THE BUSINESS ADVOCACY FUND
Supporting Private Public Dialogue

EAGC: Warehouse receipts system

Impact assessment

Contents

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Impact assessment

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1. Background

1.1 The importance of agriculture

Slow progress towards food security in Sub-Saharan Africa has been attributed to low agricultural productivity and high population growth amongst other factors. The important role of the agricultural sector in contributing to food security is reflected in its prioritisation in the development agenda, in turn, due to the sector's high contribution to gross domestic product (GDP) in most African economies. Agriculture is key to Kenya's economy, directly contributing 34 per cent of GDP and another 27 per cent indirectly through linkages with other sectors. The sector employs more than 40 per cent of the total population and more than 70 per cent of rural people according to the 2019 Economic Survey[1].

In post-independence Kenya, the majority of farmers had small parcels of land. One challenge faced by the new Government of Kenya related to how the agricultural value chain players (producers, traders, processors and other service providers) interacted. The government sought to solve this by bringing farmers together through cooperatives[2] where they aggregated their goods and sold them via various marketing boards and corporations. This approach was mostly government-run[3].

From the 1980s to 1990s, in a bid to curb emerging economic problems, the multilateral finance institutions such as World Bank and International Monetary Fund promoted structural adjustment programs (SAP): intended to facilitate sustainable economic growth and development[4]. Adjustments included the devaluation of local currency, balance of payments management, government reduction of social services through cutting public spending, social spending and budget deficit, reducing tax on high earners, reducing inflation, suppressing wage growth, lowering import tariffs, tightened monetary policy, the reform of state corporations and cost-sharing in the delivery of social services.

The agriculture SAPs were designed to introduce reforms that would provide incentives for farmers to increase production. SAPs were meant to remove government control and monopoly in agricultural products marketing, pricing, imports and distribution. Decontrol of prices, trade liberalization and deregulation of markets encouraged the participation of the private sector in the production and distribution of agricultural products. Although there were policy

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[1] Economic Survey 2019 (Sectoral Analysis and Table 2.1: Gross Domestic Product by Activity). Kenya National Bureau of Statistics. The Government Printer.

[2] Agricultural development in Kenya (Sharma, KL). Overseas Development Institute. [Online] www.jstor.org

[3] Change in Administrative Structures: A case study of Kenyan agricultural development (Trapman, C). ODI [Online] www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/8021.pdf

[4]Impact of Structural Adjustment Programs on the Agricultural sector growth in Kenya (Dr. Pauline Mbithe, Prof. Germano Mwabu, Mr. Maurice Awiti). Journal of Agricultural Policy. Accessed from www.carijournals.org

improvements, agriculture and food production have declined. However, trade liberalisation turned out to be a disadvantage to local farmers as it allowed for cheaper imports of subsidised agricultural commodities from western countries. This culminated in the collapse of some agricultural industries[5].

In 2003, the NARC Government developed and launched the Economic Recovery Strategy for Wealth and Employment Creation (ERS) as the blueprint for setting the country on a growth path. The strategy was a shift from previous strategies which had sought to reduce poverty instead of aiming to create wealth and employment. It elaborated the role of agriculture and recognised that for the economy to grow and create wealth and employment, agriculture had to grow even faster. Agriculture was therefore given high prominence and priority. The NARC administration launched the 10-year Strategy for Revitalizing Agriculture (SRA) in 2004. The initiative sought to increase productivity by lowering per-unit costs of production, improving the extension service system, strengthening links between research and farmers, improving access to financial services, reducing agricultural taxation, encouraging the growth of agribusiness, increasing market access, and reforming the regulatory system. Implementation of the SRA faced several challenges. This continued for several years with efforts to streamline more than 130 items of agricultural-related legislation which included contradictory and redundant policies.

Article 43(1) (c) of the Constitution of Kenya[6] enshrines the right to adequate food of acceptable quality. In Kenya, the agriculture sector continues to play a vital role in the rural economy. The sector was one of the first fully to devolve the function of service provision to the county governments underscoring the importance of county governments' role in ensuring food security. Prior to the end of its 10-year life, in 2010, the agricultural sector revised the SRA, replacing it with a new Agricultural Sector Development Strategy[7].

1.2 Policy response

High and volatile food prices prompted policy responses in developing countries, to mitigate the negative effects of increasing food costs on poverty and hunger. The waning confidence in global markets as a reliable source of affordable food provides an example of numerous short-term responses. Many countries focused on reducing import barriers or restricting exports to ensure sufficient domestic supplies. While such policies may help achieve short-term, national objectives of increasing food availability or lowering food prices, their negative impacts in the medium to long run, both at the national and global level, can significantly undermine any short-term gains.

The links between agricultural trade and its impact on food security are inherently complex, with several channels of interaction simultaneously affecting the different dimensions of food security – availability, access, utilisation and stability.

[5]UK Essays. November 2018. The Effects of Structural Adjustment Programs. Accessed from https://www.ukessays.com/essays/international-relations/the-effects-of-structural-adjustment.php?vref=1 Accessed on17 October 2019.

[6] The Constitution of Kenya, 27 August 2010. Accessed from www.kenyalaw.org

[7] The Agricultural Sector Development Strategy 2010 – 2020, (Published in 2010). Accessed from www.kilimo.go.ke

It can have both positive and negative effects on each of these dimensions, affecting different economic and social variables in the short, medium and long terms. The short and long-term impacts potentially working in different directions, the overall effect of trade on the different pillars of food security.

The role of intra-regional trade in reducing volatility and improving food security was recognised by the African Union in its Malabo Declaration in June 2014[8]. This focused on accelerating agricultural growth and committed to boosting intra-African trade in agricultural commodities and services. Reductions in barriers to regional trade offer an inexpensive means of reducing domestic prices and hold enormous potential to improve food security in the region.

1.3 The problem

Trade in staple food commodities, particularly cereals and pulses, in Kenya since was largely unstructured from 2014.

