



Kenya Agricultural Productivity Programme  
P. O. Box 8073-00200, NAIROBI

# **TRAINING WORKSHOP REPORT: COLLECTIVE SORGHUM MARKETING Egerton University, Kenya 24<sup>th</sup>-26<sup>th</sup> September, 2012**

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## **WORKSHOP PATNERS**

SACRED Africa

Ministry of Agriculture (MOA), Kenya

Egerton University

## **WORKSHOP LEADERS**

Dr. Juma Mukhwana

Dr. Erick Kimutai

Mr. Isaiah Maobe

Mrs. Nancy

Mr. Hussein

## **WORKSHOP PURPOSE**

The Workshop was designed to:

- Enlighten farmers on producing measuring and maintaining good quality grain for the market
- Show the challenges of marketing in a liberal economy and the need of marketing agricultural produce collectively
- Show the role of groups, middle men and support organizations in marketing agricultural produce

- Provide ways of collecting and using market information, managing finances and an effective way of establishing a collective marketing association

## **WORKSHOP PROGRAMME**

### **Monday: 24<sup>th</sup> September, 2012**

8.30 – 9.00 pm	Introduction and expectations.
9.00 – 10 am	History of sorghum production in the area, Nancy, MOA.
10.00 – 10.30 pm	Tea/coffee break.
10.30 – 11.30 pm	Challenges of marketing in a liberalized economy, Juma Mukhwana, SACRED Africa.
11.30 – 12.30 pm	Role of groups in marketing of Agriculture produce, Isaiah Maobe, SACRED Africa.
12.30 – 2.00 pm	Lunch break.
2.00 – 4.00pm	Role of support organizations in collective marketing, Juma Mukhwana.
4.00 pm	Departure.

### **Tuesday: 25<sup>th</sup> September, 2012**

8.30 – 9.00 am	Recap of previous work.
9.00 – 10 am	Role of middlemen in marketing, Juma Mukhwana, SACRED Africa.
10.30 - 11.30 am	Coffee/Tea break.
11.30 - 12.30pm	Collecting and using market information, Isaiah Maobe, SA.
12.30 – 2.00 pm	Lunch/ Break.
2.00 – 4.00pm	Guidelines on establishing a collective marketing Association Juma Mukhwana.

### **Wednesday: 26<sup>th</sup> September, 2012**

- 8.30 – 9.00 am          Recap of previous work.
- 9.00 – 10 am            Measuring and maintaining grain quality, Nancy, MOA.
- 10.30 – 11.30 pm        Tea/ Coffee break.
- 11.30 – 12.30 pm        Financial management, Isaiah Maobe.
- 12.30 – 1.00 pm        Establishment of Njoro cereal bank, Juma Mukhwana.
- 1.00 – 2.00 pm         Concluding remarks and award of certificates.

### **WORKSHOP ATTENDANCE**

DATE	MALE	FEMALE	TOTAL
24 <sup>TH</sup> SEP 2012	20	4	24
25 <sup>TH</sup> SEP 2012	25	12	37
26 <sup>TH</sup> SEP 2012	25	14	39

### **DAY ONE: 24<sup>TH</sup> SEPTEMBER 2012**

After the introductions and expectations, participants made a set of rules to take them through the training session. The following was also agreed upon:

- A temporal office consisting of a chair person, his deputy and a spiritual leader
- Two participants to do a recap of the day's events
- A time keeper

### **History of Sorghum in the Area**

#### **Speaker: Hussein (MOA)**

A brief history of sorghum in the area was given. Sorghum was described as a native cereal that was, even before the inception of maize as a staple. It was also a plant that was not commonly planted in the area as compared to Western Kenya and Eastern Ukambani. In 2008, Njoro had more than 3 hectares of sorghum planted but since the right varieties for this AEZ had not been identified, the yields were dismal. Through the seed relief programme, the government of Kenya provided the farmers with the following sorghum varieties; Serodo, Serena, E6518 and E129. These varieties however could not thrive with the chilly conditions of Njoro-Mau area and were affected by frost and mould. These called for research partners to get together to identify varieties suitable for this AEZ.

