Dar es Salaam on 10th June 2010 where WFP committed to procure all grain from CGOK so long as it met the set quality standards. There was a planned meeting to the MoSS by the Said Salim Bakhresa & Co Ltd, the leading grain milling concern in Tanzania.

Table 2: Linkage to Different Buyers for the Quarter

MoSS	BUYER					
	WFP		NCPB		TRADERS / BROKERS	
	MT	VALUE	MT	VALUE	MT	VALUE
ANGATA BARRAKOI	646.05	14,226,487	-	-	23.45	265,200
ROMOSHA	225.2	5,004,444	-	-	22.75	267,120
KEIYIAN	-	-	238	6,076,140	249.77	1,507,333
TOTALS	871.25	19,230,931	238	6,076,140	295.97	2,039,653

(d) Other business linkages

(i) **Rigoma Field Day (FD)** - the CGA organized Rigoma FD was held on 1st July 2010 at Rigoma Primary/ Secondary Schools grounds. It was jointly organized with the Ministry with the Ministry of Agriculture. At the demo site there were over 35 varieties of maize seeds, 3 varieties of sorghum, sun flower, pearl millet, pigeon peas, Boma Rhode pasture grass, Desmodium pasture legume, beans, agro-forestry, wheat and over 15 different types of vegetables. All these crops were established by over 15 different companies who at the start of the planting season.

The exhibitors that participated in the field day include; Osho Chemicals, Syngenta E. A. Ltd, Pannar seed, Western Seed, Farmchem, Twiga, FMD, Homa lime, Kilimo Salama (Crop Insurance), Kenya Seed, Equity, AFC, Leldet, Wakenya Pamoja, Coca cola, Ministry Of Agriculture, Seminis (Monsanto), Omeremi Sacco.

All the farmers groups from Trans Mara were invited and joined other farmers from the larger Kisii region, Bomet and Sotik Districts. The total attendance was over 2000 farmers and about 1000 students.

The Guest of Honour was the Minister for Agriculture represented by the Agriculture Secretary, Dr. Wilson Songa. Other guests were the acting MD AFC, Mr. Zakayo. Magara, PDA Nyanza and immediate former CGA Chairman, Hugo Wood. There were also representatives from ACDI/VOCA, AGRA, and USAID COMPETE (Isaac and Maria).

(ii) Linkage to credit service providers - The credit facility or loan was mostly from Equity Bank (through Kilimo Biashara). Only one FBO obtained credit from Agricultural Finance Corporation (AFC). In the 1st and 2nd quarters a total of 249 farmers from 23 groups borrowed Kshs. 93.6 M and in this 3rd quarter 327 farmers from 42 groups borrowed Kshs. 107 M for farming from both Equity bank and AFC. Cumulatively, farmers have borrowed 200.6 M for the past two farming seasons. In Kongwa, the project is working with National Microfinance Bank (NMB) to facilitate farmers with loans as part of the market linkage package.

V. Challenges in carrying out the project

1. The main challenge in the season has been the national incidence of aflatoxin, mainly in the Eastern and Coast provinces which has led to reduced prices nationally and rejection of some maize batches amounting to over 50 MT in Trans Mara.
2. The weather conditions were not favourable as a lot of rains affected the drying of the maize and transportation from the farm gates to the stores and from the stores to

the markets. This also led to repeated drying and some maize being wet and susceptible to aflatoxin in Trans Mara.

3. The equipment issued to farmers at the stores e.g. the sieves were few, tarpaulins were inadequate in size. There were also cases where the stitching machine thread ran out and would be only sourced from such far off towns as Nakuru and Nairobi.
4. The farmers were slow in delivering maize to the MoSS as they were skeptical about payments which they thought will be delayed. Other farmers brought poor quality maize and it took time to bring it to the required standards.
5. The MoSS stores in Trans Mara proved unable to cope with the high volumes of the maize received or delivered at the peak harvesting season e.g. Romosha and Angata satellite stores.
6. Maize uplifts and payments for collected maize by WFP took too long due to suspected bureaucracy and poor transport logistics which in turn led to delays in creating space for other farmers waiting to deliver, hence congestion.
7. Delays in payments to the farmers due to delays in providing commercial invoices and delivery notes by WFP to the farmer groups in advance. WFP delayed payments which extended to as far as 3-4 weeks against the 14 days written on the contracts.

VI. Lessons learned

Building on other lessons learnt in the project so far, it has been learnt that there is need for many alternatives to be provided to the farmers to avoid frustration when inefficiencies crop in with one of the large buyers. This happened in Trans Mara in the just concluded quarter when WFP delayed maize pick ups and / or payments to some of the groups due to their own logistical issues.

VII. Major activities July to September 2010

1. The major activity for Tanzania will be linking the CGOK to access the WFP (P4P) market as well as the large buyers such as Said Salim Bakhresa & Co Ltd.
2. Work with WFP to launch the Delivery Forward Contract (DFC) scheme for the Farmer Groups in the Trans Mara area.

3. Sustain the grain consolidation and joint marketing for all Farmer Groups served under the 5 Satellite Stores. The projection for the total produce consolidation for the 3 Satellite Stores in the harvesting season starting June/July 2010 is 5,000 MT.

