

Case Study 3

Twiga Foods: Improved market access for farmers and a reliable supply for vendors



	Founding year	2014
	Geography	Kenya
	Founding team and GSMA grant manager	Peter Njonjo – Co-founder Grant Brooke – Co-founder and CEO Kikonde Mwatela – Co-founder and COO Caine Wanjau – CTO (GSMA grant manager)
	Tweet pitch	Twiga Foods is a mobile-based supply platform for small- and medium-sized fruit and vegetable vendors. www.twigafoods.com

Agriculture accounts for over a quarter of Kenya's GDP (or around half if other related sectors are included).⁹ Over 75 per cent of the country's population makes some part of their living from agriculture.¹⁰ However, the Kenyan agricultural sector can be inefficient and complex, and food waste is high due to inefficient handling practices. At the same time, small- and medium-sized fruit and vegetable vendors often lack access to a reliable supply of affordable and quality products.

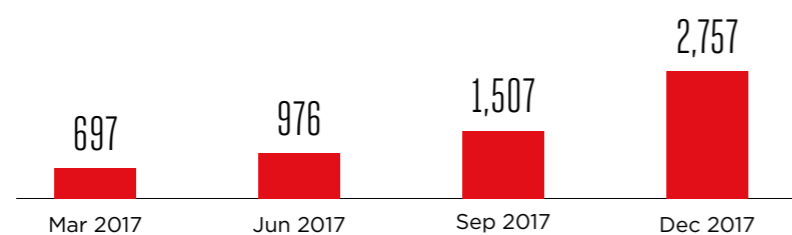
Twiga Foods was created in 2014 to reduce fragmentation in the produce market. The agritech startup runs a mobile-based B2B food supply platform that supplies fresh fruits and vegetables sourced from farmers in rural Kenya to small- and medium-sized vendors, outlets and kiosks in the country's capital, Nairobi. The mobile-based cashless

platform allows Twiga Foods to offer higher prices and a guaranteed market to farmers, and lower prices and a reliable supply to vendors. It also helps to reduce post-harvest losses and waste as it matches demand with supply. Consumers also benefit as they are able to buy fresher products at lower prices thanks to a more efficient supply chain.

Twiga Foods deals directly with farmers and operates 25 collection centres and a fleet of 50 delivery vehicles. Twiga Foods employs 240 staff and has become the largest seller of bananas in Kenya. As of January 2018, the startup had sourced more than 245 tonnes of bananas each week from over 3,000 farmers. These bananas are distributed through 7,000 weekly deliveries to more than 3,500 registered vendors who re-order every two days, on average.

FIGURE 4

Twiga Foods: Number of farmers enrolled



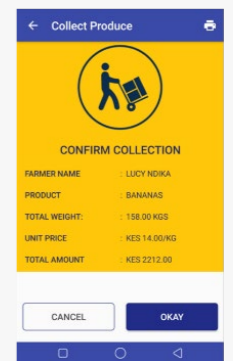
⁹ FAO, "Kenya at a glance: The agricultural sector in Kenya", <http://www.fao.org/kenya/fao-in-kenya/kenya-at-a-glance/en/>.
¹⁰ Feed the Future, "Country Profile: Kenya", <https://feedthefuture.gov/country/kenya>.

How the service works

Twiga Foods' distribution infrastructure is managed through a digital platform that enables real-time, end-to-end data collection. The platform is also integrated with mobile money (M-Pesa) to provide cashless payments throughout the value chain. Here is how the service works:

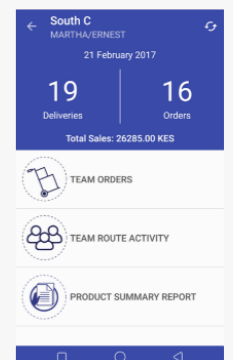
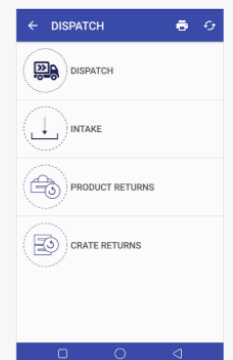
For Farmers

- Twiga Foods staff register farmers on the app. Farmers only need a feature phone to receive harvest receipts.
- Farmers deliver their products to the nearest Twiga Foods collection centre.
- Twiga Foods sends farmers an SMS receipt and settlement is completed within 24 hours using mobile money.



For Vendors

- Twiga Foods manages the inventory through its warehouses and processing centres.
- Vendors place their orders on Twiga Foods' USSD platform or through its call centre.
- Twiga Foods delivers products to vendors and records the details on the mobile app.
- Vendors pay for products using mobile money and Twiga Foods sends vendors an SMS receipt.



⁹ FAO, "Kenya at a glance: The agricultural sector in Kenya", <http://www.fao.org/kenya/fao-in-kenya/kenya-at-a-glance/en/>.
¹⁰ Feed the Future, "Country Profile: Kenya", <https://feedthefuture.gov/country/kenya>.

Working with mobile operators

Twiga Foods uses M-Pesa, Safaricom's mobile money service, to manage and streamline their payment processes for vendors and farmers. Through M-Pesa, Twiga Foods makes about 1,000 payments to farmers a week. Given these volumes, M-Pesa reduces the risk and transaction costs of handling cash. Previously, vendors would pay with cash and the Twiga Foods sales team would then deposit the money at a mobile money agent at the end of the day. Twiga Foods has now provided each delivery route with a till number to enable vendors to pay directly through M-Pesa.

Furthermore, the company has integrated mobile payments in its supply chain platform whereby the majority of farmers receive their payments through mobile money and information is recorded in real time in the field to enable timely settlement of payments.



Changing lives



Twiga Foods improves the livelihoods of farmers and vendors at both ends of the value chain and contributes to waste reduction and lower food prices in urban centres. It offers higher quality products at lower prices (up to 10 to 15 per cent cheaper than the traditional wholesale market). Furthermore, Twiga Foods-managed direct deliveries save vendors time and money as they do not have to pick up the products themselves twice a week.



"Before, I had to get up early and go to the market to get vegetables. Now, with Twiga Foods, I can place my orders through my phone and get it delivered to my shop."

Dominic, Nairobi, Fruit and Vegetable Vendor



"Before, I was selling my products to those who take bananas to Gikomba (a wholesale market in Nairobi) or to Mombasa. Since working with Twiga Foods, my finances have improved"

Sarah, Meru (three hours from Nairobi), Farmer

Working with the GSMA Ecosystem Accelerator

Twiga Foods received a grant from the [GSMA Ecosystem Accelerator Innovation Fund](#) in April 2017 to:

- Enhance the use of mobile technology to collect data across the value chain; and
- Build a platform to enable vendors to place orders via feature phones and smartphones rather than through a sales representative.

With this project, Twiga Foods is planning to unlock USD 225,000 in additional income and reach more than 289,000 beneficiaries in the agricultural value chain.

In addition to funding, GSMA has been supporting Twiga Foods in strengthening integration with mobile operators.