Trials have been initiated by the MOA and Egerton University. Harvests are still at the Egerton University laboratories as quality of the crop harvested has to be checked on. Although the participating farmers reported a good yield, varieties are yet to be disclosed awaiting lab results.

Campaigns are also ongoing amongst farmer groups, discouraging the sole practice of planting maize which is not drought resistant unlike sorghum. Plans to commercialize the crop are ongoing but farmers are being encouraged to use as food because of its nutritive value. Farmers were able to share different ways in which sorghum could be used and these include; making porridge, ugali, alcohol, as a beverage and it could also be used as fodder. Farmers also emphasized on the need of close monitoring by extension officers to help them check on pests and diseases.

## **Collective Marketing**

### **Speaker: Dr. Mukhwana**

Participating farmers described collective marketing as the art of selling together. They were then divided into three groups to discuss the following:

1. The benefits of collective marketing
2. Challenges of collective marketing
3. What can be done to make collective marketing better

They came up with the following:

#### **GROUP 1: BENEFITS OF COLLECTIVE MARKETING**

With collective marketing, farmers agreed that they would be able to set and dictate the market prices and get rid of middle men. They also agreed that this will help cut on expenses such as transport, storage and thought that it would give them voice to demand for proper/ improved infrastructure. Accessing loans as group rather than an individual was also thought to be much easier.

#### **GROUP 2: CHALLENGES OF COLLECTIVE MARKETING**

Participating farmers listed the following as challenges they would face if they were to market as a group:

- Difficulties in identifying farmers with a common interest
- Lack of storage facilities because of the bulk involved
- Difficulties in transporting goods to a central point as participating farmers were from different locations
- Differences in farmers' personal needs
- Lack of trust amongst members
- Difference in quality of produce and

- Incapability to produce enough quantities to meet the buyers' demands

### GROUP 3: WHAT CAN BE DONE TO MAKE COLLECTIVE MARKETING BETTER?

Farmers' agreed that to make collective marketing better, they should be able to agree to grow one variety or product and also agree on the marketing price of the product. Since the produce should be of good quality, they also thought that they should identify and search for quality seed for better production. Having a central common collecting point would help ease transport and storage costs. Farmer also agreed to avoid middle men and sell their produce only when there is a favorable market price.

Farmers were later on enlightened on the three issues above and they were in agreement that collective marketing would yield the following:

- Improved incomes
- Stabilization of price
- Empowerment of farmers information and ease in accessing market
- Improved farm input
- Improved adoption of new technology
- Improved grain quality and
- Lowers marketing cost

Collective marketing were said to be facing challenges such as:

- Poor history of cooperatives
- Political influence
- Farmers being used to production only and thus lack skills in business
- Lack of market information, capital, storage and transport
- Lack of quantity, quality and post-harvest knowledge
- Different varieties and needs
- Corruption and
- selling on credit

### **Role of Groups in Marketing**

#### **Speaker: Isaiah Maobe**

The farmers were given a brief history of farmers' groups in Kenya. The first formal farmers' group was formed in 1908 in Lumbwa (Kipkelion), Rift Valley Province. Colonial Masters allowed African farmers to form and join groups in 1944. In 1945 the Co-operative Societies was enacted and a Co-operatives department established and a registrar appointed in 1946. By 1952, about 160 farmer groups were in existence and in 1954, the Swgnerton plan on developing African agriculture was put in place to improve farming. The Department of Co-operative

development became a ministry in 1974 and between 1963 and 1999, there were 7000 registered farmer groups.

