

Ministry of Agriculture Livestock
and Fisheries (MALF)
The United Republic of Tanzania

**Project
for Strengthening the Backstopping Capacities
for the DADP Planning and Implementation
under the ASDP
Phase 2**

**Completion Report
Appendixes**

July 2016

Japan International Cooperation Agency(JICA)

International Development Center of Japan Inc.

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Guideline for District Agricultural Development Planning and Implementation (DADP Guideline)

United Republic of Tanzania



**Agricultural Sector
Development Programme Phase II
(ASDP-2)**

**GUIDELINE FOR DISTRICT AGRICULTURAL DEVELOPMENT PLANNING
AND IMPLEMENTATION**

December 2015

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LIST OF ABBREVIATIONS

A-CBG	Agriculture Capacity Building Grant
A-EBG	Agriculture Extension Block Grant
AEZ	Agro-Ecological Zone
AJIR	Annual Joint Implementation Review
ASDP	Agricultural Sector Development Programme
ASDS	Agricultural Sector Development Strategy
ASLMs	Agricultural Sector Lead Ministries
ASR	Agriculture Sector Review
BRN	Big Results Now
CMT	Coordination and Management Team
CORDEMA	Client Oriented Research and Development Management Approach
CVC	Commodity Value Chain
DADG	District Agriculture Development Grant
DADP	District Agricultural Development Plan
DAICO	District Agriculture, Irrigation and Cooperative Officer
DALDO	District Agriculture and Livestock Development Officer
DCP	District CVC Platform
DED	District Executive Director
DLFO	District Livestock and Fisheries Officer
DIDF	District Irrigation Development Fund
DPs	Development Partners
FFS	Farmers Field School
FTC	Farmer Training Centre
GoT	Government of Tanzania
LGAs	Local Government Authorities
LGDG	Local Government Capital Development Grant
M&E	Monitoring and Evaluation
MIVARF	Marketing Infrastructure, Value Addition, and Rural Finance
MTEF	Medium Term Expenditure Framework
NAIVS	National Agricultural Input Voucher Scheme
NFT	National Facilitation Team
O&OD	Opportunities and Obstacles to Development
PPP	Public Private Partnership
PO-RALG	President's Office- Regional Administration and Local Government
PSP	Private Service Providers
QDS	Quality Declared Seed
RAS	Regional Administrative Secretary
SACCOS	Savings and Credit Cooperative Society
SAGCOT	Southern Agriculture Growth Corridor of Tanzania
SLWM	Sustainable Land and Water Management
SMS	Subject Matter Specialist (District agricultural team)
TAFSIP	Tanzania Agriculture and Food Security Investment Plan
TDV 25	Tanzania Development Vision 2025

TOSCI	Tanzania Official Seed Certification Institute
TTPU	Technology Transfer and Partnership Units
WAEO	Ward Agriculture Extension Officer
WARC	Ward Agricultural Resource Centre
WFT	Ward Facilitation Team

1 INTRODUCTION

1.1 Agricultural Sector Development Programme Phase II (2015/16 – 2024/25)

The Government of Tanzania represented by the Agriculture Sector Lead Ministries (ASLMs¹) had implemented Agricultural Sector Development Programme Phase I (ASDP-1) for seven years starting from June 2006 to July 2013². The Programme comprised of two components; the Local and the National Level Components. Development activities at the National level were based on the strategic plans of the line ministries while activities at Local Level were implemented by Local Government Authorities (LGAs), based on the District Agricultural Development Plan (DADP) as part of the broader District Development Plan (DDP).

Following the closure of ASDP 1, the Government and Development Partners (DPs) have prepared the second phase of ASDP (ASDP 2) as a strategy for sustaining the achievements obtained during the ASDP 1 and expansion of agricultural industry in the country. In ASDP 2, DADP is still the key tool for LGAs in planning and carrying out development activities in agricultural sector. Salient features of ASDP 2 are summarized in Box 1.

In ASDP 2, DADPs will be financed with various sources of fund including General Budget Support (GBS), Basket Fund, LGA own fund and Non-State Actors. However, the provided resources will base on cluster approach where by 3-6 districts will be selected focusing on high potential Commodity Value Chain (CVC) within Agro-Ecological Zones (AEZ). Therefore, LGAs should look for and mobilize resources available for DADPs planning and implementation in their respective areas.

LGAs are supposed to prepare DADPs based on a value chain of particular commodities (priority commodities) which each LGA will select and develop an action plan based on available opportunities, profitability and participation of other beneficiaries/ stakeholders. Upon such a basic approach, DADPs in ASDP 2 are desired to be “Comprehensive” and “Strategic”.

Box 1: Salient Features of ASDP 2

ASDP2 has four distinct features in its operation which has direct influence on the DADP preparation and implementation. They are briefly described below.

- Cluster approach in accordance with the Agro-Ecological Zone (AEZ)
- Phased approach in ASDP2 implementation
- Priority commodity for development
- Wide coverage of development activities, including DPs projects, Private sector (include NGOs) activities, etc.

¹ ASLMs consist of Ministry of Agriculture Livestock and Fishery; Ministry of Industry Trade and Investment (MIT); the President’s Office - Regional Administration and Local Government (PO-RALG); Ministry of Water and Irrigation ; and the Ministry of Land Housing and Human Settlement Development.

² ASDP 1 was extended twice up to the end of June 2015, as the programme had accumulated sizable amount of carry-over funds unspent.

1.2 Concept of Comprehensive and Strategic DADPs

The comprehensiveness of DADP is the concept of *resource mobilization* and *activity coverage*. DADP is considered to be *comprehensive*, if it mobilizes various available resources to achieve objectives through collaboration with various stakeholders (e.g. other programs, NGOs, Private Sectors and Financial Institutions). DADP is *strategic*, if its planned interventions are prioritized and the available resources are appropriated accordingly. LGAs must ensure clear focus of interventions with careful prioritization which enable LGAs to achieve higher level of efficiency and effectiveness of DADP.

For the comprehensive and strategic DADP, LGAs need to maintain a good coordination among stakeholders. A key coordination mechanism at district level is the **District CVC Platforms (DCP)** of sector stakeholders. DCP brings major actors of priority local CVCs together in order to develop and drive the implementation of DADP activities that includes various aspects such as productivity improvement, value addition and market access. The stakeholders at local level include private sectors (traders, processors, transporters, financial institutions, etc.), NGOs, Development Partners as well as various public institutions that can provide various types of technical supports. LGAs should formulate a comprehensive DADP that includes on-budget and off-budget development activities within the LGA, with joint implementation management and follow-up.

1.3 Objectives and Structure of the Guideline

This Guideline aims at providing officials of various levels with clear guidance on how to plan, implement, monitor and evaluate DADP with particular focus on the LGA officers who actually prepare and implement DADP.

The guideline will be used in all LGAs of mainland Tanzania and therefore will have to take into consideration the different types of situations with regards to: (i) local progress with respects to the decentralization and reform process and requirements, and (ii) local availability of funding sources for agricultural development such as Community Based Organizations (CBOs) and the Private Sector. Thus, this guideline will provide systematic guidance to LGAs in developing and implementing full-fledged DADPs as envisioned in the ASDP 2.

Specific Objectives:

- i) To increase sustainably the productivity and competitiveness of the priority CVC production systems;
- ii) To increase the volume and value of produce that enter the market channels
- iii) To empower and strengthening small-scale farmer organizations, towards enabling farming as a business;
- iv) To support agribusinesses linked and integrated with to farmer production systems for markets and value chain development;
- v) To promote expanded investments by private sector, at farm and off-farm levels, especially in priority value chains
- vi) To strengthen public and private support services for enhanced use of improved technologies and agribusiness;

- vii) Finish/complete priority investments started under ASDP-1 (especially irrigation and other value addition and marketing infrastructures)

This guideline is comprised of five chapters and annexes.

Note: There are separate reference materials or manuals which can support the LGAs in planning and implementation, these manuals are; Business Plan and Strengthening Farmers' Organization. These manuals are available at DAICO/DLFO office.

2 INSTITUTIONAL ARRANGEMENTS AND COORDINATION

2.1 Institutional Arrangements

The implementation of ASDP2 will be through the existing government systems and structures, to allow continuation of efforts to strengthen government systems at national and local levels for enhanced results and sustainability. The institutions and coordination of the programme should be as follows:

2.1.1 Village Level

Village communities are the main implementing agents. These agents could be village communities as a whole and/or farmer groups. At this level, the identification of the projects will be done by community facilitated by Ward Facilitation Team through O&OD process and should be summarized in the Village Agricultural Development Plans (VADPs) under leadership of Village Government. The identified activities/projects will be implemented under the supervision of the Village Government in collaboration with Village Finance, Economy and Planning Committee (FEPC) and Village Agricultural Extension Officer (VAEO) and supported by District Facilitation Team (DFT). Beneficiaries will select project committees among themselves that will deal with day to day agricultural development issues. The project committees shall work under the auspices of the villages' FEPC. The project committee will be constituted by not more than ten members of whom at least 40% shall be women. The role of Village Government, the Project Committee and VAEO are described in Annex 1

2.1.2 Ward Level

Prior to the commencement of field level activities the District Executive Director (DED) shall appoint an interdisciplinary team of ward level facilitators to be known as Ward Facilitation Team (WFT). The WFT will team up with the respective village officers to facilitate village level activities. The DED can add any member according to commodity and village need. The team will be composed of the following:

- i) Ward Executive Officer (WEO)- Team leader
- ii) Ward Agricultural Extension Officer (crops, fishery and livestock)(WAEO)
- iii) Ward Community Development Officer, and
- iv) Ward Natural Resources Officer

Roles of the WFT and WEO are stipulated in Annex 1.

2.1.3 District Level

District councils have the mandate of supervising the implementation of agricultural development activities at district level. The District Executive Director (DED) holds an overall responsibility for activities and funds used at local level. Day-to-day management including consolidation of DADPs continues to be provided by the DAICOs/ DLFOs and the District Facilitation Team (DFT). In addition DED will select one member from the DFT as a Focal Person³ for facilitating DADP activities. The Council Management Team, which is chaired by DED and attended by all heads of departments including DAICO and DLFO, is informed on the agricultural development issues and status of the DADP.

³ The Focal Person will be responsible for coordinating, supervising and reporting all DADP activities (physical and financial) in the district in collaboration with M & E officer.

The DAICO/DLFO will liaise with Assistant Administrative Secretary (AAS) for Economics and Production Section (EPS) within RS on the formation of DCP which will bring together major actors in priority commodity value chain. RS will select ASDP coordinator from the EPS to assist AAS to pursue day to day ASDP activities. In case a Cluster includes districts from more than one region, then the responsible regions will select a leader region to supervise and coordinate cluster activities. Also the regions will plan and agree on the supervision, monitoring and coordination of the cluster activities. To enhance Commodity Value Chain (CVC) development, each district shall establish an effectively-operating coordination that will involve all key CVC actors. The established coordination mechanisms will be called District CVC Platforms (DCP) for planning and implementation that will develop mutually beneficial partnership among actors of selected commodities. The DCP meeting should be convened regularly to keep up good communications and promote joint efforts among relevant stakeholders (both public and non-state).

The DED will establish an interdisciplinary DFT comprising of technical staff and representatives of the private sector and NGOs with skills in agriculture, financial management, and participatory processes. The membership could include: District Extension Officer, Crops Officer, Livestock Officer, Irrigation Officer, Horticulture Officer, Fisheries Officer, Trade Officer, Planning Officer, M&E Officer, Community Development Officer, Cooperative Officer, Natural Resources Officer and Representatives of private sector, NGOs, and research stations. The DFT will be a technical working group⁴ under the Council Director. The District Planning Officer will lead the DFT. The roles of the DED, DAICO/ DLFO, DFT and Council Management Team are summarized in Annex 1.

2.1.4 Regional Level

Regional Administrative Secretary (RAS) will assist the LGAs in preparation of DADP, coordination, backstopping and supportive supervision on the implementation of the DADP, and assisting submission of the quarterly and annual reports in compliance with the DADP Guideline through the Economics and Production Section (EPS). The Assistant Administrative Secretary (AAS) for EPS within RS is directly responsible for supporting development activities within the region and is assisted in the task by the ASDP Regional Coordinator and fellow officers dedicated to specific agricultural sub-sectors. These officers will provide technical and managerial assistance to LGAs for ASDP² planning and implementation. The RSs will closely work together with the relevant TWGs and the National Facilitation Team (NFT) as the need for consultation and assistance arises. In case a Cluster includes districts from more than one region, then the responsible regions will select a leader region to supervise and coordinate cluster activities. The roles of EPS of RS are described in Annex 1.

2.1.5 National Level

The Permanent Secretaries and Directors for Agricultural Sector Lead Ministries (ASLMs) are responsible for all aspects of the technical implementation of the national level component, while the PO-RALG and LGAs are mainly responsible for coordination and implementation at the local level. ASLMs' tasks include: To disseminate current planning information to LGAs to guide the DADP planning process.

⁴ The DED can add any member according to commodity, and village/district need.

To backstop and build capacity of RS and DFT on agricultural development planning, procurement of goods and services, contracting, financial management, environmental management, M&E and public-private partnership etc.

To develop policy and regulatory frameworks.

The hierarchy of coordination organs under ASDP 2 at central level includes: (i) National Agricultural Sector Stakeholders Meeting (NASSM); (ii) Joint Sector Review; (iii) Steering Committee; (iv) Technical Committee of Directors (TCD); (v) Thematic Working Groups (TWGs)/ NFT and (vi) Coordination and Management Team (CMT). The details of the hierarchy and the roles are summarized in Annex 2.

2.2 Other stakeholders

In addition to the public actors, there are many stakeholders to be considered under ASDP2 framework. The type of the actors in this category should be very broad depending on the activities and potentials in the district including NGOs, CBOs, private companies, off-budget donors, financial institutions etc.

3. PLANNING PROCESS

3.1 Overview

This planning guide is intended to facilitate communities and districts to plan for agricultural development. The objective is to impart community members with skills on how to identify agricultural problems, their causes, effects and possible solutions. District agricultural development planning will follow LGA's participatory planning methodology as provided in the regional Administration Act No. 19 of 1997 and the Miscellaneous Amendment Act No. 6 of 1999. The legislation provides for devolving planning powers and empowering community members.

3.2 Planning Cycle

This section presents the planning cycle to be used by LGAs. This planning system is in line with the GoT planning cycle which begins in September each year as illustrated in PO-RALG Guidelines. It explains the steps to be taken for preparing DADP from the grassroots. Hence this cycle is concerned with the O&OD and CVC approaches. The steps in each level are as follows;

3.2.1 Participatory process (O&OD)

3.2.1.1 Village Level

Step 1 (September - November) FEPC prepares Village Agricultural Development Plan.

In each village focus groups will be identified to conduct a participatory situational analysis in order to identify opportunities and constraints to agricultural development. This process shall be coordinated and facilitated by the DFT in collaboration with the WFT. A report will be produced showing the proposed Community Action Plan that contains production constraints, their causes and possible mitigation measures. Out of this information a participatory VADP will be prepared. Village Extension Officers as well as FEPC and the WFT are responsible for the agricultural component (VADP) of the VDP.

Step 2 (November-December) Village Council/Assembly approves Village Development Plan.

The village plans developed are presented to Village Council and Village Assembly by FEPC. At this level the plans will be discussed at length by the beneficiaries and decisions made based on agreed decisions. The plan will then be submitted to Ward Development Committee (WDC).

3.2.1.2 Ward Level

Step 1 (Aug-October) WFT is trained in participatory approaches and participatory project planning and management processes.

WFT will participate in mandatory training of trainers workshops organized and facilitated by DFT on planning, management and implementation using the O&OD planning approaches. During the training the WFT members will be given facilitation skills so that they can facilitate the process at community level. As much as possible more efforts will be vested into training the WFT because they constitute an important group that has day to day contacts with the community members. Facilitators from the national resource team (O&OD) can be used to provide technical backstopping during the training.

Step 2 (October) WFT facilitates the preparation of VADPs.

Step 3 (November-December) WFT prepares/consolidates and submits Ward Development Plan to the district.

The VDPs are appraised by WFT. WFT may also add inter-village activities if they are considered necessary but not proposed by villages. Such changes must be communicated to the community members for consensus before submitting them to the WDC. Then WFT consolidates these activities into a WDP. The WDP will list the activities by geographical area and also by fund sources. The WDC meeting will be convened to deliberate on the WDP and submit it to the district.

3.2.1.3 District Level

Step 1 (September) DED/CMT receive Planning and Budget Guidelines.

DED/CMT receives the planning and budget guidelines annually from PO-RALG and the Ministry of Finance. The guidelines include the following:

- Guidelines for the Preparation of Medium Term Plan and Budget Framework and MTEF from Ministry of Finance.
- Guidelines for the Preparation of Local Government Authorities' Medium Term Plans and Budgets from PO-RALG.

DED will, in turn, distribute these Guidelines to ward and village levels to guide the planning process.

Step 2 (October) District Facilitation Team will facilitates preparation of Village Agricultural Development Plan.

Step 3 (October) DAICO/DLFO formulates/reviews District Agricultural Strategic Plan.

Prior to DADP formulation, a five-year District Agricultural Strategic Plan (DASP) will be developed, integrating participatory community planning and national/district strategies/policies by DAICO/DLFO. The DASP is incorporated in the District Development Strategy (DDS). The analysis and description of the Strategy must be based on reliable data (evidence-based). Such data should be available by the regular data collection of the Agricultural Data Collection System (ARDS). The DASP should include the following components:

- An analysis of the district's agricultural potential, opportunities and obstacles to development,
- Roles/importance of the district agriculture in the national/regional economy,
- A district diagnostic assessment which would provide district level baseline information,
- Roles of LGAs in the district's agricultural development, and
- Roles and opportunities of the private sector.

Step 4 (August-October) District Facilitation Team undergoes mandatory training workshops.

A National Resource Team will facilitate DFT training workshops to impart them with adequate participatory planning knowledge using the O&OD planning methodology. It is important to conduct a workshop for DFT before the team proceeds to support the villages in developing VDPs and VADPs. The workshop outcome would include:

- ❑ A common understanding on the O&OD planning methodology as required by the DDP planning process,
- ❑ The capacity to facilitate/develop practical strategies for creating and sustaining facilitation skills at ward and village levels,
- ❑ The capacity to identify and include the most vulnerable groups in the village development planning,
- ❑ The capacity to assess root causes of recurring emergency crisis and recommend solutions,
- ❑ The capacity to plan, implement and monitor agriculture development activities with the communities and other institutions (NGOs, CBOs etc.),
- ❑ The capacity to understand the nature of value chain of priority commodities.
- ❑ The capacity to cooperate with private sector and other non-state actors in identifying and put in a overall district development plan.
- ❑ The capacity of identifying potential resources available in the district and mobilize them to the development of overall district agricultural sector, and
- ❑ A work plan on how to support the ward and village planning process so that agricultural interventions are included in the DDP.

Step 5 (October) DFT trains Ward Facilitation Teams in participatory approaches with focus on planning agricultural development interventions

Step 6 (November - December) DAICO/DLFO facilitate preparation of the comprehensive District Agricultural Development Plan based on the DASP and Value Chain of the particular commodity. (This step is elaborated in sub section 3.2.2).

Step 7 (January) Full Council (FC) approves DDP, and DED submits it to Region and then to PO-RALG.

After the DADP is appraised and incorporated into the DDP, the DDP will be submitted to the FC for approval and then to PO-RALG with a copy to Regional Administrative Secretary (RAS), following the normal LGA system.

Step 8 (End of January) the DED submit DDPs for budget scrutinization and amend to finalize the plan.

3.2.1.4 Regional Level

Step 1 (October) RS participates in the O&OD training for DFT.

Step 2 (January) Regional Secretariat reviews DADPs.

Regional Secretariat (RS) will review DADPs as well as LGAs' quarterly and annual reports and advise LGAs on required improvements.

3.2.2 Planning Process under CVC ⁵

ASDP2 specifically takes the approach of commodity focus, requiring all LGAs to choose **priority commodities** for the development. With regard to CVC planning process, **two scenarios** will be used; in the first **scenario**, the selection of priority commodities value chain will base on stakeholders meeting. As it assumed that the LGAs have already selected the commodities and therefore should proceed to plan interventions along the value chain. However, those LGAs which failed to keep focusing on selected priority commodities during phase one of the ASDP should start with the stakeholder meeting for the selection of priority commodities under ASDP 2. With other criteria to be set by stakeholders meeting, the LGAs should also consider the contribution of the selected commodity to i) the national food security, ii) food (commodity) import bill, iii) export revenues, iv) value of agricultural production, v) possibility in commercialization/marketing potential, vi) availability of technology for improving productivity and profitability and vii) possibilities for scaling up and scaling out.

In the **second scenario** the selection criteria of priority commodities are as in the first scenario. Under this scenario, 3-6 districts will be selected from the AEZ (Annex 5) to form cluster focusing on highly potential commodity. The criteria for district selection will base on the following:

1. District with potential of the target commodities
2. Access to productive and marketing infrastructures (road, railways, electricity etc.)
3. District historical background of beneficiaries contribution/involvement in development initiatives
4. Availability of private sector supporting value chain of target commodity
5. Productivity and production levels of target crops/Livestock population by category
6. Complementing other ongoing initiatives (programmes) e.g BRN, ASDP 1 etc.
7. Investment absorption capacity over the past 5 year.

For the sake of better understanding of the **scenario one**, the proposed action are summarized in the table 1. The distinct feature of **scenario one** and **scenario two** is

⁵ This subsection is elaboration of step 6 of planning process at district level.

within Action 4 (VC management/ stakeholder coordination) in table 1. While scenario one involves stakeholder coordination or meeting at district level, scenario two involves DCP at cluster level within AEZ. DCP brings major actors in priority local CVCs together in order to develop and drive the implementation of DADP activities that includes various aspects such as productivity improvement, value addition and market access. It is, therefore, crucially important for LGA to formulate a **comprehensive DADP** for investment projects which suits improvement of the value chain of the commodity.

Table 1: Value Chain Planning Process (Actions)

Action No.	Action	Sub-action
Action 1	Situation analysis for DADP	(1) Collection of basic data
		(2) Identification of stakeholders
		(3) Identification of existing resources
Action 2	Prioritization of commodities	(1) To narrow down potential commodities
		(2) To finalize the priority commodities
Action 3	VC analysis	VC analysis (Before/ After Comparison)
Action 4	VC management/ stakeholder coordination	VC management/ stakeholder coordination
Action 5	Planning interventions	(1) Infrastructure
		(2) Market activities
		(3) Strengthening farmers organizations

Action 1: Situation Analysis

DFT should make Situation Analysis with the aim of collecting relevant information for the next step of “Prioritization of commodities”. Data to be collected are for basic situation of the LGA and identifications of stakeholders and existing resources, as shown in the table 2 below.

Table 2: Data to be collected for Situation Analysis

Component	Data to be collected	Remark
Collection of basic data	Annual production and annual value of major commodities No. of producers of major commodities	Data can be obtained from ARDS
Identification of stakeholders	Name of the stakeholders (e.g. DPs, NGOs, Private companies) Commodities and stage of the VC supported by each stakeholder Location and time schedule of their projects/activities	A stakeholder list should be prepared.
Identification of existing resources	Existing farmers’ groups: types and size of business, location, etc. Existing physical infrastructures: location and status of function, etc	The list of available resources to be prepared.

Action 2: Prioritization of commodities

DFT should prioritize commodities, firstly by narrowing down potential commodities into a few most priority ones (1 - 3).

Action 3: VC analysis (Before/After Comparison)

After prioritizing commodities, DFT should carry out VC analysis to find out bottlenecks/ weak links along CVC. The analysis should be made as follows:

- i) To collect detailed data for each VC, including cost and price at each stage, specific names of the stakeholders and available physical/ institutional resources.
- ii) To envisage the change in the VC by preparing diagrams of “Before” and “After” interventions for CVC (See Table 4 below in Action 4).
- iii) To find out bottlenecks in transforming the VC from “Before (now)” to “After (goal)” (See Table 4 below in Action 4).

Action 4: VC management / Stakeholder coordination

Having identified the bottlenecks at each stage, DFT should conduct VC management. VC management is referred to as activities that connect stakeholders’ efforts for VC development while addressing missing or potential elements for success. It can be done as follows (See Table 4 for the sample image for VC management):

- i) Identify which existing stakeholders address which bottlenecks at each stage of VC, e.g. by mapping their supports or business along the VC.
- ii) Allocate the limited resources of the government to mitigate critical bottlenecks, e.g., those which no one address in the current VC or those that have high potential for bringing quick win for VC development (For example, see “Insufficient group organization” and “lack of market access” in Table 4).
- iii) Allocate resources of other stakeholders (including existing and new comers) to address other critical bottlenecks, through stakeholder coordination (For example, see “Expensive and fake fertilizers” in Table 3).

Table 3: Sample Image for VC Management

VC stage	VC (Before)	VC (After)	Bottlenecks	Existing Program/ resources	Issues in VC management
Inputs	ABC center DEF shops	ABC center DEF shops	Lack of improved varieties Expensive or fake fertilizers	Seed dev. project (None)	Requires reliable fertilizer suppliers through stakeholder coordination
Production	Farmers in GHI villages	Farmers’ Groups/ Organizations in GHI villages	Poor irrigation facilities Lack of Improved techniques	On-going DIDF NGO “LMN”	-
Collection/ Processing	Middlemen		Collection centers Insufficient group organization	On-going DADG OPQ group	OPQ group require capacity development to involve more farmers
Transport			Poor road condition	Road project	-
Marketing	Retailers	Retailers	Lack of access to market	(None)	Need to expand markets

Stakeholder coordination:

For VC management, DFT should coordinate stakeholders. Stakeholder coordination should be made with the aims of: a) Bringing new partners for VC development; b) Demarcation of supports; c) Knowledge sharing; d) Collaboration with the private sector; and e) Creating joint efforts among stakeholders. It can be done either at district level (for scenario one) or at cluster level for scenario two), by means of both meeting with stakeholders (e.g. DCP) and individual consultation.

Action 5: Planning Interventions

Interventions need to be planned individually for details, including designing (for facilities), programs (training), identifying responsible actors (stakeholders). The types of interventions may vary, according to the VC analysis and management. In the context of VC development, every intervention must ensure connectivity with others including those by other stakeholders along the VC. In addition to infrastructure, marketing and strengthening farmers' organization should not be overlooked. They are keys for enriching business elements in DADP, essential for VC development. Table 4 describes possible intervention for the VCD.

Table 4: Possible interventions for the VCD

Category	Sample of interventions
Infrastructure investment	Facility investment (e.g. irrigation, warehouse, dip tank, collection center, abattoirs, road) Machine (e.g. power tillers, processing machines, oil extract machines) Environmental investment (e.g. terracing and water harvesting)
Marketing	Market survey, Match-making between farmers and buyers, Sales promotion, Marketing manager system, Brand creation, Quality improvement,
Formation/Strengthening Farmers Organization	Support for registration, Business plan, Support for loan application, Financial management, Production and marketing training, O&M for facilities depending on the need assessments

3.3. Preparation of DADP

After individual interventions are planned in details, they need to be laid out in DADP in a proper manner. Reference should be made to Annex 3 “DADP Structure” for a standard arrangement of DADP. In addition to the standard structure, there are a few things to be considered in the DADP preparation as suggested below.

3.3.1 On-budget planning

This part of planning is almost the same as before under ASDP1. The differences are only in the fund sources. Although details of the fund sources of DADP are given in Chapter 4 of this Guideline, general settings are explained below for quick reference.

- For core activities (to support agricultural extension, advisory services, working tools, capacity building, strengthen the planning and operational capacity of the LGA agricultural Team and district, ward/village levels) all LGAs receive A-CBG and A-EBG.
- For investment activities (interventions), LGAs will receive funds in a phased

manner. That is, limited number of LGAs (target LGAs) receive supports at the beginning, but the coverage expands as time goes.

- The target LGAs receive funds for investment from the government ordinary center-to-local supports (like LGDG and DIDF) as well as DPs specific projects. DPs supports may be “on-budget” or “off-budget”.
- There is a mechanism of “Competitive Matching Grant” to supplement the investment interventions with specific emphasis on promoting private sector involvement. LGAs are encouraged to submit proposals for the grant.

3.3.2 Off-budget (Comprehensive budget sources)

As explained, the “Concept of Comprehensive and Strategic DADPs”, DADPs need to be comprehensive in terms of *resource mobilization* and *activity coverage*. Under this principle, LGAs are strongly encouraged to look for any resources available from any stakeholders in the area. (**Annex 3** section 8 shows the Matrix that should be used to present planned interventions by source of funds)

3.3.3 DADP Quality Check

In order to make sure that prepared DADPs satisfy the expected level of comprehensiveness and strategic features, a checklist was prepared. The list is used by LGAs themselves (self-assessment) and by Regional office (third-party assessment). LGAs should perform this self-assessment before submitting DADP. The checklist is given in Annex 4.

4. FINANCING DADP

The financing of agricultural activities in Tanzania will continue to be through a variety of sources with the Government traditionally being the main source of funds, supplemented by DPs and private sector that have been supporting mostly the development budget of the sector.

In ASDP 2, Flexible and harmonized financing modalities and management are adopted to integrate on- budget (budget support, Basket Fund, earmarked and ring-fenced programmes and projects) and off-budget programme and budgets.

The sources of funds for DADP are explained according to the On-budget and Off-budget classification.

The two types of funds are defined in terms of LGA's viewpoint:

4.1 On-budget

On-budget funds are those registered in the government budget and given to LGAs for their own discretion. They are further categorized into those from the Center and from the Local (own sources).

4.1.1 Funds from the Central government

The ASDP 2 takes a phased approach in the supports of investment activities where the programme begins with a limited number of target LGAs while the number gradually expands as time passes as follows:

Table 5: Phasing of LGA coverage schedule in ASDP2

Type of funds		Coverage (No.) of LGAs					
		Year 1	Year 2	Year 3	Year 4	Year 5	Y6-10
A-EBG & A-CBG-Basic*		75	125	150	150	150	150
Top-up A-CBG		25	50	75	100	125	125
DADG Investment	No. of AEZ	3	5	8	8	8	8
	No. of Regions	7	15	20	25	25	25
	No. of LGAs	25	50	75	100	125	125

**The grants will support all LGAs depending on the availability of funds*

The basic **A-EBG and A-CBG** will be allocated to all LGAs to support agricultural extension, advisory services, working tools, capacity building, strengthen the planning and operational capacity of the LGA agricultural Team and district, ward/village levels.

The Top-up A-CBG will be used for supporting investment activities within the cluster (AEZ) and expands its coverage in accordance with the expansion of investment support coverage.

DADG-Investments: Gradual increase in coverage based on Agro-Ecological Zones (AEZ), Regions and Districts. The possible sources of the Investment funds for investment interventions include On-budget Basket funds: (Ear- marked and non-ear marked as follows:

DIDF (Ear- marked): These funds are available specifically for irrigation development. As were done in ASDP 1, LGAs are provided with the funds depending upon their proposals of development projects. **LGDG:** This fund is disbursed from HAZINA (Treasury) to all LGAs to support three areas: ASDP/ DADPs; MMAM (Primary Health Services Development Programme (PHSDP) (Mpango wa Maendeleo wa Afya ya

Msingi [MMAM] 2007 - 2017)); and CDG (Capacity Development Grant). The Basic DADG is now combined in LGDG as ASDP/ DADPs. All LGAs must allocate the amount equivalent to the Basic DADG to agricultural sector.

DLDF: Sourced from the exported skin/hides, Central Government budget and DPs interested in livestock development. It is allocated to 75 LGAs. The fund is different from the 15% LGAs contribution to livestock development

- **Competitive Matching Grants:** There is a mechanism of “Competitive Matching Grants” to supplement the investment Interventions with specific emphasis on agri-business and promoting private sector involvement. These competitive matching grants will be open to proposals from organized Farmer Organizations (FO) and/or joint ventures with other private sector CVC stakeholders to support promising local initiatives for priority value addition, agro-processing and/or marketing and other related downstream/upstream investments. Proposals will be evaluated and selected by a competitive process at regional level (regional CVC platform). The proposed projects should have the total cost between TSh 20 to 100 million, while a matching grant reaching a maximum of 25% percent of the total investment (i.e. up to the equivalent of TSh 25 million). The matched element of the applicant’s contribution will be at least 30 percent cash and the balance being in-kind if this is offered.

4.1.2 Funds from the Local government

For agricultural sector development, LGAs are required to mobilize their own sources collected by the Produce Cess, Livestock and Fishery Levies, and other own sources:

- Producer cess: 20% of the revenue must be set aside for the development of agricultural industry.
- Livestock service levy: 15% of the revenue must be placed for the development of livestock sector.
- Fisheries levy: 15% of the revenue must be reserved for the development of fishery sector.
- Other sources: Given the large proportion of population is depending upon agriculture, livestock and fisheries in local areas, LGAs are encouraged to mobilize funds from any other sources.

4.2 Off-budget

Off-budget funds are those funds not registered in the government budget. In the LGAs, these funds differs in line-of- command organizations, LGAs are in principle unable to direct them how and/or how much funds should be used. Therefore, LGAs need either to coordinate their own activities with these off-budget activities or to persuade the organizations to fill the gap remaining in LGAs’ development plan.

5.0 IMPLEMENTATION ARRANGEMENTS

5.1 Overview

In order to ensure an effective implementation of DADP projects and interventions the DAICO/DLFO will be responsible for day to day management, coordination, monitoring and supervision arrangements. The DFTs will technically support the implementation of value chain for these projects. The selected focal person in collaboration with the M&E officer in the district will be responsible for monitoring, evaluating and reporting the project activities and should undertake the baseline survey at individual project or intervention level with assistance of the village extension officer and DFTs.

The baseline survey should cover a minimum range of important data/ indicators in line with the objective of each project/ intervention. Baseline survey should collect both basic data and other necessary outcome data according to nature of the project (see the table 6 below). The selected DADP focal person and DFTs should properly keep the baseline data file until completion of the project for measurement of outcome/impact by comparing to end line data.

Table 6 indicates some of the basic and outcome data/ indicators to be collected during the baseline survey.

Table 6: Examples of indicators for baseline survey

Basic data	Outcome data
<ul style="list-style-type: none"> - Name of target village - No. of farmers/keepers - No. of beneficiaries (male/ female/ age) - Size of farm land - Major income sources - House type (brick, wood, etc.), roof type - Task allocation between husband and wife in agricultural practice (in terms time allocation, number of activities, who does what) - House/ land ownership - Loan access - Revenue 	<ul style="list-style-type: none"> - Productivity (year): ton/ha (crop) - Total production (year): ton - Number of farmers applying the technology - Price - Quality of commodity (grade or class attained) - Farmers' income - Milk production /cow/day - Growth rate (livestock) - Mortality rate (livestock)

The monitoring of DADP will be performed and reported by Quarterly and Annually Project Progress reports which will include the DADP Quarterly Physical and Financial Progress Reports. In addition to the DADP Quarterly Progress Report, the Project Evaluation Report should be prepared by M&E officer in order to capture **project outcome**.

Moreover, with the collaboration of DFTs and through Agricultural Routine Data System (ARDS), the selected DADP focal person and M&E officer should monitor the performance of the agricultural sector at LGA level, which is the aggregated results of individual projects in the District. Both focal person and M&E officer should report to DAICO/ DLFO about the sector performance together with the reporting of project performance (i.e. the DADP Quarterly Physical and Financial Progress Reports). DAICO/ DLFO must ensure that all extension officers submit data on time, while the selected DADP focal person and District M&E officer are in-charge of checking, entering, reporting data to DED and the central government.

5.2 Project implementation and management

Once a project starts its operation, DFT should manage the project with consideration to the following aspects:

Time Management:

The purpose of time management is to make the physical progress of a project in line with time frame. DFT should undertake following:

- ✓ Developing a detailed work plan in consultation with a farmers' organization, as shown in the table 7 below;

Table 8: Format of the detailed work plan with some sample illustrations

No.	Work	M	Month 1				Month 2				Month 3				Responsible persons			
			W	1	2	3	4	1	2	3	4	1	2	3	4	DFT	W/V AEO	FO
1	Land survey for foundation construction (sample)															Mr. AAA	Ms. BBB	Ms. CCC
2	Procurement of equipment and materials (sample)																	
3	Foundation construction (sample)															:	:	:
4																		
5	:																	
6																		
7	DFT monitoring																	

- ✓ Regular monitoring at key stage of intervention and modify the work plan if necessary; and
- ✓ Reporting the progress of planned activities to DAICO/DLFO and any official who is responsible for preparing the DADP Quarterly Physical and Financial Progress Report.

Cost Management:

Cost management is referred to as managing the expenditure of a project in line with the budget approved. DFT should carry out the following:

- ✓ Facilitating a farmers' organization in understanding the budget for a project (e.g. total amount, sources of funds, cost for each activity and budget schedule);
- ✓ Confirming whether the budget is received, whether the amount received is same as approved, whether there is no misuse of money, and whether the amount spent is within the budget; and
- ✓ Providing information to DAICO/DLFO and any official who is responsible for preparing the DADP Quarterly Physical and Financial Progress Report.

Quality Management:

Quality management is important to make the outputs of a project high quality. DFT should carry out the following:

- ✓ Facilitating a farmers' organization to establish a quality control committee in order to ensure the quality of commodities to be produced;
- ✓ Quality inspection for equipment procured or facility established; and
- ✓ Review of each activity of the project, with farmers, to identify challenges faced by the farmers and measures for improvement.