The small scale farmers (those farmers with a low asset base and operating on less than two hectares of cropland[9]) continue to grow their produce, but the linkage to the markets was still difficult and hence were at the mercy of brokers or middlemen who had information i.e. they knew where to source the goods, and where the market was and thus would take advantage of the situation as the farmers did not have storage facilities. At the other end of the demand chain, e.g. with the processors (millers), there was a need for agricultural produce on a consistent basis which was both of the right quality and at the right time. Due to the lack of these linkages, there were issues around the quality of farmers' produce that were not being adhered to. This meant that additional processes were needed to improve food quality (e.g. cleaning, drying) at an extra cost. This cost would then be passed back to the farmers who were paid less. These high transaction costs led to many small scale farmers not continuing in production. The millers also found it difficult to secure continuous supply and large volumes of grain. In addition, the lack of appropriate storage led to pest infestations and mycotoxin contaminations. Many small scale farmers would then either reduce planting or reduce acreage to reduce post-harvest losses. This led to lower levels of profit. The government then imports grain to keep up with the national consumption rate[10]. In many cases, this leads to consumers having to pay more for the final product.

From 2014, there was another issue: the seasonality of harvests and the price of the farmers' produce. For example, the high season harvest for maize farmers is during the months of October to December. Usually, a hectare will produce 4 to 8 tonnes of maize which means that they are price takers and at the mercy of the

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[8] The Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods is a set of new goals showing a more targeted approach to achieve the agricultural vision for the continent which is shared prosperity and improved livelihoods. The Malabo Summit reconfirmed that agriculture should remain high on the development agenda of the continent, and is a critical policy initiative for African economic growth and poverty reduction. Accessed from www.au.int

[9] Defining Small Scale Food Producers to monitor target 2.3 of the 2030 Agenda for Sustainable Development in Kenya (Khalil, C et. al). FAO Statistical Division. Accessed from http://www.fao.org/3/a-i6858e.pdf

[10] Kenya's grain imports to increase as local production dwindles; Global Agricultural Information Network (GAIN) reports. USDA. Accessed from https://www.foodbusinessafrica.com/2019/03/27/kenyas-grain-imports-to-increase-as-local-production-dwindles-says-usda/

market[11]. Payments are made at the same time and usually last the entire year until the next harvest. As the farmers are harvesting, they are under pressure to sell their produce in order to sustain themselves and prepare for the next harvest season. It thus corresponds with the oversupply of product in the market. Usually, prices slump right after harvest. As many are small scale farmers and were in need of the money, they lack bargaining power and results in them selling at the determined market prices at the time. If they were able to wait slightly longer, during the low season they would get higher prices.

A further issue was perceived to be the way the government participated in grain markets, particularly maize: most farmers relate to the National Cereals and Produce Board (NCPB) who would buy maize during at harvest for the national food reserve. They would announce a price, which would be much higher than the prevailing market price. For example, it would not be unusual for NCPB to offer to buy a 90 kg bag of maize at KES 3,300 when the market price was KES 2,600[12]or even less. This approach has distorted markets and encouraged farmers to hoard maize in anticipation of higher prices. At the same time, regional traders took advantage and exported their stocks to Kenya. Millers (processors) would for example purchase maize from Uganda meaning Kenyan maize farmers were stuck with their products with no one willing to buy[13]. This often resulted in farmers left with last season's stock, depressing prices further but also leading to increased post-harvest losses. Further, the NCPB was unable to absorb all the produce going to their warehouses. Whilst NCPB offers above market prices, it only buys about two per cent of national production and should thus not be a significant price disrupter. However, their interference does lead to a rise in prices, eventually followed by a price crash during the low harvest season when prices should once again be rising, often exacerbated by NCPB releasing maize stocks at below market prices.

1.4 East African Grain Council

EAGC is a membership-based organisation for the grain sector, incorporated in 2006 and covering in 10 countries in Eastern and Southern Africa (Kenya – Head Office, Tanzania, Uganda, Burundi, Rwanda, South Sudan, Ethiopia, DR Congo, Zambia and Malawi). It has 470 members across the region with 200 from Kenya. EAGC argued that there was a need to reduce government interference in the maize market and thus reduce the price distortions and that farmers could be supported through the introduction of a warehouse receipt system.

[11] Maize Catalog by the Kenya Agricultural & Livestock Research Organization (KALRO). Accessed from http://www.kalro.org/node/248

[12] Kenya Crops Condition Bulletin: Price of Dry Maize in Selected Markets. Ministry of Agriculture. Retrieved from http://www.kilimo.go.ke/wp-content/uploads/2019/06/National-Crop-Conditions-Bulletin_APRIL-2019REVISEDdocx.pdf Accessed 20 Nov 2019.

[13] Njiraini, M. (2019 Feb 11) Kenya says Tanzania, Uganda are distorting maize market. East African Media. Retrieved from https://www.theeastafrican.co.ke/business/Kenya-says-Tanzania-Uganda-are-distorting-maize-market/2560-4976064-q4ycmn/index.html Accessed 20 Nov 2019.

2. The solution

2.1 A Structured Trading System (STS) via a Warehouse Receipt System (WRS)

EAGC proposed a solution to structure the trade in maize and alleviate the problems. Organising trade more effectively required not only that farmers know the market requirements, have information on pricing, and have contracts that dictate farmers' rights and obligations including settling trade disputes but also that they can access finance for production, operations and trade. Moreover, it requires that farmers can store produce in such a way that quality is guaranteed and wait for prices to improve, in other words, a warehouse. This would allow farmers to guarantee quality and quantity over a period of time. Market information would be provided via a trading platform or commodity exchange including the ability to settle invoices and take care of counterparty and default risks through escrow arrangements. EAGC envisioned a way in which all parties could place transactional money with a third party whom they both trusted: when one party delivers on their contractual obligations and are satisfied, the other party gets paid.

This orderly way of trading grain under a harmonised trade regime is called a Structured Trading System (STS). It involves a harmonised flow that allows movement of grain from the farm to the consumer in an efficient manner and entails the development of markets for grain. A crucial element of STS is an effective Warehouse Receipt System (WRS). STS includes improved post-harvest solutions, harmonisation of grades, standards and regional trade policies, development and promotion of WRS which include certification of warehouses, warehouse receipt financing, market linkages through secure and transparent trade platforms such as commodity exchanges.

A WRS is a system where commodities (particularly but not necessarily limited to agricultural commodities) are stored in certified or licensed warehouses in exchange for a receipt. The receipt serves as a document of title over the underlying commodities (similar to a title deed for a house). The receipt can then be used either to secure credit or to transfer ownership from one party to another. At the heart of the WRS is a warehouse operator, who is responsible for managing a certified warehouse. For a warehouse to be certified, it must meet a set of criteria defined by the regulator. The criteria generally sets standards for physical construction, for instance, ventilation, security features, lighting, loading and offloading bays; presence of key equipment and facilities such as the calibrated weighing scales or weighbridges, fire-fighting equipment, palettes and others; the presence of competent personnel responsible for quality inspection, commodity care and storage, and appropriate insurance cover to protect against perils such as fire and security breaches.

