



Experience in Kenya's Sunflower Sector

DrumNet operated in Kenya's sunflower sector from 2007 to 2009. DrumNet delivered a range of services to **Bidco Oil Refineries, Ltd** – the largest manufacturer of vegetable oils, fats, margarine, and protein concentrates in East Africa. DrumNet also provided services to **Equity Bank**, several rural **farm input retailers** and **2,000+ smallholder producers**. The services were bundled to support an end-to-end finance, production, delivery and payment process that improved coordination and efficiency across the supply-chain.

Sunflower in Kenya

DrumNet used a comprehensive finance, production, delivery and payment process that linked actors involved with sunflower cultivation in Kenya. The process involved a fixed price purchase contract offered by Bidco, signed by producers (organized into groups) and managed by a master contract establishing the roles, rights and responsibilities of all chain partners. Subcontracts between parties were created as necessary to define specific actor obligations.

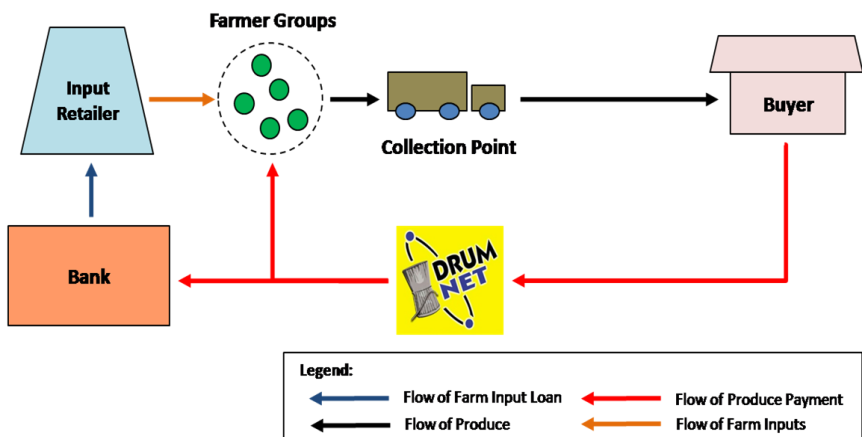
The contractual agreement allowed producers to access credit and purchase farming inputs from certified input retailers. This involved in-kind loans and a cashless payment procedure. Farmers applied for and received credit from Equity Bank. Instead of providing farmers with cash, however, Equity paid the input retailer directly after notification of input collection. DrumNet tracked and facilitated the entire process through the use of complimentary manual and short message service (SMS) based systems. Farmers repaid credit after the sale of their produce to a buyer.

DrumNet facilitated information flow up and down the supply-chain during the crop cycle; predominately via the use of SMS. Bidco was informed about what was planted, so they could estimate production and plan accordingly. Bidco was also able to monitor crop progress and pass on important extension information to growers. Input retailers were updated on which products to stock at what time and producers were informed of collection dates and locations long before harvest. In the end, all players benefited from DrumNet's timeliness, transparency and oversight.

At harvest, contracted produce was aggregated and graded at designated collection points, then sold to Bidco. DrumNet facilitated and tracked payment following a successful buyer-seller transaction, ensuring credit was repaid to Equity Bank and payment to producers was both secure and accurate. DrumNet's IT System provided the internal controls to track and report on compliance throughout the process. It also retained data for the establishment of user and credit ratings.

DrumNet charged a modest fee for its brokerage, administrative and transactional services.

Figure: Diagram of DrumNet Process



**DrumNet Field Results:
Improved Efficiency across the Supply-Chain**