The farmers then defined a group as persons united with a common interest/ need/ purpose. The two different types of groups that exist were then defined:

- i. Formal; registered, legal and long term. This is the best suited for a marketing group.
- ii. Informal; not registered and is short term

Participants were then taken through roles of Agricultural Produce Marketing Groups which include:

- MAJOR; production, collection, storage and marketing.
- Receiving payments and paying farmers
- Promoting economic interest and the general welfare of members
- Maximizing profits
- Harnessing of skills from within and external sources
- Enhancing advocacy and bargaining power and promoting investment
- Conducting market research and survey and improving market access
- Contributing to poverty reduction

Farmers then listed the following the factors that contribute to poor performance of marketing groups; dishonesty, corruption, lack of skills, lack of vision, political interference and conflict of interest. The following was the mentioned and discussed:

- Lack of training, skills and preparedness in implementing decisions made
- Political interference and lack of government protection
- Slow decision making processes
- Poor infrastructure and weather conditions
- Competition from brokers and private processing companies
- High cost of farm inputs and equipment
- Low market prices
- Lack of transparency and accountability
- Egocentrism amongst members of a certain class

Participants were then asked to discuss what could be done to improve group performance and they came up with the following: Having rules and adhering to them; making regular reports of group activities; good record keeping; participating actively in group activities; confidentiality with information concerning the group and sharing of profits and losses. The facilitator then gave more light to the above issue. He mentioned and discussed these with the participants:

- Training of group members

- Electing honest, knowledgeable and experienced leaders
- Enacting strong by-laws
- Forming and joining groups that benefit members
- Strengthening capacities of group officials and members
- Encouraging equal participation
- Respecting and appreciating each other
- Handling group activities openly and accountably
- Strengthening competitions by producing better qualities and having variable packaging of the produce
- Increasing and encouraging exposure through shows, seminars and exhibition

Dr. Mukhwana then gave closing remarks for the day, the chairman gave a vote of thanks and the meeting was closed at 4.15pm with a word of prayer.

## **DAY TWO: 25<sup>TH</sup> SEPTEMBER 2012**

The day began at 9.00am with a word of prayer by a participant. A recap of the previous day's work was done by a farmer who engaged his fellow farmers in a question-answer session. From the participants' reactions it was clear that they had understood what collective marketing was and the role of groups in marketing agricultural produce.

### **Role of Middle Persons in Marketing**

#### **Speaker: Dr. Mukhwana**

The participants described a middle man different ways. An intermediary between farmer and market; stepping stone to the market; one who helps in produce bulking, provides storage and transport services. Participants were then divided into three groups to discuss the following:

1. Advantages of a middleman
2. Disadvantages of a middleman
3. How farmers can work without middlemen

The group discussions yielded the following:

#### **GROUP 1: ADVANTAGES OF A MIDDLEMAN**

Farmers concurred that a middleman has good knowledge of the market and provides market information to the farmer and has good knowledge of the market prices. They also concurred that the middleman provides storage and transport as well as loans in form of advance payments for farm produce.

#### **GROUP 2: DISADVANTAGES OF A MIDDLEMAN**

Farmers here agreed that the middleman exploits the farmer and disagreed with the findings in group one saying that a middleman provides market information, rather he hinders the farmer from getting market information.

### GROUP 3: HOW FARMERS CAN WORK WITHOUT MIDDLEMEN

Participants also agreed that farmers can work without middlemen. This they said can be achieved by doing the following:

- Forming marketing groups
- Deciding commodity price in the absence of middle men and sticking to the prices worked out
- Collecting and having adequate market information
- Having standardized ways of weighing their produce
- Conducting activities such as table banking and merry go rounds, this will help them access loans when necessary
- Having regular meetings to discuss changing market trends i.e. commodity prices

The facilitator then responded to the above:

### ADVANTAGES

- Links the farmer to the buyer
- Bulks the produce thus enough quantities for the buyer
- Provides transport
- Gives loans/ inputs to the farmer
- Carries out market surveys

### DISADVANTAGES

- Buys at very low prices from the farmer but makes high profits for himself
- Exploits the farmer

Emphasis was put on the need for the farmer to take control of produce prices, as it had been discovered that the middleman always has control over prices whether buying or selling. Participants concurred that they were actually being exploited by middlemen and agreed that this particular session had enlightened them.