Under the WRS, the warehouse operator holds the stored commodity by way of safe custody, meaning that it does not have legal or beneficial interest in it, with the exception of a lien covering outstanding storage costs. The warehouse operator is tasked with issuing warehouse receipts to depositors (who may be farmers or traders) for consignments deposited in the warehouse. There is a minimum tonnage to qualify for a warehouse receipt to encourage aggregation and increase economies of scale. The form of the receipt is prescribed by the regulator and avails critical information such as the name of the depositor, name and location of the warehouse in which the commodity is stored, type and quantity of commodity stored, quality (grade) of the commodity, and applicable storage charges, among others. Since warehouse receipts serve as documents of title, the WRS also includes appropriate mechanisms for tracking the issuance, transfer and cancellation of warehouse receipts in order to minimise the risk of fraud. Warehouse receipts may be negotiable or non-negotiable[14]. Moreover, the warehouse guarantees the quality and quantity of those goods.

The WRS has benefits at both ends of the market: it promotes aggregation of staple food commodities in economically viable quantities, it reduces transaction costs along the value chain, it rewards high-quality production of food crops and it allows farmers to obtain credit facilities from banks through WRS financing.

From the farmers' perspective, the WRS reduces the pressure to sell immediately after harvest. By deciding to sell goods at a later date, when prices have risen, farmers can potentially achieve higher profits. So the bank will look at the WR, look at the prevailing prices and value that receipt accordingly and extend a certain percentage of that value to the farmer by way of a working capital loan. This enables the farmers to be 'market makers' rather than 'price takers' and able to make decisions accordingly.

From the off-takers' (like processors') perspective, it offers advantages, as the goods stored in the warehouse will still be of appropriate quality and likely to be available in adequate quantities. So an off-taker may buy the WRS receipts from the farmers and may trade them as they see fit. Millers may use these various receipts to get better prices.

2.2 Piloting WRS in Kenya

In 2008, EAGC established a warehouse in Kenya and implemented a receipt system, promoted and regulated under the law of contract, with a number of legally-binding contracts in place between EAGC, banks, insurers and warehouse operators. For example, a warehouse needed to meet certain criteria of safety. Some agreements covered structural capacity, protection against various risks like fire, rodents to ensure that the quality of the goods is maintained. All these requirements were handled by EAGC to enable them to certify their warehouses and EAGC served as the regulator of the system. To scale up the provision of WRS, it was determined that legislation was required as none existed. EAGC started piloting trial with one warehouse in Nakuru. This was Lesiolo Grain Handlers Limited (LGHL) currently owned by Cargill alongside Equity Bank as the banking partner.

In 2010, EAGC lobbied to have the government initiate the process of developing suitable WRS legislation. The government then sought EAGC assistance to explore if commodity exchanges could be set up in the grain sector.

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[14] Negotiable receipts provide the holder with rights to the underlying commodities and can exchange hands easily between various parties. However, they may be more prone to fraud and theft, although the use of electronic receipts is likely to significantly reduce this risk. Non-negotiable receipts do not allow easy transfer from one party to another, meaning that only the depositor named on the receipt or his/her authorised representative can transact with the underlying commodity. Extract from the ATPAF-ESA Bulletin VI | Agricultural Trade Policy in the Tripartite Free Trade Area and Implications for Food Security in Eastern and Southern Africa. Accessed from www.eagc.org

2.3 G-Soko Platform

The WRS paves a way for a future national commodity exchange making it possible to trade in agricultural commodities, an important development that will further improve profitability, liquidity and price stability in the trade of agricultural commodities, but the law has surprisingly received little attention.

The G-Soko Clearing & Payment Settlement system allows payments to be made through a G-Soko account. G-Soko is managed by EAGC and is open only to their members. Grain actors including sellers, buyers, service providers (banks, inspectors and agro-dealers etc) and certified warehouses are linked through an electronic trading platform. It provides efficient and transparent trade information that informs buyers and sellers on spot market conditions regionally.

There are now over 18 commodities listed on G-Soko are grains which include cereals (maize, rice, wheat, sorghum, millet etc) and pulses (beans, green grams, chickpeas, cowpeas soybeans, etc) The key benefits expected to arise from their members use of the G-Soko platform are:

- Increased intra-regional trade;
- Increased availability and safety of food;
- Increase liquidity for small scale farmers;
- Availability of market information for policy intervention and trade;
- Choice of alternative procurement systems;
- Grain sector price stability;
- Attracts grain sector investment; and
- Smallholder income generation benefits.

EAGC used its experience of warehouse and G-Soko as it developed proposals for appropriate WRS legislation in Kenya.

2.4 Concerns regarding the WRS legislation

The proposed WRS legislation for Kenya encompassed four main areas. It

- Provided for the establishment of a WRS Council that woukld be responsible for regulating and stimulating the development of the system;
- Made provisions for licensing warehouse operators participating in the WRS and provided for their rights and obligations;
- Made provisions for the management of warehouse receipts including their transfer; and;
- Made penal provisions to sanction certain violations.

Industry stakeholders had expressed scepticism about the viability of dedicated WRS legislation, noting several key issues that tend to undermine its effectiveness. First, legislation could make provisions that increase bureaucracy in commodity trading, thus increasing the cost of doing business in the agricultural sector. This would stem from making provisions for regulatory functions that may already be provided for in other legislation or undertaken by other statutory bodies. Furthermore, the legislation may introduce somewhat redundant processes that may translate into unnecessary additional transaction costs. Thirdly, the legislation could undermine the credibility of the system rather than strengthen it. This could occur if it created a regulatory body that was not independent of the executive or does not adequately include non-state actors in its composition. In this case, such a regulatory body takes the form of a state corporation, which may be prone to political manipulation, especially given that many of the commodities targeted by the WRS in Kenya, such as maize, are also highly political due to their importance to the national food basket. In such a scenario, the credibility of the regulator and the WRS that it is regulating may be compromised. Fouthly, the WRS legislation may provide for an inefficient, opaque or prejudiced dispute resolution mechanism, or not sufficiently protecting the rights of key actors in the system. This could also undermine the system's credibility.