Risk Management:

Risk management can be referred to as to identifying possible risks and countermeasures for mitigation, before negative influence takes place. DFT, through field monitoring and communication with extension officers and farmers, should undertake the following:

- ✓ Confirming whether there is any symptom for risk occurrence, which affects achievement of project outputs and outcomes (e.g. the slow progress of

- beneficiary's contributions and damage by natural disasters such as heavy rain).
- ✓ Confirming whether the project bring negative influence to the society especially for gender or minor groups of a society e.g. people with disabilities and widows
- ✓ Adopting Environmental Impact Assessment (EIA) for risk management with respect to natural environment.

Knowledge Management:

Knowledge management is essential in order to share the information of a project with stakeholders.

- ✓ DAICO/DLFO should hold at least quarterly meetings with DFT and key extension officers to share the progress and performance of the projects,
- ✓ DAICO/DLFO should keep all of the records relating to a project in a file. This is crucial in case an officer in charge is transferred/retired, successor can easily trace the project.

5.3 Project monitoring

The DFT should undertake regular, or ad-hoc in case of emergence, monitoring with due consideration to the five elements of the management indicated in Section 5.2. The findings of monitoring can be reflected in to back-to-office reports as well as project progress reports. Both of them are to be prepared by the officer (s) in charge of a project in collaboration with a farmers' organization. And the reports are to be submitted to DAICO/DLFO and any official who is responsible for preparing DADP Quarterly Physical and Financial Progress Report. Then DAICO/DLFO should prepare DADP Quarterly Physical and Financial Progress Report.

5.4 End line survey and project evaluation

A project, once it is completed, must be evaluated in terms of outputs and outcomes. The tool for project evaluation is the end line survey. M&E officer and DFT/focal person should compare the data of baseline with those of end line survey, so as to identify project outcomes. The end line survey can be undertaken immediately after the implementation or a while later (2 – 3 years later in the case of infrastructure, but one year later in the case of training and marketing activities). M&E officer should submit a draft Project Evaluation Report, which is to be finalized by DAICO/DLFO and submitted to RS as the attachment of the DADP document. Project Evaluation Report should include following contents;

- Project (intervention) name
- Objective of the project (intervention)
- Name of villages
- Project starting date and ending (completion of facility) date
- No. of beneficiaries by gender and age
- Outcome indicators [baseline] and [latest measurement]
- If successful (outcomes are achieved), what are reasons for the success?
- If failed (unsatisfactory), what are reasons for the failure?
- If failed and reasons are identified, what are way forward measures?

5.5 Reporting

Reporting is fundamental duty of all parties who are engaged in implementation of DADP. Types of reports and who prepare them are summarized in Table 8 below. Each responsible party must prepare and submit proper reports on time.

Table 8: Types of reports and responsible party

Type of report	Responsible party	Office where the report is to be submitted
Sector Monitoring		
ARDS District Quarterly Integrated Report	M&E Officer	- DED - Region - National (M&E TWG)
ARDS District Annual Integrated Report	M&E Officer	- DED - Region - National (M&E TWG)
Project Monitoring and Evaluation		
Project Progress Report (Quarterly and Annual)	M&E Officer/Focal person	- DAICO/ DLFO
DADP Quarterly Physical and Financial Progress Report	DAICO/ DLFO	- DED - Region - PO-RALG
Project Evaluation Report (The report to be attached to DADP Planning Documents)	M&E Officer/ DFT/Focal person	- DED - Region - PO-RALG

Annex 1: Roles of Actors at Village, Ward, District and Regional Level

Detail roles of the institutional actors (public sector) are as follows.

1. Village Level

1.1 Roles of Project Committees will be to:

- i. Carry out review and in-depth analysis of the opportunities and obstacles identifying their causal-effect relationship including poverty and vulnerable groups,
- ii. Undertake analysis of alternative agricultural development options based on the identified opportunities,
- iii. Contribute to the development of VADP,
- iv. Maintain a bank account into which the agricultural grants will be deposited under supervision and guidance of Village Council.
- v. Mobilise contributions from the community members, group members, NGOs, CBOs and any other development agencies.
- vi. Handle procurement of goods and services as well as management of agricultural investment grant,
- vii. Seek technical support and other services from agricultural extension workers, NGOs and other development agencies,
- viii. Prepare and submit monthly, quarterly and annual physical and financial reports to the Village Council.

1.2 Roles of Village Agricultural Extension Officers (VAEOs/VLEOs)

There will be a Village Extension Officer who will work in collaboration with the Ward Facilitation Team. The Village Extension Officers shall:

- i. Train, facilitate and support farmer group formation and farmer networking,
- ii. Assist groups and farmers' fora / networks to develop service contract proposals and plans,
- iii. Provide advice to project Finance, Economic and Planning Committee (FEPC) on agricultural issues,
- iv. Ensure that VADPs pay due considerations to the environment and sustainable use of natural resources,
- v. Facilitate implementation of on farm trials in collaboration with research institutes,
- vi. Support up-scaling of successful activities and ensuring the dissemination of successful stories, and
- vii. Prepare progress reports and submit them to WEOs' office.
- viii. Implement agricultural regulations, guidelines and by laws provided by the village government, LGAs and ASLMs.
- ix. Facilitate farmer access to and dissemination of agricultural/livestock/market information.

- 1.3 **Roles of Village Government:** *(In assisting smooth, efficient and effective implementation of ASDP II)*
- i. Facilitate Village Assembly (VA) to consider and approve the strategic comprehensive Village Agricultural Development Plan (VADP) and regular reporting the implementation progress of the planned interventions to VA, WARD/LGA head quarter.
 - ii. Facilitate village level participatory planning as per WFT guidance and ensuring all projects planned are really demanded by the Community/ Farming group/beneficiaries for sustainability and trigger timely contribution by community/beneficiaries
 - iii. Facilitate collection, preparation, storing (e.g. in farmers register books etc), and timely reporting/submission of Village level reliable/adequate agricultural data, information, statistics to next higher Government level(s) as required
 - iv. Supervising and provide adequate support to the Village Agricultural Extension Officer(s) (VAEOs) in dissemination of Good Agricultural Practices (GAP) and appropriate technologies to farming Communities focusing on commercialization of agriculture and profitable marketing of the produce
 - v. Enforce Agricultural sector bylaws where necessary to boost adoption rates of the disseminated good agricultural practices and messages
 - vi. Support VAEOs in formation and establishment of farmer groups/fora/farmer based Organization including management of group dynamics among the beneficiaries as to sustain the farmer groups/organizations
 - vii. Provide adequate support, follow up and coordination for Private Sector and other Non-state Actors to flourish at the Village level (including facilitation in identification, keeping register of the existing and incoming Private sector within the village)
 - viii. Supervise and monitor the performance and accountability of Projects' Committees/ Members during implementation stage and support them on ensuring proper and sustainable utilization of the completed interventions at Village level, operation and maintenance cost contribution by beneficiaries be given adequate attention by the Project Committees
 - ix. Rendering adequate assistance in making land available for Community/ farmer groups agricultural development projects, including setting aside areas for establishment of small and/or medium scale agro-industries as a special concern within the village
 - x. Carry out regular participatory monitoring and/or evaluation of agricultural sector interventions implemented at village in order to trigger timely implementation, ensure there is value for money and all interventions implemented are fit for the targeted beneficiaries' purpose

2. Ward Level

2.1 Roles of Ward Facilitation Team (WFT)

- i. Facilitate the participatory planning process at the village level,
- ii. Facilitate and guide project committees and FEPC at the village level to prepare a VADP,
- iii. Facilitate development of inter-village activities,
- iv. Assist in the formation of Ward Farmer Fora (WFF),
- v. Assist in preparing WADP by consolidating VDPs and inter-village activities and submit it to the DFT,
- vi. Support farmers to determine their needs and facilitate their contacts with public/private service providers, and
- vii. Operationalise and facilitate the activities of Ward Agricultural Resource Centres.
- viii. Link farmers with various sources of technologies and information

2.2 Roles of the Ward Executive Officer (WEO)

- i. Supervise and support Ward Agricultural Extension Officer(s) to develop and implement adequate and realistic working schedules and action plans for provision of extension services to farming Communities within the Ward
- ii. Play a very strong coordinating role in order to bring on board various extension providers and other stakeholder (including private sector and Non state actors) at ward level for smooth pluralistic extension service delivery and strategic investment in a comprehensive manner within the Ward
- iii. Facilitate the emergence of strong cooperatives and other forms of Farmers Organizations which can support access to knowledge, skills, information, inputs, credits, market and other relevant agricultural services
- iv. Consolidate all agricultural sector development issues that need close attention to be discussed and deliberated by the WDC meetings and submit the report to next higher level of the Government
- v. Coordinate and facilitate the WFT in assisting the Village Government / Village Agricultural Extension Officer(s) to prepare the strategic and comprehensive VADPs that will ultimately be consolidate at Ward level before being submitted to LGA level
- vi. Facilitate collection, consolidation and keeping reliable data bank, information, and statistics from Village level and ensure timely submission of the same to LGA head quarter.
- vii. Supervising and coordinating the implementation of projects and programmes within the Ward and provide adequate support and efforts in establishing agro industries and promotion of value addition projects within the Ward
- viii. Initiating, sensitizing and promoting participatory agricultural sector Monitoring /evaluation to ensure there is timely implementation, value for money and projects implemented do fit for beneficiaries purpose
- ix. Enforce agricultural bylaws to enhance adoption rate in Ward
- x. Fast track timely implementation of agricultural interventions and ensure proper, efficient and effective utilization of the completed interventions.

3. District Level

3.1 Roles of District Facilitation Team (DFT)

- i. Train WFT on the Participatory planning approaches, agricultural development planning, group formation and dynamics, procurement of goods and services, contracting, financial management, environmental management, participatory technology development, participatory monitoring and evaluation (M&E), public-private partnership and HIV/AIDs.
- ii. Facilitating the participatory process, identification of priorities, supporting the development of projects, and strengthening of farmer groups and communities.
- iii. Providing technical support during implementation, monitoring and evaluation of projects.
- iv. Assist in the interpretation of Planning and Budgeting Guidelines from President's Office - Regional Administration and Local Government (PO-RALG) to village projects committee before launching of the O&OD participatory planning process,
- v. Facilitate formation of a District Farmer Fora (DFF),
- vi. Assist WFT to facilitate the identification and analysis of opportunities, obstacles and technological options needed to develop agriculture in villages,
- vii. Assist WFT to facilitate the identification of vulnerable groups and suggest ways to include them in community actions including emergency crisis prevention,
- viii. Based on the VADPs, carry out needs assessment to identify the required VADP implementation support services and capacity building needs at village, ward and district levels,
- ix. Develop inter-ward activities,
- x. Formulate a comprehensive DADP,
- xi. Identify researchable issues to be undertaken by Zonal Agricultural Research and Development Institute (ZARDI) and others,
- xii. Provide timely feedback to wards and villages on the amount of funds/budget approved by District Council (DC).

3.2 Roles of DAICO/ DLFO

The District Agricultural Irrigation and Cooperative Officer (DAICO) will be responsible for planning and implementation of DADP. The DAICO will be assisted by District Livestock and Fisheries Officer (DLFO). The DAICO and DLFO will be a member of the DFT. Thus, apart from being a DFT member, the DAICO and DLFO will have the following specific roles

- i. Liaise with all stakeholders in the district,
- ii. Coordinate training of the DFT and WFT in agricultural plans,

- iii. Receive agricultural components of WDPs and make necessary preparations for the development of the DADP,
- iv. Ensure that DADP pay due considerations to environment and natural resources management,
- v. Liaise with Assistant Administrative Secretary (AAS) for Economics and Production section within RS in formation of DCP which will bring together major actor in priority commodity value chain.
- vi. Ensure that the DADPs is effectively integrated into the DDPs,
- vii. Facilitate timely disbursement of grant funds to communities and groups,
- viii. Ensure compliance of agricultural development activities with the district development priorities, and
- ix. Prepare quarterly and annual progress reports (financial and physical) for submission to the CMT and ASLMs.

3.3 The Council Management Team (CMT)

The Council Management Team (CMT) consisting of Heads of Departments and chaired by the Council Director will be responsible for supporting implementation of activities at the district level. The CMT responsibilities will include:

- i. Review and approve the Village and District Agricultural Development Plans and budgets
- ii. Verify eligibility of project beneficiaries, cost-sharing arrangements, and other project requirements
- iii. Monitor and supervise the implementation of projects

3.4 Roles of District Executive Director (DED)

DED's specific roles are as follows:

- i. Disburse resources to the DADP activities as approved by LGDG Technical and Steering Committees,
- ii. Mobilise contributions from the council, central government, CBOs, NGOs and other stakeholders,
- iii. Coordinate the formulation and implementation of DADP as part of the DDP, and
- iv. Supervise the implementation process.

4. Regional Level

The Economics and Production Section of the Regional Secretariat will have the following specific roles under this guideline:

- i. Review and appraise DADPs before they are submitted back to CMT for the inclusion of inputs from RS and then for approval by FC,
- ii. Liaise with DAICOs/DLFOs within the Clusters in AEZ in formation of DCP which will bring together major actor in priority commodity value chain.
- iii. Verify the validity and credibility of information provided by the districts,

- iv. Ensure that due considerations are paid to the environment and natural resources management,
- v. Assist the development of a quality plan and their adherence to national policies and current directives,
- vi. Undertake regular monitoring visits to review the quality of supported investments and services,
- vii. Assist councils to prepare quarterly and annual reports,
- viii. Participate in the O&OD training workshops for DFT,
- ix. Assist LGAs to address shortfalls and areas of poor performance as identified by annual assessment,
- x. Participate in the annual assessments of LGAs' eligibility for central government grants, including those funded through the LGDG system, and
- xi. Forward consolidated LGA plans and reports to PO-RALG with recommendations as to the qualifications of councils for funds disbursements.

5. Non-state Institutions

Organizations of this category are in principle out of the government system. Hence their roles in agricultural development are voluntary. However, as these organizations are increasingly taking important roles in the development, LGAs must persuade them to participate the DADP process including planning, implementation, and resource supply (funds and expertise).

Their expected roles in the DADP process are as follows, but not limited to them.

- To share the information of their current or planned activities with the District office.
- To provide their preferred actions/ activities to the District office so that DADP will take into account the drives of the non-state actors.
- To participate in the DCP meetings.
- If possible, to plan and implement joint activities with District.

Annex 2: Hierarchy and Roles of Organizations at National Level

The **National Agricultural Sector Stakeholders Meeting (NASSM)** will be held once a year following the **Joint Sector Review (JSR)** performed by government, DPs, Non-State Actors, and private sector annually in order to monitor the sector progress. The report will inform the Steering Committee.

The Steering Committee will be the key management organ of ASDP2 implementation and coordination. It will aim to approve the annual work plan, oversee the physical and financial progress, follow-up the audit results and discuss on key issues in regard to sector performance and coordination in order to guide the TCD and TWG.

Technical Committee of Directors (TCD). The TCD will replace the Inter-ministerial Coordination Committee and advise the Steering Committee on technical issues in connection with development projects. It will be supported by the Coordination and Management Team and the Thematic Working Groups.

Thematic Working Groups (TWGs) will be drawn from experts within the departments in each ASLM and should invite participation of the DPs. The TWGs will guide the programme on technical and/or managerial matters and advise the TCD and follow the progress of recommended actions as indicated in annual work plans. TWGs will also provide **National Facilitation Teams (NFT)** (of one or more members) that will be comprised of members of the TWGs who will be dispatched on an ad hoc basis to assist in implementation or problem solving missions at project level.

The ASDP2 Coordination and Management Team is responsible for the monitoring of progress, facilitating secretariat for ASDP meetings, trainings and NFT activities; ensuring that ASDP2 activities take place according to schedule & reports are shared; production of manuals, guidelines and publicity; managing M&E functions; establishing and sharing best practices & lessons learnt. The Coordination and Management Team will be composed by four members; National Planning Coordinator, Agricultural Economist, Communication staff and M&E Specialist, is responsible for both coordination and facilitation roles. National Coordinator will act as the secretary to the Inter-ministerial Coordinating Committee which is responsible for policy making, overseeing implementation of ASDP, and monitoring its performance.

The Director of Policy and Planning, Ministry of Agriculture Livestock and Fisheries, is responsible for the administrative aspects of ASDP Basket Fund. The department will work with other departments of ASLMs on consolidating work plans and budgets, quarterly and annual physical and financial reports, progress reports, and requests for funds on behalf of the implementing agencies.

PO-RALG. LGAs are overseen and directed by the **PO-RALG: the Department of Sector Coordination** is responsible for management and support to LGAs by collaboration with Regional Secretariats (RSs). Vertical coordination from PO-LARG to RSs and LGAs has been established and worked well under ASDP-1 and ASDP-2 will continue to strengthen the same functions of PO-RALG.

Annex 3: DADP Structure and Contents

In the parentheses below are indicative maximum numbers of pages. LGAs are strongly encouraged to observe the limitation.

1. **Executive Summary** [5 pages]
 - Write the selected target commodities
 - If applies, write a summary of the process involved in selection of priority commodities, and involved stakeholders/actors along the value chain
 - Mention major identified bottlenecks and solutions to the value chain development of the priority commodities.
 - Mention projects / interventions identified to combat the problems
 - Mention total financial resources required to finance the interventions (comprehensive budget)
 - Finalize the section by mentioning key targets expected to be achieved in three years.

2. **District profile** [4 pages]
 - 2.1 Location
 - 2.2 Administration
 - 2.3 Climate/Physical features (Agriculture land, Vegetation, rivers etc)
 - 2.4 Existing resources (infrastructure and farmers groups)
 - 2.5 Supporting institutions
 - 2.6 Sector Performance and Potential (Types and status of Crops and livestock kept)
3. **District Agriculture situation analysis/SWOT** [1 page]

4. **Summary of Policy and Strategies** [2 pages]
 - 4.1 Agriculture/ livestock, Cooperative, microfinance , Fisheries policy
 - 4.2 Agricultural Sector Development Strategy (ASDS)
 - 4.3 ASDP- (DADPs)

5. **Vision, Mission statement of the council, Objective and targets** [1 page]
 - 5.1 Vision
 - 5.2 Mission
 - 5.3 Objective
 - 5.4 Targets

6. **Review of previous (last financial year) DADP** [2 pages]

Summarize the physical and financial performance focusing on key output and outcomes for previous years:

Planned target	Planned activities	Approved budget	Amount received	Expenditure	Physical achievement (output)	Physical achievement (outcome)	Remarks

- 6.1 Summarize key challenges in the implementation of the DADP.
- 6.2 Summarize strategies set to improve the implementation performance
- 6.3 Provide the summary of pending activities expected to be implemented from January to June

7. **Description of the selected priority commodities and Value Chain Analysis** [5 pages]
- 7.1 The selected priority commodities and how they were selected with due consideration to profitability and marketability (including criteria used for selection and reasons for the final choices).
- 7.2 The value chain analysis for the selected priority commodities (including the actors and their roles, bottlenecks/ challenges and priority solutions, possible interventions).
- 7.3 Objectives of the value chain development (including indicators and time frame of the achievement)
- 7.4 Methodologies of implementation (how to implement the activities, e.g. PPP, using existing resources, materials to be used)

8. **The summary of project plan** [3 pages]

COMPREHENSIVE DADPs BUDGETING															
Region															
LGA															
Activities			Approved annual plan ('000')												
Name of Target Commodity	Stage in VC	ACTIVITIES [with names of villages where the mentioned activities will be implemented]	FOREIGN FUNDS TZS ['000']		LOCAL FUNDS TZS ['000']					NON STATE ACTORS' FUNDS TZS ['000']				Total	Remarks (Name Private Paterns and Off-budget Project/ How to implement)
			DIDF	Any Other Foreign Funds to be spent at LGAs through Central and Sector Ministries (e.g. BRN, SAGCOT, MIMARE, PHRD, EAAPP, TANDICE, and the like) = (Mention them (sources) in the Remarks' column parallel to their corresponding figures of 'TZS' air filled in this column)	Central		Own Source			NGOs, CBOs funded activities (mention the NGOs and CBOs in remark column)	Beneficiaries Contribution Cash/inkind = (if inkind - convert to monetary terms)	Any Donor Funded Project e.g Feed the Future that operates in your Areas and managed largely by Donors (mention the Project in remark column)	PRIVATE SECTOR FUNDS TZS ['000']		
					LGDG (Note: Basic DADG Now days is contributed in LGDG)	LDF from Central Govt (Mikakati wa kufufua na kuvanda na sekta ya ngozi)	20 % of Produce Cess (Mapato yatokanayo na mauzo ya mazao ya kilimo)	15% of Livestock service Levy (Mapato yatokanayo na mauzo ya mifugo na mazao yake)	at least 15% of the Fisheries Levy (mapato yatokanayo na shughuli za uvuvi)						
		Subtotal of COMMODITY 1													
		Subtotal of COMMODITY 2												0	
		General													
		General													
		General													
		General													
		Subtotal of GENERAL ACTIVITIES												0	
		Total by SOURCE OF FUND	0	0	0	0	0	0	0	0	0	0	0	0	0
		Ratio of each source of budget to the grand total													

9. **M and E Plan of the priority commodities** [1 page]

Attachment:

- District proposed priority agriculture interventions (Plan-REP)
- Project write-ups
- Project Outcome Reports (if any)

Annex 4: Checklist for Comprehensive and Strategic DADP

Attachment 02: Quick Checklist for Comprehensive DADP

Region: _____

LGA: _____

Name and position: _____

Check DADP !!
for
Development of the Value Chain of priority commodities
with
Comprehensive mobilization and Strategic utilization of resources.

Aspect	No	Check Point	Yes/No by LGAs	Where do you mention the detail in Narrative? *1	Check by RSs
Comprehensive DADP Budget	1	Does your budget show the <u>names of commodities</u> to be supported ?			
	2	Does your budget show the <u>stages of value chain (VC)</u> to be supported ?			
	3	Does your budget <u>show</u> the activities and budgets of <u>tax revenues</u> (e.g. produce cess)?			
	4	Does your budget show the <u>activities and budgets</u> of Non-state Actors' Funds (Not only beneficiaries Contribution but also NGOs/ CBOs and Any Other Donor Funded Project)?			
		4.1) Yes, but activities only? 4.2) Yes, and both activities and budgets			
	5	Does your budget show the names of the public institutions contributing to DADPs (e.g. <u>Crop Board, Research, Training</u>) ?			
6	Does your budget include the activities fully or partially funded by the <u>Private Sector with indications of the company's name</u> ?				
Planning Concept	7	Does your plan show the name of the <u>priority commodities</u> and explain <u>why they are important</u> for the LGA?			
		7.1) Yes, but names only?			
		7.2) Yes, and both names and reasons why important			
	8	Does your plan explain how the activities are developed based on the <u>VC analysis</u> ?			
	9	Does your plan explain how the activities make the best use of the <u>existing physical/ human resources</u> (i.e., infrastructures or farmers groups developed under ASDP1)?			
	10	Does your plan explain how the LGA makes collaboration with <u>other initiatives/programs and public institutions</u> ? (Multiple choices are acceptable.)			
		10.1) Yes, and collaboration is organizing farmers for initiatives/ programs/ institutions. [E.g. <i>establishing farmers groups, training of the groups, etc.</i>]			
		10.2) Yes, and collaboration is linking progressive farmers to initiatives/programs/ institutions. [E.g. <i>introducing/ encouraging specific farmers to participate in initiatives/ programs, etc.</i>]			
		10.3) Yes, and collaboration is to disseminate/spread service information ² of initiatives/ programs/ institutions to farmers.			
		10.4) Yes, and collaboration is just supervising initiatives/programs/ institutions. 10.5) Yes, and collaboration is something other than above.			
	11	Does your plan explain how the LGA makes collaboration with the <u>private sector</u> ? (Multiple choices are acceptable.)			
		11.1) Yes, and collaboration is Contract Farming.			
11.2) Yes, and collaboration is Cost-sharing with the private sector.					
11.3) Yes, and collaboration is Loan (including in-kind).					
11.4) Yes, and collaboration is just information sharing. 11.5) Yes, and collaboration is something other than above.					
12	Does your plan shows clear <u>outcome indicators and target values</u> to be achieved by Value Chain Development through DADP 2015/16?				

Note *1: In the column of "Where do you mention the detail in Narrative?", the examiner should indicate page, paragraph and line of the Planning Concept.

Note *2: Types of information: Technical/ Financial/ Market information or any other.

Technical information: new seeds/ breeds, new husbandary/ processing techniques, new fertilizer, chemicals, feeds, etc.

Financial information: availability of microfinance, loan conditions, new financial windows, etc.

Mode of dissemination/ spread:

Meeting, Through extension officers, FFS, Any types of workshop or gathering.

Annex 5: Agro-ecological zones (AEZ) and districts

	<i>AEZ</i>	<i>Regions</i>	<i>Districts</i>
1	Arid Lands (unimodal 400-900 mm)	Mara (E)	Musoma TC, Musoma DC, Serengeti, Bunda, Tarime, Rorya
		<i>Dodoma (E)</i>	<i>Masai Steppe, Tarangire, Mkomazi, Pangani and East Dodoma</i>
		Simiyu	Bariadi DC, Maswa, Meatu, Itilima, Busega
		Manyara (E)	Kiteto, Simanjiro
2	Eastern coast	Lindi	Lindi DC, Lindi MC, Liwale, Ruangwa, Kilwa, Nachingwea.
		Mtwara	Mtwara T.C, Mtwara DC, Masasi, Nanyumbu, Tandahimba, Newala
		Tanga	Handeni, Kilindi, Korogwe DC, Lushoto, Muheza, Mkinga, Pangani, Tanga, Korogwe
		Pwani	Kibaha TC, Kibaha DC, Bagamoyo, Mafia, Mkuranga, Kisarawe, Rufiji
		Dar-es-Sal.	Ilala, Kinondoni, Temeke
3	Northern Highlands (bimodal)	Arusha (S)	Arusha DC, Meru, Arusha MC, Karatu, Monduli, Longido, Ngorongoro
		Kili-manjaro (N)	Moshi D. C., Hai, Siha, Moshi M. C, Mwanga, Rombo, Same
		Manyara (E)	Babati TC, Babati D.C Hanang, Mbulu
4	Plateaux (unimodal)	W: Tabora, Rukwa/Katavi	Tabora M C, Igunga, Nzega, Sikonge, Tabora(Uyui, Urambo Mpanda DC, Mpanda TC, Mlele
		Mbeya (N)	Chunya (partie N)
		Ruvuma + Morogoro (S)	Songea T. C, Songea D.C, Namtumbo, Mbinga, Tunduru, Ulanga (Mo)
		Mwanza	Mwanza CC, Magu, Geita, Ukerewe, Missungwi, Sengerema, Kwimba
		Geita	Geita DC, Chato, Bukombe, Nyang'wale, Mbogwe
5	Central semi-arid (unimodal)	Dodoma (W)	Kondoa, Dodoma MC, Mpwapwa, Kongwa, Bahi, Chamwino
		Singida	Singida DC, Singida MC, Manyoni, Iramba, Ikungi, Mkalama
		Shinyanga	Shinyanga M C Shinyanga D.C, Kishapu ,Kahama
		Morogoro	Morogoro M C, Morogoro DC, Mvomero
6	Southern & highlands	S-Mbeya	Mbeya MC, Mbeya D. C, Mbarali, Kyela, Rungwe, Mbozi, Ileje, Chunya (S)
		S-Iringa	Iringa DC, Kilolo DC, Iringa (S),

			Mufindi,
		Njombe	Makete, Ludewa, Njombe TC, Njombe DC. Makambako,
		Morogoro NW	Kilombero, Kilosa
7	South Western highlands	Rukwa	Sumbawanga D.C, Sumbawanga TC, Nkasi, Mpanda DC, Mpanda TC
8	Western highland	Kigoma	Kasulu, Kibondo, Kigoma DC, Kigoma TC
		Kagera (bimodal)	Biharamulo, Bukoba D. C, Misenyi, Bukoba T. C, <u>Karagwe</u> , Muleba, Ngara

Source: ASDP-2 BF (2013) - ARD; Tanzania CSA Program (2015) and de Pawn, 1984

Appendix 2

Report on the DADPs Value Chain Fact-Finding Study

The United Republic of Tanzania

Agricultural Sector Lead Ministries (ASLMS)

Agricultural Sector Development Programme (ASDP)

Report on the DADPs Value Chain Fact-Finding Study

Prepared by Planning and Implementation Thematic Working Group of the ASDP

and

Technical Cooperation for Strengthening the Backstopping Capacities for the DADP Planning and Implementation, Phase II

December, 2012

Executive summary

The District Agricultural Development Plan (DADP) is increasingly required to strengthen its value chain aspects for accelerating rural commercialization which leads to transformation from subsistent agriculture to commercial agriculture, resulting in the increase of farmers' income and more employment opportunities in rural area. The way that the District Agricultural Development Plan (DADP) is to be planned and implemented has largely altered for FY 2012/13 by adopting the value chain (VC) approach. The DADP Guidelines were modified to instruct all the Local Government Authorities (LGAs) to select a limited number of commodities and carry out value chain analysis to identify effective interventions. As the value chain concept is new, many LGAs are still in the process of understanding and integrating the concept in DADP at both planning and implementation stages.

Against the background described above, the study on DADP value chain Fact Findings was conducted in 13 districts at November 2012. The study aimed to understand the current status of DADP planning and implementation in view of the VC approach and also to learn lessons from the experiences of other initiatives, including private sectors and non state organizations. Specifically the study aimed to pursue the following:

- To find out the level of understanding of the LGAs and the involvement and linkage status of farmers, the private sector and other initiatives in DADP planning and implementation;
- To identify the major agricultural initiatives/ projects being operated currently in LGAs with VC approach and their empirical implications to DADPs; and
- To explore the best way of planning and implementing DADPs along VC with particular focus on entry points for DADPs and coordination with stakeholders.

In order to pursue the purposes, the study team started by reviewing and examines existing documents, plans and activities relating to VC, with the intension of contrasting the DADP process with that of other initiatives/private sectors/NGOs followed by visiting several organizations and initiatives in Dar es Salaam which are working with focus on the VC approach and then a trial study at Rufiji district. After a trial study at Rufiji district, a full study was carried out at 13 districts in seven regions of the Tanzania mainland where the discussions involved

RSs, LGA officers, farmers/beneficiaries, extension officers, initiatives officers and the private sectors. The following are some of the main issues observed by the study team:

1. Findings of the Field Survey at LGAs perspective

- In DADP preparation, the Guidelines were followed in terms of procedures.
- On the understanding of the VC concept, it was observed that almost all surveyed LGAs have limited understanding.
- Although, in most of the LGAs, the DFTs could consider the final profit to farmers beyond target production with the Guidelines, their view is still narrow up to storage and processing stages, showing weak consideration in post-harvesting for value addition and marketing.
- Many LGAs have neither a long term strategy nor three-year-rolling- plan concept.
- While efforts are made to involve many stakeholders, most of the participants are from other initiatives, NGOs, farmers, and LGA officers (except SIDO). There might be a less degree of participation of private sectors, especially buyers. This tendency implies that development approach tends to be discussed from supply perspective with weak consideration to demand side.
- Whilst there are several good attempts to involve stakeholders at activity level, there is weak coordination among programs at district level.
- Many LGAs suggested that the guidelines should allow selecting more than one commodity according to crop/livestock category or to agro-ecological zones.

2. Findings of the Field Survey at initiatives perspective

- For commodity selection, some initiatives put greater focus on market needs and potentials rather than stakeholders' meeting.
- In many cases, planning processes of other initiatives are parallel to DADP and LGAs were not always involved in the process. Even in case they took part in, their response/ proposal is not consistent or well harmonized.
- The way of looking at VC is different among initiatives. Some has a holistic view to see the whole chain, whilst others focus on particular stages of it.

- There are several strategies employed by initiatives in involvement of farmers and the private sector among them are; Targeting existing and active groups and Developing win-win situation.
- Involving district officers in many occasions is not yet functioning as equal as program coordination.
- Almost all initiatives have been involving the LGA officers (by contract or by hiring them) in institutional arrangement or activities. Despite these efforts, however, many initiatives still consider the coordination as a critical issue, implying that there is no strong initiative taken by the LGAs to strengthen the coordination relationship among parties.

Report recommendations

These are actions for NFT to enable DFTs to think how they can enter VC coordination and management and how they do better in relation with other initiatives.

- To enhance the concept of VC management and coordination by showing inter-stage activities, collaboration options and good examples.
- To enhance proactive coordination and market orientation in DADP process,
- To provide LGAs with entry points (How can they start VC development?).
- To assist LGAs in having their own DADP strategy for development

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Abbreviations

ASDP	Agricultural Sector Development Programme
DADP	District Agricultural Development Plan
DALDO	District Agricultural and Livestock Development Director
DED	District Executive Director
DFT	District Facilitation Team
DSME	Department of Small and Medium Enterprises
GO	Governmental Organization
LBITC	Lushoto Business Incubation & Technology Center
LGA	Local Government Authority
MAFC	Ministry of Agriculture, Food Security and Cooperatives
MIT	Ministry of Industry and Trade
MLFD	Ministry of Livestock and Fishery
MIVARF	Market Infrastructure Value Addition & Rural Finance
MUVI	<i>Muunganisho wa Ujasiriamali Vijijini</i> (Entrepreneurship at Villages)
NMB	National Microfinance Bank
NFT	National Facilitation Team
NGO	Non-governmental Organization
ODOP	One District One Product
P&I TWG	Planning and Implementation Thematic Working Group
RS	Regional Secretariat
SACCOS	Savings and Credit Cooperative Societies
SCF	Small and Medium Enterprises Competitiveness Facility
SIDO	Small Industries Development Organization
SMEs	Small and Medium Enterprises
TAP	Tanzania Agriculture Partnership
VBA	Village Based Advisor (of NAFKA Project)
VC	Value Chain
WAEOs	Ward Agricultural Extension Officers
WRS	Warehouse Receipt System

1.0 Introduction

1.1 Background

The District Agricultural Development Plan (DADP) is increasingly required to strengthen its value chain aspects for accelerating rural commercialization which leads to transformation from subsistent agriculture to commercial agriculture, resulting in the increase of farmers' income and more employment opportunities in rural area. The way that the District Agricultural Development Plan (DADP) is to be planned and implemented has largely altered for FY 2012/13 by adopting the value chain (VC) approach. According to the DADP quality assessment report of July, 2012 some of the districts have been performing relatively well in planning even before the implementation process. However, many others are still in the process of understanding the concept. The DADP Guidelines also seems to have several challenges on proper guidance to LGA in planning and implement DADPs. To address these challenges, there should be strategic joint initiatives among the agricultural stakeholders at all levels.

1.2 Purpose and structure of the report

Against the background described above, this study seeks to understand the current status of DADP planning and implementation in view of the VC approach and also to learn lessons from the experiences of other initiatives, including private sectors and non state organizations.

Specifically the study aimed to pursue the following:

- (1) To find out the level of understanding of the LGAs and the involvement and linkage status of farmers, the private sector and other initiatives in DADP planning and implementation;
- (2) To identify the major agricultural initiatives/ projects being operated currently in LGAs with VC approach and their empirical implications to DADPs; and
- (3) To explore the best way of planning and implementing DADPs along VC with particular focus on entry points for DADPs and coordination with stakeholders.

In order to approach to these purposes, this report presents the methodologies of the study in the next chapter, which shows major steps undertaken, including the outline of an information collection tool (i.e., checklist) and the names of institutions and Region/LGAs visited. This is followed by major findings, which are delineated in line with the structure of

the checklist. The final chapter then indicates conclusions and recommendations for future DADP operations.

2.0 Methodology

The essential approach is a review that examines existing documents, plans and activities relating to VC, with the intention of contrasting the DADP process with that of other initiatives. The study was carried out by the following methods, adopting the interview as a major instrument.

2.1 Desk Review

At the inception of and throughout the study, relevant documents and materials were intensively examined. The documents analyzed include program documents, study reports, leaflet and newsletters issued by various institutions. Major ones are listed as the reference at the end of this report. This desk review enabled us to find interesting LGAs and initiatives to be visited for interview and field survey.

2.2 Interview to relevant organizations at the central level (The DSM survey)

Having identified major initiatives through the desk review, the study team visited relevant organizations of the central level situated in Dar es Salam (DSM) region. Some of them were Ministry of Industry and Trade (MIT) (Department of Small and Medium Enterprises (DSME)), Small Industries Development Organisation (SIDO), *Muunganisho wa Ujasiriamali Vijijini* (MUVI), Market Infrastructure Value Addition & Rural Finance (MIVARF), Tanzania Agriculture Partnership (TAP), USAID-NAFAKA and Techno Serve. The study began with interviewing a few organizations and initiatives which led the team to finding out the approaches and activities of other organizations in the promotion of value-chain and private sector involvement.

2.3 Pre-testing the working tools

After conducting the DSM survey, the study team discussed the approach and viewpoints of the interviews to LGAs, other initiatives, farmers and private sectors. Based on this discussion, the team developed a draft checklist and then tested it at a nearby district (Rufiji DC). The checklist was finalized after getting an experience of this pretesting. The table below shows the outlines of major viewpoints in the checklist with rationales for investigation.