### **Using Market Information**

#### **Speaker: Isaiah Maobe**

Farmers described information as a new item or a collection of news. The facilitator described this as data verified to be accurate specific and organized for a certain purpose. He went ahead and described the value of information which includes; the meaning, its relevance, its simplicity

and how it reduces uncertainty. Participants were then asked to discuss reasons for collecting marketing information and listed the following:

- For decision making
- To get to know the market prices and avoid losses
- To get to know the market needs
- For early preparation and to help develop one's business

The facilitator then emphasized that market information is collected to:

- Understand the characteristics, needs, wants and desires of a market
- Remain aware of the challenges of the market and how to counter them
- Avoid making business losses
- Be better placed in advertising produce at the market and
- Develop mechanisms for collaboration with other market users

Participants were then asked how they collect market information and said they do it by enquiring from the MOA, using the media, attending Barazas, workshops and seminars. The facilitator then took the farmers through how to collect viable market information and discussed the following:

- Developing a plan and program
- Choosing type of market information one needs to know
- Selecting the person to collect information
- Determining the period one needs to use this information
- Identifying sources of market information (MOA, media, physical market, NGOs etc.)
- Limit yourself to specific information
- Collecting the information
- Identifying gaps left
- Redoing the process to fill in gaps
- Comparing the information collected and documenting it
- Reviewing your information to reflect current market needs and lastly
- Implementing findings to create positive change

Farmers were then asked to discuss the uses of market information. They agreed that market information could be used to make informed decisions and make corrections from previous mistakes. Market information could also be used to help improve quantity and quality of produce since one gets to know the needs of the market. One can also use this information to plan, advertise and also, one can pass on information gathered to other farmers within the group. The facilitator then discussed how market information could be used to:

- Make informed decisions
- Get to know challenges in marketing and seek solutions in time

- Understand the needs and behaviors of markets
- Make new business links
- Plan one's farming activities
- Seek funding for marketing activities

The participants unanimously agreed that having market information would play a great deal in eliminating the middleman who exploits the farmer.

## **Producing for the Market**

### **Speaker: Hussein**

In this session, farmers were taught what to do in order to produce for the market. One must be in a position to produce enough for food and sell only the surplus. The speaker emphasized that if one has no surplus then he had no reason to sell and thus had no reason to join a marketing group. He highlighted the following:

1. Investment opportunity: One should consider the end market i.e. in this case, sorghum is being considered as a substitute for barley by EABL and thus EABL here could be the end market
2. Farmers should develop stronger farmers' groups and enhance their market power
3. Improved agronomic practices should be introduced
4. Increase demand by encouraging agro-processing investment
5. Have knowledge on post-harvest handling to minimize losses and maintain grain quality
6. Have a structured trading system:
  - Contract farming
  - Warehouse receipting system
7. Have adequate marketing information

The speaker then gave closing remarks and the day ended at 3.30pm with a prayer from a farmer

## **DAY THREE: 26<sup>TH</sup> SEPTEMBER 2012**

The day begun at 9.00am, with a prayer from a farmer. A recap of the previous day's work was done by a farmer who engaged the participants in a question –answer session. After the recap, participants requested to be given lessons on roles of leaders and members in a group. This they said would help them pick on responsible leaders and thus avoid making mistakes they have made in the past, where they have had co-operatives failing because of poor leadership.

## **Financial Management**

### **Speaker: Isaiah Maobe**

This was described as forecasting, planning and controlling financial activities to maximize profits and value of an enterprise. The participants simply described profits as money, but the speaker went further and described profits as money left after deducting costs of production or a measure of economic prosperity of an enterprise.

Profits were said to function as tools that enable survival of an enterprise in terms of no business and also facilitate the growth of the business. Profits help one in achieving social needs and also motivate one to invest more, for increased profits project increased business credibility.

