

Module 2: Best practice on farm to factory handling of grains

Best practices to handle traditional grains
from farm to factory - Costs



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Costs elements in sourcing grains

1. Provision of inputs/seeds to farmers
2. Provision of extension services to farmers
3. Training farmers in Good Agricultural Practices and Climate Smart Agriculture
4. Post-harvest handling (threshing, drying, bagging)
5. Payment of harvested grains (own cash or debt financing)
6. Transportation of grains from source to factory

Cost reduction strategies

1. Purchase of grains at lower prices during harvest (needs accurate market information, working capital and warehousing)
2. Partnering with development actors to fund aggregation, extension services, training of farmers and post-harvest handling services
3. Having suppliers deliver grains to processing facilities instead of processor collecting from farms

Structured commodity financing

1. Service offered by the East African Grain Council (<http://eagc.org>)
2. Financing Inventory for Processors
3. Commodity is received in a certified warehouse then farmers are paid directly
4. Processor then pays for the commodity as they require for processing
5. A transaction fee is charged

Sources of finance for food processors in East Africa

- Friends and family
- Awards/business plan competitions
- Grant funding
- Government programs e.g. Youth/women fund
- Angel investors
- Venture Capital
- Debt financing

Enablers of grains processors

- **Technical assistance** providers like Partners in Food Solutions
- **Accelerator programs** such as E4 Impact, Growth Africa
- **Training services** such as universities and NGOs like TechnoServe




Market access

Types of customers/channels:

- Supermarkets
- Distributors and wholesalers
- Institutions (public and private)
- Food service (hotels and restaurants)
- Export
- E-Commerce
- Direct to consumer



A wide-angle photograph of a field of tall, golden-brown grass. Scattered throughout the field are numerous red poppies, some in full bloom and others as buds. The background shows a distant treeline under a pale, hazy sky. The overall image has a soft, slightly faded aesthetic.

In the next section of this training we will share best practices that food companies can apply at factory level.