Table 1: Major viewpoints for interview and their rationales

Viewpoints	Rationale for Investigation
<i>Interview with DFTs</i>	
Understanding of VC concept	Since the Planning and Implementing Technical Working Group (P&ITWG) / National Facilitating Team (NFT) instructed LGAs, with the DADP guidelines, to plan DADPs in line with VC last year, it is indispensable to check how much they understood it. Bottlenecks or issues, if any, should be identified.
Long term perspective	DADP is a universal tool for development for LGAs. It is a 3-year rolling plan. And its planning process entails commodity selection. So these features indicate that this year DADP must be just part of the whole development plan. In this regard, It is significant to know what DFTs are going to do, with/after this year DADP.
Attempt to involve stakeholders	Due to resource limitations and nature of business, VC development needs to involve various stakeholders. It is crucial to find how much District Facilitating Teams (DFTs) can do this, in realization of VC development.
Coordination	In a wider definition, DADP is a plan that covers all development activities in the LGA. At present many initiatives are entering to the LGA. So it is needed to know how things are coordinated to bring synergy effects.
Suggestions for the guidelines	With the concept of learning by doing or plan-do-see cycle, the TWG/NFT should understand the weakness of the guidelines, so as to provide better instruction for future planning.
<i>Interview with Other initiatives</i>	
Planning process	If other initiatives are taking different approaches, it is necessary to see any duplication or complementarities among them.
Entry Points	In order for DFTs to start VC development, it is useful to know how other initiatives take the first step with which vision.
Strategies to involve farmers /private sectors	This must be analyzed in order to enable DADPs to follow good practices or support them.

Expected Roles of DFTs	For synergy effects and/or DADP VC development, it is of crucial significance to capture the needs from other initiatives.
<i>Interview with Farmers and Business partners</i>	
Challenges/Incentive to work with each other	Farmers and business entities are actual players in VC. Their voice must be taken into account to create enabling environment or management
Expected Roles of DFTs	Ditto

2.4 Field survey (Interview and facility inspection)

Following the development of the checklist, the study team divided itself into four groups (eight members in total from the P&I TWG and JICA-RADAG), visited thirteen districts from seven regions. Discussions involved Regional Secretaries (RSs), LGA officers, farmers/beneficiaries, extension officers, initiatives officers and the private sector. The following table shows the LGAs and initiatives visited.

Table 2: LGAs and initiatives visited

Region	LGA	DADP commodity	Other initiatives visited	Reasons (brief)
Arusha	Meru	Maize, Milk	TAP (maize) MIVARF Office	To collect good examples of VC interventions in the dairy industry (cheese and milk selected in ODOP) Good balance between food crop and cash crop Variety of agricultural products
	Monduli	Beef, Maize	TAP (maize) TRIAS (Belgian NGO)	To collect good examples of VC interventions in livestock products (leather selected in ODOP) Good balance between food crop and cash crop Variety of agricultural products
Iringa	Kilolo	Tea	MUVI project	To collect good examples of VC interventions in tomato processing

Region	LGA	DADP commodity	Other initiatives visited	Reasons (brief)
			(tomato)	(tomato sauce selected in ODOP) Variety of agricultural products
	Iringa DC	Red meat and Sunflower	TAP (maize) TAGRODE (inputs, demonstration and coordination) SHILDA (Livestock) RUDI(farmer demonstration on rice production)	To learn more about the CIP and WRS (implemented by TAP) Variety of agricultural products (Sunflower oil selected in ODOP)
Mbeya	Kyela	Paddy	Techno Serve (cocoa) Techno Serve (maize & paddy) SIDO (cluster)	To collect good examples of VC interventions in rice (Soap selected in ODOP)
	Mbozi	Coffee, Paddy	Techno Serve (maize & paddy)	Good balance between food crop and cash crop (Maize selected in ODOP)
Singida	Singida	Sunflow	SIDO	To collect good examples of VC

Region	LGA	DADP commodity	Other initiatives visited	Reasons (brief)
	DC	er, Beef	regional office, MIVRAF and Mt. Meru	interventions in the sunflower oil industry (Sunflower oil selected in ODOP)
	Manyoni	Chicken, Beef, Maize, Vegetables, Sunflower		To collect good examples of VC intervention in livestock products & Sunflower (Honey and wax was selected in ODOP)
Tanga	Lushoto	Paddy, Round potato	Oxfam / LBTIC ULT (vegetables)	To collect good examples of VC interventions in round potato, vegetables, and fruits Variety of agricultural products (Fruit jam selected in ODOP)
	Muheza	Orange, Cassava	MUVI project (citrus)	To collect good examples of VC interventions in orange Variety of agricultural products (Orange juice selected in ODOP)
Morogoro	Mvomero	Maize	NAFAKA (Paddy) SHFS (Rice and Red meat)	To collect good examples of VC interventions in paddy (Sunflower oil selected in ODOP)
	Kilombero	Paddy	NAFAKA (Paddy), Kilombero Plantation	To collect good examples of VC interventions in paddy and strategies to involve other business partners (Rice selected in ODOP)

Region	LGA	DADP commodity	Other initiatives visited	Reasons (brief)
			Limited (Paddy) MIVARF (Paddy)	
Dodoma	Kongwa	Sorghum and Chicken	NAFAKA	To collect good examples of VC interventions in Sorghum. (Honey and wax selected in ODOP)

2.5 Finding compilation

Throughout the study, discussion was held among the members of the respective groups as well as the whole team. At field level, the collected data information was assembled for each visited LGA after summary notes were prepared upon every interview and discussion among the members of each group. This discussion concreted the idea and structured the field reports. Then, it was followed by the compilation of the interview summaries and field reports of each district, which was done by a small team formed by the P&I TWG for preparation of this report. And with the inclusion of comments from other team members, the report was finalized.

2.6 Limitations of the study methodology

There are some limitations of the methodology adopted by this study. Its findings should be understood with the following cautions:

- Most of the information and data presented in this report were obtained from interview with the stakeholders mentioned above. As such they are secondary data without definitive confirmation as raw data.
- The way of depicting information and data are subject to how the interviewer understood discussion and documents. Due to time and resource limitation, interview summaries were not confirmed with the interviewees. If there is any information mistaken in this report, the responsibility is solely owned by the P&I TWG and JICA-RADAG, not by the interviewees and other collaborators. And any rectifications of the contents are to be received with the publication of this report.

3.0 Findings

3.1 Preliminary Findings from DSM study

This sub section gives a brief on the VC fact findings that was conducted in DSM in November 2012. The DSM visit was a preliminary study prior to the full survey of the 13 LGAs.

3.1.1 Stages of the value chain

The study revealed that five organizations/initiatives are implementing different value chain stages, most of the visited organizations, except the SCF, work for production, post-harvest and storage stages. The table below indicates stages of value chain performed by different organizations.

Table 3: Stages of Value Chain of the Organisation/Initiative's Activities

Stages of VC	SIDO	SCF	NAFAKA	TAP	Techno-Serve
Production	X		X	X	X
Post-Harvest & Storage	X		X	X	X
Processing	X	X			
Transportation		X			
Marketing		X	X	X	X

Source: Presentation by the Team members (as of 1 November, 2012)

3.1.2 Selection of Commodities

The survey team identified three major situations about selection process of commodities; 1) Selection by Regional and District platforms, 2) Selection from a set of pre-determined priority commodities, and 3) Selection which has been done already by financiers or higher level.

3.1.3 Determination of the entry point in the VC

Most of the organizations and initiatives determine the value chain entry point based on industry analysis. The selection is also concerned with the geographical areas as the commodities are already decided by fund organizations. Some initiatives intervened not only in the production stage but also in the market stage, considering the whole process of VC management.

3.1.4 The working relationship of LGAs and initiatives

Most of the visited organizations/initiatives claimed that there is insufficient communication and low involvement of DALDO's office on planning and implementation of NGO/private sector's projects.

Challenges recognized

It is not easy to involve private sector as they are reluctant to face fierce competition in the market. One of major challenges is to build good relationship between government officers and private sector stakeholders, since the officers, such as DALDO, who tend to monopolize the planning/implementation process, resulting in disputes. For example, they insisted private companies to disclose their commercial secrets or competitive advantages. This kind of attitudes always discouraged private sector stakeholders to participate in PPP activities.

3.1.5 The conclusion

The study team concludes that the involvement of private sectors into DADP VC may determine the sustainability of the system of VC itself. Unfortunately, the strategies for this particular purpose were not well revealed. It is expected to find further detail in the LGA field survey.

3.1.6 Recommendation

- More value chain initiatives from various organizations should be visited at district level, so as to learn and adopt more for betterment of DADP.
- The guideline should be revised in line with the experience and observations obtained from these organizations/initiatives visits.

- For comparison purposes, the district should be visited so as to acquire planning and implementation experience of VC in DADP and to understand the next year planning strategy.

3.2 Findings from LGAs field survey

Following the DSM survey, the study team carried out the field survey targeting 13 LGAs in addition to the one for pre-testing (Rufiji). The findings of the field survey are discussed according to the viewpoints in the checklist, namely 1) DFTs' understanding of VC concept against the DADP guidelines, 2) their long term perspective, 3) attempts to involve stakeholders, 4) coordination in planning and implementation and, 5) suggestions for the guidelines.

3.2.1 DFTs' understanding of the VC concept

The procedures of the Guidelines were followed in DADP preparation.

In DADP preparation, the Guidelines were followed in terms of procedures. In fact, most of the LGAs just follow the Guidelines without applying, for example, selection criteria in a pro-active way. On the other hand, some of them like Mvomero could not consider the criteria for commodity selection due to political interference.

Yet, their understanding of the VC concept is still limited.

On the understanding of the VC concept, it was observed that almost all surveyed LGAs have limited understanding. Although, in most of the LGAs, the DFTs could consider the final profit to farmers beyond target production with the Guidelines, their view is still narrow up to storage and processing stages, showing weak consideration in post-harvesting for value addition and marketing. The DFTs envisage that other private investors will follow the marketing part. But when asked who the private investors are, they could not answer. This indicates the typical thinking of DFTs that those commodities could be easily sold if production and/or processing are done well. Missing important element is consideration of "who buys the produce in what conditions". In fact, there is no/little attempt to connecting to other stages, such as contract farming, sharing market information, and matching with financial institutions/buyers.

Their interventions are concentrated at production stage.

It is observed that the selected interventions to be implemented by the LGAs are mainly based in production stage, followed by storage and processing. Other stages like post

harvest and marketing are merely outlined by them as indicated in the table below. It is true that the LGA cannot make interventions at all VC stages of a particular commodity; however this table implies that their mindset tends to be still of the conventional approach.

Table 4: DADP interventions in different stages

LGA	Selected Commodity	Main DADP Activities/Interventions				
		Input/Product ion	Storage	Post harvestin g	processing	Marketin g
Meru	Maize Milk	Irrigation const	Warehouse const. Cereal Collection center		Purchase of packaging materials milk processing machine	
Monduli	Maize Beef	Irrigation canal Charco dam const. Procuring bulls, etc farmer training				
Kilolo	Tea	Tractor procurement Training on project management				
Iringa DC	Sunflower Red meat	Tractor procurement QDS production Charco dam	Warehouse const.		Oil extract Machines	

LGA	Selected Commodity	Main DADP Activities/Interventions				
		Input/Product ion	Storage	Post harvestin g	processing	Marketin g
		Cattle procurement				
Kyela	Paddy	Power tiller procurement Irrigation canals Training on GAP and project management	Warehouse const.		Machine	
Mbozi	Coffee	Farmer group establishment Tractor procurement	Warehouse const.	-	Dehullers and puperly machine	
Singida	Chicken, Beef, Maize, Vegetables, Sunflower	Purchase of tractors with training of farmers			Oil extract machines	
Manyoni	Sunflower Cattle	QDS multiplication Tractor procurement Training on GAP Dip tank rehabil. AI equipment	Warehouse const.		Training on processing	Training on marketin g

LGA	Selected Commodity	Main DADP Activities/Interventions				
		Input/Product ion	Storage	Post harvestin g	processing	Marketin g
		Bulls procurement				
Lushoto	Paddy Potatoes	Tractor procurement Irrigation structure Install water pumps	Storage shading Collection centre		Milling machine Rice processing shade	WRS Training on marketing
Muheza	Orange	Input procurement		Cleaning /wax machine		
Mvomero	Maize	FFS establishment QDS multiplication Tractor procurement	Warehouse const.		Milling machine	Rough Road const.
Kilombero	Paddy	Tractor procurement QDS procurement	Warehouse const.			WRS Market const.
Kongwa	Sorghum and chicken	Tractor procurement Purchase of layers and boilers Vaccination				
Rufiji	Paddy	Tractor procurement				Training on

LGA	Selected Commodity	Main DADP Activities/Interventions				
		Input/Product ion	Storage	Post harvestin g	processing	Marketin g
		FFS formation Training on GAP				marketin g

3.2.2 DFTs' long-term perspective

Many DFTs have neither a long term strategy nor three-year-rolling-plan concept.

When asked about future perspective for DADP, most of the LGAs (Meru, Iringa DC, Kyela, Lushoto, Mbozi) showed the thinking of introduction of a new VC. Behind this consideration is different agro ecological zones within the district whereby some parts of the district are potential for various commodities and also in some areas there are already infrastructure i.e., irrigation infrastructures. In that case, the district stakeholder meeting will be held during next planning season. If that is the case the three years planning concept will not be considered by the districts. For example in Meru DC, the DFT mentioned to have a 3-year strategic plan. But it is not clear how the plan is linked with this thinking. Moreover, it is observed that some of the LGAs e.g., Kilolo district waits instruction or any clue from regional or central levels (RS or PMO-RALG) on DADP planning for next season.

Kilombero and Mvomero are the ones which do not think of changing a target crop in future. In fact they show their understanding of three year rolling concept by focusing on production stage in the 1st year and marketing stage in the next year. Having said so, however, there is no clear evidence that it coordinates with other stakeholders in a strategic way.

3.2.3 DFTs' attempts to involve stakeholders

DFTs involved many stakeholders in DADP planning.

The study observed that there was a big difference noted in DADP planning between previous and 2012/13 ones, as the later planning involved several stakeholders while the previous did not. The table below indicates different stakeholders involved in the meeting for commodity selection at different districts. They include farmers, WFTs, NGOs, councilors and other initiatives, although SIDO, in many cases, was not involved in DADP

planning (e.g. Singida DC, Manyoni, and Meru). In Manyoni, SIDO was recognized as one of contractors that will provide technical service of training under DADP (SIDO and other private sector company conducted different trainings for processing leather).

Table 5: Participants in the stakeholders' meeting in some of the visited districts

LGA	Name of the participated stakeholders
Meru	Llima-Numbe Dairy Group, VICOBA, NGOs, Tengeru livestock community, SARI, Land O' Lakes.
Monduli	HAIFER TZ, SARI, NAIC, processors, businessmen, farmers, input stockiest, seed companies, TACRI, farmers groups such as MVIWAMO/MVIWATA
Kilolo	DATEGA, DABAGA, MUVI, VEO, WEO, DFT, WFT, Farmers, DALDO,DED
Iringa DC	TAGRODE, SHILDA, RUDI, MUVI, CONCERN, One Acre Fund, DED, DFT, WFT, Farmers
Kyela	Techno Serve, KYCU, Councilors, DED, DALDO, Farmers, WFT,DFT,AMCOS
Mbozi	TACRI,ADP, MVIKAMBO, DED, DFT, WFT, DALDO, Councilors
Lushoto	Input dealers, WEO, VEO, DALDO, District representatives, researchers, farmers,
Muheza	Farmers representatives, village leaders, politicians, agro-dealers, AMANI tea agent
Kilombero	RUDI, UWAPEKI, AKIRIGO, KCY, TAP, NAFKA, TCCIA, KPL,UKIKU, Councilors, Head of Ifakara Sec. School
Mvomero	MVIWATA, Dakawa Rice Research Centre, Mkindo FTC
Rufiji	DED, councilors, farmers, extension officers, NGOs , MUVI

However, the participation of private sectors and buyers is relatively weak as compared to others.

While efforts are made to involve many stakeholders, most of the participants are from other initiatives, NGOs, farmers, and LGA officers (except SIDO). There might be a less degree of participation of private sectors, especially buyers. This tendency implies that development approach tends to be discussed from supply perspective with weak

consideration to demand side that can be partially represented by private sector in a sense. Incidentally there is no participation of large-scale buyers, hotels, and restaurants, implying that they are out of the LGAs' reach in terms of relationship.

This poses an important question, whether the activities in DADP and policies are worth being discussed from the eyes of private companies. One possible way of improvement may be to visit private companies separate from the general meeting to listen to their voices. In any ways, it is clear that the more private sector players are get involved, the better the addressing the value addition and marketing stages of a VC in DADP.

Major attempt for involvement is just information sharing but some good efforts at activity level.

The most common attempt for the LGAs to involve stakeholder is information sharing. While there is no denying that this could be a first step, there are only a few cases of taking-action-together, beyond talk. This is particularly true of relation with private sectors.

The following box showed some good efforts in terms of implementing methods and type of activities, made by LGAs more than general information sharing.

Good efforts by the LGAs for Stakeholder Involvement

Implementation Methods

- **Contract-out:** LGAs contract out, for implementation of training, to other initiatives and private sectors, e.g., Richland Agrochemicals Ltd (Muheza DC), SIDO/private sectors (Manyoni DC), and TACRI, TechnoServe and ADP (Mbozi DC).
- **Stage-sharing:** Muheza DC discussed with MUVI and agreed on the stage sharing where the MUVI is dealing with orange seedling production (input stages) while the DC is to support production and processing stages (disease control and wash and cleaning). Meru DC also designed intervention to serve production for a processing group who has been supported by SIDO, though this collaboration is just coincident.

Activities

- **Match-making:** Kilombero DC linked farmers with input dealers and processors. The DALDO of Kongwa DC visited a company for business agreement with farmers, though it was failed.
- **Finance-introduction:** Mbozi DC has been supporting farmers to acquire loan from financial institutions by persuading AMCOs to increase their saving.

3.2.4 DFTs' coordination in planning and implementation

Coordination is generally weak at initiative/program level.

Whilst there are several good attempts to involve stakeholders at activity level, there is weak coordination among initiatives/programs at district level. As will be discussed in 3.3, some initiatives/programs such as TAP, MUVI, SIDO, and MIVARF are adopting similar planning process to DADP by inviting stakeholders and selecting target commodities. But the processes are taken in parallel to DADP process with different timing and starting point (e.g. some process starts from regional level). DFTs are involved in respective processes but in many cases they do not play the role of a coordinator, rather just play as one of the "important" stakeholders.

Various factors underline the weak coordination.

There are several factors underlining this issue. This un-harmonized situation, in part, is much associated with the lack of strong initiatives of DFTs, which can be attributed to lack of their own ideas and wills for development, i.e., there is no strategic and consistent planning. Another factor is, however, pointed out by some DFTs (e.g. Kilolo DC): each stakeholder (initiatives/programs) tends to plan and work individually. Since there is no information sharing mechanism with the LGA, they do not know what others all are doing. Some initiatives do not have offices in the district, which makes it more difficult to communicate with them (e.g. Manyoni DC). The third factor raised by many LGAs is political influence. In fact they requested ASLMs to provide institutional defense to pervert politicians from intervening to technical coordination, e.g. by letters or regulations. Another consideration is made that many initiatives adopt participatory process in their own way with less harmonization with each other. For instance, TAP wants to help the LGA in prioritizing commodities and SIDO through ODOP has the same intension. The both, however, are proceeding without dialogue to each other. MUVI starts the commodity selection from regional level, which is different from other initiatives starting at district level; MIVARF put focuses on non-perishable in assisting LGA for commodity selection. Seemingly there is no robust coordination mechanism between the two. In view of these situations, as well as on-going preparation for ASDP II coordination among the initiatives, LGAs need to prepare themselves to align this movement, accept new initiatives, and take strong initiative in coordination among them.

3.2.5 DFTs' suggestions for the DADP guidelines

As regards the DADP guidelines, the survey has found the following issues.

The major comment from LGAs is to allow selecting more than one commodity.

Many LGAs suggested that the guidelines should allow selecting more than one commodity according to crop/livestock category or to agro-ecological zones (e.g. from Kyela and Mbozi). The comment associated to this is to revise the selection criteria. With the mindset that everything written in the guidelines should be followed, they pointed out some limitation of rigid application. Lushoto DC, for instance, suggested removing the criterion that the commodity should be obtained in short term, as it gives disadvantages against livestock production (and fruits). It could be worth examining how much they must follow the criteria; in other words, it may be needed to show clearly the flexibility to adopt the criteria according to the situation facing the LGA.

Others are concerned about definition of terminologies, VC concepts, etc.

Apart from the commodity selection, there are several comments on the VC concept. They may want to have a more clear explanation on definition and concept. Others include timing of guidelines, the use of grant and ceiling.

Discussion with DFTs also identified the need for improving profitability analysis methodologies.

Although this is not explicitly suggested, discussion with DFTs has articulated that techniques used by the LGAs are different from one to another. For example, some uses the current data on price and quantity (e.g. Muheza), while others adopts future data which are to be realized by intervention made in DADP (e.g. Monduli). Price fluctuation is another issue. Taking the average price does not necessarily give a real picture of the commodity. Another challenge is articulated by some LGAs with livestock industries (e.g. Meru and Monduli). They require the methodologies for profitability analysis for livestock production.

3.3 Findings From the visited Initiatives (private sectors)

The findings on other initiatives are delineated in the aspects of 1) planning process, 2) entry point of VC, 3) strategies to involve farmers and the private sector, 4) coordination with DFT/DADP, 5) expectation to DFT/DADP and 6) exit strategies for project sustainability.

3.3.1 Planning process

For commodity selection, some initiatives put greater focus on market needs and potentials rather than stakeholders' meeting.

For commodity selection, some initiatives adopt participatory steps that are similar to DADP planning process (e.g., MIVARF, ODOP, and SHFS). On the other hand, there are other programs that identify the potential one (s) by looking at market potential and needs (e.g., Techno Serve in Mbozi and Oxfam/LBITC in Lushoto). For example, Oxfam/LBITC, after hearing from a food export company in Arusha, selected snow peas for VC development, despite the fact that it had been a minor crop produced only by a few farmers. The selection of coffee by Techno Serve, for another example, was based on the market analysis to consider how the targeted farmers can gain more profits by interventions. These cases show a different element of planning process from DADP's circle.

Planning processes are parallel with different timing and condition.

In many cases, planning processes of initiatives are parallel to DADP process and among themselves, each of which has different timing and conditions. Moreover LGAs were not always involved in the process. Even if they took part in, their response/ proposal is not consistent or well harmonized. As a result some initiatives select different commodities from DADPs. There is no or little coordination of planning process and commodity selection at district level.

3.3.2 Entry point of VC

For food crops, input/production stage; For cash crops, processing and marketing stages

The way of looking at VC is different among initiatives. Some has a holistic view to see the whole chain, whilst others focus on particular stages of it. The checklist assumed that the insights into VC are associated with how the initiatives can enter the VC. Observation across the initiatives has, however, suggested a different angle for analysis, which is the type of the commodity.

In case of VC for food crops, the field survey found that the entry point tended to be input/production stages. The good example is NAFKA, which is attempting to develop a whole chain, starting from production in the 1st year and shifting to other stages later on (Rice in Mvomero). Another example is TAP/CIP that deals with VC for maize. It has developed a good mechanism of demonstration plots, in which agro-dealers contribute inputs with expectation that farmers, after seeing the results, could be good customers for

them (Maize in Iringa DC and Monduli). As for food crop, most farmers are smallholder and using traditional low productive agro practices. In order to add value to their products to be sold, farmers need to be trained on innovative agro practices in the production stage.

On the other hand, for cash crops or commodities, various initiatives consider more significant the interventions at processing, post-harvesting, marketing stages. The good example is Techno Serve. Holding a holistic view, it supports mainly the post-harvesting and marketing stages while involving different partners in other stages (Cocoa in Kyela and coffee in Mbozi). The focus on cash crops is also found in SIDO's interventions at processing and marketing stages (Sunflower in Mbeya, Milk in Arusha). MUVI, while being engaged in production stage for oranges, admitted that the marketing is a challenging issue (Orange in Muheza and Tomato in Iringa DC). These observations imply that the entry point could be different, depending on what the LGAs/initiative aims with VC, i.e. food security or business development.

3.3.3 Strategies to involve smallholders farmers and private sector

There are several strategies employed by other initiatives in involvement of farmers and the private sector.

Targeting existing and active groups

Many initiatives are targeting existing groups which are active and functioning well, rather than creating a new group. For example, MUVI is assisting production of the orange-seedling group that was supported by DADP before (Muheza). Techno Serve asserts that it helps only groups of farmers, not individuals. Norway in Lushoto found some women group have potential for business and then decided to provide it with support. The same strategy is also adopted in some others (e.g. MIVARF in general and TAPP in Iringa DC).

While there is no denying of the effectiveness of this approach, it must be noted that only fraction of the community may continue receiving the supports from the initiatives. In this case, how to expand the benefits to others should be questioned. It is of critical importance to consider how DADPs could respond this issue. In view of this, one of main roles of LGAs should organize smallholder farmers to form a group and build their capacity to promote scale of economy and increase bargaining power in the market with long-term perspective.

Developing win-win situation

This strategy is apparently found in involvement of input dealers in demonstration farms. For instance, input dealers usually requested NAFKA to purchase their farming implements. However, NAFKA set up an opportunity for them to promote their implements directly to farmers through demonstration (Mvomero DC). The similar attempts are made for maize production in Monduli, Iringa DCs with TAP and TAGRODE. This is a win-win situation because the project can reduce costs of activities while the input dealers can have opportunities of business promotion.

Another win-win strategy is observed in the case of KYCU in Kyela DC. They found that collection points are alternative to or preliminary stage of the cooperative actions. At this point, farmers can sell the produce to buyers in a relatively fair condition and businessmen can collect it in bulk (Kyela DC).

Capturing buyers needs ("Infant Industry Strategy" and "Buyer-seller meeting")

Some initiatives capture the needs of buyers e.g. on commodity or location, and reflect them into the design of interventions, rather than implementing what farmers/DFTs want to do. The good example is Oxfam/LBTIC. They found that snow peas, which had been minor products in Lushoto DC, were well demanded in the international market. At the initial stage, Oxfam/LBTIC supported this "infant industry" in almost all aspects e.g. training and transportation. But once the business agreement was made between farmers and buyers, it withdrew supports. Another good practice is done by SIDO. It holds "buyer-seller meeting" by involving producers, processors and buyers to discuss what the market needs (Singida DC).

Addressing bottlenecks of many farmers through organizing themselves

This strategy is observed especially where farmers tend to be cheated by middlemen. It is a situation that provides farmers with strong motivation to work as a group and take part in projects (Lushoto and Iringa DC). ULT, a NGO/Farmers group in Lushoto, for instance, was formed to overcome this cheating issue. TRIDEP (sponsors from Germany) and USAID facilitated the establishment of collection points and identification of the market for them.

Match-making with buyers and financial institutions

Functioning as a catalyst is another strategy found in several initiatives. They make a linkage of farmers with financial institutions e.g. by assisting the formation or enlargement of SACCOs for agricultural windows or other loan schemes (MUVI in Muheza and Rufiji).

MUVI, for another case, is developing the integrated mechanism of finance and crop insurance for farmers, by allocating some percentage of interest rate to insurance fee (MUVI in Tanga). NAFKA in Mvomero and Kilombero linked farmers to financial institutions, e.g. NMB.

Quick / Wide demonstration to farmers

Some initiatives are improving extension methods. Showing quick result to farmers and close supervision by the agronomists assigned per village are observed in NAFKA's strategy to motivate farmers to continue participation (Mvomero DC). In Iringa DC the TAGRODE initiated farmer-to-farmer extension where among farmers some of them trained and assist others to implement a baby plot with inputs supplied by agro-dealers. The mother plots formulation done by the extension officer as a demo plots. This extension method is also done by NAFKA in Kongwa DC.

3.3.4 Coordination with DFT/DADP

Involving district officers in many occasions is not yet functioning for program coordination.

Almost all initiatives have been involving the LGA officers in institutional arrangement or activities. Some initiatives assign program officers in the district (e.g. MUVI), though this is not always done (e.g. NAFKA in Mvomero DC and Kilombero DC). Others involve LGA officers by facilitating training for them or by mobilizing them in training or extension to farmers (Techno Serve in Kyela). SIDO management, RS and districts (DALDOs) met together to discuss the potential areas where SIDO could invest with formation of clusters (SIDO in Mbeya).

Despite these efforts, however, many initiatives still consider the coordination as a critical issue, implying that there is no strong initiative taken by the LGAs. MUVI, for example, expected LGA to take a lead of coordination by showing its financial contribution. But things were not done as expected. They found that the district, once finding potential contribution from MUVI, attempted to reserve its own resources for other projects, rather than for the MUVI activities with expectation, "MUVI could do more". Based on this bitter experience, MUVI opted for taking coordination initiatives by itself by asking what the LGAs can contribute to it rather than showing its contribution to the LGAs.

This attitude of the LGA (i.e. taking advantage of contributions from one stakeholder and divert its own resource to other purposes) may come from their thinking that the LGA is mandated to satisfy the needs of their stakeholders (e.g. villages and councilors) as many

as possible. This thinking is dangerous, in that it tended to result in scattering resources over various issues and areas, as seen in previous DADPs. Thus, seemingly, their mindset still remains the same, showing the lacks of strategic thinking and institutional capacity for coping with political influences.

3.3.5 Roles of DFT/DADP expected by other initiatives

Interview with other initiatives hold the following expectations to DFT/DADPs:

- **Smooth authorization for securing activities on critical path:** LGA is expected to identify, secure and maintain budget for some critical activities along VC such as QDS procedure and registration of farmers associations (SIDO in Tanga, NAFKA in Morogoro).
- **Program coordination:** To coordinate the program of DADP-funded and programs of other initiatives, such as MUVI (SIDO in Tanga Region, TAP in Monduli DC and MIVARF in Meru DC).
- **Enabling environment for coordination:** Harmonization of products selected under DADP and ODOP will create enabling environment for more active coordination from both side. (A Dodoma regional office of SIDO has been active to propose activities with LGAs but LGAs haven't accepted them since selected products under DADP and ODOP are different.)
- **Finance introduction:** Ward extension officers to assist/help farmers' groups in loan application forms to be submitted to banks (Techno Serve in Kyela)
- **Group formation:** Encourage farmers groups and associations to overcome production and market challenges faced by individual/small scale farmers. (Techno Serve in Mbozi and NAFKA in Mvomero)
- **Value addition:** Training and education to farmers on value addition for produces. (Techno Serve in Mbozi)
- **Crop insurance:** To take into consideration "risk hedge". The concept of price or market insurance is quite new and its benefits are not understood by the farmers and markets. (Techno Serve in Mbozi)
- **Price setting:** LGA/DALDO is expected to have a proper control of auctioneers in order to reduce black markets. (SHILDA in Iringa region)

- **Facility and infrastructure:** LGAs are expected to facilitate storage facilities such as cold storages and irrigation schemes (KPL in Kilombero and ULT in Lushoto).

While there are several expectations to DFTs/DALDO, a few initiatives unveiled hesitation to work with the government especially in production requiring timely action. They pointed out the cultural difference between private and public sectors regarding time management and decision making (e.g. Oxfam/LBTIC in Lushoto).

3.3.6 Exit strategies by initiatives for project sustainability

Most of the initiatives/programs do not have a clear exit strategy, losing the scope for project sustainability.

There are two unique features of initiatives/programs in institutional arrangement. First, many of them assign consultants or NGOs as an implementation or facilitation agencies. They are functioning as driving forces for implementation. Moreover, the visited projects under several initiatives have specific project duration of starting and ending which is often short or medium-term, mostly 2 to 3 years.

These characteristics bring about some concern. Whereas the entry point approach of these projects differs in terms of involving and sharing information among key actors, their exit strategies are observed to be more similar to each other, in that the beneficiaries are not clearly linked with the district experts for sustainability of the projects as most projects under initiatives worked independently (NAFAKA-Kilombero, Techno Serve- Mbozi, TAPP-Iringa DC).

At a point of phasing out of these projects, remaining will be the question on which institute will provide expertise advice to sustain the project, considering that the districts experts were not involved since the start of the project. The team further observed that most of initiatives have no clear exit strategies hence they might suffer as far as the management and sustainability for those projects are concerned.

For the purpose of having a sustainable project under initiatives, the exit strategy of a particular project should be clearly indicated and information sharing among the stakeholders should be emphasized and coordinated by DADP. The LGAs therefore, should collaborate and share information with private sector or initiatives particular by identifying who should does what and where. Such information should be shown and included in DADP during the exercise of planning.

3.4 Finding on enabling business environment or improving VC management

In addition to hearing from DFTs and other initiatives, the survey made interview with farmers and the private sector on the issues of incentives/ challenges to work together for business and of expected interventions by DFT/DADP to improve business environment.

3.4.1 Private business partners' incentives/challenges to work with farmers

The private sector prefers to farmers' group that can produce quality commodities.

It is understandable that the private sector (buyers) wants to have a large volume of quality products from farmers. Farmers thus could give incentives to the private sector for collaboration, if they work as a group and have techniques to produce the goods required by them. These points were raised by some private partners in Lushoto, Kongwa and Kyela. They imply that group functionality of farmers and high production techniques are prerequisite to do business with farmers.

Challenges to work with farmers are the other side of the same coin. The milk processor group in Meru DC stated that they suffered from adulteration of milk by farmers, who do not know what are required by the market. Maize buyers in Monduli refused the idea of contract farming, unless, they argue, the production becomes sufficient and stable.

3.4.2 Farmers' incentives/challenges to work with private business partners

Farmers need transparent price setting to work with the private sector.

It is widely recognized that many farmers tend to be cheated by the private buyers. Behind this is the fact that they do not know prices in other places or to other farmers or exact volume of production for sale, even though it is their own produce. Some of farmers also held concerns whether the price can reflect the quality. Transparent price setting is thus raised as a major incentive/ challenge to work with the private buyers.

Farmers need proper finance to work with the private sector.

Another issue raised by farmers is of finance. Farmers and DFTs in Muheza, for instance, pointed out the difficulty to break the relation with the middlemen: many farmers have to rely on informal loan provided by middlemen to make a life but it forces them to sell oranges at much cheaper price. Mvomero held the view that farmers were forced to sell the produce when the price is low, because they have to return money to the bank immediately after harvesting. These assertions indicate the need for intervention that enables farmers to access proper financial mechanism.

3.4.3 Roles of DFTs/DADPs expected by farmers and the private sector

Having provided the incentives / challenges on business management, the private sector and farmers are expecting DFTs/ DADPs to make the following interventions:

- **Production:** Technical training of farmers by extension officers (Kongwa DC) and follow-up after training whether farmers practice what they have learned from training (Mvomero DC); and stage sharing e.g., irrigation and storage (Kilombero DC)
- **Group formation:** Re-organization or activation of farmers' cooperatives (Mbozi DC) and the development or improvement of crop boards (e.g. for cocoa in Kyela DC and for coffee in Mbozi DC).
- **Price setting:** Supervising buyers not to offer unfair prices (Mbozi DC, Kyela DC) or to have a proper control of auctioneers in order to reduce black markets (SHILDA in Iringa region).
- **Finance:** Facilitation of linkage with financial institutions including SACCOS establishment (Mvomero DC) and introduction of Agricultural Windows in which DFT is expected to act as a bridge between SACCOS and TIB instead of PASS (Muheza DC and Lushoto DC)
- **Market connection:** Promotion of potential crops such as sunflower, training on post-harvesting / value addition, matching with buyers, provision of market information, advertisement through media (e.g. Singida DC, Kilombero DC, Muheza DC Meru DC)
- **Others/ Kilimo Kwanza:** Electric power network (Muheza DC) and development of agri-related inputs such as empty bottles (Lushoto DC)

4.0 Conclusion and Recommendation

This study has been undertaken with the aim of articulating i) the current status of DADPs along VC, ii) experiences of other initiatives, and iii) implementation for the best mix of these two regimes. In order to pursue the objectives, first, the study carried out general interviews with other initiatives at central level (i.e. the DSM survey). This survey revealed that each initiative had its own approach to promote VC development by creating incentive mechanism to stakeholders. This finding provided us with an impetus to explore actual situations and good practices at field level. The study proceeded with the field survey that targeted the DFTs/ LGAs where VC-related activities were examined vigorously, including other initiatives' endeavors.

While obtaining many facts and some positive perspectives, the study also brought about concerns over coordination or complementary impacts at field level. It seems that many approaches seemingly go there in a parallel way to each other. Following are the conclusion and recommendations from this study.

4.1 Conclusion

In conclusion, the study found that DFTs followed the DADP Guidelines in terms of procedures. However, their understanding of VC concepts is limited. And so will be effects of interventions which they will implement from now on, provided that DADP funds are disbursed. This observation can be justified by the fact that the most of the interventions, even formulated through the VC planning process, are not significantly different from those in previous DADPs, focusing on the production stage with no/ little consideration to connectivity to other stages. Moreover, their grasping of the whole chain is not adequate, missing such aspects as post harvesting (for value addition) and marketing. Major way of collaboration with other initiatives or the private sector is information sharing. Although some LGAs made good attempts to involve them in activities, their effectiveness is in question or yet to be confirmed.