In commodity trading, time is of the essence and large sums of money are at stake, given that agricultural commodities are perishable and suitable storage is generally in short supply. Therefore, the dispute resolution mechanism needs to be impartial, efficient and decisive. In addition, it was necessary to maintain a high level of credibility in the eyes of the participants in the system. Lastly, the implementation of other government policies may have effects on the WRS legislation. The WRS requires broad government policy to promote and protect free trade and facilitate broad private sector participation in the system. However, government policies, laws and regulations may sometimes go against free trade. For instance, in Ethiopia, farmers' participation in the WRS has been hampered by bylaws governing cooperatives and unions, which do not allow the management committee of cooperatives to borrow more than USD 4,500.

As the outset of starting the legislative process, the government sought to establish a council or state corporate to oversee the process. This would take the form of a self-regulatory system as it was a private-sector solution to the problems they faced. EAGC showed that dedicated WRS legislation could not be fully effective unless all relevant policies, laws and regulations are aligned and proposed these requirements:

- A hybrid public-private independent organisation: The WRS in Kenya had been private sector-led with significant results being attained in this process. It was, therefore, important that the proposed regulatory framework should harness the strengths of the private sector and leverage its practical expertise in the regulation of the WRS. The proposed WRS Council provided for by the Bill would be a hybrid public-private, fully autonomous organisation with explicit representation of key public and private sector actors.
- A lean and efficient regulatory body: Whilst being participatory, the regulatory body should be lean and efficient so as to minimise bureaucracy and reduce transaction costs. As such, the Council would have regulatory functions only and would not, for example, be burdened with chasing revenue or making investments.
- Create a voluntary regulatory system: The WRS legislation would recognise the existence of government-regulated and self-regulated WRSs, and in doing so allow for warehouse operators, depositors, private sector associations and other players to freely decide whether to participate in the WRS.
- Credibility in the regulatory framework: Enhanced through impartial and efficient dispute resolution mechanisms. As such, a WRS Appeals Committee

would consist of independent arbitrators who are well-versed in the WRS mechanisms rather than arbitrators drawn from within the regulatory body. Furthermore, the proposed law would clearly stipulate the rights and obligations of all key actors in the WRS to instil the confidence of these actors in the regulatory framework.

- Harmony with broader government policy and other legislations: The biggest challenge facing the WRS and its legislation in Africa is its lack of alignment with broader government policy. The WRS requires an environment where market forces are not tampered with through state or political interventions, the prevalence of free trade and efficient public administration. However, more often than not, governments play an active and sometimes disruptive role in commodity markets, such as through procurement practices of food reserve agencies. In some cases, domestic and cross-border trade is undermined by prevailing trade policies. In such an environment, the mere enactment of a favourable WRS legislation will not achieve the intended objectives. Instead what is required is for governments to protect free trade and free-market principles. EAGC required that where the government felt the need to intervene actively in the market, for example by purchasing grains for food reserves, it would do so through clear and well-publicised procedures.

EAGC started this discussion by being the co-chair of the committee task force created in 2011 with the Ministry of Agriculture, Livestock, Fisheries and Irrigation (MoA). There were various committees involving banks involved as well as the National Cereals and Produce Board (NCPB). With the vision of future commodity exchanges in mind, the discussions were around what modalities would work best in the relationship between WRS and the government. One option was led by the MoA taking charge of the WRS side and the Ministry of Finance, through the Capital Markets Authority taking the Commodity Exchange (CE) side. The main interface was the Central Registry (CR) being the custodian. The CR would be the face of all transactions whereby if one issued a receipt, it had to be recorded through the CR. The receipts would pass through the CR to be nominated for trading on the CE or cancellations etc. The other option discussed was to have an Authority, established under the MoA with the CR in place. At the time of discussion, this option was selected at the beginning.

Between 2011 and 2013, EAGC took a lead role as the private sector representative in the development of the WRS bill presented in 2013 following the proposals of the task force. In July 2014, EAGC engaged stakeholders on the benefits of WRS. The WRS bill, which had been approved by the cabinet, was presented to the Attorney General for approval. In December 2014, EAGC conducted a WRS impact assessment survey of the WRS stakeholders in Nakuru and Nairobi. The outcome was increased investment in the sector e.g. Warehouse Receipt Financing Training of senior staff from Transnational Bank and ABC Bank on opportunities and risks under WRS financing.

When the WRS Bill was tabled in the National Assembly (NA) in 2015 it was very different from the version of the task force stakeholders. According to EAGC, the 2015 WRS Bill had a number of flaws which would have made the proposed WRS system impossible to implement (i.e. it was about a state corporation and not about the trading system). EAGC were dissatisfied and sought extra support for the advocacy process.

EAGC received KES 2.4 million BAF support for in July 2015 to advocate the improvement of the Bill which was subsequently amended to a substantial extent and passed by the NA in August 2016. The Bill was tabled in the Senate in October 2016 because WRS involved regulation of an agricultural sector activity, which is a devolved function. The Bill was not passed before the August 2017 elections thereby expiring with the dissolution of Senate.

The process was revived in 2018 with the new parliament, with EAGC again being the lead private sector representative in the process of developing the WRS Bill, 2018. EAGC has, over the years, engaged both Houses of Parliament and the Government on matters pertaining to the Bill. EAGC sought to re-engage the new Senate to ensure the Bill was re-introduced as a Senate Bill and to advocate its enactment. BAF provided further support in the amount of KES 2 million to reshape the Bill to match the needs of the stakeholders. The legislation was adopted in June 2019 as the Warehouse Receipts System Act, 2019[15].

3. Outcome

EAGC participated in seven dialogue sessions with both the MoA and Parliament (Senate and National Assembly). EAGC's proposal addressed the need for a credible and efficient WRS with voluntary participation draft county regulations. This was published in an article in the Business Daily on 20 March 2018. To address the concerns regarding the WRS legislation discussed above EAGC continued to lobby the government during the rest of 2018.

From October to December 2018, EAGC held meetings with the Parliamentary Committee for Agriculture, and also hosted a stakeholders' forum in Nairobi. EAGC was appointed to a maize taskforce and used the position to lobby for WRS Bill reforms and to present three policy proposals to government. There was extensive editorial coverage achieved in the TV with coverage on KBC1, Citizen and KTN in Nov 2018 as well as in newspapers with three articles in the Daily Nation on 9 Nov 2018, in the People Daily on 3 Dec 2018 and the Business Daily on 4 Dec 2018.