VII. APPENDIX

Table 3: Farmer Groups Registered with WFP as Vendors

Farmer Organization (Group)	Wings Vendor Number	Location	Area	Address
Enkoperia Women Group	50029120	Angata Barrikoi	Trans Mara	P.O Box 144 Kilgoris
Oldonyo Orok Ogilge Youth Group	50029122	Angata Barrikoi	Trans Mara	P.O. Box 144 Kilgoris
Olaitong Youth Group	50029123	Kondamet	Trans Mara	P.O. Box 3 Kilgoris
Naretisho Farmers Association	50029177	Romosha	Trans Mara	P.O. Box 170 Kilgoris
Koptigei Widows group	50029391	Angata Barrikoi	Trans Mara	P.O.Box 215, Kilgoris
Oldonyo Orok Marketing Self Group	50029377	Angata Barrikoi	Trans Mara	P.O Box 215 Kilgoris
Ogilge Farmers Self Help Group		Angata Barrikoi	Trans Mara	P.O Box 215 Kilgoris
Angata Farmers Self Help Stores	50032331	Angata Barrikoi	Trans Mara	P.O Box 215 Kilgoris
Rotet Women Group	50032325	Angata Barrikoi	Trans Mara	P.O Box 215 Kilgoris
Bidii Torch Youth Group		Angata Barrikoi	Trans Mara	P.O Box 215 Kilgoris
Keturo Area B Farmers Association	50032324	Angata Barrikoi	Trans Mara	P.O Box 215 Kilgoris
Oldonyo Orok Maendeleo Women Group	50032321	Angata Barrikoi	Trans Mara	P.O Box 7 Lolgorian
Romosha Farmers Association	50032333	Pirar	Trans Mara	P.O. Box 170 Kilgoris
Naboisho Youth Group		Keiyan	Trans Mara	P.O Box 288 Kilgoris
Nchorroi Self Help Group		Keiyan	Trans Mara	P.O Box 49 Kilgoris
Tangi Cereal Growers Association		Kilgoris	Trans Mara	P.O Box1 Kilgoris
Shunet Community Based Organization		Kilgoris	Trans Mara	P.O. Box 245 Kilgoris

Table 4: Indicator tracking table (IPTT) as at Quarter III (April - June 2010)

Indicator	Measure	Baseline	Target	1 st & 2 nd Qtr	3 rd Qtr	Cumulative
1. Establish new FBOs	No. of FBOs	0	5	6	4	10
2. Strengthening FBOs	Training workshops conducted - warehouse management - group leadership - group marketing - Resource mobilization	0	15	4 ToTs	3	7
	No. of participants at workshops	0	300	125	87	211
4. Increased use of market information system	No. of people using MIS (% increase)	0	15%			
5. Capacity of the community stores	Storage capacity the MoSS	0	5,000 MT	1,200 MT	2,300 MT	3,500 MT
6. Volume of cereals jointly bulked (MT)	Volumes bulked	0	5,000 MT	667 MT	1,570 MT	2,237 MT
7. Volume of joint sales (MT)		0	5,000 MT	667 MT	1,405 MT	2,072 MT
8. Value of jointly sold cereals	Given as the total value based on the average price offer to the farmers accessing the MoSS during the selling season then compared to the total value based on the ruling market price were each group member to sell individually	0	Kshs. 50.0 Mln	Kshs. 17.03 Mln vs. Kshs 12.6 Mln	Kshs. 27.3 Mln vs. Kshs. 17.1 Mln.	Kshs 44.33 million
9. Increased value and volume of sales	% increase – being the difference in value when Farmer Groups sell jointly and value were each member to sell their produce individually.	0	10%	26%	37.4%	
10. Improved quality	Storage period	0 months	2 months		3 months	
11. Reduced sourcing time (buyer)	% reduction of time taken by a typical buyer to bulk and procure say, 100 MT	4 weeks	10%	3 weeks - 25%	2 weeks - 50%	

Indicator	Measure	Baseline	Target	1 st & 2 nd Qtr	3 rd Qtr	Cumulative
12. Reduced transaction costs (producer)	% reduction of cost of marketing by a typical small scale farmer (10MT sold to the open market 100KM away)	Average 250/= per 90 kg. bag	10%	Kshs 100	Kshs 70 per 90kgs bag = 72%	
13. Post harvest losses reduced	% reduction	30%	10%	20%	25%	
14. PHH trainings conducted	No. of PHH trainings	0	15	4	3	7
	No. of farmers trained on PHH	0	500	174	(87 + 230)= 1,204	317
15. Increased membership of smallholder producers to FBOs	Membership to FBOs working with the MoSS	656	2,000	867	(943+ 1,117) = 2,060	30.4% increase
	% change in the individual membership to participating FBOs	0	10%	32%	137%	214%
16. Increased women participation in FBOs	Number of women participating in FBO activities	305 women	10%	413	446	
	% increase in women participation		5%	35%	8%	
17. value of credit jointly secured	Amount loaned in Kshs.			93.6 M	107 M	200.6 M