In the circle of other initiatives, there are implementing agencies (NGOs or consultants) on contract basis who work on VC management and coordination. They play a vital role as a driving force. They attempt to connect individual parts along VC with getting advantages of each other. As such, their interventions (e.g. match making, input-coordination, and finance-introduction) entail different natures from those in DADPs that tend to be stand-alone. The interview with business entities and farmers, who are concerned with VC, indicated that there are other issues than production to join the VC business. "Connectivity" or "market orientation" is key works in the VC development. These findings reveal that there is something that LGAs can/ should do more than production assistance. This message becomes particularly important when taking into account the fact that the interventions of other initiatives do not last for good. It is just a temporary measurement. LGAs must take up the efforts of other initiatives by maintaining modality or sometimes by involving other new partners.

Last but not least, while collaboration among stakeholders is attempted at activity level, there is no clear coordination of programs/initiatives at district level. This coordination is sometimes very complicated due to the influence of local politics, pre-determined conditions of donors and the central government. Yet, one of the essential finding is that

the LGAs have weak capacities for program coordination. This is much associated with the fact that the LGAs do not have their own thinking on development with a long term or strategic plan in mind. There is no need for LGAs to do everything but they can be a coordinator for development, creating enabling environment or enabling management for other stakeholders.

4.2 Recommendations

Having presented major findings above, this report concludes with the following recommendations. These are actions mainly for NFT to enable DFTs to think how they can enter VC coordination and management and how they do better in relation with other initiatives.

*To enhance the concept of VC management and coordination by showing **inter-stage activities***

There are several activities that they (DFTs) can undertake by imitating other initiatives' interventions. As some good practices are depicted throughout this report, they includes **match-making, input-coordination, finance-introduction (e.g. agricultural windows), post-harvesting**. Another example is that if the market is identified and requires high quality products, then intervention to post harvesting or processing is more effective than match-making.

*To enhance the concept of VC management and coordination by showing **collaboration options***

The understanding of the VC concept can also be enhanced by providing the options for LGAs to collaborate with other stakeholders. They include **stage-sharing, hard/soft component sharing, and authorization arrangement**. There are some good attempts made by the LGAs visited, which can be on-going examples to others to enhance the understanding. Prerequisite is the information sharing or situation analysis in the LGAs, so as to know who can do what. The study has identified that SIDO might be an important partner for LGAs to work in collaboration with DADP planning and implementation.

To enhance program coordination and market orientation in DADP process

One of the major findings of the study is that there is no coordination of programs/initiatives at district level. Especially where other initiatives are taking place, re-thinking is needed on the process of having a stakeholder meeting to select a particular

commodity with DFT initiatives. Rather, as has been argued in many places of this report, the strong initiative is required to coordinate various programs at district level.

Another missing element in DADP operation is market needs assessment or market analysis. Participants for the stakeholders meeting or program-coordination meeting should be not only from supply side (e.g. farmers, processors, other initiatives, NGOs, crop boards) but also from the demand side (e.g. major buyers, hotels, and exporters). It is also crucial to consider how much farmers can enjoy from the total value added in the VC.

By identifying what other initiatives are doing and/or what the market requires, thus, the LGAs are automatically guided to select potential commodities. They can combine the perspectives of both demand and supply sides with a wider view.

To provide LGAs with entry points (How can they start VC development?)

It might be acknowledged that the above recommendations deal with conceptual aspects of VC management and coordination. It is then needed to have entry points that can make the LGA take actions from the concepts. Some of them are depicted as follows.

Inter-program meeting where DFTs take initiative to invite all initiatives in the districts. Discussion is to identify which programs have potential for expansion, what issues they face in implementation, whether there is any scrambling to acquire resources, and how they collaborate with each other, including the role of DFTs. Furthermore, good practices can be shared among them.

Stakeholder meeting on a particular VC where the participants include all players in a particular VC. Many other initiatives have a good experience of holding such meetings with less cost (such as MUVI and TAP). DFTs can take part in them or follow their practices. Buyers should be included in the meeting. Discussion is to find out critical pass, possibility of stage sharing or hard/soft component sharing and the understanding of market needs.

To promote roles of LGAs in VC management

Following the stakeholders meeting, the DFT can declare its engagement by focusing only what the government can do. Many other initiatives' funders allowed them to intervene in the whole VC process with sufficient funds. On the contrary, LGAs are required to select a few interventions due to limited DADP funds. Therefore, LGAs need to select certain roles of tackling key issues in VC management, and to use DADP scarce funds effectively

through collaboration with other partners. Based on the findings, the following roles can be suggested.

Authorization and other government arrangement: This is particularly important for ensuring prompt arrangements e.g., registration of associations and QDS certification. Without them, other VC activities would be struggled. DFTs can, after coordinating with implementation partners (private sectors and NGOs), prepare necessary documents in advance, make a plan with expectation of late fund disbursement and do lobbying to decision makers or influencers. Another role of the government is linking with other government services. The vouchers system for involving input dealers in demonstration and the Agricultural Windows for rural finance are among others.

Improvement of the existing VC: With the concept of stage-sharing or hard/soft component sharing, DFTs can explore the weak stage or connections along the existing VC. After identify issues in the chain, they could employ external resources for particular activities (e.g. technical advisers of buyer companies and other initiatives experts for farmers training). This should be aimed not only to introduce new techniques but also to lead business development between buyers and famers to be trained.

Expansion of the existing VC: Through the inter-program meeting and stakeholder meeting, DFTs may identify the chain which is functioning well but still yet slim, involving a few farmers and other stakeholders. In that case, DFTs can support its expansion. If it turns out that the market is too small for expansion, for instance, they can facilitate match making either by itself or by employing experts. Likewise if it is found that the production is not enough, DFTs could promote farmers, e.g., through study tour and media. They may also introduce finance to farmers.

Enabling environment: Another role of the government (LGAs) is to provide enabling business environment for actors in VC, including linking with other government services. For example, the vouchers system for involving input dealers in demonstration and the Agricultural Windows for rural finance. LGAs are also anticipated to promote business environment, such as market price information sharing mechanism, and fair trade monitoring system.

Support for organizing and strengthening smallholder farmers: So far, DADP facilitated farmers to establish project management committee during the project implementation period without long-term perspective of the committee's management. In order to benefit smallholder farmers, LGAs also expected to change their approach to organize smallholder farmers and build their capacity with long-term perspective by promoting scale of economy and increasing bargaining power. Within this approach, extension officers are also expected to be trained to support farmers.

To assist LGAs in having their own policy/strategy for development

This is last but not least recommendation. Program coordination is of essential importance to make various initiatives, including other programs and DADP-funded program, aligned in an integrated way to development. At field level, it is the LGAs who should/can take this responsibility. To facilitate good coordination, then it is prerequisite for them to have their own views and strategies. Even in VC management, cautions in taking actions also should be provided so as to consider the best option according to situation and commodities targeted. For example, if the food security is of critical urgency, input-coordination or finance-introduction is more important than marketing. Given existence of various players, there must be "comprehensiveness" and "environment creation role" in the LGAs' thinking. This could be a basis of judgment. Only based on this, can LGAs coordinate various initiatives by judging whether their activities and interventions are in right track for development. It is for farmers in particular and communities in general. And inarguably, this is the role of the government.

The way forward

In relation to the above recommendation, the following are DADP related issues (with time frame) which should be considered by the ASLMs as the way-forward of implementing the above recommendation for DADP VC perspectives.

Time span	The Issues	Specific instruction	Date	Responsible ministry/ institution / person
Short term plan	1. As the ASDP II is still at a preparation stage, meanwhile the districts should have an interim plans for DADP FY 2013/14 whereby the LGAs are supposed to prepare the plans for FY 2013/14 using the existing DADP Guidelines and the plan should reflect the 3 years rolling plan	PMO-RALG should instruct the LGAs to use the existing DADP Guidelines for FY 2013/14 and to observe their existing three years rolling plan and that the date of DADPs submission will be stipulated by PMO-RALG	Before Dec.30, 2012	PMO-RALG
	2. The backstopping should be done to all districts where the NFTs and RSs will share information with DFTs on interim DADP plans for FY 2013/14 and the report on DADP VC-Fact findings study.	NFTs and RS should visit the districts before and during the DADP planning season of FY 2013/14	Jan 14-18,2013	ASLMS NFTs and RSs
Mid and Long-term plan	3. The DADP Guidelines Review.	According to the DADP VC fact findings study the review of the DADP Guidelines is inevitable for sustaining the DADP value chain need and for future	January-June 2013	ASDP P&I TWG

		use of ASDP II. The P&I TWG has a mandate and responsible to review the Guidelines.		
	4. Development of DADP Value chain training materials/modules (for ToT)	The materials will be useful for DADP planning season of FY 2014/15 for ASDP II	January- March 2013	ASDP-P&I TWG
	5. NFTs training on DADP Value chain package		February- March 2013	VC- Expert/consultant
	6. RSs training on DADP Value chain package		March- April 2013	ASLMS- NFTs
	7. Dissemination of Revised Guidelines for ASDP II		June- August 2013	PMO- RALG
	8. DADP backstopping		September- October 2013	ASLMS- NFTs and RSs

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Appendix 3

Practical Instructions for Value Chain (VC) Management (Presentation Material)

Practical Instructions for Value Chain (VC) Management

ASDP NFT with JICA RADAG

Structure of This Presentation

1. Background
2. VC Management
3. Entry Point of VC Management
4. Practical Steps for VC Management
(with the example of Coffee VC in X district)
5. Issues frequently observed in VC management

1. Background

- Since 2012/13, the concept of VC has been introduced for DADP planning and implementation.
- The DADP Guidelines indicate several procedures to implement this approach, e.g. Stakeholders' meeting, VC Analysis and Integration of the Project Write-ups.
- But the DADP quality assessment and the VC fact finding study have found that many LGAs followed the procedures but yet fully understood VC concept.

1. Background

- Many interventions formulated in DADPs are the same as before, concentrating on production stage with stand-alone nature. (VC analysis not translated into interventions.)
- The VC fact finding study identified several recommendations for improving the LGAs' approach in VC development (next slide).
- We hereby present several practical steps to implement these recommendations.

Recommendations by the VC Study

For various VC programs on-going

- Coordination among programs based on the District Strategy

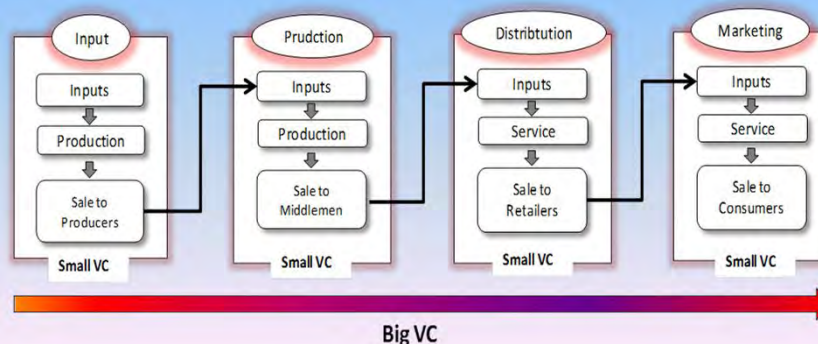
For a single VC program

- To improve the existing VC or to expand it if the existing VC is functioning well.
- To consider linkage across stages i.e., “Connectivity”
- To collaborate with various partners, assuring the role of the Government (authorization: licensing, fair trade monitoring)
- To create enabling environments in which private sectors or donor programs perform well (infrastructure, regulation)
- To take into account market needs.
- To empower farmers’ organizations more than the role of the project committee. (enhancing capacities for longer-term)

2. VC Management

Principle of VC Management:

- **VC within each stage and across stages**
- **Interventions to be planned for value addition within each stage and across stages**



3. Entry Point of VC Management

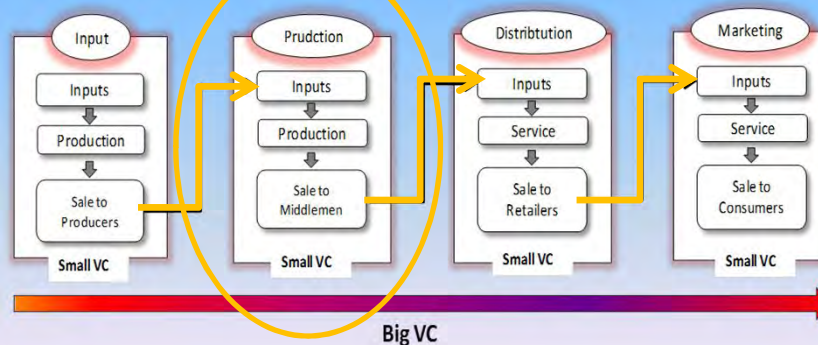
1) Who beneficiaries are:

In many cases, they are input producers (e.g. seedling), farmers/livestock keepers, or processors, since DADPs are to help farmers, not traders or retailers.

3. Entry Point of VC Management

2) At which stage they are:

- Starting with “Production” stage, but
- Considering linkage across stages i.e., “Connectivity”



3. Entry Point of VC Management

3) Adding Value by:

- ✓ Producing and marketing **good quality** commodity which consumers prefer. (large-sized, flavor, color, organic)
- ✓ Reducing **transaction costs**. (warehouse or collection center for buyers)
- ✓ Producing and marketing a commodity that improves **operating efficiency** in the supply chain (easy for processing, easy for packaging, etc.).
- ✓ Producers owning assets for further **processing** commodity. (meat-processing, rice milling)

3. Entry Point of VC Management

4) In order to increase beneficiaries' values,

- ✓ Don't think how to sell what farmers (beneficiaries) have produced. Think how to make farmers (beneficiaries) produce what people demands.
- ✓ Don't think LGAs have to do everything. Think how to collaborate with other supporters (e.g. other initiatives, NGOs and private sector). Act as a catalyst or coordinator, not as an implementer.

4. Practical Steps for VC Management

Step 1: Select one VC

(Must know which VC should be intervened)

Step 2: Specify players' names, incl. beneficiaries

(VC analysis in DADPs is too general)

Step 3: Consider the Before/After VCs

(What kinds of VC do you want to develop?)

Step 4: Identify bottlenecks to achieve the After VC

(What prevents transformation from Before to After?)

Step 5: Identify measures taken/planned by DADP and

its partners *(Who does what ?)*

Step 1: Selection one VC

- At LGA, there may be some or many Gov./DP programs and NGOs, assisting various VC developments.
- LGA should know what they are doing, whether it is in line with the Strategic Plan (**Program Coordination**).
- Then, select one VC with considerations to:
 - I. Commodities (e.g. **highly demanded, quality/brand-oriented, potential for value addition**)
 - II. Commodities' prices (which should be examined carefully, e.g., reviewing the gross margin & cost-benefit analysis. If the prices tend to decline seriously, re-consider!)
 - III. Resource availability or accessibility (e.g. financial/ technical, facilitation, suitable agronomic conditions).
 - IV. Degrees of alignment with the Strategic Plan or other priorities e.g. commodity and beneficiaries
 - V. Others (Think yourself).

Example: Overview of VCs in X district

Commodity	Program/ Players	CON:1 Commodity potential	CON:2 Resource availability	CON3: District Priority	Potential for Success
Coffee	MUVI DADP	High (Value Addition/ Brand)	High Fin: DADP MUVI Tech: TACRI Facilitator: TS	High	✓
Orange	DADP, KITRA (FG)	Low	Mid Fin : DADP Tech/Fac: District	High	
Milk	MUT Ltd.	Mid (value Addition)	Low	Low	
Potato Crisp	WX (NGO)	Mid (Value addition)	Mid Fin : DADP Tech/Fac: District	Mid	

Step 2: Specify players' names

- The VC analysis in DADPs was too general.
- Identify the major beneficiaries by names (e.g. AAA group in X village).
- Identify the name of the related players. Who specifically buy the products from the beneficiaries? Who specifically provides inputs to them?

Example: Coffee VC in X District

Stage	Current player with names	Beneficiary Stage
Input	ABC dealers (Fertilizers), DEF Seedling Group	-
Production (Cherry)	60 Farmers in G, H and I villages	✓
Distribution	Traders (Mr. JKL) Traders (Mr. MNO)	-
Processing (Cherry to Parchment)	PQR Processing Company	-
Marketing	STU Auction Warehouse	-

Step 3: Consider Before/After VC

- Describe the VC before interventions by DADPs or other programs are to be made (Before VC).
- Describe the VC after interventions by DADPs or other programs complete (After VC).
- To describe the After VC, think of what you want to achieve with DADPs/ other programs.
- To know what to be achieved, think of how beneficiaries increase value

Example: Coffee VC in X District				
Stage	Before		After	
	VC	Value (Tsh/ kg)	VC	Target Value (Tsh/ kg)
Input	ABC Dealers DEF Seedling		ABC Dealers DEF Seedling	
Production (Beneficiary Stage)	Farmers in G. H,I Villages	300 200 500	Farmers in G. H,I Villages with Central Pulpery Unit (CPU)	200 1,200
Bfr: Distribution Afr: Processing	Traders Mr. JKL/ MNO	500 800	Transporter Mr. ???	1,400
Bfr: Processing Afr: Distribution	PQR Company	800 1,700	STU Auction Warehouse	1,400 1,700
Marketing	STU Auction Warehouse	1,700 2,200	STU Auction Warehouse	1,700 2,200

Step 4: Revisit bottlenecks in VC Analysis

- Identify bottlenecks that prevent the maximization of the beneficiaries' values and realization of After VC
- For the identification, obtain other partners or players' opinions (e.g. through VC stakeholder meeting) .
- **Remember : Each Stage has**
 - (1)Input from the last stage
 - (2)Production/ Service
 - (3)Sale to the next stage.
- Analyzing (1) and (3) means examining **"Connectivity"** to the last/next stages.

Example: Coffee VC in X District

Stage (Afr)	Players (Afr)	Sub-stage	Bottlenecks to achieve After VC (Not only weakness but also overlooks of the potentials)
Input	ABC dealers DEF Groups	Input	1) Some seedling are poor quality and cannot survive 2) ABC dealers sometimes not available.
		Sale	
Production/ Processing	60 Farmers G, H and I villages	Input	3) Only informal finance available to buy fertilizers and chemicals 4) High costs of inputs
		Production	5) Inappropriate chemical use 6) Individual-based production
		Processing	7) Do not have CPU 8) Do not know how to process coffee cheery with CPU
		Sale	9) Do not know the quality requirements for high grade classes 10) Do not know reliable transporter
Distribution	Mr. ??? Transporter	Input	11) Maybe buy parchments from farmers with low prices
		Service	12) Rough road from CPU to the main road to STU Auction Warehouse
		Sale	
Marketing	STU Auction Warehouse	Input	13) Do not know the coffee from G,H, I villages in X district
		Service	
		Sale	

Step 5: Identify measures taken/planned by DADP and its partners

- Having reviewed bottlenecks at each stage, identify activities that are /will be undertaken by DADP and its partners.
- Seek possibility of **stage sharing** or **hard/soft component sharing** between DADP and its partners.
- If there are bottlenecks with no measures undertaken or planned, they are **“missing parts,”** to which the LGA should look for solutions.

Example: Coffee VC in X District

Players (Afr)	Bottlenecks	Measures undertaken or planned by DADP and its partners
ABC DEF	1) Poor quality that cannot survive 2) ABC dealers sometimes not available	1) Training by Match Maker under MUVI 2) Regular visits during season by ABC dealers
60 Farmers G, H and I villages	3) Only informal finance	3) MUVI will introduces TIB for Agri. Windows
	4) High costs of inputs	4) (No measures undertaken)
	5) Inappropriate chemical use	5) ToT by TACRI on IPM and training by Ex officers (DADP)
	6) Individual-based production	6) Organizing farmers by Match Maker under MUVI
	7) Don't have CPU 8) Don't know how to process with CPU	7) Establishment of CPU (DADP) 8) Training on CPU Operation (SIDO)
Mr. ???	9) Don't know quality requirements 10) Don't know reliable transporters	9) Study tour to Auction Warehouse (JICA) 10) (No measures undertaken)
	11) Buy products with low prices 12) Rough road	11) (No measures undertaken) 12) Rehabilitation of road (LGDG)
STU Auction Warehouse	13) Don't know coffees in GHI villages	13) Promotion during the Study Tour (JICA)

——— Stage Sharing with MUVI
 - - - - Component Sharing with SIDO

Missing parts !!

How to look for solutions for missing parts?

- ✓ In the Coffee example, No. 4) “high cost of inputs” could be covered by No. 6) “organizing farmers by MUVI” if the organization are engaged in co-purchasing inputs. So, the LGA should talk to MUVI to expand their activities to cope with this issue.
- ✓ Missing parts of No.10) and 11) could be solved if the LGA find reliable transporters. Several things can be done, e.g. requesting the STU auction warehouse to introduce good transporters or looking for farmers who have a truck.
- ✓ If there is no solution for missing parts, the chain is broken. Need to reselect commodity (Step1) or restructure the After VC (Step 3).

4. Issues frequently observed in VC Management

Case 1: Don't know how to collaborate with stakeholders.

- Collect all information on agro-development programs and activities in the district
- Listen to them **what they expect to the government** (e.g. Authorization and Hard/Soft Component Sharing). And concentrate resources on the expected roles.
- **For private sectors, reflect their needs** (e.g., by establishing a collection center where convenient to buyers, not to farmers only :Meru DC); **finding win-win situations** (e.g. the demo plots for which inputs are provided by dealers : Monduli DC).
- **Match making** by introducing trainers, financial supporters, buyers to beneficiaries. **(This is important!)**

4. Issues frequently observed in VC Management

Case 2: Cannot think of measures against bottlenecks.

- Tackling low price
- ✓ If due to poor quality, consider improving **post-harvest**, adjusting commodity production and marketing **according to consumer needs** (size, color, moisture, packaging, etc.).
- ✓ If due to seasonality, consider **off-season production** or **storage mechanism** such as WRS.
- ✓ If due to unfair trading, consider **the government authorization** e.g. trade licensing or introducing the standard unit measure.
- ✓ If due to weak negotiation or insufficient supply amount of produce, consider enlarging **farmers' organization** to make them a single big player (for **joint marketing**).
- ✓ Seek possibility for producers to do **processing** (e.g. cassava flour, rice milling, dairy products)

4. Issues frequently observed in VC Management

Case 2: Cannot think of measures against bottlenecks.

- Tackling high costs
- ✓ If due to the lack of capital, consider **introduction of finance** such as Agriculture Windows.
- ✓ If due to the small amount of procurement, consider **farmers' organization**, so as to have a bigger bargaining power with a larger amount of procurement. It may also allow to contact wholesale input dealers.
- ✓ Consider **collective use** of machines, transport means, and warehouses to reduce transaction costs.

Asante Sana!

Appendix 4

Comprehensive and Strategic DADP for Value Chain Development (Presentation Material)

Comprehensive and Strategic DADP
for
Value Chain Development

Beyond Production Towards Market!

DADP P&I TWG/ JICA-RADAG

Background

- ASLMs have been developing ASDP-2.
- In ASDP-2, DADP remains as a tool for LGAs to undertake agricultural development at local level.
- Whilst ASDP-1 provided grants to farmers, it is high time to move to another stage for resource mobilization, i.e., by involving other various actors (e.g. Other programs, NGOs, Private Sectors and Financial Institutions) in DADP.
- DADP is expected to utilize such various resources strategically in order to direct farmers to develop the Value Chain (VC) on priority commodities.

What is Comprehensive DADP?

- Comprehensive DADP = DADP mobilising available resources to achieve objectives through collaboration with various stakeholders (e.g. Other programs, NGOs, Private Sectors and Financial Institutions).
- It is the Concept of Resource Mobilization.
- The concept of comprehensive DADP has been there but has never been operationalized.
- Good practices include:
 - Demo plots with private input companies
 - Connecting farmers to financial institutions (FIs)
 - Input assistance from buyers
 - Programme Coordination Meeting

What is Strategic DADP?

- Strategic DADP = DADP making the best use of available resources to achieve objectives (Prioritization).
- It is the Concept of Resource Utilization.
- Examples include:
 - Focus on priority commodities (rather than dealing with various commodities)
 - Know what should be improved first, through market survey (rather than doing "A to Z")
 - Using the existing resources for VC development (including farmers groups and infrastructures developed under ASDP-1).
 - Combining hard and soft components.

How can Comprehensive and Strategic DADP be used for VC development?

- VC Analysis

- Identify bottlenecks at each stages of VC through Before/After comparison

- VC Management


- Identify which existing stakeholders support which stage of VC (i.e., Mapping such supports along the VC).
- Allocate limited resources of the government to missing, critical, or potential stage of the VC.
- Allocate resources of other stakeholders (including new comers) to missing, critical or potential stage of the VC.

Examples of VC Analysis and Management (VC for Irish Potato)

VC Stage	VC Analysis			VC Management	
	VC (Before)	VC (After)	Bottlenecks	Existing Programs	Selection for DADP
Inputs			Improved varieties (including storing techniques)	CIP	No
			Use of fertilizers and chemicals (expensive or fake)	(None)	Yes
			Soil degradation	Seliani Research Insti.	No
			Loans and insurance	(None)	No
Production			Irrigation facilities	DIDF (FY2012/13-14/15)	No
Post-harvest			Improved techniques /technologies	TAPP-USAID	No
			Collection centers	DADG (FY2012/13-14/15)	No
Trans port			Organization of farmers (group collection, selection, and sale)	(None)	Yes
			Farm-to-market roads	District Road Project	No
Storage			Warehouses	(None but not so critical at this moment)	No
Marketing			Access to markets	(None)	Yes

What should we do for **FY 2015/16?**

1. Clarify the priority commodities
2. Identify various stakeholders regarding the commodity VC and clarify their role in DADP/ VCD implementation .
3. Mobilize resources from various sources
4. Clarify the connectivity among the interventions along the VC. Don't make it stand alone.
For WHAT "To procure tractors"?
For WHAT "To rehabilitate road" ?
5. Improvement of "how-part" in implementation
 - Knowing Good Practices from the experiences
 - Apply them



We are here
for this!!

What should we do for **FY2016/17?**

1. Look for and list-up all possible sources of resources
Resources: funds, knowledge, technologies, equipment
Organizations: private companies, FIs, public institutions, NGO.
2. Create enabling environment for private sector involvement.
 - Preparing district profile on investment opportunities
 - Compiling information on/ Assessing the existing FGs
 - Endorsement of farmers/ FGs to private sector and vice versa.
 - Assist farmers/FGs in obtaining title deed and audit reports.
3. Carry out market survey and find out market needs.
4. Select and focus on a few commodities i.e., most potential ones.
5. Carry out VC analysis
 - Identify bottlenecks at each stage of the chain
 - Map the supports rendered by existing stakeholders
 - Find out critical points of the chain

What should RS do in backstopping LGAs?

6. To formulate DADP with a mid-term consideration (e.g. 3 years).
Make sure that their DADPs address to
 - Priority commodities
 - Comprehensive resources and supports of all stakeholders.
 - Combination of hard and soft components: Remember that building a facility alone cannot bring development.
 - Not only production but also other stages e.g. marketing
=> Use the improved format from the beginning of the planning?
7. Make bridging/ matching btwn. potential organizations and farmers/FGs
8. Train farmers/FGs in record keeping, business planning and loan application.
9. Carry out development activities, using the existing resources (FGs, infrastructures, etc.)

What should RS do in backstopping LGAs?

10. Coordinate with various stakeholders, through regular and ad-hoc meetings, to enhance information sharing, bring supports to missing or weak points of the VC, and then create harmonized effects. This is VC management !

ASANTE SANA

Appendix 5

Sub Sector - Value Chain Review: Consolidated Draft Report



AGRICULTURE SECTOR LEADING MINISTRIES (ASLM) JICA - RADAG DADP 2



Sub Sector – Value Chain Review

Coffee Mbozi District



Paddy Kilombero District

Irish Potato Lushoto District



CONSOLIDATED DRAFT REPORT

December 2013

Technical support by:



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Acknowledgements and disclaimer – Mbozi

Mr Edmond J. Ringo, Chief Executive Officer and Senior Consultant from Match Maker Associates Limited (MMA) and Ms Innocensia D. Pato, a Consultant from Match Maker Associates Limited (MMA) conducted this coffee subsector/value chain review and prepare section A of this report. Mr Fikiri Matiko, an Economist from MAFC, Ms Megumi Kaneda, Project Monitoring and Management Officer RADAG DADP2, Mr Francis A. Kabale, SMS Coffee Mbozi District Council, Ms Lydia G. Shonyela, Crops Officer Mbozi District Council and Mr Iddi M. Chamshama, Cooperative Officer Mbozi District Council supported the consultants in the fieldwork and analysis. The entire review team would sincerely like to acknowledge the following individuals and institutions for the various supports they offered, which made this assignment a success.

The team extends its thanks to Ag. DED Mbozi District Council, Dr Charles Mkombachepa and Mr Richard S. Sirili, DAICO Mbozi District Council for allowing members of their team to actively participate in the fieldwork and analysis. Their inputs and experience was invaluable in this exercise. The team particularly appreciates drivers Mr. Ramadhani and Mr Emmanuel Massanja for logistics support during the fieldwork and analysis stages of the review exercise.

The team acknowledges and appreciates the enormous cooperation and willingness to share information by coffee curing and marketing companies. Specifically, the team extends its sincere appreciation to Mr Mlawa J Chenza, the Business Manager of Unyiha Associates Limited, Mr Yogesh Modhwadia, the General Manager of Coffee Management Services Tanzania Limited (CMS) and Mr Oscar Mvanda, the Ag. General Manager and Technical Manager and Mr Gerald Manongi, Finance and Administration Manager of MCCCCO.

Particularly, the team acknowledges the cooperation and information provided by Mr. Isaac K. Mushi, the Zonal Programme Manager of TacRI Mbimba Sub Station and Mr Dismas Pancras, a researcher at TaCRI Mbimba Sub Station for sharing the lessons and challenges the institute is facing in the process of producing improve coffee seeds and seedlings varieties. The team is grateful to Mr Zani Edmond, TCB Southern Zonal Manager, Mr Jimmy Mchau, TCB Coffee Liquorer Southern Zone and Mr Pascal Lala Tekwi, Resident Trainer for INADES Formation Tanzania for their eagerness and willingness to collaborate with Mbozi District Council in efforts to improve competitiveness of coffee.

The team is indebted to two individuals from inputs supplying companies in Mbozi namely Mrs Gedion Kayange of Undali Centre and Mr Julius Masai the Branch Manager of STACO Limited Mbozi for spending their quality time to show the study team their facilities and operating procedures.

The team also obtained valuable information and insights of coffee production dynamics from different producer organisations including Ihowa Seedling Group, Shilanga AMCOS, Mpogolo Coffee Group, Igamba AMCOS, Iyula AMCOS, Ichesa AMCOS, Safumbo Coffee Group and Msia AMCOS. Information provided by these producer groups contributed substantially to the success of this review exercise.

Lastly, but definitely not least the team is grateful for the participants of validation meeting who gave useful remarks that helped in finalising this report. There were seven representatives from Mbozi District Council and representatives from MAFC National Facilitation Team (NFT), Regional Secretary (RS) Mbeya, TCB and Taylor Winch T Ltd.

Finally, it must be stressed that opinions expressed in section A of this report are, purely of the authors and are based on observations and findings made during the review exercise. It is therefore the authors and not Mbozi District Council who is responsible for any errors of commission or omission, which may be found in section A of this report.



Acknowledgements and disclaimer – Kilombero

Mr Edmond J. Ringo, Chief Executive Officer and Senior Consultant from Match Maker Associates Limited (MMA), Ms Innocensia D. Pato, a Consultant from Match Maker Associates Limited (MMA), Mrs Happiness Mlaki, a Livestock Principal Officer from MAFC and Mr Mabuba Maliki Cooperatives Officer I and Mr Mlokozi M. John Crop Officer from Kilombero District Council conducted this rice subsector/value chain review and prepare section B of this report. Mr Takafumi NAKASE Training Coordinator NFT/JICA/RADAG DADP2 supported the team in the fieldwork and analysis. The entire review team would sincerely like to acknowledge the following individuals and institutions for the various supports they offered, which made this assignment a success.

The team extends its thanks to Mr Jackson Mpankuly Ag. DED Kilombero District Council and Mrs Juliana Njombo, Ag. DALDO Kilombero District Council for allowing members of their team to actively participate in the fieldwork and analysis. The team particularly appreciates drivers Mr. Ramadhani and Mr Charles Lyungu for logistics support during the fieldwork and analysis stages of the review exercise. Specifically, the team extends its sincere appreciation to Mr Hosea Mwaisaka, the Association Development Field Officer of NAFKA who shared the way NAFKA is organised and how the project is embarked in capacity building of producer organisations in 60 villages in Kilombero district. Special thanks to the RUDI Kilombero team: Mr Ibrahim Mngonu, Mr Henry Lisanga and Mr Yusuf Makori for their insights on the activities they are implementing in the framework of BRITA project.

Particularly, the team acknowledges the cooperation and information provided by Kilombero Plantations Limited (KPL) namely Mr Thobias Sijabaje, SRI Manager, Mr David Lukindo, Human Resources Manager KPL and Mr Murray Dempsey, crop and production Manager. The team is grateful for the openness of Mr Gervas Manjori, Deputy Chief of Party NAFKA for sharing the lessons and challenges the project is facing and their effort to collaborate with other development practitioners and local government authorities. The team appreciates the willingness of improved seed producers to share their experience namely SACP Benno Hunja and SP Peter Anatoli of Magereza Idete, Lt. Eliphace Mufungo, Ag. Production Manager of JKT Chita and quality declared seeds (QDS) producer group at Miwangani Idete village.

The team is indebted to Mr. John Bosco Mvunjapole, the chairman of UWAPEKI, an association of inputs supplying companies in Kilombero district for sharing experience and challenges facing input suppliers in Kilombero district, Mr Lima M. Lima, the Branch Manager of FINCA Ifakara Branch and Ms Elizabeth Wapalila the Branch Manager of YOSEFO Ifakara Branch for spending their quality time to explain to the study team their financial products and operating procedures. The team also obtained useful information from other key development partners in the rice sub sector in Kilombero district namely Mr Enos Moshi of CARITAS AACES, Mr Bruno Wicki, the director of Kilimo cha Yesu (KCY), Mr Eliya Shemtoi, TAP Coordinator Kilombero district, Mr Hamza Kaposi, executive secretary of KIVEDO and his team, the management of JUVIUKI, Mrs Hawa Rehani, the treasurer of AKIRIGO and Dr N Kibanda Officer in Charge KATRIN

The team also obtained valuable information and insights of rice production, aggregation and processing dynamics from different village-based producer organisations including Mang'ula A, Udagaji, Mkasu, Mkula, Msalise, Mkangawalo and Mbingu villages as well as discussion with Mr Lucas Ndelema, the chairperson of the association of rice processing millers in Kilombero. Information provided by these producer groups contributed substantially to the success of this review exercise.

Finally, it must be stressed that opinions expressed in section B of this report are, purely of the authors and are based on observations and findings made during the review exercise. It is therefore the authors and not Kilombero District Council who is responsible for any errors of commission or omission, which may be found in section B of this report.



Acknowledgements and disclaimer – Lushoto

Mr Edmond J. Ringo, Chief Executive Officer and Senior Consultant from Match Maker Associates Limited (MMA), Jimmy Ebong and Ms Innocensia D. Pato, both consultants from Match Maker Associates Limited (MMA), in collaboration with the RS Tanga, Mr. Issa Hatibu; Mariam Silim from Ministry of Agriculture, Policy and Planning Department and the District Facilitation Team (DFT) of Lushoto District Council conducted Irish Potatoes subsector/value chain review in Lushoto District and prepare section C of this report. DFT members of Lushoto who participated in the review process include; Crop Officer, Ayubu Omari; Cooperative Officer, Tito Daudi; DADP Coordinator, Neema Yusuf; Irrigation Officer, Dickson Kimicho; Land Use Planning Officer, Elikira Kweka, and Horticulturalists, Noah T. Pallangyo and Mary Rimoy.

The entire review team would sincerely like to acknowledge the following individuals and institutions for the various supports they offered, which made this assignment a success.

The team extends gratitude to District Executive Director (DED) Lushoto District Council, Mr. Jumanne Shauri and Mr Eliezer Moses, DALDO Lushoto District Council, District Planning Officer (DPO), Mr. Alfa Moshi; District Trade Officer (DTO), Mr. G. Shangai; District Land Use and Planning Officer (LUP), Mr. B. Mshana and Community Development Officer (CDO), Ms. Beatrice Shemdoe. The cooperation and support of these people are highly appreciated.

The team obtained valuable information from representatives of various primary and secondary actors and development programs active in the district, including those directly involved in supporting the Irish potatoes value chains. These actors include, but are not limited to TAPP Fintrac, Oxfam GB, Selian Agricultural Research Institute (SARI), Farmers, Agro dealers, Usambara Lishe Trust (ULT), aggregators (middlemen, traders and transporters) and SACCOS. Information provided by these actors substantially contributed to the success of this value chain review exercise.

Lastly, but not least the team is grateful to the participants of the validation meeting who gave useful remarks and feedback, which helped in finalising this report.

Finally, it must be stressed that opinions expressed in section C of this report are, purely of the authors and are based on observations and findings made during the review exercise. It is therefore the authors and not Lushoto District Council who is responsible for any errors of commission or omission, which may be found in section C of this report.