The National Assembly Departmental Committee for Agriculture and Livestock (NA-DCAL)requested that EAGC organise a mission so that they could see the potential of WRS in place. The nearest country where a Commodities Exchange was operating well and fully was South Africa. So in December 2018, EAGC took a group of eight Members of Parliament on a study visit, funded by the Alliance for a Green Revolution in Africa (AGRA). At the warehouse, each silo had a capacity of about 105,000 tonnes with about 15 large scale farmers supplying each silo. All their products were traded on the South Africa Futures Exchange and included forward and futures contracts[16] for products which had not yet been planted. This

[15] See kenyalaw.org/kl/fileadmin/pdfdownloads/Acts/2019/TheWarehouseReceiptSystemAct_No._8of2019.pdf

[16] Both forward and futures contracts involve the agreement between two parties to buy and sell an asset at a specified price by a certain date. A forward contract is a private agreement that settles at the end of the agreement whereas a futures contract is traded on an exchange and is settled on a daily basis until the end of the contract. Accessed from https://www.investopedia.com/

showed the MPs where Kenya could reach if a WRS system was implemented properly and informed deliberations on the Bill. It also reinforced the need for WRS as an important part of the solution to food security and maize marketing challenges in Kenya. As such, it created goodwill and momentum towards the passing of the WRS Bill.

EAGC also engaged County Governments to rethink their role in supporting the WRS in Kenya and their functions as per the WRS Bill[17].

From March to June 2019, two policy proposals were presented to the government. After discussions, the Bill was referred to the Mediation Committee, passed by them and, as noted above, assented into law by President Kenyatta in June 2019.

The WRS Act gives similar powers to both the WRS Council and the County Executive Committee Member for Agriculture (CEC). The Regulations need to distinguish the roles and functions of these two regulators to avoid duplication. In an ideal scenario, all regulatory work (issuing licences, suspension/revocation of licences, central registry work) would have been left to the WRS Council to ensure a single holistic and well-integrated WRS. With the Act as it is, the Regulations should make the CECs act like agents of the Council where all the decisions they take are subject to Council approval, scrutiny, supervision.

The representatives in the WRS Council which is a corporate body with representatives from the Government, namely a representative or the Permanent Secretary (PS) for MoALF and PS, Finance, one person nominated by the Council of Governors and the Director-General of Agriculture, Food and Fisheries Authority. Private sector participation is about half of the members and consists of one person nominated by each of:

- Kenyan members of the EAGC;
- The umbrella body representing farmers in Kenya;
- The umbrella body representing bankers in Kenya; and
- The umbrella body representing warehouse operators in Kenya.

All the private sector representatives are appointed by the Cabinet Secretary (CS). This is a big achievement in EAGC's advocacy as, previously, the CS would appoint all roles without consultation with the private sector and there was almost no private-sector representation. This gives the WRS Act more credibility through both equal participation and representation of all private and public sector stakeholders. This also makes it voluntary in that every player in the WRS system now has to abide by the WRS Act provisions.

The WRS Act also ironed out the technical aspects of the rights and obligations of key players in the WRS system. In particular, the warehouse operators, the people who have a receipt pledged to them, and also the dispute resolution process. Initially, the Warehouse Receipts Dispute Resolution Committee was composed of the Chairman of the WRS Council and he appointed two other people from the same Council. EAGC argued against this in that there would be a conflict of interest if say a warehouse operator is suspended by the same council and has a

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[17] Kenya draws Grain Farming and Management Lessons from South Africa. Accessed from http://www.parliament.go.ke/kenya-draws-grain-farming-and-management-lessons-south-africa

dispute with the same council would be required to appeal to it. It now consists of:

- A chairperson who shall be an advocate of the High Court of Kenya of not less than seven years standing and with experience in dispute resolution, appointed by the Cabinet Secretary; and
- Two other persons with experience in dispute resolution, appointed by the Cabinet Secretary.

These independent people who are not part of the council gives it more credibility.

EAGC participated in two workshops in April and June 2019 convened by the MoA to develop WRS Regulations. EAGC also made a submission on draft WRS Regulations. They are currently participating in three MoA dialogue sessions. In the future, EAGC plans to assist the government in:

- Establishing the WRS Council and launch it;
- Developing a strategic plan for the WRS Council;
- Appointing a WRS Council Secretariat;
- Developing operating guidelines for the WRS Council and CECs;
- Appointing the Warehouse Receipts System Dispute Resolution Committee; and
- Appointing WRS Inspectors.

The members of EAGC always consider policy as being the highest threat to their business. In particular interventions by government in the grain sector either to stimulate production and productivity through subsidies to smallholder farmers and/or influencing the consumer price of finished grain products to be affordable to the urban poor as well as intervening in the market to regulate trade, export and import, all have the potential of adversely distorting the markets and impact very negatively on private sector investments in the grain sector. The risk and likelihood of distortions of market prices as a result of government intervention continues to discourage private sector investments and is a source of continuous worry and concern to their members.

EAGC is working with MoA to determine how government intervention in the markets is limited. EAGC is having dialogue sessions with the NCPB around how to address the situation as they buy maize for the food reserve. This would seek to make the purchases in an efficient and market-led way so as not to disrupt the WRS. EAGC is aware that the NCPB process has not very been transparent in the past with maize cartels attempting to disrupt the market prices[18]. Genuine farmers come with their goods and after quality checks, the NCPB inspectors reject his produce and other traders take advantage and buy the goods from the farmer at very low prices taking advantage of the farmer. EAGC is working with NCPB to make the entire system transparent and robust with the goal of using the proper

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[18] Njagi, M. (2018 Oct 24) 152 suspects to be probed over NCPB maize scandal. Standard Media. Retrieved from https://www.standardmedia.co.ke/article/2001300150/uhuru-strikes-at-the-heart-of-maize-cartels

Gituku, S. (2018 May 25) Gov't reveals names of 21 maize scandal beneficiaries. Royal Media. Retrieved from https://citizentv.co.ke/news/govt-reveals-names-of-21-maize-scandal-beneficiaries-201673/ Accessed 20 Nov 2019.

mechanism on which the NCPB price is determined. In addition, they are helping them provide ways of enforcing the quantities to be bought and locations per county to make it clear and less chaotic. This is led by the EAGC Executive Director being part of the Strategic Food Reserve Oversight Board (SFR) that runs the SFR Trust Fund[19]. This legal notice opened the fund to 50 per cent private sector participation. EAGC represents the grain sector. Through this EAGC is influencing the main government agency in charge of food security, SFR. Their goal would be for SFR to purchase their grain reserve stocks, through the WRS receipts. As they would be purchasing the WR, this would eliminate the physical movement of goods and make warehouse operators acting as agents for the NCPB with more private sector involvement to removing the monopoly in place and creating more efficiency and transparency.

