

**Project**  
**G-Soko Market Platform**



**Description of Organisation:** The Eastern Africa Grain Council (EAGC) ([www.eagc.org](http://www.eagc.org)) is a private sector, membership-based organisation registered in Kenya as a Company Limited by Guarantee and without share capital. It was registered in 2006 at the request, and through the efforts of, key stakeholders in all three sections of the grain value chain; producers, traders and processors. Service providers are Associate members. It operates as a non-profit, non-political, non-denominational organisation, which prepares, disseminates, and promotes the exchange of information on matters affecting the regional grain industry.

**Countries Benefiting from Project:** Kenya, Tanzania and Uganda

**Project Period:** December 2014- November 2017

**Collaboration Institutions:**

<b>Industry Grain Traders Associations/Millers/Interest Groups</b>	Grain Traders Association; Millers Association; Poultry Associations of East African Community Member States; National Bureau of Standards in East Africa, TradeMark East Africa
<b>Policy/Research</b>	Collaboration with ReNAPRI. Given its role in advocacy and research, ReNAPRI will be used as an avenue to share project constraints related to the enforcement of Grades and Standards as well as extend information to smallholder farmers. FoodTrade ESA will work with the EAGC Policy Advocacy Council to advocate for policy reforms among east African countries.
<b>Trade Information</b>	Virtual City, Esoko - FoodTrade ESA is also supporting these organisations to build a broader market platform using innovative ICT tools.

**Project Summary:** The Eastern Africa Grain Council (EAGC) through partnership with various industry stakeholders will develop a private sector-driven, market platform that will link buyers and sellers in staple foods trade in Eastern Africa. The new G-Soko Platform will bring structure and consistency to trade in grains. It will facilitate title transfer, market transparency, and price discovery – i.e. perform a clearing function. Transaction costs are reduced because coordination through a centralised exchange can cut down costs associated with identifying market outlets, physically inspecting product quality, and finding buyers or sellers.

Specifically, the G-Soko Market Platform will:

1. Accelerate utilisation of grades and standards for maize and beans;
2. Certify up to 100 regional warehouses and extend use of a regional warehouse receipt mechanism;

3. Automate certified warehouses and link them to a transactional ecosystem (e-trade platform) involving all agents within the supply chain;
4. Provide real time, transparent market and trade information through the platform to inform buyers and sellers on spot market conditions regionally; and
5. Enable farmers utilising the certified warehouses with a mechanism of accessing local financing from participating banks.

G-Soko will ensure that farmers growing maize and beans in East Africa can sell their product across East Africa through regionally certified warehouses. Once they are issued with a warehouse receipt, farmers can use the receipts as collateral to access financial services, while still accessing a large market across Eastern Africa. This mechanism will cushion them from 'selling low; after harvest and 'buying high' later. Partner banks have already been identified to provide warehouse receipt collateral mechanisms.

With FoodTrade ESA's investment, EAGC will help smallholder farmers improve the quality of their grain by using the grades and standards approved through the East African Community (EAC) in 2013. Farmer's will sell product into aggregation centres, and these centres will provide the initial check on quality. Warehouses will then issue a Goods Received Note (GRN) which identifies the quality and origin of the grain, enhancing the traceability of the product to its origin.

Aggregation centres will be registered with certified warehouses. Regional certification ensures that trade parties such as banks and buyers have confidence that, irrespective of where the warehouse is, or the origin of the grain, uniform quality can be guaranteed. Without this, trade trust cannot be built amongst players. All warehouses are linked to a single ICT based market platform managed by the Eastern Africa Grain Council. This technology facilitates access to all stock and grades at any one time. This platform receives offers and bids and has the potential to match buyers with sellers across East Africa. Once these parties agree on offers, the platform acts as a transactional clearing house with banks, buyers and sellers in a tripartite contract that is enforceable through contract law.

A pilot project in Kenya has already attracted 10 warehouses and 5 banks with a regional presence. Together the banks have provided credit against warehouse receipts for up to Ksh 150million (£1 million). FoodTrade ESA aims to test this model further, support development of appropriate technology to build a trading platform and help to embed and scale the new system across East Africa.

### **Contacts:**

For more information about the project, please contact:

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