Essentially, Edmond J Ringo compiled the consolidated report of all three pilot district to form this one report.



Acronyms

AACES	Africa Australian Community Engagement Scheme
AGITF	Agricultural Inputs Trust Fund
AIDS	Acquired Immune Deficiency Syndrome
AKIRIGO	Association of Kilombero High Quality Rice Growers
AMCOS	Agriculture Marketing Cooperative Society
ARI	Agriculture Research Institute
ASA	Agriculture Seed Agency
ASDP	Agricultural Sector Development Programme
ASDS	Agriculture Sector Development Strategy
ASLM	Agriculture Sector Leading Ministries
BDS	Business Development Services
BMGF	Bill and Melinda Gates Foundation
BRITA	Building Rural Income Through Association
CA	Conservation Agriculture
CBD	Coffee Berry Disease
CDO	Community Development Officer
CIP	Commodity Investment Plan
CIP	International Potato Centre
CLR	Coffee Leaf Rust
CMS	Coffee Management Services Limited
CODERT	Community Development and Relief Trust
CPU	Central Pulping Unit
CRDB	CRDB Bank Limited
CU	Cooperative Union
DADPs	District Agriculture Development Plans
DAICO	District Agriculture, Irrigation and Cooperatives Officer
DALDO	District Agriculture and Livestock Development Officer
DCDO	District Community Development Officer
DCO	District Cooperative Officer
DED	District Executive Director
DFE	Department of Field Education of the MUCCOBS
DFT	District Facilitation Team
DPO	District Trade Officer
DTO	District Trade Officer
EU	European Union
FAO	Food and Agriculture Organisation of the United Nations
FFS	Farmer Field School
FGD	Focus Group Discussion
FINCA	Micro Finance Institution that offer loans to farmers
FIPS	Farm Inputs Promotion Africa
GAP	Good Agronomy Practice
Ha	Hectare (or HA; 1 HA = 2.471 acres)
HIV	Human Immune Virus
ICS	Inventory Credit Scheme
ICU	Isayula Cooperative Union
IGA	Income Generating Activities
ILO	International Labour Organisation
INADES	INADES Formation Tanzania: African Institute for Economic and Social Development
JICA	Japan International Cooperation Agency
JUVIUKI	Apex of saving schemes initiated by CARE International in Kilombero
KATRIN	Kilombero Agriculture Training and Research Institution
KCY	Kilimo Cha Yesu - NGO supporting farmers in Mpanga ward
Kg	Kilogram (or KG)
KIVEDO	Kilombero Valley and Environmental Development Organisation



KPL	Kilombero Plantation Limited
LGA	Local Government Authority
LGAs	Local Government Authorities
LSF	Large Scale Farmer
LUP	District Land Use and Planning Officer
MAFA	Mang'ula A Farmers' Association
MAFC	Ministry of Agriculture, Food Security and Cooperatives
MBOCU	Mbozi Cooperative Union
MCCCO	Mbozi Coffee Curing Company Limited
MFA	Mbingu Farmers' Association
MIVARF	Marketing Infrastructure, Value Addition and Rural Finance
MMA	Match Maker Associates Limited
MT	Metric Ton
MUCCOBS	Moshi University College of Cooperatives and Business Studies
MVIKAMBO	Muungano wa Vikundi vya Kahawa Mbozi – Mbozi Network of Coffee Groups
MVIWATA	Muungano wa Vikundi vya Wakulima Tanzania - Network of POs Tanzania
NAFAKA	USAID Cereals Programme under Feed the Future
NFT	National Facilitation Team
NGO	Non-Governmental Organization
NMB	National Microfinance Bank Plc
PFP	Project Focal Person
PO	Producer Organization
PPP	Public Private Partnership
PRIDE	Micro Finance Institution that offers loans to farmers
QDS	Quality Declared Seeds
R&D	Research and Development
RADAG	Rural and Agriculture Development Advisory Group
RE&DW	Rural Employment and Decent Work
RS	Regional Secretariat
RUDI	Rural Urban Development Initiative
SACAU	Southern Africa Confederation of Agriculture Union
SACCOS	Savings and Credit Cooperative Society
SARI	Selian Agriculture Research Institute
SARO	Semi-Aromatic improved rice variety
SHF	Smallholder Farmer
SIDO	Small Industries Development Organisation
SIF	SME Impact Fund
SILC & SIGA	Savings and Internal Lending Communities and SILC's Group Association
SME	Small and Medium Enterprises
SMS	Subject Matter Specialist
SUA	Sokoine University of Agriculture
TaCRI	Tanzania Coffee Research Institute
TAPP	Tanzania Agriculture Productivity Enhancement Program
TASTA	Tanzania Seed Traders' Association
TASU	Tanzania Agriculture Scale Up
TATEDO	Tanzania Traditional Energy Development Organization
TBS	Tanzania Bureau of Standards
TCCIA	Tanzania Chamber of Commerce, Industry and Agriculture
TFRA	Tanzania Fertiliser Regulatory Authority
TOSCI	Tanzania Official Seed Certification Institute
TPAWU	Tanzania Plantation Workers Union
TPRI	Tanzania Pesticides Research Institute
TPRI	Tropical Pesticide Research Institute
TZS	Tanzania Shilling (1US\$ = c. TZS 1,600)
ULT	Usambara Lishe Trust



UN	United Nations
USA	United States of America
USAID	US International Development Agency
UWAPEKI	Umoja wa Wauzaji wa Pembejeo Kilombero – Association of Agro Dealers Kilombero
VAEO	Village Agriculture Extension Officer
VC	Value Chain
VCA	Value Chain Analysis
VCD	Value Chain Development
VICOBA	Village Community Bank
VMFA	Vijana Mbaso Farmers' Association
VSL	Village Saving & Lending Group
VSLA	Village Saving & Loan Association
WAEO	Ward Agriculture Extension Officer



1.0 Introduction

1.1 Background

Japan International Cooperation Agency (JICA) has been active in supporting agricultural sector of Tanzania. In recent years, JICA has been one of major supporting members of the Agricultural Sector Development Programme (ASDP), which is an overarching development programme for Tanzanian agricultural sector. Under this overall support, JICA took special initiative of the Technical Cooperation for Strengthening the Backstopping Capacities for the District Agricultural Development Plan (DADP) Planning and Implementation under the ASDP. This Technical Cooperation Project started in March 2009 and completed its first phase in March 2012. The second phase started since August 2012 and expected to continue for 4 years until July 2016.

This Project has specific focus on capacity building of the relevant government organizations including national, regional and local governments. In addition, as DADP is increasingly required to strengthen its value chain (VC) aspects for accelerating rural commercialization, the Project has incorporated especially in the second phase to carry out pilot support activities in three LGAs with specific actions to develop value chain of a few commodities. The support activities also aim at strengthening farmers' group formation and its business skills.

Currently the three selected LGAs and their commodities are as follows:

- 1) Kilombero District Council: Rice
- 2) Lushoto District Council: Irish potato, and
- 3) Mbozi District Council: Coffee

So far JICA is completing first supporting activities in the three Districts such as market survey by farmers group, study tour to successful organizations of other Districts, etc. From August 2013 to June 2014, JICA will expand its activities in the three Districts by deepening the engagement with farmers and District officers.

Match Maker Associates Limited (MMA) was approached by IDCJ/JICA-RADAG to offer technical support in the review of the three sub sector/value chains in the three pilot districts and thereafter support each District Council and RADAG in the action planning for the proposed interventions. The remainder of this report summarises the objectives of the exercise, the outputs and proposed action plan.

1.2 Objectives

The tasks conducted in this exercise were undertaken with close collaboration and consultation with LGAs, National Facilitators and IDCJ/JICA-RADAG. Major tasks undertaken included:

Phase 1: Review of the Value Chain Analyses (VCAs) conducted by the LGAs for DADPs 2012/13

- (i) Preparation for the review of VCAs using the method of Training Needs Assessment.
- (ii) Identification of gaps in the current review data and reports in the respective LGAs.
- (iii) Undertake review exercise in close collaboration with LGAs staff, NFT members and IDCJ/JICA-RADAG
- (iv) Support the exercise of proposing short, mid and long-term perspectives, a road map that consist of a series of interventions, including the pilot activities, in order to achieve the value chain that each LGA intends to realize.
- (v) Based on the road maps, identification of feasible measures for the short and middle terms (up to FY2015/16), which allow to complement or enhance the on-going or already-planned pilot activities in order to address the bottlenecks effectively.
- (vi) Through (i) to (v), to transfer the knowledge and skills of the VCA to the counterparts of the Project.
- (vii) Preparation of Draft VCA Review Report for each pilot district, which summarizes the activities from (i) to (vi).

Phase 2: Action Planning (AP)

- (viii) Presentation of the findings of the Draft VCA Review reports to key stakeholders in each pilot district and then to build common understanding over the links between the



- upgrading measures and the on-going and planned pilot activities and over the mid/long term perspective (i.e. road maps).
- (ix) Incorporation of the stakeholders' feedback and further define the institutional, financial and technical arrangements for taking actions.
 - (x) Development of the action plan
 - (xi) Preparation of the Draft Final Report for each pilot district, which summarize the activities from (i) to (x), i.e., combing the results of VCA review and the action plan, and
 - (xii) Finalize the reports after incorporating comments from the LGAs, National Facilitators and JICA-RADAG and then submit Final Reports to IDCJ/JICA-RADAG.

1.3 Approach and methodology

As a product moves from the producer to the consumer, a number of transformations and transactions take place along a chain of interrelated activities, and value is added successively at each stage of the chain. In this review exercise, value chain analysis methodology is adopted. The term value chain is used to characterize the set of interconnected and coordinated links and linkages that take place as a product moves from the primary production unit to the final consumer. Kaplinsky and Morris (2001) define the chain as the full range of activities that are required to bring a product from conception, through the intermediary stages of transformation, delivery to final consumers, and final disposal after use.

This methodology specifically involves:

- a) Identification of the outline of the chain and the position of the various economic agents within it (primary chain actors) - all who contribute to production, transformation and marketing of the final product(s);
- b) Identification the roles and functions of these actors, including those who perform multiple roles;
- c) Grouping sub sector/value chain actors into categories, which are homogeneous from the point of view of economic, technical and/or socio-economic analysis;
- d) Mapping interactions among agents;
- e) Visualizing the flows corresponding to the activities of the chain actors both in movement of products and money;
- f) Mapping key policies and institutions along the value chain that influence the functioning of the chain; and
- g) Establishing key drivers, trends, and issues affecting the sub sector/value chain and it actors.

Understanding how the sub-sector can become more competitive requires a systemic view of the markets, and the participants that comprise them. Improving the competitiveness of the sub-sector in a meaningful way requires a framework that examines the fabric of relationships between participants in the sub-sector to identify and prioritize the opportunities and constraints to improving industry competitiveness.

This review exercise used four kinds of data:

- (i) Interviews with key primary chain actors;
- (ii) Farmer focus group discussions (FGD) were conducted with producers;
- (iii) Interviews with key stakeholders including traders, aggregators, processors, government agencies, development practitioners and consumers where possible.
- (iv) Secondary literature review of key documents on the sub sector in Tanzania, region and world context. A number of previous sub sector studies and key Tanzania agricultural policies were also reviewed.

The core team of LGAs and NFT staff initially attend value chain development (VCD) appreciation training workshop in Morogoro from 16th to 19th October 2013. This training helped them to conceive the value chain analysis concept and help them to participate actively in the review exercise. Review exercises were followed by action planning in each of the three pilot districts on the following dates:



- Mbozi District – 21st October 2013 – 1st November 2013
- Kilombero District – 11th – 22nd November 2013
- Lushoto District – 2nd – 14th December 2013

The consolidated report was completed by 18th December 2013.

1.4 Limitations

The resources in terms of time and finance available for conducting these reviews were limited. There was no opportunity to capture perception of a broad spectrum of smallholder farmers, rural and urban traders, wholesalers and retailers as well as service providers. The study would have benefited from exploring sub sector dynamics in other regions of Tanzania. Because of the resource constraints the methodology relied heavily on secondary data and discussion with few carefully selected key informants (government agencies and development practitioners active in the sub sector of focus), traders, inputs suppliers, aggregators, processors and marketers.

Value chain analysis is an expertise that cannot be acquired fully by undertaking one quick review exercise and therefore more time and exercises will be required to help district and national team to improve their analytical skills.

Despite these limitations, the assignment generally was accomplished successfully. This report is a useful guide for LGAs, National Facilitators and JICA-RADAG towards implementation of the project interventions.

1.5 Report layout

The first chapter (above) presented introductory information about the exercise. Section two below is sub divided into three sub sections Section A, Section B, and Section C for each of the pilot districts namely Mbozi, Kilombero and Lushoto respectively. For each sub section, chapter one presents the reviewed sub sector map that brings up all key actors, functions and dynamics. Chapter two gives highlights of major constraints and opportunities. Chapter three brings up proposed interventions and business models and essentially chapter four is the summary of key observations and recommendation to JICA-RADAG.. Annexes are provided at the end of this report for further details of the review, useful contacts and itinerary and proposed draft action plans for the three pilot districts.



SECTION A: MBOZI DISTRICT COUNCIL – COFFEE

A.1 Reviewed Coffee Sub Sector Map and Dynamics – Mbozi District

A.1.1 Coffee Sub Sector Map

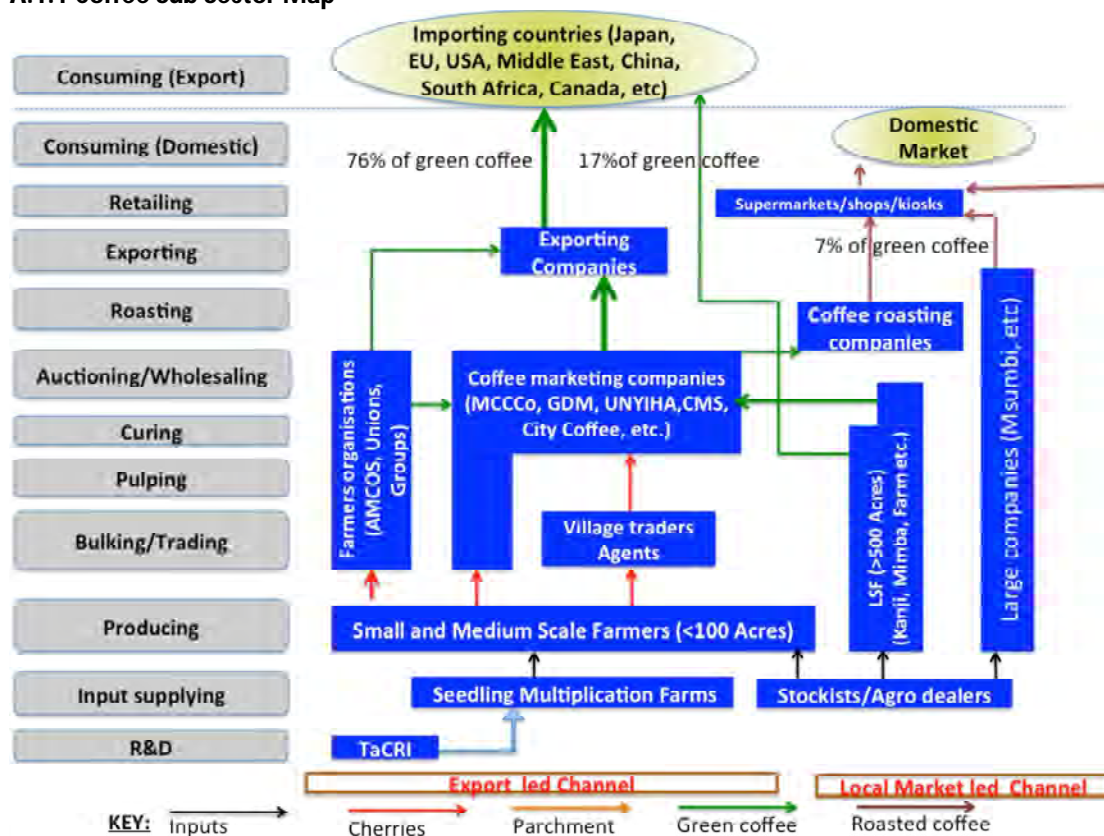


Figure 1: Coffee Sub sector map - Mbozi District

A.1.2 Profitability and sensitivity analysis

During this exercise, participatory gross margin analyses were made with sample of seven (7) producer organisations. The detailed analysis for each group is presented in annexes and table 1 below brings up the summary of emerging trend.

Table 1: Sensitivity analysis of profitability of coffee parchment - Mbozi

Price/kg of coffee parchment	Yield (kg of coffee parchment/acre)					
	200	250	270	450	500	900
2,200			-64%	10%		
2,400				17%		
2,500	-78%	-28%		21%	29%	36%
2,800	-57%	-14%			37%	
2,900					11%	45%
3,400	-39%		1%		44%	

Most farms have traditional variety, which is prone to coffee berry disease (CBD) and coffee leaf rust (CLR). Most coffee trees are over 30 years old and coffee parchment yield is below 0.25Kg/tree on average. Despite knowledge of GAP, most farmers, there is deficiency in husbandry practices.

Consequently, most producers do not break even when selling their coffee parchment because their yield is less than 0.5Kg/tree. Even at TZS 2, 200 /kg of coffee parchment, producers could break even if their yield is not less than 1.0Kg/tree.



A.2 Constraints and opportunities analysis

Summary of highlights of major constraints and opportunities in the coffee sub sector in Mbozi District are presented in table 2 below.

Table 2: Constraints and Opportunities in the coffee sub sector in Mbozi District

Constraints	Opportunities
<p>Input Supply</p> <ul style="list-style-type: none"> • There is serious shortage (availability and access) of coffee improved seeds and seedlings for farmers. • TaCRI has limited resources to produce enough improved seeds and seedlings that can be used for commercial multiplication by licenced seed producers. • Smallholder farmers perceive inputs to be of very high prices and this limits rate of usage and resulted in low yield and consequently the vicious circle continues • Some farmers have very limited knowledge about the right type and usage of fertilisers and agro chemicals and thus misuse and management could be detrimental to their crops and farmer's own health • There are cases of unethical distribution of counterfeit inputs (fertilisers and agro chemicals) – since they are ineffective the result can be up to full lost of crop at farm level • There are signs of soil exhaustion in several localities but there has not been deliberate effort to undertake localised soil analyses to identify the right type and quantity of inputs suitable for the specific context. • Most agro dealers are not aware that they can access AGITF through Mbozi District Council and thus they don't keep enough stock. • Farmers' lack information about options, availability and access to finance to get inputs timely for the coffee production 	<ul style="list-style-type: none"> • The R&D breakthrough in production of improved seeds and seedlings give room for farmers to rejuvenate existing farms and expand to new farms. • The improved varieties (seeds and seedlings) that are resistant to diseases and offer high yields of up to 3 – 5 kg parchment per tree. • The fact that some individuals and farmers' groups are starting to undertake the commercial multiplication of seedlings gives opportunity to build on. TaCRI is ready to support three (3) licenced seedling producers in Mbozi District and this is an opportunity for the Mbozi District Council to build upon. • Some inputs distribution companies (YARA mobile clinic); coffee marketing companies (UNYIHA, GDM) and coffee farmers' groups (Mpogolo) are getting organized to ensure timely availability and access of inputs e.g. using brochures for awareness campaigns, demonstration plots, loans, etc. • TPRI and TFRA should become more vigilant in eliminating all possible routes of distribution of counterfeit agro chemicals and fertilisers respectively. • Agro dealers and licenced seed producers are able to access loans from Agricultural Inputs Trust Fund (AGITF) through Mbozi District Council so that they can have stock of inputs/seedlings for farmers. • Farmer organisations could undertake collective procurement of inputs at competitive price from supplier/distributor.



Constraints	Opportunities
Production management	
<ul style="list-style-type: none"> • Coffee production in Mbozi is predominantly rain-fed agriculture and there are uncertainty in outputs and in most case influence the yields. Climate change has compounded the problem and the yields are going low. • Limited availability and access of water influences the level of supplementary irrigation and yields are going low. • Traditional coffee varieties are aged and prone to diseases (CBD, leaf rust disease, etc.) consequently they give low yield averaged at 0.25kg parchment per tree and at times loss of more than 50% of crop. • Absence of deliberate initiative to multiply seedlings limits availability, access and adoption of improved varieties by farmers 	<ul style="list-style-type: none"> • Conservation agriculture techniques have been tested and are available to respond to climate change (e.g. minimum tillage, agroforestry technology, etc.) • Presence of water sources (springs and rivers) gives opportunity to adopt water conservation and management techniques such as water harvesting dams and water pumps for supplementary irrigation.

Constraints	Opportunities
Market access	
<ul style="list-style-type: none"> • Most producer organisations (AMCOS, groups) are weak, small and fragmented consequently find it difficult to access useful and timely market information and markets. • Poor agronomic practice, processing and post harvest handling influence the quality of coffee parchment and consequently producing low quality grades after curing. • Limited water availability and processing equipment (pulping machines) reduces further the quality of coffee parchment and green coffee. • Most smallholder farmers lack savings culture and consequently sale most of their coffee cherries/parchment to moneylenders during the harvest season to meet their urgent family needs and repaying their loans (Kata Kichwa). This results in getting very low price and even making it difficult for them to invest in the next production season. • Existence of long chain of brokerage service during bulking, trading and wholesaling of coffee parchment reduces the share of the profit that the farmers get. • Lack of predictability in the market (volatile global price, auction price) increases the level of uncertainty in coffee trading. Poorly skilled producer organisations (business management) worsen the situation leading to higher transaction costs and reduced competitiveness of the sub-sector. 	<ul style="list-style-type: none"> • There is demand of Tanzanian coffee in the global market (USA, Europe and Japan) • Huge potential to improve quality of parchment through central pulping unit (CPU) • Existing investment dynamics (CPU and curing companies in Mbozi and Mbeya City) offering good pulping and curing services. • District agriculture officers and TCB official are vigilant and undertake thorough inspection for each coffee loaded vehicle entering the curing factory and this helps compliance by most producers. • Some companies are willing to strengthen relationships with organised producers (AMCOS, groups) through offering embedded services such as pre-finance of inputs (e.g. GDM), primary processing and extension service (CMS). • There is opportunity to explore and pilot contract-farming (CF) arrangements with coffee marketing companies (CMS). • There is an opportunity of small coffee farmer groups to unite to reach critical mass (at least 50MT parchment) to be able to participate actively in the auction and thus fetching higher price • There is growing opportunity for direct sell of high quality green coffee especially for niche sustainable coffee markets that will enable farmers to obtain higher profit margin.



Constraints	Opportunities
Organization and management	
<ul style="list-style-type: none"> • Most producer organisations are small and weak commanding low volume and unable to participate in the auction and consequently obtain low price • Most producer organisations are less competitive in the market because they are disorganised and with (very) poor business management skills resulting in becoming less successful compared to large farmers and coffee marketing companies. • (Too) Few smallholder farmers' organizations (groups, AMCOS) have capacity to implement collective actions for production processing and marketing, most farmers are unorganised or have weak organisation resulting in limited management capacity. • Under-utilization of existing national and local apex producers' organizations (MVIWATA, TCCIA, MVIKAMBO, MBOCU, Isayula Cooperative Union, etc.) limits possibility of smallholder farmers to benefit from capacity building support for improved performance of their agribusinesses. • Poor performances/management of some of the producer organizations affects the perceived benefits of individual farmers • The current approach to organise farmers is predominantly "top-down" in the essence that farmers are encouraged to form AMCOS whereas discouraging groups/associations. This approach may influence sustainability of such farmers' organisation. 	<ul style="list-style-type: none"> • Existence of cohesive producer organisations (Iyula AMCOS, Mpogolo Coffee Group, etc.) shows possibility of strengthening producers' organisations. • Some smallholder farmers have started to be organised and others are reviving their weak organisation and this is great opportunity for government and development partners to build on these initiatives • Demonstration plots, SACCOS and village-based financial service structures e.g. VSL, VICOBA – if properly supported – can help to improve cohesion, production, quality and access to market. • Existing of business models and management structures (Peoples and Mpogolo coffee groups, Iyula AMCOS, etc.) and informal contract farming schemes (e.g. GDM) could be strengthened and replicated. • There is evident opportunity that for sustainability both AMCOS and groups/associations could be promoted and become sustainable.

Constraints	Opportunities
Product development / Technology/infrastructure	
<ul style="list-style-type: none"> • Use of traditional seeds with little production potential and capacity of response to fertilizers adoption and usage limits yields • Under-utilisation and/or misuse of fertilizers results in low yield. • Despite availability of knowledge and extension service at farm level, insufficient adoption of good agronomy practice (GAP) reduces productivity and yield. • Inappropriate processing practices (low quality equipment and limited amount of water) reduce further the quality of parchment and consequently income and profit. • Low uptake of improved seedling multiplication technologies, post harvest management and processing technologies reduces productivity, production, yield and profitability. • Access to some villages and to the farms is difficult due to poor condition of feeder roads and it is expensive for farmers to transport their produce to the market resulting in reduction on their profitability 	<ul style="list-style-type: none"> • The presence of Tanzania Coffee Development Trust Fund (TCDTF) is good opportunity to support R&D and dissemination of the research findings • Existence of improved coffee varieties gives opportunity for farmers to adopt and improve their productivity, production and income. • Existence of various initiatives for the training of farmers on GAP (INADES (BFTW), etc.) give room for DAICO extension staff to forge cooperation and partnerships with providers. • Existence of successful producers' organisations using modern CPUs give opportunity for others to learn and adopt. • Existing support for the importation of processing equipment and technicality for the improvement and maintenance of the equipment (e.g. PENAGOS and PINHALENSE) give room for new practitioners to build on good practice. • Through DADPs there is room for farmers to lobby for government to maintain feeder roads regularly.



Constraints	Opportunities
Policy and regulatory environment	
<ul style="list-style-type: none"> • Access to Agricultural Inputs Trust Fund (AGITF) is useful facility but repayment rate in Mbozi district has not been encouraging and AGITF is becoming hesitant to support more borrowers. • Coffee is not priority crop in the current government initiative of big results now (BRN) and the crop may receive less attention in agricultural development resources allocation at national level • Political interferences (national and local) in activities aimed at generating agricultural development may be detrimental to enhancing competitiveness of smallholder farmers and sustainable development of the coffee sub sector. • Coffee seedling multipliers are not following technical procedures and are not licenced and this is contrary to set regulation and consequently their seedlings do not give good (expected) yield 	<ul style="list-style-type: none"> • Existence of several policies, guidelines and strategies aimed at guiding agricultural development actions (Agriculture Policy 2013, Land Tenure Act, Cooperatives Act/Bill, TCB Act, Seed Act, ASDS/ASDP, DADP2 - draft, Coffee Industry Development Strategy 2011 - 2021, etc.) • Existence of several different models of agricultural policy development e.g. MKUKUTA, Kilimo Kwanza, etc. give room for practitioners aim at enhancing competitiveness of coffee production and marketing in Tanzania. • Existence of Land Tenure Act defining the process of attribution of land ownership titles and existence of experiences of attribution of land ownerships is evidence that smallholder farmers can still formally own their land and make long-term investments. • TaCRI owns improved varieties “breeder’s right” and able to give licence to seed producers who will follow scientific seed production and multiplication procedures.

Constraints	Opportunities
Finance	
<ul style="list-style-type: none"> • Insufficient presence of viable and efficient financial services at producer levels e.g. VICOBA, SACCOS, village savings and lending (VSL) groups, micro finance institutions (MFIs) limit availability and access of finance to smallholder farmers and their organisations • Land tenure problems: most smallholder farmers do not have information regarding procedures to obtain title deeds for their farms and the responsible government authorities have limited capacity to reach all farmers and this limit collateral at farm level for access to loans • Limited guarantees by smallholder farmers SME millers and traders prohibit them from accessing loans from commercial banks. • Insufficient crop insurance services makes smallholder farmers over exposed to risk related to climate change because most of maize smallholder farmers rely on rain fed agriculture. • Commercial banks offer loans with high interest rates that make impossible for smallholder farmers, traders and SME millers to afford. • (Too) Slow evolution of the commercial banks to support agriculture, agribusiness SMEs increase entry barrier by SMEs in agribusiness such as coffee producer organisations (AMCOS, Groups) thus most have not managed to actively participate in auctions and direct marketing. 	<ul style="list-style-type: none"> • VICOBA have been successful at farm level in some places in Tanzania and there are 16 VICOBA groups in 4 wards in Mbozi – this is good opportunity to replicate and learn from others experience to the rest of 14 wards. • Presence of NGOs (e.g. INADES) promoting income-generating activities (IGAs), VSL and VICOBA in 4 villages (Msanyila, Itepula, Haraka and Nyimbili) gives room for replication of these initiatives. • New agricultural services set up by big commercial banks (NMB Juhudi and CRDB Agricultural Foundation) to contribute to the development of agricultural and small entrepreneurship give room for coffee producers’ organisations to access working capital (e.g. Peoples Coffee Group). • Presence of agriculture AGITF may give room for producer organisation to access loans for setting up CPUs • Many funds available from different donors, non-bank financial institutions and commercial banks to develop innovative financial services/products at grass root level such as AGITF, SME Impact Fund (SIF), and research development e.g. TCDTF. • Existence of experiments of crop weather insurances e.g. Micro Insure gives opportunity to Mbozi district to pilot in some villages.



Constraints	Opportunities
Environmental concerns	
<ul style="list-style-type: none"> • Climate change has negatively affected availability of water in coffee production and processing resulting in low yield and quality. • There is limited effort for environmental conservation among local community and public sector e.g. tree planting campaigns, By Laws to prohibit business of fire wood, etc. 	<ul style="list-style-type: none"> • Soil and water catchment conservation practices (e.g. tree planting, protection of water sources, rain water harvesting, water management) will reduce the extent of effects caused by climate change.
Enabling environment	
<ul style="list-style-type: none"> • BDS market is underdeveloped and most smallholder farmers are used to free services and “hand outs” and this makes it difficult to develop market for critical services and making farmers be ready to pay for such services for sustainability. • Most farmers do not perceive their farming as a business and thus do not seriously undertake profitability analysis and make informed decision to invest consequently they don't invest sufficiently to get decent return on investment. • Coffee levy collected by district council is not ploughed back to support coffee development in the district and thus the productivity and production has been decreasing year after year. 	<ul style="list-style-type: none"> • Experienced development practitioners have developed and tested business models that promote market development of services and this give room to new development practitioners to build on and avoid distorting the market. • Training on farming as a business will influence change in farmers “mind-set” and this will result in more economically viable farming businesses
Gender and other social and cultural factors	
<ul style="list-style-type: none"> • Poverty is internalized: people get more support by claiming their poverty than by claiming their willingness to invest / be autonomous hence they are more used to consider themselves as poor / unable / etc. • Development programmes are more oriented to support poor and producer groups rather than supporting entrepreneurs although supporting individual entrepreneurship is the more sustainable way to help people getting out of poverty. • Poor working conditions for skilled and unskilled labourers in coffee production (e.g. application of agrochemicals), aggregation (sorting and cleaning) and processing negatively affect the labourers' health and wellbeing and consequently reduce their productivity and income on a long term. • Most smallholder farmers do not depend entirely on coffee farming for their livelihood due to low productivity and production implying most of them are engaged in non-farm income generating activities some of which are dangerous to health and security of their own and their family members e.g. as hired labour in hazardous working environment such as small mines, local brew trading, etc. • HIV&AIDS endemic is challenging the labour force required in coffee production and marketing. 	<ul style="list-style-type: none"> • Mbozi district coffee producers are predominantly youth and people under age of 50 years, this is a huge work capital necessary to develop the sector. • There are initiatives (e.g. by FAO and ILO) to promote rural employment & decent work (RE&DW) aiming at moving towards minimising decent work deficits in rural and urban areas. • There is opportunity to improve business operations of producer organisations and marketing companies so that they become more formalised and create more decent work especially for marginalised members of the community (youth and women). • Community development officers could work closely with DAICO office and other partners in attempt to improve income generating activities (IGAs) and address gender and health disparities



A.3 Conclusion and recommendations for DADPs Mbozi District Council

A.3.1 Conclusion

Viability of coffee sub sector development in Mbozi District is still unsolved puzzle, despite the fact that there are reliable evidences that Mbozi will remain the most competitive producer of coffee in Mbeya region for unforeseen future. Mbozi District Council DADP has opportunity to bring innovative interventions that may trigger systemic change and demonstrate a remarkable move towards improved productivity, production and marketing of coffee and hence contribute enhancing coffee industry competitiveness in Tanzania.

The foreseen dynamics and trends in the coffee sub sector in Mbozi District has established that majority of smallholder coffee producers are predominantly selling through auction market in Moshi Town. Some are starting to be part of supply chains focusing on direct sale to importers abroad especially for sustainable coffee but this market channel remained a niche market and there is no possibility of many smallholder farmers to be included in the short and mid term period without deliberate development project.

It is thus recommended that Mbozi District Council facilitation role should focus on supporting commercially viable solutions that will help to improve the competitiveness of the sub sector at district and Mbeya region's levels because it is complex to attempt to forge strategic relationships with buyers who buy through auctions. Moreover, most coffee marketing companies and buyers at auctions have financial and management capabilities that are good enough for them to be able to continue in the coffee business without direct support from the district councils.

A.3.2 Generic Interventions

The following major issues are derived from highlighted constraints and opportunities on which corresponding intervention strategies and key partners are proposed as depicted in figure 2 below and further explained thereafter. Annex 4 at the end of this report brings up the process that was employed in the intervention identification exercise.

ISSUES				
Limited availability and access of improved seeds and seedlings	Limited adoption and right usage of inputs – fertilisers, folio and agro chemicals	Limited adoption of good agronomy practice (GAP) and rejuvenation of old farms	Low quality due to poor husbandry, processing and post harvest handling	Low quality and fragmented producer organisations resulting in low prices and income for farmers
INTERVENTIONS				
Intervention 1: Production and multiplication of improved seeds and seedlings	Intervention 2: Enhance availability, access and usage of inputs	Intervention 3: Support infrastructure development and supplementary irrigation		Intervention 5: Support strengthening of coffee producers' organisations Intervention 6: Support efforts towards promotion of collective marketing approaches
		Intervention 4: Support access to finance for smallholder coffee farmers		
Intervention 7: Coordination of VCD multi-stakeholder processes				
PARTNERS				
DAICO, TaCRI, ARI UYOLE, RS	DAICO, YARA, UNYIHA, GDM, ARI UYOLE, RS	DAICO, DCDO, DCO, TCB, VICOBA Experts, INADES, RS		

Figure 2: Summary of major issues in coffee sub sector in Mbozi

Intervention 1: Production and multiplication of improved seeds and seedlings

Mbozi District Council should take a lead facilitation role in supporting carefully selected and licenced improved seeds and seedling multiplication producers in the district. The Council should work in close collaboration with TaCRI Mbimba Sub - Station. TaCRI Mbimba is already attempting to licence three seed producers in Mbozi district after attempt to promote 26 seed producing



groups failed to give positive results. During this sub sector review it has been established that – improved seeds and seedling multiplication is a commercially viable business that if well nurtured can give gross margin of up to 78%.

TaCRI if sufficiently financed is able to produce 300kg of seeds and 400,000 seedlings from clonal coffee for nursery mother gardens per annum. Under good agronomy practice, 1 kg of seeds could give up to 4,000 seedlings implying that the 300kg seeds could give 1,200,000 seedlings. Assuming each licenced seed producer is able to manage a nursery with 200,000 seedlings from seeds and scions, six licenced seed producers (LSP) could be supported annually. Each LSP could get at least 1,000 improved seedlings for free from TaCRI to set up nursery mother garden from which the seed producer will source its scions for grafting.

The return on investment in this business is very high and any funding channelled to promote seeds and seedlings multiplication should be revolving fund so that the number of licenced seed producers can be increased gradually to reach most of farmers in a sustainable and commercial manner. Initially TaCRI has resources to support three (3) LSP and this is good opportunity for Mbozi District Council to attempt to match that initiative by promoting three (3) more LSP.

Intervention 2: Enhance availability, access and usage of inputs

Gross margins analysis and interviews with TaCRI established that under good agronomy practice (GAP) the yields of coffee trees even the traditional variety could increase from current average yield of coffee parchment of between 0.25Kg per tree to 1.0kg per tree whereas improved varieties can reach 2.0kg per tree. Usage of other key inputs such as fertiliser, folio and agro chemicals could influence both the yield and quality of coffee (e.g. Mpogolo Coffee Group obtained Class 5 in 2012/13 – the highest in the district so far). Localised soil tests will improve correct usability (type and volume) because of varied soil fertility in the district. Fertiliser distribution systems need to be improved essentially building on existing success stories e.g. YARA Mobile Clinics, UNYIHA distribution centres, GDM inputs loans, AGITF that is accessed through DAICO office and farmer-led demonstration plots.

Intervention 3: Support infrastructure development and supplementary irrigation

Most farmers who participated in the focus group discussions (FGDs) during this sub sector review exercise seem to be pretty much aware of GAP in coffee production and management. Although most of them are aware of importance of supplementary irrigation, they admitted that most do not irrigate their coffee farms during dry season because of absence of water dams and sources close to their farms. Supplementary irrigation is a prerequisite for good yield because rain fed production is not giving good results. Mbozi District Council should have deliberate effort to top up DADP budget (from coffee levy) to boot construction of water harvesting dams that will make water available and accessible for supplementary irrigation. Farmers through their organisations should contribute through investing in pumps and pipes.