As of the MoA through the Chief Administrative Secretary, Andrew Tuimur, stated that they will soon roll out WRS via the NCPB. This means that the farmers will benefit from the system as they will no longer be under the mercies of cartels who offer rock-bottom prices[20].

4. Next steps

A major drawback EAGC is seeking to address relates to the implementation of the WRS Act in the Counties. EAGC started the discussion in 2010 prior to the new constitution and a devolved system of government which meant that the ideas were nationally based. County governments now play a role described in subsection five which explains that the County Executive Committee (CEC) member for agriculture is responsible for enforcing standards prescribed by the Council. They shall:

- Establish and maintain a county registry for the management of warehouse receipt transactions;
- Promote the development of a county network of privately or publicly managed warehouses that have the capacity to issue warehouse receipts;
- May issue, suspend or revoke registration or licenses issued under this Act;
- Ensure the inspection of warehouses in the county;
- Promote confidence in and participation of farmers in the respective county in the warehouse receipt system;
- Develop and implement strategies to facilitate the utilisation of the warehouse system by smallholder farmers; and
- Create support mechanisms to facilitate access to warehouses by all farmers in the respective county.

Most of these items overlapped with the Council's roles. For example, County level registries for warehouse receipts would mean that there would be 47 registries and warehouse receipt systems in one country which is problematic. Ideally, the counties would have had a very limited role. EAGC is trying to resolve

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[19] The Public Finance Management (Strategic Food Reserve Trust Fund) Regulations, 2015. Special Issue of the Kenya Gazette Supplement No. 14 (Act No. 18, 2012) Legal Notice No. 15 published on 12 February 2015.

[20] Andaye, G. (8 Dec 2019) NCPB warehouse receipts plan to cut farmers' losses. Business Daily. Retrieved from https://www.businessdailyafrica.com/markets/marketnews/NCPB-warehouse-receipts-plan-to-cut-farmers--losses/3815534-5378090-44b8quz/index.html Accessed 10 Dec 2019.

this matter through the regulations to synchronize efforts and avoid duplication. This could be in terms whereby the Council devolves some of its powers such that the CECs become agents for the Council e.g. a warehouse operator registers once with CEC, making them registered with the Council. The same would apply with the county registry such that if a WR is issued at a county level it is mirrored at the Central Registry to avoid dual registration. EAGC aims to educate county governments accordingly, to reduce the risk of compromising the WRS system.

The second issue is around fees. Warehouse operators charge a fee for their services. However, there are also regulatory fees including registration, inspection, licensing, renewal of licences and etc. This will provide revenue for services rendered by the Council. The CEC member will charge fees for initial warehouse inspection and issuance of a warehouse operator's licence as may be prescribed by the Council. EAGC raised a level of concern about the process of creating the regulations that will determine how to charge these fees. EAGC aims to influence the government to keep the costs low. The regulations are still being developed with the last stakeholder meeting being in August 2019 as part of the implementation of the Act.

5. Impact

5.1 Trade Forums

EAGC has been facilitating domestic and regional grain trade through a Trade Facilitation service for their members. The service incorporates market linkage initiatives including Business to Business (B2B) forums organized to provide a chance to meet one-on-one with other members to discuss and forge new trade alliances, as well as explore new business opportunities. The B2B forums are also ideal for trade intelligence, knowledge sharing and networking among the participants, the realisation of the trade contracts signed during the B2B forums[21].

From 2015 to 2016, EAGC stated that the WRS and their trade facilitation models were the key systems being promoted which saw over 14,000 tonnes of grain aggregated[22]. It rose to 32,000 MT of grain aggregated and sold by smallholder farmers through WRS. The volume of grain traded had grown by 33 per cent compared to the previous year. The trade was regional e.g. there were contract negotiations between Kenya and Uganda worth over USD 20 million.

In 2017, EAGC reported 1.2 million tonnes of cross border trade resulting in food security estimated for 14 million people in the region. The participating B2B trade was over 4,000 tonnes in Kenya (Machakos 1,900, Eldoret 1000 and Nakuru 1100).

As of 2018, the volume of grain traded by the EAGC beneficiaries in STS amounted to 593,000 tonnes valued at USD 238 million with most trade being to Uganda and Tanzania and significant trade volumes recorded in Kenya and Malawi. There were 23 B2B linkage forums, bringing together a total of 554 SMEs and resulting in 510 trade contracts that yielded 47 new market linkages.

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[21] East African Grain Council: Annual Report and Financial Statements, 2017. Accessed from EAGC via Kim Mhando (Trade Policy department) https://we.tl/t-UBns10nwCS.

[22] East African Grain Council: Annual Report and Financial Statements, 2014. Accessed from EAGC via Kim Mhando (Trade Policy department) https://we.tl/t-UBns10nwCS.

Trade missions were also facilitated for a delegation of SME millers from Tanzania to meet potential buyers in Nairobi, Lilongwe, Lusaka and Lubumbashi. A trade mission focusing grain equipment supplied was also facilitated for traders from DRC to Kenya.

In addition, they were able to market G-Soko. For example, the Grain Trade Fair in October 2019 for the Kenyan EAGC trader and processor members to Ethiopia mission realized and signed trade agreements amounting to 174,000 tonnes worth over USD 100 million with Kenyan buyers[23]. This was done in collaboration with the Agricultural Transformation Agency.

EAGC achievements are as follows:

- Procurement of grain through 153 regional warehouses identified & inspected of which 66 are certified. This will guarantee reliable supplies increased access to suitable storage infrastructure;
- Increased the utilisation of 10 out of 18 East Africa Standards promoted for the commodities and products via the Inter-field Food Testing Laboratory (IFTL) [24];
- Automated the operations of all certified warehouses from grain intake to dispatch; and
- Established and strengthened 229 producer aggregation centres that are linked with certified warehouses to incorporate over 50,000 regional small-scale farmers in structured trade in Kenya.

Through the WRS implementation, the estimated impact is outlined below.

5.2 Farmers

From a cost-benefit analysis performed by EAGC in 2015, it estimated that if their members were to utilize WRS, they would increase their gross margins by 50 per cent and their net margins by at least 15 per cent.