The speaker took the participants through what they should and should not do to ensure sound financial management as this is the only way one would get to know whether he is making profits or losses. He discussed the following:

- Keeping good financial records at all times
- Having committed members
- Electing disciplined officials who should work as a team
- Keeping neatly written and realistic financial transactions
- Making collective financial decisions
- Monitoring and evaluating expenditures
- Consulting widely within the group before spending
- Doing regular inspections and audits (internal and external)

## RECORD KEEPING

It was discussed and participants agreed that record keeping was necessary for any business venture. The facilitator encouraged the farmers to keep records as this would help them in many different ways such as:

- Making references as and when necessary
- Planning
- Making management decisions
- Budgeting
- Sourcing financial help i.e. loans
- Having evidence in business

The participants were then educated on how to keep good records and these were discussed. Records kept must be:

- Simple and easy to understand
- Useful
- Easy to recover and interpret information in them
- Free of duplication
- Neat and clean

With the help of the facilitator farmers listed a number of simple records one who is business needs to keep and these included; cash receipt book, cash book, stock book, purchases book, minutes book, register of members, files among others.

Emphasis was put on the need to keep accurate records as this leads to:

Improved management for higher profits



Profits generate CAPITAL



Capital increases WEALTH



Wealth reduces POVERTY



Increases HAPPINESS

### **Forming your Cereal Bank (Marketing Association)**

**Speaker: Dr. Mukhwana**

Participants were educated on what to do when forming a marketing association. To be able to form a marketing organization, the farmers were asked to:

1. Organize community organization meetings to raise awareness about the need for a Marketing Association.
2. Do a baseline survey about the crop that they would want to market (cost of production, varieties, and prices).
3. Document constraints/ problems that farmers face in marketing the crop.
4. Home grown solutions for processing or marketing the identified crop.
5. Recruit potential members of the cereal bank and elect interim officials.
6. Establish rules of the bank, objective and shares
7. Hold regular meetings, have committees for quality, marketing intelligence, records etc.
8. Open a bank account, identify and earmark a store.

9. Train members on marketing, grain quality, record keeping, leadership and management
10. At harvest time, members should deposit their share with the bank which will not be withdrawn from the cereal bank. One can also deposit extra bags which can be withdrawn from the bank.
11. Market their produce to schools, hospitals, prisons, millers etc. To maximize on profits, they should:
  - Buy cheap and sell high immediately or
  - Buy and sell only when prices are high
12. Conduct Annual General Meetings. The following should highlighted in AGMs:
  - Amounts bought and amounts sold
  - Annual turnover
  - Profits or losses made

## WAY FORWARD

As a result of this workshop, participating farmers said that they would form a sorghum growers group and register their members. They would then make by laws and elect office bearers. This would then be followed by registering the group as a self-help group which will give them a green light to run the group's activities. However, the participants were also aware that they would face certain challenges and they discussed these and also how to deal with the challenges as tabulated below.

CHALLENGE	HOW TO DEAL WITH IT
Poor leadership	Elect leaders of high integrity
Quality of produce	Use of certified seed only
Non-committal members	Sensitization of members
Lack of skill	Regular training of new and old members
Political interference	Avoid politics
Common meeting point	Agree on a central meeting point

## SUPPORT ORGANIZATIONS

These can be NGOS, Universities, the Ministry of Agriculture or millers. Participants were educated about the roles of a support organization, what a support organization should not do and what a good support organization does. These were outlined as follows:

### ROLES:

- Assist bulk the produce
- Develop a business strategy
- train/educate farmers
- Resolve conflict
- Avail loans

- Avail good quality seed
- Monitor and evaluate
- Empower farmers
- Create business linkages
- Ensure transparency
- Facilitate competition

A good support organization should not spoon feed, micromanage nor exaggerate benefits. Since the farmers here did not have enough sorghum at the moment they were to discuss and decide if they would begin marketing other cereals as they worked on sorghum production. Participants were then told what Sacred Africa, as a support organization, would do and this includes:

1. Provide tools such as weighing scale, moisture meter and sampling forks
2. Training of farmers
3. Check on the quality of the produce and
4. Market the produce

Certificates were awarded to the participating farmers and the workshop was closed at 3.30pm by Dr. Kimutai of Egerton University.