Intervention 4: Support access to finance for smallholder coffee farmers

Smallholder coffee farmers are the most vulnerable sub sector actors in respect to availability and access to financial services and finance. Mbozi District Council should take a lead facilitation role in matching demand and supply between service providers and farmers. The Council should forge strategic partnerships with other development partners such as INADES and MUCCOBS – DFE in assuring farmers develop saving culture and are engaged in supplementary income generating activities (IGAs) at household level. Some of financial services include training of organised farmers on village savings and lending (VSL) and village community banks (VICOBA) approaches and reviving existing SACCOS and where feasible help formation of new SACCOS. Adoption of these financial services can only be viable and sustainable if farmers will be engaged in IGAs that will trigger saving culture e.g. indigenous poultry keeping, short stocks, off-farm IGAs such as handicrafts, tie & dye, etc.



Intervention 5: Support strengthening of coffee producers' organisations

Most coffee producer organisations (PO) are small, weak and fragmented. There should be a deliberate need to undertake mapping (management and business audit) of all POs (SACCOS, AMCOS and registered coffee marketing groups) and develop capacity building programme that aim at improving their leadership and business management competencies.

The Council should acknowledge the rationale to support all active POs regardless they are AMCOS, SACCOS or registered coffee marketing groups. For marketing reason, it is recommended that a minimum volume to take to auction for good price should not be less than 50MT. It is hereby emphasised that any PO with less than 50MT should attempt to bulk together with other PO or sell to coffee marketing company. This could be the rationale for producers themselves to see the advantage of being organised for the reason of undertaking collective marketing. The Council should avoid to "prescribe" to producers the type and size of PO they should form but rather train and empower them on the perceived benefits of being organised and pros and cons for different forms of organisations.

Other equally important training aspects include business management, record keeping and entrepreneurship. The Council (DAICO, Cooperatives Officers and Community Development Officers) could work with other strategic partners who are already working in some villages in Mbozi District such as INADES.

Intervention 6: Support efforts towards promotion of collective marketing approaches

Most smallholder coffee farmers who sell cherries individually to moneylenders and ungraded parchment to coffee marketing companies do not fetch good price. The emerging trend for most farmers is to undertake marketing function through their organisations and direct to the auction. For instance in 2012/13 season MCCCCO processed parchment coffee from three (3) Cooperative Unions; thirty (30) AMCOS; one hundred ninety one (191) coffee producer groups and twenty two (22) coffee marketing companies. Mbozi District Council is advised to adopt business models that will aim at building the capacity of PO to be able eventually to take their good quality coffee to auction or direct sale to buyers. Collective marketing essentially demands one quality implying if PO is willing to undertake collective marketing, the organisation should be encouraged to undertake collective pulping using CPU for uniform quality standard. When PO is going direct to sell in auction there is more incentive for them to invest in CPU. The Council role is to support the PO to access finance so that they can be able to set up own CPU. The CPU should be operated as a business so that the CPU management and operators are remunerated and the facility is maintained for sustainability.

Intervention 7: Take a lead in coordination of VCD multi-stakeholder processes

Value chain development is a multi-stakeholder process that requires careful planning, monitoring and review of different secondary actors (service providers) and development practitioners as further visualised in figure 3 below. A multi-stakeholder process is much more than just a one-off workshop. It involves a whole series of interventions and activities over time to create the environment through which, trust and understanding for different stakeholder groups to work together, reach collective decisions and take collective action.

There are many factors related to the institutional (policy, legal, funding, government agency, cultural) context that will dramatically affect any multi-stakeholder process and must be carefully considered. Often forgotten is the issue of political, economic and social power of different groups and how these power dynamics influence conflicts. The facilitator needs to be sensitive to such dynamics and guard against negative effects.



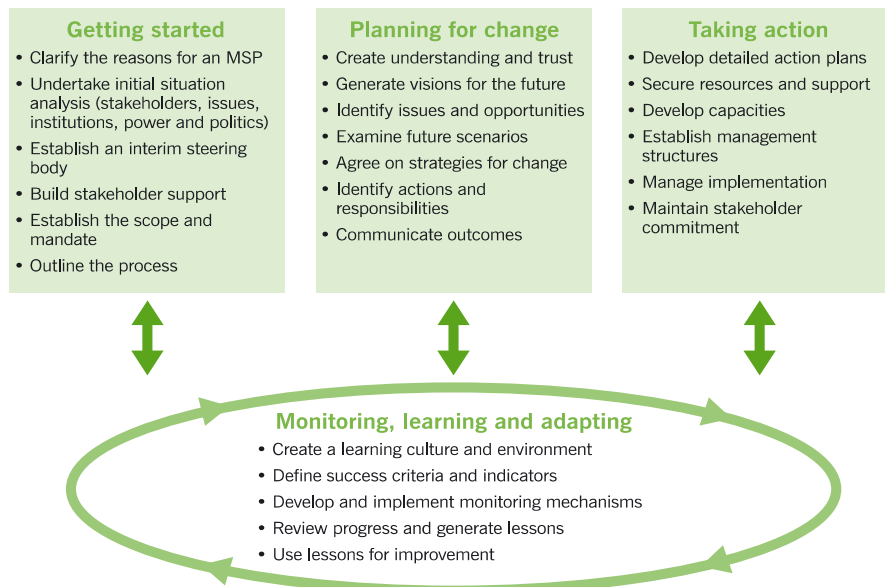


Figure 3: The checklist for designing and managing a VCD multi-stakeholders' process

At district level the Council has a strategic position to take up this role, although there may be need to capacity building and buying interest of all key partners.

A.3.3 Proposed DADP led business models

Mbozi District Council should gear all its support interventions in the two (2) proposed business models that aim at building capacity of producers and their organisation, supporting availability and access of improved coffee seeds and seedlings and other inputs, enhanced good agronomy practice (GAP), access to finance and collective marketing. After careful business and management audit exercise for all producer organisations (POs) the Council could categorise them in two categories:

- **Category 1:** POs that are small, weak and with collective parchment volume of less than 50MT and POs that have good business and management capacity with collective parchment volume of less than 50MT but unwilling/able to undertake collective marketing with other POs or unwilling/able to merge to form a bigger and stronger PO. These POs will be unable to have a critical mass to go to auction and fetch good price, so it will be advisable to sell their parchment to coffee marketing companies or sell their parchment to stronger POs.
- **Category 2:** POs with good business and management capacity and with collective parchment volume of above 50MT and POs that are small and have collective parchment volume of less than 50MT but are willing/able to undertake collective marketing with other PO or willing/able to merge to form a bigger and stronger PO. These POs will be able to go to auction and fetch good price.

The overriding assumption in this business modelling is that some POs entry points will be category 1 set up whereas others will qualify or are already operating under category 2 set up. There is a route to graduate from category 1 into category 2 as further visualized in figure 4 and 5 below.



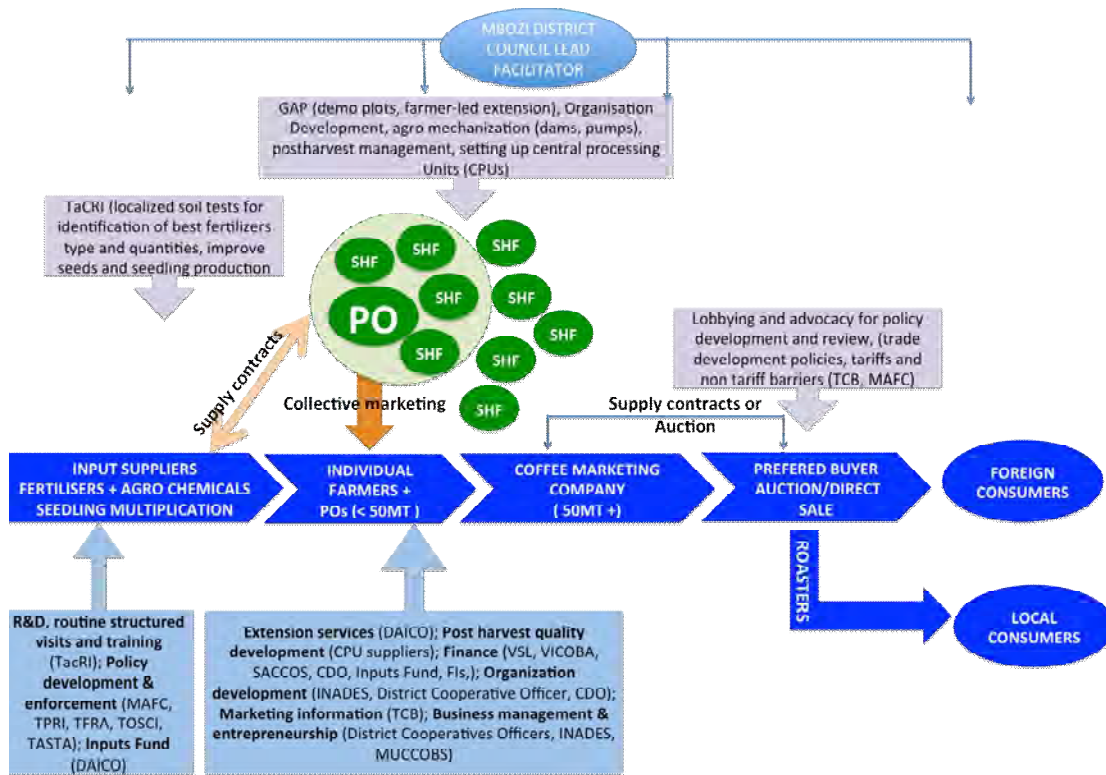


Figure 4: Proposed business models (cat 1) for channels through coffee marketing companies

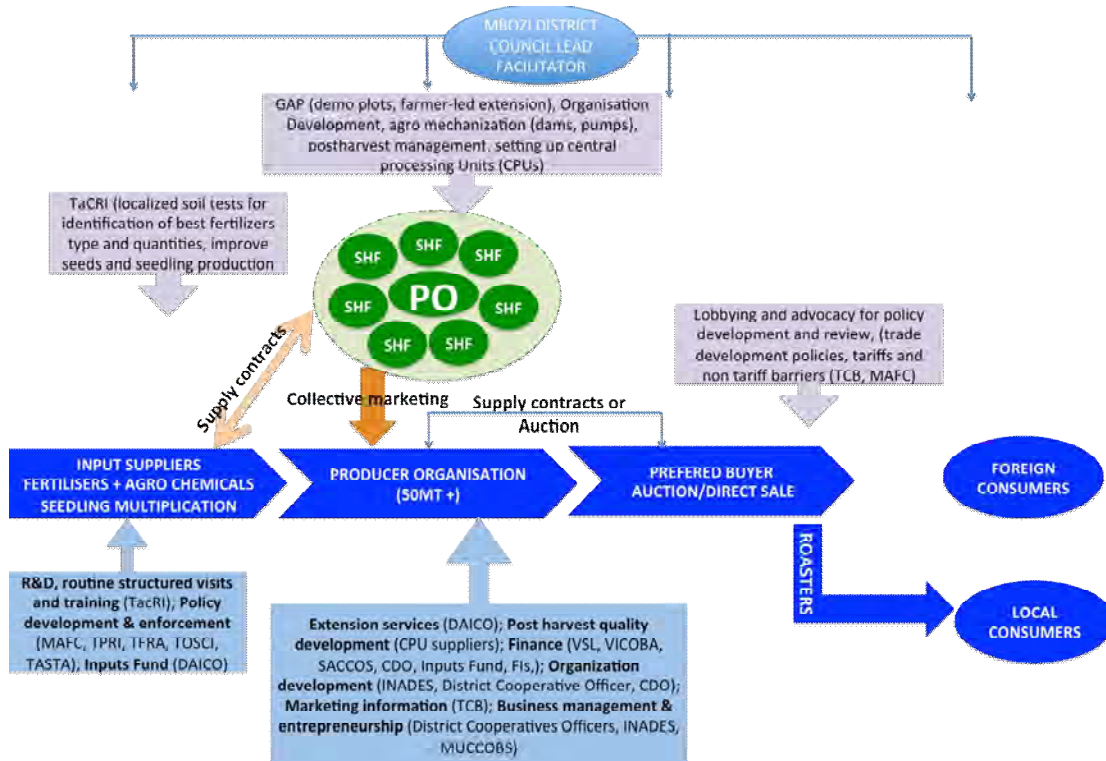


Figure 5: Proposed business model (cat 2) for POs channels going to the auction/direct sales



SECTION B: KILOMBERO DISTRICT COUNCIL – PADDY

B.1 Reviewed Rice Sub Sector Map and Dynamics – Kilombero District

B.1.1 Rice Sub Sector Map

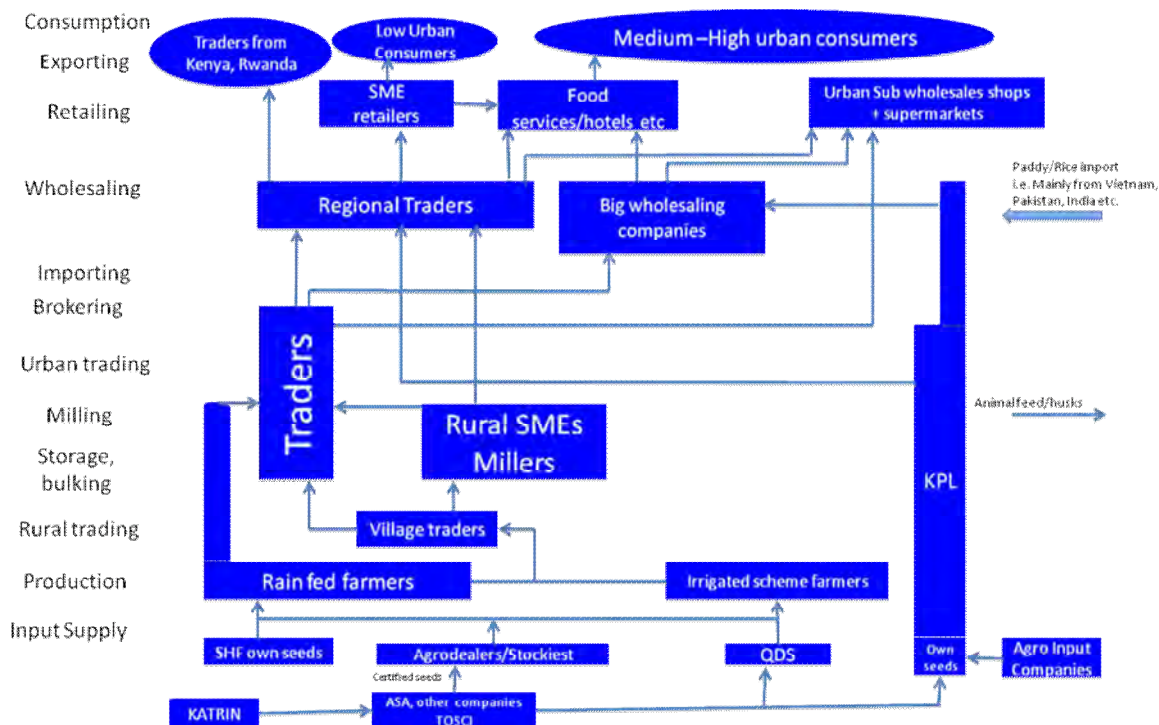


Figure 6: Rice Sub sector map - Kilombero District

B.1.2 Profitability and sensitivity analysis

During this exercise, participatory gross margin analyses were made with sample of five (5) producer organisations. The detailed analysis for each group is presented in annexes and table 3 below brings up the summary of emerging trend.

Table 3: Sensitivity analysis of profitability of paddy

Price/tin (debe)=13.5 kg	Yield tins/acre						
	80	100	120	150	243	350	400
3,000	-102%	-82%	-74%				
4,000	-52%	-37%	-21%				
5,000	-55%		-31%	-22%	2%		
5,550					12%	7%	9%
6,000	-29%		-18%	-2%		23%	24%

Yields are very low; Even at a price of TZS 5000/tin of paddy most farmers are still making loss. At the price of TZS 5,000/tin the farmer will break even when the yield reach 243 tins/acre (24bags/acre).



B.2 Constraints and opportunities analysis

Summary of highlights of major constraints and opportunities in the rice sub sector in Kilombero District are presented in table 4 below.

Table 4: Constraints and Opportunities in the rice sub sector in Kilombero District

Constraints	Opportunities
<p>Input Supply</p> <ul style="list-style-type: none"> • There is significant unavailability and limited access of improved seeds, consequently, most farmers use unimproved own seed from paddy harvested in the previous season and this resulted in very low yield. • There has not been deliberate effort to undertake localised soil analyses to identify the right type and quantity of inputs suitable for the specific context because ARI KATRIN has dis-functioning soil lab and most farmers use fertilisers generically • Farmers' lack information about options, availability and access to finance to get inputs timely for the paddy production and consequently they perceive inputs to be of very high prices and this limits rate of usage and resulted in low yield and consequently the vicious circle continues. • QDS production without adequate inspection/supervision through producer groups is inefficient and have not showed good results worth replication and as a result the quality of seeds may not give expected yields • Limited deliberate initiatives to multiply seeds limits availability, access and adoption of improved varieties by farmers • Subsidised inputs are very limited (reaches very few farmers) and are not timely distributed (sometimes off season) leading to farmers' failure to apply in their farms. • Low adoption level of GAP by farmers from lessons learnt in Farmer field schools and Demo plots 	<ul style="list-style-type: none"> • If the MAFC will renovate and equip the soil lab at KATRIN, the scientists there could undertake localised soil tests and the district and beyond and this will inform farmers on the right type and dosage of inputs for improved yields • There are several financing options available for farmers in the district and through structured awareness raising and linkages most farmers could be able to afford inputs • District effort to promote of QDS production is aimed at increasing availability and accessibility of affordable improved seeds. There is opportunity to explore efficient way of producing large volume of QDS to meet district demand • The mechanism of government subsidised inputs distribution can be improved to assure timely distribution to farmers. • Availability of government institutions in Kilombero including JKT-Chita and Magereza with capacity of multiplying seeds that are certified by ASA under TOSCI supervision to meet farmers demand • Establishment of direct link between producer organisations and agro dealers network (UWAPEKI) through using mobile phones "Digital Aggregation Platforms" under support of SACAU/TAP will improve access of inputs to farmers



Constraints	Opportunities
Production management	
<ul style="list-style-type: none"> • Over dependency on rain fed production, limited availability and access of water influences the level of supplementary irrigation and yields are going low. Climate change has compounded the problem and the yields are going low. • Poor agronomic practice and usage inferior seeds influence the yield resulting in high cost hence very low profit. • Some farmers in one area have tendencies to plant at different time and varied varieties that limit efficiencies that could have been obtain through collective water management, mechanised harvesting, bulking and marketing consequently the quality becomes low and fetch low price in the market. • Application of inputs and using dosage without localised soil analysis has not gave expected results and this reduce yield and quality of paddy/rice • Inappropriate water management practices reduces availability of enough water required to paddy production and as a result farmers obtain low yield and poor quality paddy/rice 	<ul style="list-style-type: none"> • Attention on six core issues (i) Time of planting, (ii) quality of seed, (iii) GAP, (iv) appropriate inputs types and correct dosage (fertiliser and agro chemicals, (v) water management and (vi) post harvest management and quality control throughout the supply chain may transform the paddy/rice sub sector in Kilombero district • Possibility of having two paddy production seasons (rain – fed and irrigation production) in Kilombero district due to availability of many permanent rivers. Therefore, efforts of the government and other development partners to support Irrigation schemes development and rehabilitation can improve paddy/rice productivity in the district • Initiatives to increase paddy productivity through SRI can be replicated in other areas in the district that were it was not covered



Constraints	Opportunities
<p>Market access</p> <ul style="list-style-type: none"> • Most producer organisations - PO (associations, AMCOS, groups) are not strong enough (management and finance) and consequently not been successful in accessing useful and timely market information and markets. • Most smallholder farmers lack savings culture and consequently sale most of their paddy during the harvest season to meet their urgent family needs and repaying their loans; moneylenders pay very little price. This results in getting very low price and even making it difficult for them to invest in the next production season. • Existence of long chain of brokerage service during bulking, trading and wholesaling of paddy and rice reduces the share of the profit that the farmers get. • Lack of predictability in the market (volatile local and cross boarder prices) increases the level of uncertainty in paddy/rice trading. Poorly skilled producer organisations (business management) worsen the situation leading to higher transaction costs and reduced competitiveness of the sub-sector. • Lack of uniform measurement standards for trading volume (some bags 126-150 kgs) using "Mozambique tins" for paddy/rice leading farmers to losses because they sell large volume of their produces at low prices. • Lack of storage facilities to maintain quality of stored paddy for collective marketing or selling when price are high 	<ul style="list-style-type: none"> • Presence of development practitioners in the district (NAFAKA, BRITA and KIVEDO) that are working towards improve strength of producer organisations (PO) is a good opportunity to build on • Improved GAP and yield will reduce cost price and hence will give opportunity for producer to have competitive price. • There is emerging opportunity to build on good experience of organised PO who agreed to produce one variety of seed and bulk together to access market together (collective marketing) this will result into shorter supply chain and better profitability at producer level. • Inventory credit system (ICS) and warehouse receipt system (WRS) have been tried by development practitioners (BRITA, TAP, etc.) in Kilombero and this gives good opportunity for sharing of experience • Organised PO can have opportunity also to undertake collective marketing of inputs from good input supplying companies such as YARA and MINJINGU and the price will be competitive and possibly affordable. • Tanzania has a competitive advantage to produce paddy compared to other East African countries (rice basket for the region) • The efforts of the government and other development partners to support construction and rehabilitation of warehouse/storage facilities in the district are to be enhanced to ensure quality paddy/rice and hence good prices



Constraints	Opportunities
Organization and management	
<ul style="list-style-type: none"> • Most producer organisations are small and weak commanding low volume and unable to obtain economies of scale required for collective marketing • Most producer organisations are less competitive in the market because they are disorganised and with (very) poor business management skills resulting in becoming less successful compared to large farmers and SME millers and traders. • Limited number of smallholder farmers' organizations has capacity to implement collective actions for efficient production processing and marketing; whereas most farmers remained unorganised or have weak. • Under-utilization of existing national producers' organizations (MVIWATA, TCCIA, etc.) limits possibility of smallholder farmers to benefit from capacity building support for improved performance of their agribusinesses. • Poor performances/management of some of the paddy/ rice producer organizations affects the perceived benefits of individual members • The current approach to organise farmers is predominantly "top-down" in the essence that farmers are encouraged to form apexes without clarity of the apex roles and responsibility. This approach may influence relevancy and sustainability of such farmers' organisation. • The development of Commodity Investment Plans (CIPs) from TAP support was aimed at providing private sector entry points to the District planning process and release ASDP funding to support small-scale farming and agri-business, however, the CIP in Kilombero district has not been exploited. 	<ul style="list-style-type: none"> • Existence of development practitioners (BRITA, NAFKA, KIVEDO, KCY, etc.) who are developing and strengthening rice producer organisations shows possibility of strengthening paddy/rice producers' organisations in the district. • There is emerging clusters of SME millers in Ifakara, Mang'ula, Mlimba, etc. and is good opportunity to strengthen them on management and quality control techniques because the milling facility is the point where farmers and buyers meet. • Demonstration plots, saving schemes e.g. VICOBA, JUVIUKI-CARE, SILC, etc. if properly supported could help to improve cohesion of rice producer organisations resulting in enhanced productivity, production, quality and access to market. • There is evident opportunity that for sustainability both AMCOS and groups/associations could be promoted and become sustainable. • There is opportunity to strengthen existing village based paddy/rice producer organisations, and facilitate the organisations to explore on how to enhance their cohesion to improve the competitiveness of the rice sub sector in Kilombero. The on going initiatives to set up national rice producers' association could be internalised from village levels upwards.



Constraints	Opportunities
Product development / Technology/infrastructure	
<ul style="list-style-type: none"> • Use of traditional seeds with little production potential and capacity of response to fertilizers adoption and usage limits yields • Under-utilisation and/or misuse of fertilizers results in low yield. • Despite availability of knowledge and extension service at farm level, insufficient adoption of good agronomic practices (GAP) reduce productivity and yield. • Limited mechanisation during paddy/rice production increases production cost and reduces profitability at farm level. • Low uptake of improved seedling multiplication technologies, agro mechanisation, post harvest management and processing technologies reduces productivity, production and profitability. • Access to some villages and to the farms is difficult due to poor condition of feeder roads and it is expensive for farmers to transport their produce to the market resulting in reduction on their profitability 	<ul style="list-style-type: none"> • Existence of improved rice seed varieties gives opportunity for farmers to adopt and improve their productivity, production and income. • Existence of various initiatives for the training of farmers on GAP (BRITA, NAFKA, KPL-SRI etc..) gives room for district extension staff to forge cooperation and partnerships with providers. • Through DADPs there is room for farmers to lobby for government to maintain feeder roads regularly. • SME millers have received training on food fortification and post harvest management from TUBOCHA (USAID) and this is good opportunity to enhance the quality of rice from Kilombero district.

Constraints	Opportunities
Policy and regulatory environment	
<ul style="list-style-type: none"> • Rice cess is perceived to be very high by paddy/rice producers and aggregators and there is a tendency to refrain from paying. • Weigh and measure regulations are not followed by aggregators because of absence of enforcement and this resulted in farmers reduced profit • Political interferences (national and local) in activities aimed at generating agricultural development may be detrimental to enhancing competitiveness of smallholder farmers and sustainable development of the rice sub sector. 	<ul style="list-style-type: none"> • The Agricultural Growth Corridor model (SAGCOT) is a promising idea of attracting large private investment and enabling Kilombero paddy/rice producers and aggregators to become part of vibrant supply chains. • Existence of several policies, guidelines and strategies aimed at guiding agricultural development actions (Agriculture Policy 2013, Land Tenure Act, Cooperatives Act/Bill, Cereals and Other Crop Board Act, TWLB, TFRA, ASDS, ASDP 2, Rice Development Strategy, etc.) • Existence of several different models of agricultural policy development e.g. MKUKUTA, Kilimo Kwanza, big results now (BRN), etc. give room for practitioners aim at enhancing competitiveness of rice production and marketing in Tanzania.



Constraints	Opportunities
Finance	
<ul style="list-style-type: none"> • The saving culture among smallholder paddy producers is very low and most do not plan and save for next season. Although there are various saving schemes in the district, they are not well nurtured enough so that most smallholder farmers can become aware, join and benefit. • Land tenure problems: most smallholder farmers do not have information regarding procedures to obtain title deeds for their farms and the responsible government authorities have limited capacity to reach all farmers and this limit collateral at farm level for access to loans. This limited level of fixed collaterals by smallholder farmers; SME millers and traders prohibit them from accessing loans from commercial banks. • Insufficient crop insurance services makes smallholder farmers over exposed to risk related to climate change because most of paddy smallholder farmers rely on rain fed agriculture. • Some financial institutions offer loans with high interest rates (over 30% per annum) that make impossible for smallholder farmers, traders and SME millers to afford. 	<ul style="list-style-type: none"> • JUVIUKI-CARE, VSLA, VICOBA, SILC & SIGA and other saving schemes have been successful tested at farm level in different villages in Kilombero district and this is good opportunity to replicate and learn from experiences. • Presence of development partners promoting saving schemes; - BRITA (VICOBA), NAFKA (SILC), CARE (JUVIUKI), VSLA (CODERT/Plan) and KCY (SACCOS) gives room for replication of these initiatives. • There is room for district council to support and strengthen JUVIUKI and other saving schemes aiming at complementing development practitioner initiatives and for sustainability and replicability. • New agricultural services set up by big commercial banks (NMB Juhudi and CRDB Agricultural Foundation) to contribute to the development of agricultural and small entrepreneurship give room for rice producers' organisations to access working capital. • Presence of micro finance institutions with agricultural financing products e.g. YOSEFO, PRIDE, FINCA and CRGT offers more opportunity for producers and their organisation to access loans for productivity and production enhancement. • Many funds available from different donors, non-bank financial institutions and commercial banks to develop innovative financial services/products at grass root level e.g. SELF, FSDT, SME Impact Fund (SIF) especially for SME millers. • Existence of experiments of crop weather insurances e.g. FINCA, Syngenta and KPL gives opportunity to Kilombero district to pilot in some villages.



Constraints	Opportunities
Environmental concerns	
<ul style="list-style-type: none"> Climate change has negatively affected availability of water for paddy/rice production resulting in low yield and economies of scale for collective marketing. There is limited effort for environmental conservation among local community and public sector e.g. tree planting campaigns, By Laws to prohibit business of fire wood, etc. Most rice millers do not have strategies for disposal of rice husks and as a result the husks are piled up in the milling facilities and is costly to remove them and dispose 	<ul style="list-style-type: none"> Soil conservation practices (e.g. tree planting, protection of water sources, and, water management) currently spearheaded by KIVEDO will contribute in the reduction of the extent of effects caused by climate change. Bio-char and briquettes production for energy and agriculture is new innovation, which has been piloted in Kilombero for Green Charcoal Processing. The initiative that TaTEDO and Norges-Vel have started in 2011 requires further support in commercialisation of sustainable energy services (briquettes) and improving soil fertility (bio char).
Enabling environment	
<ul style="list-style-type: none"> BDS market is underdeveloped and most smallholder farmers are used to free services and “hand outs” and this makes it difficult to develop market for critical services and making farmers be ready to pay for such services for sustainability. Most farmers do not perceive their farming as a business and thus do not seriously undertake profitability analysis and make informed decision to invest consequently they don't invest sufficiently to get decent return on investment. Some interventions that are aimed at triggering demand and adoption e.g. QDS production has not received enough attention to be efficient and to influence adoption by smallholder farmers 	<ul style="list-style-type: none"> Experienced development practitioners have developed and tested business models that promote market development of services and this give room to new development practitioners to build on and avoid distorting the market. Training on farming as a business will influence change in farmers “mind-set” and this will result in more economically viable farming businesses
Gender and other social and cultural factors	
<ul style="list-style-type: none"> Poverty is internalized: people get more support by claiming their poverty than by claiming their willingness to invest / be autonomous hence they are more used to consider themselves as poor / unable. E.g. some farmers at Mpanga ward supported by Kilimo cha Yesu (KCY) refused to pay loan because they consider themselves to be poor. Development programmes are more oriented to support poor and producer groups rather than supporting entrepreneurs although supporting individual entrepreneurship is the more sustainable way to help people getting out of poverty. Poor working conditions for skilled and unskilled labourers in paddy / rice production (e.g. application of agrochemicals), aggregation (sorting and cleaning) and processing negatively affect the labourers' health and wellbeing and consequently reduce their productivity and income on a long term. HIV&AIDS endemic is challenging the labour force required in paddy / rice production and marketing. 	<ul style="list-style-type: none"> There are initiatives (e.g. FAO, ILO) to promote rural employment & decent work (RE&DW) aiming at moving towards minimising decent work deficits in rural and urban areas. There is opportunity to improve business operations of producer organisations and marketing companies so that they become more formalised and create more decent work especially for marginalised members of the community (youth and women). Community development officers could work closely with DALDO office and other partners in attempt to improve income generating activities and address gender and health disparities



B.3 Conclusion and Recommendations for DADPs Kilombero District Council

B.3.1 Conclusion

The potential of the rice sub sector in Kilombero District has not fully utilised due to various constraints and untapped opportunities mentioned earlier. Kilombero District Council DADP in collaborations with other key development partners has opportunity to bring innovative interventions that may trigger systemic change and demonstrate a remarkable move towards improved productivity, production and marketing of rice and hence contribute enhancing rice industry competitiveness in Tanzania.

B.3.2 Recommendations to Kilombero District Council

The foreseen dynamics and trends in the rice sub sector in Kilombero District has established that the critical weaknesses of the subsector among others include limited production and distribution of improved seeds (inputs), low quality (i.e. due to mixing of varieties), inefficient chains, inefficient inputs supplying systems, limited storage capacity, high losses due to poor post-harvest handling and weak farmer organisations that limits the level of economic gains from collective marketing.

It is thus recommended that Kilombero District Council value chain development facilitation role should focus on supporting commercially viable solutions that will help to improve the competitiveness of the sub sector at district and beyond include attempting to forge strategic relationships with urban-based buyers in major cities in Tanzania and neighbouring countries especially Kenya.

B.3.3 Generic recommendations

The following major issues are derived from highlighted constraints and opportunities on which corresponding intervention strategies and key partners are proposed as depicted in figure 7 below and further explained thereafter. Annex 4 at the end of this report brings up the process that was employed in the intervention identification exercise.

ISSUES					
Limited availability and access of improved seeds	Limited adoption and right usage of fertilisers and agro chemicals	Limited availability and access of financial services and finance Limited adoption of good agronomy practice (GAP) and rejuvenation of old farms	Weak and fragmented producer's organisations	Poor quality control due to limited knowledge on post harvest management	Limited storage capacity and absence of economies of scale; Absence of inputs and outputs collective marketing
INTERVENTIONS					
Intervention 1: Multiplication of improved seeds	Intervention 2: Enhance availability, access and usage of inputs	Intervention 3: Support enhanced adoption of good agronomy practice (GAP) and technologies	Intervention 5: Support strengthening of rice producers' organisations	Intervention 6: Support efforts towards promotion post harvest management and quality	Intervention 7: Support efforts towards promotion of collective marketing approaches
		Intervention 4: Support access to finance for smallholder rice farmers, IGAs and ICS/WRS			
Intervention 8: Kilombero District Council to take a lead in coordination of VCD multi-stakeholder processes					
PARTNERS					
TOSCI, ASA, KATRIN, DALDO, RS	DALDO, UWAPEKI, TAP, RS, YARA	DALDO, BRITA, NAFKA, KPL/SRI, KIVEDO, CARITAS, RS, YOSEFO, FINCA, PRIDE, DCO, DCDO, JUVIUKI, VSLA, SILC&SIGA, VICOBA, CRS, FIPS		DALDO	DALDO, DCO, NAFKA, BRITA, TAP

Figure 7: Summary of major issues in rice sub sector in Kilombero



Intervention 1: Multiplication of improved seeds

Kilombero District Council have on going initiative to multiply QDS seeds through producer groups in an effort to increase availability and access of improved seeds among smallholder paddy / rice producers. The result is not convincing and there should be a deliberate effort to review this approach and work closer with TOSCI and QDS inspectors so that the produced seed could give good yield to smallholder farmers. If QDS will give good result, adoption will increase.

Currently, some QDS producers in Kilombero are inefficiently and received limited supervision by inspectors and TOSCI. Some of them still store harvested seeds in their homes contrary to seed production regulation and this raise question of whether the seeds will be of expected quality. During this review exercise gross margin analysis with QDS producer group showed that their yield was very low (5.5 bags of 94.5kg per acre i.e. 1.3MT/ha) and the group could break even if they will sell the seeds at a price of TZS 2000/kilogram.

The return on investment in this business is good if yield will increase to at least 2.0MT/ha (9bags/acre) and any funding channelled to promote seeds multiplication should be given to seeds producers who are carefully selected based on their business acumen and suitability of the location e.g. possibility of supplementary irrigation, individual entrepreneurs, institutions, etc. The availability and frequency visit of seed inspectors and TOSCI is important for enhancing quality. Instruments such as revolving fund, loans etc. could be used because during this exercise it was established that extending grants only to produce QDS is not sustainable because the seed producer group interviewed during this exercise incurred unnecessary overhead costs (e.g. paying allowances to group members), which made their production very inefficient.

Intervention 2: Enhance availability, access and usage of inputs

Usage of key inputs such as improved seed, fertiliser and agro chemicals could influence both the yield and quality of rice. Localised soil tests will improve correct usability of fertilisers and agro chemicals (type and dosage) based on varied soil fertility in the district.

Fertiliser distribution systems need to be improved essentially building on existing success stories of collective marketing of inputs such as linking producer organisations with agro dealers apex in Kilombero (UWAPEKI). Agriculture Inputs Trust Fund (AGITF) is accessed through District Council's office and farmer-led demonstration plots could be exploited as instruments to trigger adoption and usage. Strategic partners in collective marketing of inputs include TAP / Southern Africa Confederation of Agriculture Union (SACAU) under Digital Aggregation Platform project / programme.

There is need to continuing lobbying for improvement of timely delivery of inputs through government subsidies, renovation and equipping the KATRIN soil laboratory and finance the centre to undertake localised soil tests.

Intervention 3: Support enhanced adoption of good agronomy practice (GAP) and technologies

Most farmers who participated in the focus group discussions (FGDs) during this sub sector review exercise seem to be pretty much aware of GAP in rice production and management. Although most of them are aware of importance of six rice productivity enhancing principles (i) Proper and timely land preparation, (ii) Time of planting, (iii) quality of seed, (iv) appropriate inputs types and correct dosage (fertiliser and agro chemicals, (v) water management and (vi) post harvest management and quality control throughout the supply chain; most of them do not apply these principles mainly due to limited capacity to invest. SRI is being pioneered by KPL with support from NAFKA and BRITA projects. There should be deliberate effort to replicate experience and technology in all villages in the district.