- Farmers are now experiencing a drop in post-harvest losses from 20 per cent of total grain aggregated to 10 per cent, attributed to the aggregation model which entails the capacity building of farmers as well as the provision of equipment to assist in post-harvest processes (e.g. moisture meters and weighing scale).
- Farmers utilising the G-Soko system are realising the benefits of accessing new markets by employing grades and standards into their farming and post-harvest practice. Across the region, farmers have benefitted from access to better markets, enabling them to sell their grain at prices 15-30 per cent above current market prices.

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[23] Members Update: October 2019 edition by the Executive Director at EAGC. Accessed from http://eagc.org/wp-content/uploads/2019/11/Members-update-October-2019-Edition..pdf

[24] EIFTL is a food quality and food safety analysis laboratory situated in Ruiru, a joint initiative of EAGC and Soy Afric Limited. It is equipped to provide complete grading of grains and pulses, identification of contaminants and microbiological analysis of harmful microorganisms and pathogens associated with handling and processing human food and animal feed. The lab employs both international and regional test methods governed by International Standards Organization (ISO), Association of Official Agricultural Chemists (AOAC), American Oil Chemists' Society (AOCS) and East African Standards (EAS) food testing methods.

5.3 Women

The majority of farmers in Kenya are women with some observers estimating the proportion to be as high as 80 per cent[25]. As such, women are expected to be primary beneficiaries of a well-functioning WRS aided by the presence of a supportive WRS legislation. The WRS legislation is expected to catalyse lending to (women) farmers will also help to stimulate increased production as they will be able to invest in better inputs and increase acreage, which KES would, in turn, create economies of scale and development of the grain sector and lift over 108,000 women farmers out of poverty in the region.

Using the above assumptions, one female maize farmer owning two hectares of land producing four tonnes of maize annually and selling it at a rate of KES 3,300 vs KES 2,600 for a 90kg sack using the WRS process stands to earn an additional KES 31,000 per year. The total impact for women fafrmerswould therefore be KES 3.4 billion annually.

5.4 Youth employment creation

The WRS legislation is expected to benefit youth by creating business and employment opportunities. The legislation is expected to promote greater interest and investment in the WRS for commodity storage, financing and trade. This will create many more job opportunities.

5.5 Warehouse operators

- EAGC warehouse certification has improved warehouse management practices. This was attributed to the mentoring on quality management, grain handling and storage practises.
- Grain sourced from certified warehouses are of better quality as evidenced by buyers' feedback on quality satisfaction.
- Access to a large group of buyers from across the region who will bid to purchase your grain at competitive prices.

5.6 Grain Buyers

- The grain off-takers affiliated to farmer aggregation centres have benefitted in cost-saving through logistics and quality improvements. This translates into reduced costs of the transaction.
- There is evidence that buyers have benefited from the good quality grain they purchased without undertaking own quality check during grain due to standardised and proven sampling and grading procedures that integrating grades and standards.
- There is guaranteed delivery of the actual quality and quantity purchased on the G-Soko online trading system.

5.7 Service Providers

The service providers include banks, agro-dealers, and inspectors.

[25] http://www.dw.com/en/women-take-over-kenyas-farming-sector/a-16716322

- The banks and agro-input dealers on-board the G-Soko system have provided easy access to finance and agro-inputs.
- The banks have provided the ability to settle payments using modern banking infrastructure after stock verification to confirm the quality and quantity of purchased grains.
- The G-Soko Settlement Account operated by banks has guaranteed payments after the conclusion of trades.

5.8 WRS financing

As of 2015, there were 10 certified warehouses with over 60,000 tonne capacity and USD 3.5 million of loans provided by five participating banks[26]. There is greater access to formal credit facilities through Warehouse Receipts (WR). EAGC stated that in 2016, there was WR short term (3 to 6 months) lending via Chase Bank who financed more than KES 400 million with zero per cent default rates. Other WRS financing hubs through the G-Soko platform were with Transnational Bank, ABC Bank, Rafiki Microfinance Bank and Equity Bank. In 2016, through the EAGC WRS, more than KES 200 million has been loaned to farmers by participating banks, with over 15,000 tonnes of grain traded through the system every year. As of 2018, there were 1,100 farmers accessing loans on account of aggregated grain and over USD 1 million worth of loan issued against grain aggregation and trade.

Now that the legislation is in place there is a lot of interest from Kenya Commercial Bank, Barclays Bank, Stanbic Bank and Unaitas Savings & Credit Cooperative Society Limited. EAGC has been organising awareness and capacity building meetings and forums with the banks, and creating products that are suitable for the grain sector lending through the WRS. This will make them understand WRS financing and the opportunities it offers.

EAGC offers a structured commodity trade financing course in March and August each year targeting banks and financial institutions. Prior to that farmers in their individual capacity would be asked to bring collateral for loans. Whereas the WRS lending makes it easier, eliminates some risk to the banks due to the structure and processes in place and makes it easier for the farmers to access affordable credit. Secondly, aggregation of produce from small scale farmers makes it easier for them to get finance by using their commodities as collateral as opposed to individual small pieces of land. This encourages more farmers that are unbanked to be banked via the WRS.

The certified warehouses are busy when the harvested stocks are stored. An opportunity arose whereby EAGC saw the demand in the reverse direction by farmers i.e. via farming inputs. So the same certified warehouses' process is being used to aggregate their demand for input. EAGC profiles the input vendors in G-Soko and farmers are able to get lower prices for their inputs to drive resource efficiency.

[26] East African Grain Council: Annual Report and Financial Statements, 2015. Accessed from EAGC via Kim Mhando (Trade Policy department) https://we.tl/t-UBns10nwCS.

Case Study: Ngarua Cereals and Cooperative in Laikipia County

Ngarua Cereals and Cooperative, is one of the farmer organizations that has benefitted from the system. They have been EAGC members since 2016. According to Nahashon Kagiri, the Chairman, Ngarua has transformed from a self-help group to a fully registered Cooperative Society. It runs a warehouse with a storage capacity of 4,000 bags of 90kg each and an agro shop currently valued at KES 5 million.

Ngarua was previously aggregating maize through their store without a proper warehouse management system. After interaction with EAGC, the Cooperative warehouse was inspected and received support including, training and acquisition of warehousing tools including digital weighing scales, moisture meters, cleaners and the G-Soko which automated the warehousing processes. The Cooperative receives the grain as per the East African Standards. The capacity of the warehouse has been improved. In fact, the Cooperative has been recognized by millers for supplying maize free of aflatoxins. The members of the Cooperative aggregate maize in the warehouse after harvest and can access farm inputs in credit or loans through WRS receipts.

The Cooperative recently received a loan of KES 1.8 million against the grain receipts, shared by its 14 members. It has been registered as an input distributor agent by Mea Limited and Kenya Seed Company. Famers borrow seeds using maize deposited in the warehouse. When the maize is sold later, the input credit is deducted. This lending provides farmers with inputs early enough and they do not have to sell their maize immediately after harvest in the rush to purchase inputs. The cash reserves that they are able to lend amongst themselves is about KES 500,000 amongst eight farmers. Growth in aggregation went from 56 tonnes to 199 tonnes. They were able to grow membership from 704 to 1,500 members. And then they expanded the business from just trading in grains, to become an agro-input vendor for their members. In the region, EAGC mentioned that there is increased income for other local traders, millers and processors. They also have better quality, consistent and reliable supply of maize at a lower cost and effort due to increased efficiency of the WRS.

6. Contribution to the green economy

The WRS revolves around commodity storage in suitable structures (certified warehouses). For a warehouse to be certified, it needs to meet requirements relating to physical construction, availability of suitable grain handling and grain care equipment, and presence of competent warehouse management team. A certified warehouse is governed by rules and protocols which ensure the safe and secure storage of goods within the structure. These rules and protocols also cover matters pertaining to environmental care and the use of chemicals, for instance in fumigation. For instance, these rules and protocols provide for professional fumigation, which means that chemical use is not excessive and the disposal of chemical compounds complies with best practices.

With the WRS Act, 2019 now in place, it is expected that WRS will grow significantly, meaning that the storage of agricultural commodities in certified warehouses is expected to increase as certified warehouses replace less suitable means of storage. This, in turn, will lead to more efficient and professional use and disposal of chemical compounds, thus reducing the impact on the environment.

Furthermore, as the WRS grows (supported by good WRS legislation), it is expected that aggregation of agricultural commodities is expected to increase; i.e. the value chain will move away from small, homestead-based storage to the larger community and commercial storage structures. This shift to bigger aggregation points will reduce transaction and logistical costs; for instance, a miller may only be required to send trucks to fetch maize from one location, rather than sending multiple vehicles to multiple locations to fetch the same quantity of maize, thus saving on transport costs and also reducing emissions and pollution from the cargo haulage vehicles, which is good for the environment. This expected shift to bigger storage will lead to more efficient use of fumigants and other chemicals, which is also good for the environment.

Case Study: KIPEP in Eldoret

KIPEP has been benefiting from WRS since 2012. The group has 815 members (170 males and 645 females). Members grow maize individually but market it collectively. Before engagement with EAGC, members used to harvest grains and sell immediately to the NCPB. They would wait for months before receiving payment. The rest of the maize harvest was sold to middlemen at the farm gate. As would be expected the farmers would receive low prices for several reasons: low individual volumes, lack of bargaining voice individually, depressed prices due to market glut, poor grain quality and lack of market information. The members had challenges with storage space. This coupled with the immediate cash needs encouraged them to sell a portion of their grain to the middlemen for immediate cash. Faced with a myriad of challenges especially access to finance, the farmers were unable to increase production in terms of area under cultivation and yields per acre.

KIPEP received capacity building from EAGC in areas of market price monitoring, training in post-harvest handling, cleaning, pest control, sorting and grading and value addition of the grain. In 2013, EAGC certified a warehouse in Eldoret to operate the WRS. Being within close proximity, KIPEP started to deposit grain in the warehouse. Their storage capacity grew from 48 tonnes in 2013, to 75 tonnes in 2015 and was at 84 tonnes in 2016. They used the warehouse receipts to access credit from the participating bank in Eldoret. Operating under the WRS, the group has realized tremendous benefits including:

- Access to improved storage that ensures high grain quality at the time of sale;
- Support from EAGC in terms of market information on prevailing prices, scouting for buyers and even negotiation of prices;
- Access to credit facilities using the warehouse receipts as collateral which is used to purchase inputs early and as such increase production. The amount of credit obtained by the group for the 2015/2016 season was KES 1.6 million. Access to credit enabled the group to increase acreage under cultivation from 35 to 60 acres and also buy inputs in good time.
- Deferred sale of grain resulting in better prices. For example in 2015 the group deposited grain when prevailing market prices were KES 2,200 and sold at KES 2,650. Previously, in 2013 the prevailing market prices at the time of deposits was KES 2,700 and sale the same at KES 3,300 three months later while in 2014 the prevailing market prices at the time of deposit were KES 2,200 but the group sold them at KES 2,800.

7. Lessons

Warehouse receipt finance is an ideal tool for extending credit facilities to smallholder farmers, who are usually seen as not bankable. Greater access to formal credit facilities through warehouse receipts as more banks become comfortable with financing warehouse receipts as a result of good WRS Act being implemented. Smallholder farmers tend to sell their commodities immediately after harvest when prices are at their lowest in order to meet pressing financial needs. Through WRS financing, farmers can meet their financial needs without needing to sell their produce at a loss immediately after harvest. They can instead sell a few months later when prices have sufficiently risen to cover the cost of the loans and still make a profit.

EAGC has been heavily involved in the process of developing legislation for the WRS in Kenya. They have been actively engaging the National Assembly and the Senate of Kenya, as well as the Executive through the Ministries of Agriculture and Trade respectively to ensure that the WRS bill catered for the needs of the grain sector. EAGC stated that about 80 per cent of the advocacy success of EAGC getting this WRS Act can be attributed to BAF who funded their advocacy journey.

The key lessons for EAGC:

- They made good use of the media and believes that it may have been a factor in their success especially in the reaching out of their members as well as public awareness.
- The multiple field visits to warehouses in Kenya to showcase the WRS in place as well as the field visit to South Africa for Members of Parliament to gain practical knowledge and exposure to a mature WRS and how it complements structured grain trade. Furthermore, the knowledge helped the lawmakers to improve the WRS Bill before them so that it meets its intended objectives. Their support led to WRS Act being passed in 2019.
- It demonstrated the practical terms and the principles behind a successful WRS to all the grain players in the sector to see the future of the STS.
- A comprehensive sensitisation plan for the general public and key stakeholders is key to solutions that could address the issues that may arise from unintended consequences.