Kilombero District Council should have deliberate effort to promote other Income-Generating Activities (IGAs) and access to financial services so that most paddy / rice producers can afford to invest in production. Some potential IGAs include production of indigenous poultry and small stock e.g. goats, piggery, etc. Bio-char and briquettes production for energy and agriculture is new



innovation, which has been piloted in Kilombero for Green Charcoal Processing. The initiative that TaTEDO and Norges-Vel have started in 2011 requires further support in commercialisation of sustainable energy services (briquettes) and improving soil fertility (bio-char).

Intervention 4: Support access to finance for smallholder rice farmers and ICS/WRS

Smallholder rice farmers and SME millers are the most vulnerable sub sector actors in respect to availability and access to financial services and finance. Kilombero District Council should take a lead facilitation role in matching demand and supply between service providers, farmers and SME millers. The Council should forge strategic partnerships with other development partners in the district such as BRITA and NAFKA in assuring farmers develop saving culture and are engaged in supplementary income generating activities (IGAs) at household level.

Some of financial services include continuing capacity building of organised farmers and SME millers on village savings schemes such as village community banks (VICOBA) promoted by BRITA, Village Saving & Loan Associations (VSLA) initiated by CODERT and Plan International, SILC & SIGA promoted by NAFKA and saving schemes initiated by CARE International now having over 200 groups and now with a registered apex called Jumuiya ya Vikundi vya Ujasiriamali Kilombero (JUVIUKI). There should also be a deliberate effort to revive existing SACCOS (e.g. TPAWU SACCOS, Udzungwa SACCOS, Mkasu SACCOS, Mpanga SACCOS, Chita Peasant SACCOS, Tulivu SACCOS, Utengule and Ngalimila SACCOS, etc.) and where feasible help formation of new SACCOS. Adoption of these financial services can only be viable and sustainable if farmers will be engaged in IGAs that will trigger saving culture e.g. indigenous poultry keeping, small stocks, etc.

A number of microfinance institutions (MFI) in Kilombero such as YOSEFO, PRIDE, CRGT and FINCA have financial products suitable for both rice farmers and SME millers. Kilombero District Council should make effort to understand these financial products and facilitate linkage between service providers and rice sub sector actors in Kilombero.

Development practitioners (BRITA, TAP, etc.) in Kilombero have piloted inventory credit system (ICS)/warehouse receipt system (WRS) and this gives good opportunity for sharing of experience and developing capacity building programme that can be linked to producer organisations.

Intervention 5: Support strengthening of rice producers' organisations

There are many smallholder paddy / rice producer organisations (PO) that operate in Kilombero district with support from various development practitioners. The major rice sub sector development practitioners in the district including BRITA (Norges Vel), NAFKA (USAID), KIVEDO (Plan International), CARITAS (Australian Aid), TAP (NORAD, SACAU). BRITA has 15 groups in 12 villages; NAFKA has several producer groups in 60 villages; KIVEDO operates in 6 villages. CARITAS is active in 2 villages and TAP is supporting 7 groups. Although most of these producer organisations (PO) are fragmented some have started to benefit from efficient capacity building programmes (training on GAP, business management, leadership & governance and marketing) and collective marketing. The District Council should explore ways to take a lead in coordinating capacity building activities of these on going initiatives aiming at sharing experience, filling the gaps and avoiding duplication of efforts.

The Council should promote collective marketing as a rationale for producers to acknowledge the advantage of being organised. Most on going initiatives are project oriented and for sustainability the district council should be active involved for replicability and sustainability. The fact that Kilombero district council's Cooperative Officer was engaged in training of 15 POs supported by BRITA is initial step in the right direction. Other PO requiring strengthening by both Cooperatives and Community Development Officers includes those started as saving schemes such as JUVIUKI, VICOBA, SILC, CODERT, etc.

Other equally important training aspects include business management, record keeping and entrepreneurship. The Council could work with other strategic partners who are already working in some villages in Kilombero District such as NAFKA, CRS, FIPS, etc.



Intervention 6: Support efforts towards promotion post harvest management and quality

Quality of rice is tempered significantly before and after harvesting. Good quality paddy/rice are highly determined by time of harvesting, handling and storage management before processing. The causes of post harvest quality losses are contributed by late harvesting, poor handling after harvesting including leaving heaps of harvested paddy at farm for few days/weeks after harvesting due to poor feeder roads and poor and limited storage facilities.

There should be specific training to support smallholder farmers improve the post harvest handling of the paddy including proper storing and further processing. District council should include in their plans the rehabilitation of key feeder roads.

Further quality control can be achieved through storing together in a warehouse as a way to reduce deterioration of quality when storing at homes. Most farmers also store at SME miller's facilities and this requires further training to SME millers and PO on proper storage techniques, weigh and measures and quality control. The focus should aim at creating "Kilombero" brand that is recognised nationally and internationally, a brand that could be able to compete with other strong brands such as "Kyela".

Intervention 7: Support efforts towards promotion of collective marketing approaches

Most smallholder rice farmers who sell paddy individually to traders who come to the milling facility where most producers stock their paddy do not fetch good price. The emerging trend for most farmers is to undertake marketing function through their organisations whereby collective volume attracts more buyers. Some PO such as Mbingu Farmers' Association (MFA), Mang'ula A Farmers Association (MAFA), Vijana Mbasa Farmers' Association (VMFA) and Mkasu Farmers Association have attempted to undertake collective marketing albeit with some challenges.

Collective marketing essentially demands one quality implying if PO is willing to undertake collective marketing, the organisation should encourage all members to plant same rice variety, planting at the same time, adhere to good post harvest management practices for uniform quality standard. The Council role is to support the PO to access finance so that they can be able to build or renovate own storage facility. Other development practitioners have supported PO to own and manage processing facility as well (MFA, MAFA, VMFA and Mkasu Farmers Association). The council should learn from BRITA experience and see ways of replicating this experience elsewhere to ensure that PO and their facilities are operated as a business so that the PO management and operators are remunerated and the jointly owned facilities is maintained for sustainability.

Intervention 8: Kilombero DC to take a lead in coordination of VCD multi-stakeholder processes

Value chain development is a multi-stakeholder process that requires careful planning, monitoring and review of different secondary actors (service providers) and development practitioners as further visualised in figure 3 in section A above.

A multi-stakeholder process is much more than just a one-off workshop. It involves a whole series of interventions and activities over time to create the environment through which, trust and understanding for different stakeholder groups to work together, reach collective decisions and take collective action.

There are many factors related to the institutional (policy, legal, funding, government agency, cultural) context that will dramatically affect any multi-stakeholder process and must be carefully considered. Often forgotten is the issue of political, economic and social power of different groups and how these power dynamics influence conflicts. The facilitator needs to be sensitive to such dynamics and guard against negative effects.

At district level the Council has a strategic position to take up this role, although there may be need to capacity building and buying interest of all key partners.



A.3.4 Proposed DADP led business model

Kilombero District Council should gear all its support interventions in an attempt to enhance competitiveness of the rice sub sector in Kilombero district. This could be achieved by breaking the poverty vicious circle that has trapped most smallholder rice farmers who become poorer in the subsequent crop season because of limited investment in rice production.

The overriding assumption in this business modelling is that smallholder rice producer's entry points will be improving household level income generating activities (IGAs), saving culture and access to financial services so that they are able to invest in GAP in rice production, post harvest management, quality control and collective marketing. This model is further visualised in figure 8 below.

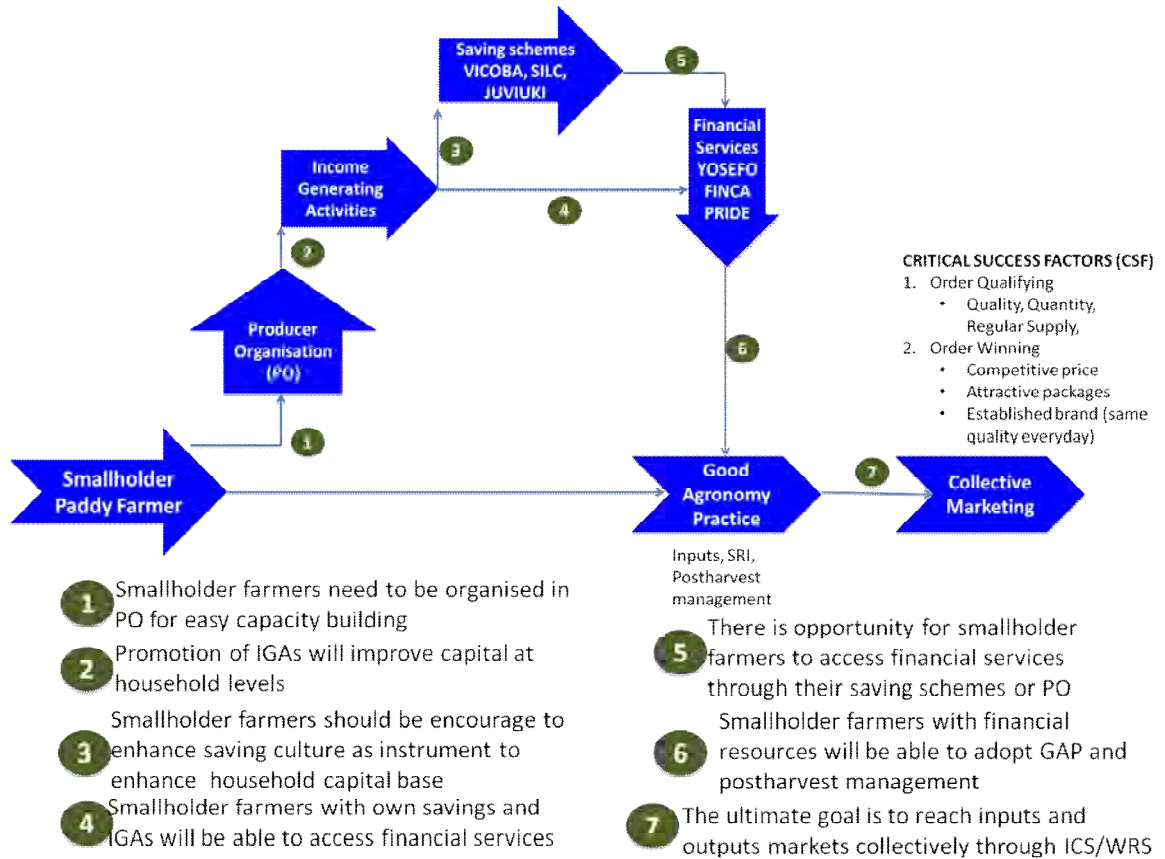


Figure 8: Proposed business model to revamp rice sub sector in Kilombero



SECTION C: LUSHOTO DISTRICT COUNCIL – IRISH POTATOES

C.1 Reviewed Irish Potatoes Sub Sector Map and Dynamics – Lushoto District

C.1.1 Irish Potatoes Sub Sector Map

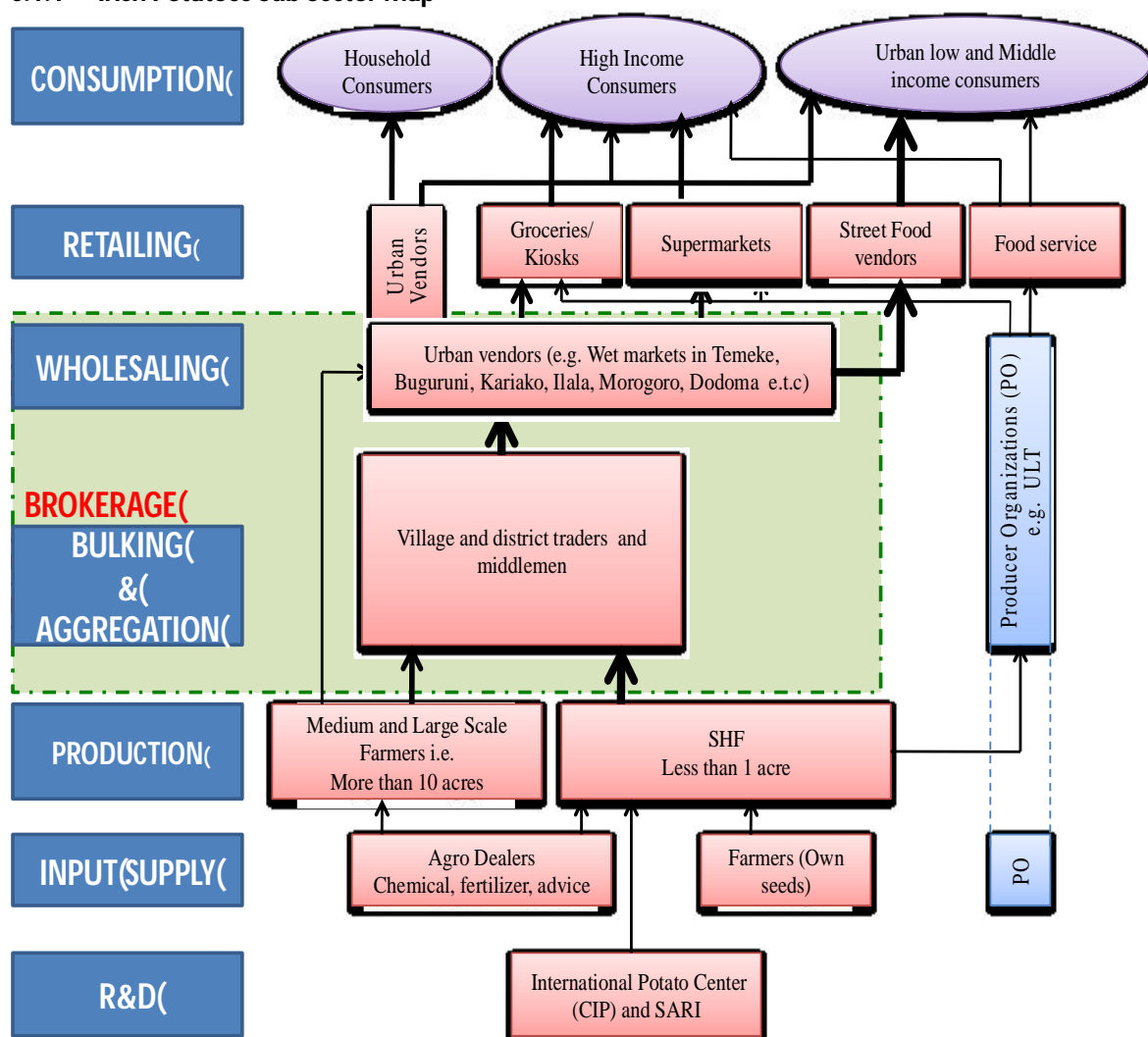


Figure 9: Irish potatoes Sub sector map - Lushoto District

C.1.2 Profitability and sensitivity analysis

During this exercise, participatory gross margin analyses were conducted in eleven (11) focus group discussions (FGD) held with farmers in various villages within the district. The detailed gross margin analysis for each group is presented in annex 2 C and table 5(a) and 5(b) below presents the summary of sensitivity and profitability analysis, extracted from the gross margin analysis.

Table 5: Sensitivity analysis of profitability of Irish Potatoes - Lushoto

(a) Upland

Price/bag (150-170 kg) of potatoes (TZS)	Yield bags/acre			
	20	30	40	60
38,000	1%		47%	
45,000				63%
50,000	24%	65%	60%	67%
60,000	37%		67%	75%



(b) Valley bottom

Price/bag (150-170 kg) of potatoes (TZS)	Yield bags/acre)					
	30	50	60	70	80	100
40,000		-14%	2%	43%		
45,000	-3%	-17%			13%	
50,000		9%	60%		52%	58%
60,000		24%	54%	62%	60%	65%
70,000		61%		66%		70%

- Although yields tend to be lower when Irish potatoes are produced on the uplands, production on uplands is less costly (i.e. use less inputs and labour costs for cultivation and lower), leading to higher incomes and positive gross margins at relatively lower yields and prices.
- On the contrary, production on the valley bottom tends to be intensive, have higher yields but farmers incur higher costs (i.e. due to intensive use of fertilisers and chemicals, labour costs for cultivation and farm management are higher) hence lower gross margins when farmers obtain lower yields of less than 50 bags and sell their produce below TZS 50,000 per bag
- Farmers growing Irish potatoes on uplands plant early and harvest early and therefore flooding the market with Irish potatoes. For this reason, farmers growing potatoes on upland tends to get lower prices for their produce. Farmers growing Irish potatoes on valley bottoms can delay planting and harvesting and hence earn relatively higher prices for their produce. For instance, they can sell at TZS 70,000 per bag
- In uplands, farmers can break even at lower number of bags (i.e. at about 20 bags). At low land, they need higher yields to break even (i.e. up to 60 bags).



C.2 Analysis of Constraints and opportunities

Summary of highlights of major constraints and opportunities in the Irish Potatoes sub sector in Lushoto District are presented in table 6 below.

Table 6: Constraints and Opportunities in the Irish Potatoes sub sector in Lushoto District

Constraints	Opportunities
Input Supply	
<ul style="list-style-type: none"> • Inputs are available but are expensive. Because inputs are expensive, most farmers cannot afford it hence limited use and consequently low productivity and production • Counterfeit inputs (chemicals and fertilisers) bought at the same price of genuine products results to low output and loss of income from farmers • Limited adoption of knowledge on handling and application of inputs leads to wastage and improper use of inputs (i.e. farmers do not apply inputs as recommended) consequently leading to low productivity and low incomes at farm levels • Poor means of storage of potato seeds leads to scarcity of seeds during the planting season hence some farmers fail to grow Irish potatoes, consequently loss of income • Limited access to quality seeds of Irish potatoes leads to low production hence low incomes at farmers households 	<ul style="list-style-type: none"> • There are a number of agro input dealers with good coverage in various trading centres within the district and they are stocking most of the inputs that potato farmers use • Certification of chemicals by Tropical Pesticide Research Institute (TPRI) and possibility of enforcement of laws concerning fertilisers by Tanzania Fertiliser Regulatory Authority (TFRA) provides an opportunity to regulate counterfeit chemicals and fertilisers, respectively • There are ongoing localised soil test that are undertaken by Sokoine University of Agriculture (SUA) and YARA Fertiliser Company in the district whose findings will inform farmers on the right type and dosage of inputs for improved yields • There is opportunity to explore efficient way of producing large volume of seed to meet district demand from the potential seed multiplication areas identified including Lukozi village • Organised Produce Organisations (PO) can have opportunity to undertake bulk purchase of inputs from good input supplying companies such as YARA Fertiliser Company and Balton at competitive prices • Currently control of potatoes diseases relies on spraying with fungicides and insecticides and the use of resistant varieties. Agriculture Research Institute (ARI) Uyoile has introduced and is evaluating a large number of resistant varieties, some with desirable processing qualities



Constraints	Opportunities
Production management	
<ul style="list-style-type: none"> • Limited knowledge and skill to control and treat diseases leads to high infestations, low yields, low production, and consequently low incomes • Limited availability and access of water influences the level of supplementary irrigation and yields are going low mainly in the highland areas. Climate change/rainfall unreliability has compounded the problem and yields are going low. • Limited land, which does not allow for expansion of production is worsened by poor land management practices leads to low production, hence low incomes • Intensification and use of fertilisers leads to soil exhaustion, leading to low yields and eventually low incomes to farmers. • Application of inputs and using dosage without localised soil analysis has not given expected results and this reduce yield and quality of potatoes 	<ul style="list-style-type: none"> • Production of Irish potatoes on the upland especially by cultivating potatoes on forest plantation areas after trees have been harvested provides additional opportunity for increasing production • Private sector companies such as YARA Fertiliser Company and Balton Tanzania provide trainings on proper use of inputs (e.g. chemicals and insecticides) to agro dealers and this training trickle down to farmers, hence providing a good opportunity to use inputs appropriately to increase production



Constraints	Opportunities
Market Access	
<ul style="list-style-type: none"> • The long number of actors (middlemen) along the potato supply chain reduces the gross margins downwards, leading to low prices paid to the farmers • Access to market information is limited and is mainly through traders. A number of farmers do not access market information, hence their bargain powers are reduced, leading to them getting low market prices • Lack of on farm storage facilities makes farmers sell on farm and at low prices thereby earning low incomes for their produce • Brokers set the prices for farmers therefore farmers do not have a say in the prices of their produce. Price setting by traders leads to low prices at the farm gate hence low incomes 	<ul style="list-style-type: none"> • Organised Produce Organisations (PO) can have opportunity to undertake collective marketing and hence access better paying markets. • There is emerging opportunity to build on good experience of organised PO like (e.g. ULT and Ubiri Lushoto) who agreed to produce and bulk together to access market together (collective marketing) this will result into shorter supply chain and better profitability at producer level. • The marketing windows that enables Kenya to export into Tanzania, suggest that some research could be done on staggered planing or simple irrigation schemes to enable some farmers to both fill these gaps and gain from highest market prices in the off – season • Opportunities to promote collective marketing – with strategic link to aggregators and wholesalers in major cities; • Lushoto is already producing varieties preferred by major consumers (e.g. Kidinya for chips vendors) • There are opportunities to improve quality and hence price by training farmers in handling and packaging of Irish potatoes



Constraints	Opportunities
Organisation and management	
<ul style="list-style-type: none"> • A number of farmers are scattered and poorly organised and there are some farmers (e.g. in Yoghoi) that resist belonging in groups. When farmers are poorly organised, it is difficult to deliver services (e.g. extension) to them. Poor delivery of extension service leads to low adoption of technology and consequently, limited farmers apply poor farming methods, which leads to low yields and low incomes. • Also when farmers are scattered and poorly organised and selling their produce individually, they tend to have low bargaining power, hence low prices and low incomes • Weak producer organisations leads to failure to deliver orders timely, hence loss of markets 	<ul style="list-style-type: none"> • There are some groups in place (e.g. ULT have got four member groups), and these provide good initiatives/opportunities for strengthening farmer groups • For farmers who resist belonging to groups, the case of well functioning groups elsewhere in the country provide opportunities for exposures • Opportunities to strengthening existing VICOBA, SACCOS, AMCOS and other Village Saving schemes as entry point to promote collective marketing

Constraints	Opportunities
Product development/ Technology transfer/ Infrastructure	
<ul style="list-style-type: none"> • Poor access roads during rainy seasons limits transportation of inputs to the villages and produce to the markets hence limited market access, post harvest losses and consequently loss of incomes. • Lack or limited irrigation infrastructure specially on highland leads to limited access to water for irrigation and hence low yields and low incomes • Lushoto district council have shortage of extension staff in general and also, specifically for Irish potatoes production. Current farmer extension ratio is 1:3,500 as opposed to 1:600 proposed ratios. 	<ul style="list-style-type: none"> • The efforts of government and other development partners to support construction and rehabilitation of collection centres in the district are to be enhanced to ensure quality of Irish potatoes and hence good prices • Through DADPs there is room for farmers to lobby for government to maintain feeder roads regularly • Postharvest management and packaging of Irish potatoes could be enhanced by further training to producers and aggregators



Constraints	Opportunities
Policy and regulatory environment	
<ul style="list-style-type: none"> Limited enforcement of laws related to standards leads to use of un uniform standards (Weights and Measures Act, 1982) of measurement, whereby bags are filled beyond its capacities (<i>Rumbesa</i>), consequently leading to low incomes at farm levels. Limited rural investment, especially from the 10% of revenue collected from agricultural produce required to be re-invested within the districts leads to poor feeder roads and irrigation infrastructures 	<ul style="list-style-type: none"> There are a number of agriculture sector development policies in place e.g. ASDS/ASDP, the Agriculture Marketing Policies 2013, SME Development Policy 2002, Cooperative Development Policy 2013 e.t.c. Some policies are targeting market promotion, and others targeting production enhancement There are district bylaws which provide opportunities to improve trading in potatoes using uniform weights and measures

Constraints	Opportunities
Finance	
<ul style="list-style-type: none"> Limited access to credit facility by agro dealers leads to limited supply of inputs, consequently, leading to low access to inputs and low usage of inputs at the farmer level Limited access to credit facility by farmers leads to limited access to and usage of inputs, consequently, leading to low yields and low incomes No crop insurance services makes smallholder farmers over exposed to risk related to climate change because most of Irish potatoes smallholder farmers rely on rain fed agriculture 	<ul style="list-style-type: none"> Lushoto District being the fruits and vegetable producing belt; - gives room for farmers to involve themselves in trading fruits and vegetable as other income generating source for financing in Irish potatoes farming There are financing options through loans available for few farmers organised in saving schemes e.g. VICOBA and later to SACCOS or Community Banks There is room to capitalise on the available opportunities for crop insurance currently available elsewhere in the country as this will cushion farmers against losses PO could procure inputs together and input supplier may not need to pre-finance stock of inputs



Constraints	Opportunities
Environmental concerns	
<ul style="list-style-type: none"> • Conservation practices and soil management especially in the uplands is not being undertaken. This leads to low moistures in the soil and may lead to low production and low incomes • Traditional irrigation systems are no longer operational because water sources previously used for these irrigations systems have dried. Some traditional irrigation systems have been neglected. This means a number of communities can no longer irrigate potatoes, hence low production • Natural calamities such as drought, floods and outbreaks of pests and diseases, mainly caused by changing weather and climatic conditions • The increasing population is leading to limited conservation and fast depletion of natural resources and environment • Intensive cultivation using fertilisers, insecticides and pesticides (i.e. inorganic inputs) leads to pollution of soils and water in the low lands 	<ul style="list-style-type: none"> • Soil conservation practices (e.g. tree planting, protection of forest areas, terracing, use of farmyard and compost manure, mulching etc) are now promoted and adoption is high by famers currently growing potatoes on the upland. This will contribute in the reduction of the extent of soil erosion. • There are conservation farming practices and movements elsewhere in the country, that can be adopted for potato production in Lushoto district council • There exists opportunities to increase availability of water by applying water harvesting techniques and using dams

Constraints	Opportunities
Enabling business environment	
<ul style="list-style-type: none"> • Business Development Services (BDS) market is underdeveloped and most smallholder farmers are used to free services and “hand outs” and this makes it difficult to develop market for critical services and making farmers be ready to pay for such services for sustainability. • Most farmers do not perceive their farming as a business and thus do not seriously undertake profitability analysis and make informed decision to invest consequently they don't invest sufficiently to get decent return on investment. 	<ul style="list-style-type: none"> • Training on farming as a business will influence change in farmers “mind-set” and this is likely to result in more economically viable farming businesses



Constraints	Opportunities
Gender and other social and cultural factors	
<ul style="list-style-type: none"> • Poverty is internalized; people get more support by claiming their poverty than by claiming their willingness to invest/ be autonomous hence they are more used to consider themselves as poor or unable • Development programmes are more oriented to support poor and producer groups rather than supporting entrepreneurs although supporting individual entrepreneurship is the more sustainable way to help people getting out of poverty. • HIV&AIDS endemic is challenging the labour force required in Irish potatoes production and marketing • Polygamous marriages and other negative cultural perceptions which encourage having many children, large family sizes hence increasing poverty levels • High migration of youth from rural to urban areas and to other non farming income generating activities (e.g. riding motorcycles) leads to shortage of manpower in the rural agriculture sector 	<ul style="list-style-type: none"> • Community development officers could work closely with DALDO office and other partners in attempt to improve income generating activities and address gender and health disparities

C.3 Conclusion and recommendations for DADPs Lushoto District Council

C.3.1 Conclusion

It is recommended that Lushoto District Council facilitation role should focus on supporting commercially viable solutions that will help to improve the competitiveness of the sub sector at district and in Tanzania so that the Irish potatoes from Lushoto District can compete with other suppliers elsewhere in Tanzania markets.

C.3.2 Generic Interventions

Generally, potential interventions are systematically inferred by determining possibilities to remove the barriers hindering progress towards the desired "**competitiveness**" of the sub sector/value chain, possibilities to fulfill the requirements connected to the "**systemic changes**", and checking on "**points of leverage**" in the sub sector/value chain. Annex 4 presents a summary of the process that was employed in the identifying interventions. The following major issues are derived from highlighted constraints and opportunities on which corresponding intervention strategies and key partners are proposed as depicted in table 7 and figure 10 below and further explained thereafter.

Table 7: Process of identification of sub sector generic interventions

Proposed intervention	Enhance competitiveness	Trigger systemic change	Point of leverage to support entire sub sector
1. Availability and access of seed potatoes	Higher yield will reduce production cost		Support most producer and hence increase productivity and production
2. Infrastructure supplementary irrigation	Higher yield will reduce production cost	Farmers will be able to supply the lucrative market windows	
3. Taking advantage of participatory forestry management		Farmers will be able to supply the lucrative market windows	
4. Savings and IGAs strengthening	Higher yield will reduce production cost		Farmers financial assets will enhance investments at production level through GAP
5. Producer organisation strengthening for collective marketing	Possibility of collective purchase of inputs hence reduced production cost and access to trainings		More producers will have access to better market (better price) through reduced transport and post harvest handling costs
6. Soil and water conservation through conservation farming		Improve depleted soils in slope terrains	Address negative effects of climate changes
7. Coordination of VCD multi stakeholder process	Cost effective in avoiding duplication		Create synergies of impact on interventions



ISSUES				
Limited availability and access of improved seed potatoes	Over reliance on rain fed production system	Climate change has caused rain shortage and hence draught	Limited financial capabilities to invest in GAP in the production of Irish potatoes	Ad hoc marketing because most farmers are fragmented and disorganised
INTERVENTIONS				
Intervention 1: Enhance availability, access and usage of seed potatoes	Intervention 2: Support infrastructure development and supplementary irrigation to enhance production in seasons when Irish potatoes are scarce	Intervention 3: Taking advantage of the participatory forestry management Intervention 6: Support conservation farming efforts aiming at soil and water conservation	Intervention 4: Support strengthening of saving schemes and IGAs to improve financial assets of farmers	Intervention 5: Strengthening producer organisations for quality improvement and collective marketing
Intervention 7: Take a lead in coordination of VCD multi-stakeholder processes				
POTENTIAL PARTNERS				
DALDO, CIP, SARI, YARA	Irrigation Unit	DALDO, Forestry Department, Land Use Planning (LUP), TAPP	DCDO, VICOBA, SACCOS	DCO, DTO, DCDO

Figure 10: Summary of major issues in Irish potatoes sub sector in Lushoto

Intervention 1: Enhance availability, access and usage of seed potatoes

There should be deliberate effort to promote multiplication of seed potatoes in a cost effective way so that most smallholder farmers can afford and adopt. The aim is to promote progressive farmers with enough farmland to set aside a portion of their farm for seed production. Already there are varieties grown in Lushoto that are accepted by market (e.g. Kidinya which is popular variety preferred by urban street chips vendors)



Intervention 2: Support infrastructure development and supplementary irrigation to enhance production in seasons when Irish potatoes are scarce

To avoid being dependent on rain fed farming, there should be investment in dams to make water available for supplementary irrigation. The production from irrigation can also fill the market gap from September to December. Figure 11 shows that Lushoto has the advantage to produce

Figure 11: Seasonal flows of Irish Potatoes in Dar es Salaam

and supply potatoes during the windows of March to May and October to December when potatoes is scarce and prices for potatoes are higher in the main market - Dar es Salaam. TAPP has undertaken detailed market demand study for most fruit and vegetables including Irish potatoes and Lushoto District Council should use that study finding as entry point to support producers with designing crop calendar.



Intervention 3: Take advantage of participatory forestry management to increase production and also produce potatoes in seasons when potatoes are scarce in the market.

Currently, the opportunity to expand production of Irish potatoes in upland areas is there to be seized. Using participatory forest management approached, farmers are allowed to produce a number of crops in forest plantation and in so doing; they also weed the newly planted trees. Yields of potatoes produced in forest plantations are higher because the soil in forest plantations is fairly fertile and has higher moisture content. In addition, potatoes produced in forest plantation areas is ready for the market and hence fill the market gap during the months of March to May when potatoes is scarce in the market (see figure 11 above).

Intervention 4: Support strengthening of saving schemes and Income Generating Activities (IGA) to improve financial assets of farmers

Supporting strengthening of existing VICOBA, SACCOS, AMCOS, and village based saving schemes is recommended. This is because supporting such saving groups can serve as entry point to promote collective activities such as collective marketing and collective purchase of inputs. It is also recommended that saving schemes be backed with income generating activities to enable savings to continue during seasons when incomes from Irish potatoes farming is limited or is completely lacking. Possible IGAs that can be supported include, but are not limited to indigenous poultry keeping, vegetable farming and beekeeping.

Intervention 5: Strengthen producer organisations for quality improvement and collective marketing

Lack of rural collection centres or facilities perpetuate a habit of farmers selling produce from the farm, albeit at low prices and hence they earn low incomes for their produce. In addition, lack of rural collection or storage facilities means that farmers have to sell the potatoes quickly once harvested, or else the quality deteriorate or in some cases, farmers stand the risk of losing the whole produce if they do not sell quickly. Because farmers can not hold their stock of potatoes for long once harvested, farmers do not have a say in the prices of their produce and hence traders and middlemen (brokers) set the prices on farmers' behalf. Price setting by traders leads to low prices at the farm gate hence low incomes for farmers. Mobilisation that has been done to promote PO in Maringo, Boheloi and other villages should be enhanced. The concept of collective marketing demands that producers be organised in groups such that they can meet specific orders. In addition, collective marketing has potential to improve post harvest handling and enhance quality of stock as Irish potatoes are only harvested once a buyer is known. Once farmers are in groups, it is also easier to deliver extension services to them.

Intervention 6: Support conservation farming efforts aiming at soil and water conservation

Lushoto district is hilly and mountainous, meaning that run-off water from the hilltops can easily wash away topsoil; thereby accelerating of in some cases, aggravating loss of soil fertility. Also, soil moisture is important and highly necessary for production and should be conserved. For these two reasons, the importance proper water and soil conservation practices cannot be over emphasised. More structured efforts that enhance conservation farming (e.g. zero tillage, terracing, constructing night reservoirs, use of farmyard and compost manure, mulching, etc) should be put to promote activities that will encourage conservation farming.

Intervention 7: Lushoto District Council to take a lead in coordination of VCD multi-stakeholder processes

Value chain development is a multi-stakeholder process that requires careful planning and monitoring. Review of activities of different actors (service providers) and activities of development practitioners are important and relevant. There are few development practitioners that need to be coordinated to enable them work closely with District Council e.g. USAID (TAPP), Oxfam (TASU), BRAC, SARI, etc. Also, new programs opening shop in the district should be guided and their efforts directed affectively. Figure 3 in section A above provides a checklist to guide coordination and monitoring of activities of value chain stakeholders.



C.3.3 Proposed DADP led business model

Following the recommended interventions above, proposed business model to implement such recommended interventions is depicted in figure 12 below. The recommended interventions target enhancing production and market development. Production development should be enhanced by promoting access to extension, seeds, and other inputs. On the other hand, marketing development is to be enhanced by promoting collective marketing. At the centre of the model is promoting savings schemes. Promoting saving schemes is considered relevant and paramount to enable farmers access both inputs and markets and extension services in a more cost effective way.

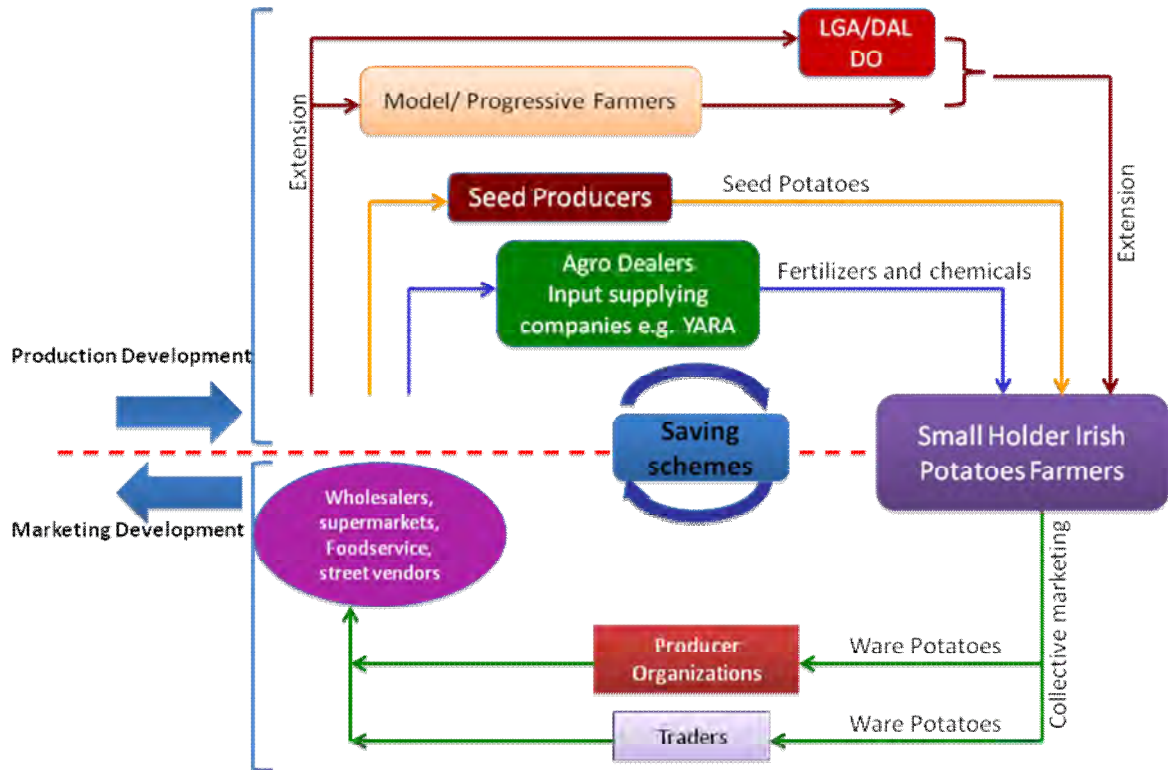


Figure 12: Proposed business model to operationalize interventions in Irish Potatoes VC development



SECTION D: GENERAL OBSERVATIONS AND RECOMMENDATIONS

D 1. Value chain review

1. Capacity building for DFT and NFT in value chain analysis should be an ongoing activity because the skills cannot be acquired based on one time exercise.
2. Coordinating VCD is a multi stakeholder process and although there is a rationale for the district councils to take a lead, the councils' team need capacity building. The suggested entry point could be based on the active coordination of various activities among different departments/units within district council before engaging with much wider coordination of multi stakeholder processes beyond district council to include other development partners.
3. The VC review has brought up few "new" necessary interventions that were not thought for during the previous district and planning processes, consequently they cannot be financed through approved budgets. There should be a need to see how some of these activities can be financed through 2014/15 plans.

D 2. Action plans

1. There should be a specific capacity building trajectory for district planning especially identifications of activities based on proposed interventions. There is a danger of having interesting interventions but less innovative proposed activities related to such interventions.
2. It is evident that for all districts, action plans activities for 2013/14 revealed significant gaps because the plans (DADPS and others i.e. OC and Own source) were developed prior to a structured VC review. While there is limited chance to improve proposed activities for 2014/15 but the process is complete in some district (Lushoto) and review may be encouraged/initiated from national/NFT level and during budget review meetings.
3. More departments/units within the District Councils have specific role to play in the implementation of proposed interventions based on VC review; nevertheless, most of proposed activity's budgets are unsecured (e.g. Lushoto DC – Community Development, Land Use Planning (LUP) unit; Mbozi DC – Cooperative unit, Community Development) and there is need to find ways to implement these activities within planned activities e.g. during supervision and M&E missions or within the normal working environment at the district councils.
4. For future there should be a deliberate effort to gauge the planning process at district levels and to make sure VC review and action planning exercise is undertaken early enough to be able to feed into district budgeting processes timely. Districts those were late to integrate their action plans timely in the budgeting process to get a special treatment to make the three pilot districts able to capture experience and lessons prior to replication in other districts.

D 3. Creating synergies with other development partners

Mbozi

Mbozi District Council is already working closely with TaCRI (agronomy, seeds and seedlings multiplication) and there is room to work more closely with INADES Formation to benefit from their experience in VSL formation and IGAs. In the draft action plan it was possible to include some joint activities between the Council, TaCRI and INADES Formation because the three partners are already working together. This was not the case in the other two pilot districts because the partners have much large programmes and at this moment the capacity of the district councils' team to coordinate them is limited.

The emerging innovative producer groups (e.g. Mpogolo) and coffee buying companies (e.g. GDM inputs loans) who extend embedded services to coffee producers should be studied carefully to document performance, experience and lessons for replication elsewhere.

Although seed and seedling production and multiplication is a pertinent issue in all three pilot districts, Mbozi District Council collaboration with TaCRI will give all pilot districts good process and scientific focus multiplication process (routine structured visits and training). Kilombero can work closely with KPL/SRI while Lushoto should strengthen collaboration with SARI.



Kilombero

The best partners include BRITA (Norges Vel) and NAFKA (USAID) mainly in the training on agronomy (GAP) specifically on SRI, farming as business, marketing (collective marketing) and ICS/WRS. Interestingly BRITA (active in 12 villages) and NAFKA (active in 60 villages) cover almost 85% of the district, so the Council should work closely with these two partners to build synergies and avoiding segregation and/or duplication. The efforts done through JICA-RADAG should be captured and replicated. There is therefore, room for district council's team to start working together with these partners on thematic issues e.g. capacity building training and collective marketing facilitation and gradually creating trust and realising synergies of working together. Bilateral and later multi stakeholder coordination meetings could be organised.

Kilombero is the only pilot District where most Savings Schemes have been piloted, namely Village Savings and Lending Groups (VSL), SILC&SIGA and VICOBA. The Council should document experiences and lessons regarding performance of these schemes. Furthermore, the debate on rationale of producers' apex organisation can be tested through AKIRIGO and NAFKA initiated Ward apex organisations.

Lushoto

Although TAPP (Fintrac) is active in only 10 villages in Lushoto District, the programme has developed training materials for fruit and vegetables producers including agronomy (GAP), nutrition, farming is business, marketing and conservation agriculture (CA). Lushoto District Council could benefit from using these TAPP training materials (modules, leaflets and notes) in implementation of Irish potatoes sub sector capacity building interventions in other villages where TAPP don't reach. TAPP has also undertaken detailed market study of most fruit and vegetables including Irish potatoes and have come up with demand and price ranges for various fruit and vegetables for the whole year, database of all prominent buyers in major markets and transporters.

The TAPP team in Lushoto is already working with DALDO member of staff and there should be deliberate effort to start working together on thematic issues and like Kilombero, gradually creating trust and realising synergies of working together. Bilateral and later multi stakeholder coordination meetings could be organised.



Appendix 6

Good Practices of Value Chain Development for DADP

Good Practices of Value Chain Development for DADP



Project for Strengthening the Backstopping Capacities
for the DADP Planning and Implementation, Phase 2

June 2013

The case studies shown here are drawn from the value chain fact-finding study conducted by the project members and the pilot projects. We hope that you can refer to and apply these good practices to improve value chain development in your districts

Case Study 1

Place	Muheza District, Tanga Region
Implementer/Major Player	MUVI/ KIFAA
Commodity of Value Chain	Orange
Challenges	Low prices of oranges. Many farmers are tied with business men / middle men who finance them prior to season and buy their produce with low prices. Finance access and weak bargaining power are bottlenecks.
Summary	<p>Kilongo Farmers Association (KIFAA) was established in 1998 with ten members (nine males and one female) with the aim of overcoming the exploitation of middlemen who were buying oranges at very low prices and improving bargaining power. The idea for the group formation came from the chairman. Currently KIFAA has 64 members (34 female and 30 males).</p> <p><i>DAIPESA is an NGO working with KIFAA on orange VC through encouragement of group formation and provision of marketing training.</i> They took some members of KIFAA to Morogoro and Nairobi for a quality test show in order to expand their market and improve the quality of oranges. Since 2003, <i>KIFAA has managed to stop using middlemen and started selling directly to buyers in Kenya</i> with the marketing knowledge obtained from DAIPESA.</p> <p>MUVI operates under SIDO and work with KIFAA too. KIFAA requested MUVI to support to find markets for oranges and to access to finance. <i>MUVI agreed to find and link the farmers to markets and buyers, train them on value addition, entrepreneurship and business management.</i> MUVI also took them to agricultural and trade shows in Morogoro and Tanga where they learned various ways of agriculture practices.</p> <p><i>Regarding access to finance, MUVI has connected KIFAA to credit facilities such as PRIDE which provides loans to farmers with 15 % interest rates. MUVI also initiated the formation of KILONGO SACCOS.</i> PRIDE facilitated the construction of a traditional fridge for cooling oranges and other horticultural products before selling. MUVI provided fund, materials, and training on usage and maintenance of the facility. <i>MUVI also provides market information, such as prices and potential areas to sell oranges, and linkage to farmers. The</i></p>

	<p><i>current major markets for KIFAA oranges are Nairobi and Mombasa in Kenya.</i> When buyers come to the village, a marketing committee which consists of 4 members negotiates prices on behalf of KIFAA. Currently they don't have regular buyers because buyers change as a result of wider market.</p> <p>Other organization called BRITA provided training on orange seedling for popular varieties and high productivities.</p>
Good Practices	<p>(1) <u>Formation of farmer's group and training them</u></p> <p>Power of a group is bigger than an individual. To have an active, motivated business minded famers' group is essential to work with farmers. If they act collectively, they can sell their product at higher prices and invest and share better agriculture practices.</p> <p>(2) <u>Access to Finance</u></p> <p>Provision of finance access to is very important for farmers to avoid sell their products at low prices in advance and invest in better agriculture inputs and facilities.</p> <p>(3) <u>Marketing</u></p> <p>Visit to trade shows or agriculture events can give a chance to what kinds of variety or quality are demanded in the current market and motivate farmers to produce such products</p>

Case Study 2

Place	Lushoto District, Tanga Region
Implementer/Major Player	Lushoto Business Incubation & Technology Center (LBITC) under Oxfam program
Commodity of Value Chain	Snow peas
Summary	A local NGO called Lushoto Business Incubation & Technology Center (LBITC) under Oxfam program listed up all of the products which were grown in Lushoto district. <i>After hearing from the buyer (Home Veg. Ltd. in Arusha), a staff of LBITC found that snow peas, which were minor agriculture products in Lushoto, would be sold in the international markets.</i> Then he facilitated farmer groups to produce snow peas. <i>At the initial stage, Oxfam/LBITC supported</i>

	<p><i>“infant” farmers’ groups for snow peas in almost all aspects e.g. training and transportation but once the business agreement was made between farmers and buyers, they stopped supporting farmers, because training or follow-up was done by the buyers. The buyers require more snow peas but the farmers cannot meet demand.</i></p>
Good Practice	<p><u>Marketing</u></p> <p>Finding a potential market first is good strategy. Even if you intervene in the production stage and increase yield, we sometimes cannot find markets to sell.</p>

Case Study 3

Place	Lushto District, Tanga Region
Implementer/Major Player	ULT
Commodity of Value Chain	Horticulture products
Challenge	Low prices at farm gate and cheat by middle men due to lack of market information
Summary	<p>ULT is an NGO established in 1996 to produce and sell horticulture products as a group. They were assisted by TRIDEP (sponsors from Germany) for group formation. Members were sensitized and gathered through district extension officers. The original intension of group formation was to overcome a problem of cheating by middlemen and low prices at farm gate. <i>ULT then established a collection center where middlemen buy the products in a transparent manner, while receiving assistance from USAID for marketing (direct sale to buyers in Dar es Salaam), construction of an office and collection centre, crates and weight measuring tools, etc.</i> The extension officers also provide marketing training to the members.</p> <p><i>They hire two trucks by themselves for transport their products twice a week. Their markets include DSM airport, SHOPRITE, SERENA HOTEL, Steers, SAVARIO, Masaki Areas, etc. Orders from these markets come every week. And the ULT collect required volumes and send them to the buyers.</i> At the time of collection, in addition to the collection from the members when it is not</p>

	<p>enough to supply to the market, the truck collects from the non-members.</p> <p>Their needs or challenges are i) market expansions in order to sell more produce; ii) access to finance and iii) more collection centres.</p>
Good Practice	<p><u>Direct sale to buyers without middlemen</u></p> <p>If you sell your products directly to buyers, you can have more profit by avoiding middlemen. However, you should take necessary measures which middlemen/traders are usually responsible for such as transportation of products and find the final markets. You can intervene in these issues to increase farmers income.</p>

Case Study 4

Place	Meru District, Arusha Region
Implementer/Major Player	Llima-Numbe Group
Commodity of Value Chain	Milk
Challenge	Livestock keepers did not have power to negotiate prices of milk.
Summary	<p>Llima-Numbe group is an association dealing with milk collection and processing of milk into yoghurt and cheese. After having a meeting at village level, members (livestock keepers) found a need to form an association/group of livestock keepers to have bargaining power. Since the formation of the group, each member has kept a record of milk production and made contribution to the group based on the record.</p> <p><i>Llima-Nmbe group has tried to attract many milk producers by giving various prices per litre in order to compete with hawkers and through establishment of collection centres in village.</i></p> <p><i>By forming the group, they are able to keep certain quality of milk as follows.</i></p> <ul style="list-style-type: none"> • <i>Producers collect only milk produced in the same day</i> • <i>They discourage members to mix milk with water. To check quality, they use lactometer for test the quality.</i>

	<i>Consequently, they have established their own brand LLIMA-NUMBE for recognition and expanded markets of milk and processed foods.</i>
Good Practices	<p>(1) <u>Having collection centres</u> This enables them to collect enough volume of milk so that they can have bargaining power to sell compared to individual sale.</p> <p>(2) <u>Quality control by the producers group</u> This gives better reputation for their products and attract new buyers.</p>

Case Study 5

Place	Kilombero Districts, Morogoro Region
Implementer/Major Player	NAFAKA under Feed the Future Project (USAID)/ Kilombero Plantation Limited (KPL)
Commodity of Value Chain	Rice (mainly rein-fed areas)
Summary	<p>NAFAKA is aiming to intervene in the whole stage of VC. The first and second years focus primarily on the production stage, such as training farmers and extension officers (called Field Agronomists) hired by NAFAKA, introducing demonstration plots and arranging collaboration with input supply dealers. The third to fifth years focus more on marketing and financing.</p> <p>In the 1st year, NAFAKA prepared demonstration plots, hired extension staff, organized farmers groups and identified hundreds of ‘village based advisers’ who are expected to give technical advice to neighboring farmers and to be a channel of agriculture inputs instead of input supply companies which are reluctant to do business in remote areas. The project has given technical support and introduced new agro-chemicals, fertilizer and seeds to them through the extension staff. Since the 2nd year, they have been focusing on mechanization, post-harvest handling, linkage to markets, and provision of credit.</p> <p>The project has taken the ‘value chain facilitation approach’. Past projects used to employ hundreds of extension staff to deliver good results, however, everybody was gone after the projects finished and there was no sustainability at</p>

	<p>all. They learned such a lesson and try to avoid direct intervention as a player and rather <i>take a facilitation approach by involving other players who can work even after the project ends in order to ensure sustainability by developing relationship among players and leveraging other resources.</i> For instance, <i>agriculture input for the demo plots are now being supplied by input dealers (YARA and Syngenta) at free of charge since they see a business chance and profits in the future.</i> They will keep supplying inputs to farmers and farmers will buy them after the end of the project. In addition, <i>the project does not need to buy inputs and to fight for waivers to buy fertilizers and agro chemicals.</i></p> <p><i>The project are now hiring extension staff for the demo plots and farmers and they are expected to be absorbed in KPL in the future. This is another case of sustainability.</i></p> <p>As for financing, NAFKA and KPL contracted with micro finance institutions to train the farmers, who graduated from the programme of new agriculture practices, on entrepreneurship and loan management and provide loans to the farmers.</p>
Good Practices	<p>(1) <u>Intervention to connect the whole value chain and gradual approach</u></p> <p>It is difficult for LGAs to intervene many parts in a selected value chain at the same time. But, please remember the importance to see the whole value chain and ask other players to intervene where you cannot. And take a gradual approach by step by step.</p> <p>(2) <u>Involvement of the private sector</u></p> <p>Involvement of the private sector can help you to develop value chain with sustainability and less resources.</p>

Case Study 6

Place	<p>5 fast track districts (Mbarali DC, Morogoro DC, Songea DC, Mbeya DC and Mufindi DC)</p> <p>20 districts extended (Iringa DC, Kilombero DC, Mbozi, Kyela, Njombe,</p>
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	Namtumbo, Meru, Monduli, Karatu, Babati, Moshi DC, Kiteto, Kilindi, Muheza, Mvomero, Kibaha, Kisarawe, Kilolo, Sumbawanga and Mpanda)
Implementer/Major Player	Tanzania Agriculture Partnership (TAP)
Commodity of Value Chain	Rice and Maize
Summary	<p>TAP assigns a district coordinator in each district. District coordinators are in charge of the following activities including facilitation of a planning process of Commodity Investment Plan (CIP). They are also in charge of awareness creating for stakeholders and potential partners, based on their guide of CIP preparation.</p> <ul style="list-style-type: none"> • Carrying out analysis of information on rice and maize value chains • Formulating Districts Commodity Investment Plans (CIPs) • Implementing field demonstrations in demonstration plots by extension officers and extension services to farmer groups • Developing Warehouse Receipt System • Introducing commercial bank investment • Expanding locally organized market information system • Engaging with large-scale grain traders • Reviewing policy issues and advocacy <p>TAP interventions in VC (rice and maize) are production stage (linking farmers to input suppliers) to secure better inputs leading to production increase, and marketing stage (linking crop dealers to farmers) to secure market and strengthen their bargaining power. TAP also arranges finance from NMBs and SACCOS to operate WRS.</p> <p><i>Demonstration plots are prepared by extension officer and agro dealer provide inputs at free of charge. Baby plot (demonstration plot prepared in farmers' own plots) promoted farmers' better understanding of the importance of use of improved seed varieties and fertilizer, resulting in an increase in production. This also benefitted agro dealers' business.</i></p> <p><i>The WRS enabled farmers to use the stored commodity as collateral to access loan from financial institutions such as NMBs and SACCOs while waiting for</i></p>

	<i>better prices. In the system, farmers were able to sell collectively to meet market volumes and standards thereby increasing their bargaining power on the selling price.</i>
Good Practices	<p>(1) <u>Quick results by demo plots</u></p> <p>To manage farmers' expectations is a key to success by showing their return quickly by using demo plots.</p> <p>(2) <u>Introduction of WRS</u></p> <p>WRS enables farmers to do collective marketing, which generates bargaining power to crop dealers and brings increased profits to farmers. WRS can give finance access to farmers. Such clear benefits facilitate involvement of farmers in WRS.</p>

Case Study 7

Place	Iringa and Kilolo District																		
Implementer/Major Player	TAP implemented by Tanzania Grassroots Oriented Development (TAGRODE)																		
Commodity of Value Chain	Maize																		
Summary	<p>Two levels of demonstration plots have been prepared as follows.</p> <table border="1" data-bbox="518 1361 1316 1787"> <thead> <tr> <th></th> <th>Mother Plots</th> <th>Baby Plots</th> </tr> </thead> <tbody> <tr> <td>Number in a Village</td> <td>1</td> <td>According to the number of farmers who would like to participate.</td> </tr> <tr> <td>Crop cultivated</td> <td>Maize</td> <td>Maize</td> </tr> <tr> <td>Size</td> <td>5 m x 10 m</td> <td>5 m x 5 m</td> </tr> <tr> <td>Responsible</td> <td>Village Extension Officer (VEO)</td> <td>Farmers</td> </tr> <tr> <td>Supply given by</td> <td>Agro-Dealers</td> <td>Agro-Dealers</td> </tr> </tbody> </table> <p><i>Agro-Dealers supply fertilisers, chemicals and other agricultural inputs free of charge to demonstration plots for one year. During the first year, farmers are given free-of-charge supply and choose whatever they would like to use on their</i></p>		Mother Plots	Baby Plots	Number in a Village	1	According to the number of farmers who would like to participate.	Crop cultivated	Maize	Maize	Size	5 m x 10 m	5 m x 5 m	Responsible	Village Extension Officer (VEO)	Farmers	Supply given by	Agro-Dealers	Agro-Dealers
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Supply given by	Agro-Dealers	Agro-Dealers																	

	own baby plots. <i>It is expected that the farmers would continuously use those inputs if they see the benefits of the supplied inputs.</i> Farmers are also given technical assistance by village extension officers. Whether they adopt new technology or not and which input they use is all at farmers decision.
Good Practice	<u>Win-Win arrangement for private company and farmers</u> Make arrangements to attract both farmers and the private sector in a business basis could keep sustainability.

Case Study 8

Place	Lake Victoria Region
Implementer/Major Player	Techno Serve
Commodity of Value Chain	Cotton
Summary	<p>Techno Serve's is aiming to develop a farming business model (Business Solutions to Poverty). VC is part of their approach.</p> <p>First, Techno Serve carried out an industry analysis (VC analysis) to identify where to intervene.</p> <ul style="list-style-type: none"> • Training of cotton inspectors and building monitoring and reporting tools and structures • Training of Ward Agriculture Extension Officers (WAEO) • <i>Organizing 70-100 farmers to establish one business group (to gain bargaining power against ginners, as the farmers used to sell cotton individually at very low price)</i> • Training farmers by WAEOs on <ul style="list-style-type: none"> ➤ Agro practices (how to measure area of their plots, adequate spacing in planting, etc.) ➤ Marketing/quality improvement to avoid bad practices (to sell cotton mixed with stones and water due to their profit based on weight of their cotton) • <i>Arranging a contract between the business groups and a ginner (contract farming). In the contract, each farmer receives farming inputs (seeds, fertilizer, etc.) on credit, and the costs of the inputs will</i>

	<p><i>be deducted from their sales.</i></p> <ul style="list-style-type: none"> • Production and marketing information being shared among pilot farmers, ginneries and TCB and DALDO. <p><i>Eventually, 400,000 small cotton farmers joined contract farming through participating business groups, and enjoyed increased and stable profits (10% increase according to the Report). The contract farming meets the needs of both ginneries and farmers. Ginneries needed to collect large volume and good condition of cotton, since many farmers mixed cotton with stones and water to gain weight and farmers needed input supply and secured market.</i></p> <p>There is a problem though that debt collection by ginneries from farmers when some farmers breached their contracts and sold their cotton to others. Awareness creation for farmers is important.</p>
Good Practice	<p><u>Contract Farming</u></p> <p>Contract farming can bring farmers increased and stable profit , while ginneries can stably collect large volume and high quality of cotton.</p>

Case Study 9

Place	Mbarali District, Mbeya Region
Implementer/Major Player	Chimala SACCOS/Warehouse Operator
Commodity of Value Chain	Rice
Summary	<p>Chimala SACCOS was established in 2002 with the purpose to mobilize fund and raise capital from members and provide credits under eased conditions for agriculture activities and small businesses.</p> <p>The WRS are jointly operated by three parties, that is, Chimala SACCOS, a specialized Warehouse Operator (WO) dispatched from the private sector and farmers. Having a warehouse can reduce transportation costs for both farmers and buyers, since the warehouse functions as a collection centre. The functions of WO are to issue receipts, to manage the warehouse, to classify rice brought by</p>

	<p>farmers into different varieties and store them by variety in the warehouse. WO makes fair trading possible by setting and following criteria such as weight per bag. The paddy kept in the warehouse is used as collateral for loan. When the price of paddy is favourable to farmers, they sell their paddy and pay off the loan with interest to make a profit.</p> <p><i>WRS requires the operator to borrow money at the start of a year to give loans to farmers as advanced payment. One of characteristics of Chimala SACCOS is the healthy and sound management. They borrows money from banks or financial institutions according to their borrowing plan which is made based on calculation of revenue from the expected yield in the next year in the cultivated areas of the members and necessary money for loans to the members.</i></p> <p><i>WO of Chimala supports to meet buyers' need of buying certain variety of paddy by sorting and storing paddy by variety in the warehouse. WO also gives advice for negotiation between farmers and buyers.</i></p> <p>So far, collective shipment has not been done and farmers make a final decision on sales price and timing to sell by themselves individually. <i>Farmers should bear additional costs for WRS such as the usage fee of the warehouse including the labour cost of WO (1,400Tsh/100kg/ bag), interest rate for 8 months storage (2%/month), and shipment cost to the warehouse from the fields.</i></p> <p>2,100 ton of rice was collected this year but 700 ton has not been sold yet and still stored in the warehouse. This is partly because the import of cheap rice from Vietnam and Thailand and the export ban of grains to the neighbouring countries.</p>
Good Practice	<p>(1) <u>Introduction of WRS</u></p> <p>If paddy is demanded in the markets, introduction of WRS brings some merits such as easy access to finance for farmers, minimization of post-harvest loss and strengthening bargaining power.</p> <p>(2) <u>To meet buyers' needs</u></p> <p>Not only storing paddy but also classifying them into varieties can add value when you sell.</p> <p>(3) <u>Sound Operation of WRS</u></p>

	It is essential to operate WRS in a health and sound way. For instance, decent borrowing plan to avoid default is required. And you should conduct break even analysis for expected sales prices and additional costs incurred by introducing WRS such as hiring WO, interest on borrowing, insurance fee for a warehouse.
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Case Study 10

Place	Mbinga District, Ruvuma Region
Implementer/Major Player	Kimuli AMCOS and Luwaite AMCOS/SACCOS
Commodity of Value Chain	Coffee
Summary	<p><u>Kimuli AMCOS</u></p> <p>Since its establishment in 1994, Kimuli AMCOS has expanded its membership and functions. The production volume in 2011/2012 was 296 tons. Currently, <i>AMCOS owns two CPUs and they use the CPUs together, purchase inputs jointly, and provide agricultural loan to members. Joint purchase of large volume of agro-inputs from suppliers makes it possible to purchase at wholesale prices.</i> AMCOS in collaborations with village extension officers organizes training on production techniques in response to farmers' needs.</p> <p>Kimuli AMCOS has put emphasis on maintaining the discipline among members since its establishment. The members trust AMCOS because AMCOS has tried to ensure accountability for the members and keep transparency for their operation.</p> <p>The head of AMCOS has exercised leadership with strong supports from village representatives and expanded the marketing network on his own. Consequently, direct export of 42-ton coffee beans to Switzerland was made possible in 2011/2012.</p> <p><u>Luwaite AMCOS</u></p> <p>Since Luwaite AMCOS began its operation in 1987, Luwaite AMCOS has integrated other 26 AMCOS in the neighbouring areas. The production volume</p>

	<p>in 2012/2012 was 310 tons. Luwaite AMCOS has a CUP and also have realised joint use of it.</p> <p><i>SACCOS is formed under AMCOS. SACCOS provides loans to farmers by responding their request carefully because they can use famers' production and sales records owned by AMCOS. Both AMCOS and SACCOS are able to give appropriate loans to farmers as AMCOS has a reliable data management system. AMCOS also places stickers on their products when they sell them to appeal there brand to buyers. The members try to keep quality of their products not to degrade the image of their products, since they trust each other.</i></p> <p><u>Both AMCOS</u></p> <p><i>Both AMCOS not only use CPUs jointly but also collect and sell coffee beans jointly to have bargaining power to buyers as well as keep production and sales records of each member and discloses the information at coffee auctions in Mosi, such as price and sold volume, which secures transparency of AMCOS management and increase trust of the members to AMCOS. Moreover, AMCOS has set rules how to use CPUs and shared necessary information among the members to be fair to all.</i></p>
Good Practices	<p>(1) <u>Forming AMCOS (joint purchase of inputs, joint sale, quality control, record keeping etc)</u></p> <p>Forming AMCOS has many merits, such as joint purchase of inputs at lower prices, collective collection and sale to have better prices from buyers, awareness raising to keep quality of their products, and record keeping of members' production and sale to increase transparency of AMCOS management and trust building among members.</p> <p>(2) <u>Introduction of CPU for better post-harvest</u></p> <p>Better post-harvest treatment can increase selling prices of coffee beans. Rules should be set how to use CPU jointly and for sustainable use.</p>

As we have seen, many good practices here are related for improvement of post-harvest and marketing. It is, of course, important to improve the production stage by using better inputs, introduction better seeds, using better machine or equipment and so on. However, this is not the only option to develop value chain. Please remember to see value chain not from the input and production stages but also from processing/distribution and market stages too.

The followings are major interventions taken from the good practices which are recommended to be applied at LGA level.

1. Establishment of farmer groups

Power as a group is bigger than an individual. As a group, farmers can act collectively to purchase inputs to decrease costs, to collect and sell agriculture products to have bargaining power, to use machine or equipment, to find markets, to share production techniques, to keep quality of products and so on. What you should do is to facilitate formation of farmer groups and provide necessary training to them.

2. Better post-harvest treatment and minimization of post-harvest loss

Introduction of machine, equipment or facility, such as collection centre, warehouse, CPU, for better post-harvest treatment and minimization of post-harvest loss is important, because quality of agriculture products become worse if nothing is done after harvest and quite big percentage of products are lost without proper warehouse and storage skills. To introduce machine/equipment like CPU, storage such as collection centre and warehouse solve these problems. To provide necessary training how to use and maintain these machines, equipment or facility is also necessary.

3. Introduction of collection centre or warehouse

Introduction of a collection centre and warehouse can also give farmers bargaining power since they can sell large volume to attract buyers and they do not need to sell their products at lower prices at farm gates. This can increase farmers' income. And if they are operated well, farmers can meet needs of buyers in selling product by size or variety. Location of and how to manage such facilities should be decided with farmers.

4. Marketing

Marketing, in other words, finding markets for agriculture products is very important, but this is often neglected. To know buyers needs enables farmers to understand what kind of products, quality (size or maturity), and volume is needed in markets. You can support farmers to interview buyers to know their needs or take farmers to agriculture or trade show to see other products.

5. Access to finance

Farmers are forced to sell their products at low prices because they need money urgently and cannot wait till prices go up and they do not enough money to buy agriculture inputs or better seeds. Giving finance access to farmers helps them to increase income. LGAs can bridge farmers with financial institutions, support them in establishing SACCOS, or introduction WRS. However, it is difficult SACCOS or WRS keep health or sound management. LGAs need to work with other stakeholders such as NGOs or organizations having specialities to train SACCOS or WRS.

6. Involvement of the private sector

Involvement of the private sector is critical to assure sustainability even after LGAs finish assistance. If the private sector find a business chance, they will support you, for instance, in providing agriculture inputs or seeds at free of charge, or provide necessary training on production techniques through extension staff. LGAs should collect information of the private sector and involve them in VC development.

Appendix 7

Technical Supporting Manuals (TSM)

7.1 Business Plan



TECHNICAL SUPPORTING MANUAL
ON
BUSINESS PLAN

December 2015

DADP Planning and Implementation

Thematic Working Group

In collaboration with

JICA-RADAG

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Attachments

Attachment 01: Simple format of the BP (Blank)

Attachment 02: Sample of the BP (Example B: Sugarcane production business)

Attachment 03: Sample of the BP (Example C: Chicken business)

1. Introduction

1.1 Background

The Agricultural Sector Lead Ministries (ASLMs) have been developing Agriculture Sector Development Programme Phase 2 (ASDP-2). In ASDP-2, District Agricultural Development Plan (DADP) remains as a tool for Local Government Authorities (LGAs) to undertake agricultural development at local and field levels. It is expected to utilize the achievements of ASDP Phase 1 and collaborate with other actors (e.g. NGOs and Private sectors) in order to direct farmers to developing the commodity Value Chains and realizing their market potential.

Whilst ASDP-1 provided grants to farmers, it is high time to move to another stage of development by making them accountable to commercial entities e.g. banks, microfinance institutions and private investors, so that their agriculture become commercialized while enjoying various sources of finance. Based on this consideration, DADP Planning & Implementation Thematic Working Group (DADP P&I TWG), in collaboration with JICA-RADAG, has prepared this Guide, “Guide for Business Plan Preparation for Agribusiness,” since the business plan (BP) is an essential tool for farmers to introduce their business to other stakeholders, mainly financial institutions that may provide resources for development.

1.2 Purpose of the Guide

The purpose of this Guide is to provide guidance and show steps on how to prepare a business plan (BP), especially for the aim of applying loan to financial institutions. The Guide can be used by District Facilitation Team (DFT) and any other entities who supports and guides farmer groups when the groups need to obtain supports from stakeholders including commercial banks. It can also be used by farmers group (e.g. AMCOS).

1.3 Structure of the Guide

The main text of the Guide is composed of four (4) sections, including this section of Introduction. The next section (Section 2) will provide the outline of the BP, by addressing its definitions, users and benefits. This is followed by Section 3 that delineates the contents of the BP with step-wise approach and sample illustration, using a hypothetical group of farmers. Then the final section presents further steps to apply loan. The Guide also has some attachments, including the simple format for the BP and another sample for wider understanding of readers.

2. Outline of Business Plan (BP)

2.1 What is the BP?

The BP is a written document that describes in detail how a project is going to achieve its goals in a certain time span (e.g. annual, 3 years). It lays out a written plan from a marketing, financial and operational viewpoint, mainly with the aim of obtaining support from stakeholders.

2.2 Who needs it?

The BP is usually required by the following entities as long as DADP is concerned:

- For farmers' group (e.g. AMCOS) to explain their business to other stakeholders, especially with the aim of gaining financial and/or technical supports from them;
- For financial institutions (e.g. banks and micro-finance institutions) to examine the possibility of providing loan to applicants;
- For private companies to look for good partners for their business; and
- For DPs and NGOs to consider how to provide financial/ technical supports to groups.

2.3 What are benefits?

The BP can be a strong management tool for a farmers' group to run its business with the following benefits:

- Increased ability of farmers to access loan from financial institutions e.g. bank;
- Improved Knowledge on profitability of the project (can project profit and loss);
- Transformation from subsistence agriculture to 'farming as businesses' will increase;
- Financial discipline to farmers will increase; and
- Consistency of farmers to work towards objectives will increase.

3. Contents of BP

3.0 Major contents of the BP

In principal the contents of the BP can be classified into two elements, namely, i) business concept and ii) financial analysis. In reality, the format and structures of the BP may be subject to institutions to which you intend to request support. However, in many cases, the following issues are addressed.

Part A: Business Concept

- 1) Understanding of the business
- 2) Marketing
- 3) Technical aspects
- 4) Social and Environmental aspects
- 5) Management and administration
- 6) Risk and its mitigation measures

Part B: Financial Analysis

- 7) Costs of business
- 8) Source of capital and repayment schedule
- 9) Revenue of business
- 10) Profit examination (Profit per cycle, Cash flow, NPV/IRR)

The rest of this section delineates how to prepare each content with presentation of some samples of the BP.

Part A: Business Concept

This Part shows the concept of your business using narrative expression. The concept include marketing, technical aspects, social and environmental aspects, management and administration, and risk and its mitigation measures.

3.1 Understanding of the business

The BP, in many cases, starts with the description of the general understanding of business. The following are the examples of it, showing the necessary elements to be filled up. The general introduction is to introduce your business to potential supporters. It should address Size of business; Skill and System; Experience; Annual sales turnover or profit; Purpose of the BP; and Risk and measures.

Example A: The farmers group in XYZ DC (Rural Vegetable Kingdome: RUVEK) is willing to obtain loan to procure a truck for their transport of the vegetables.

Example A-1: Understanding of the Business

Business Name	<i>Direct Delivery of Fresh Vegetables to Dar es Salaam</i>	
Group name (Place)	<i>RUVEK (XYZ DC)</i>	
Group responsibilities	Manager	<i>Mr. AAA (Mob. 07##-###-###)</i>
	Secretary	<i>Ms. BBB (Mob. 07##-###-###)</i>
	Accountant	<i>Mr. CCC (Mob. 07##-###-###)</i>
Group size	<i>RUVEK consists of around 200 farmers, covering four villages in XYZ DC, i.e. Maringo (100), Boheloi (50), Kwesine (50), and Lukozi (100). Each member has 1 – 2 acres for producing vegetables while plating maize for some time.</i>	
Business experience	<i>RUVEK has been engaged in this business since 1997.</i>	
Business size (e.g. turnover or profit)	<i>Our business yields around Tsh 20-25 million per year.</i>	
Business models	<i>On every Monday and Thursday, each member brings his/her vegetables to the collection centre nearby. RUVEK management then collects the produce and transport, by renting a truck, to Dar es Salaam through the night. In Tuesday and Friday morning, after arriving at Dar, the management member goes around to their customers to supply their products directly to retailers. Orders from customers are obtained in advance either through telephone, emails or direct meeting when supplying the vegetables. The orders obtained were distributed to members in the four villages through village-group leaders. The payment will be made at the collection centres. The member, when bring the produce there, is paid for the last time supply.</i>	
Roles in Value chain	<i>The roles of RUVEK members and management in the VC are as follows.</i>	
	<i>VC stage</i>	<i>Responsibility</i>
	<i>Input</i>	<i>RUVEK Members</i>
	<i>Production</i>	<i>RUVEK Management</i>
	<i>Collection</i>	<i>RUVEK Management</i>
	<i>Transportation</i>	<i>RUVEK Management</i>
	<i>Marketing</i>	<i>RUVEK Management</i>
<i>Remark</i>	<i>Using reliable seeds and inputs with own responsibilities</i>	
		<i>Well trained by District and JICA</i>
		<i>Using collection centres</i>
		<i>Hiring a truck which costs a lot.</i>
		<i>Having buyers(retailers) on constant basis</i>
Purpose of preparing this BP	<i>To procure a truck through a loan from a bank. Facing the high charge of renting a truck for transportation, we are now planning to procure a truck (Fusso), thereby requesting the loan from your institution.</i>	

3.2 Marketing

In the BP, the situation of Marketing should be described. It makes potential supporters understood how you gain the money, not how much: how-much parts will be presented in other sections of the BP. The following are examples of the section of Marketing. Substantial reference was made to SIDO training material.

Example A: RUVEK in XYZ DC sells fresh vegetables directly to retailers in Dar es Salaam. They conducted the market survey with DFT before preparing this BP, which revealed that there are several potential buyers who shows interests in dealing business with RUVEK directly.

Example A-2: Marketing

Products to sell	<i>Fresh vegetables</i>
Area of production	<i>Soni, Lukozi, Maringo, Kwesine, Boheloi in XYZ DC</i>
Where to sell	<i>Dar es Salaam</i>
Who are customers (Show specific names)	<i>Sunrise Fruits, Namanga, Lily shop, Con-start Hotel, Cold ring, Fresh Green Supermarkets, Kimoso.</i>
Means of delivery	<i>Direct delivery to retailers by renting a truck two times every week</i>
Competitors	<i>Spanish Fresh – EFG DC, Smart groups – XXX CC and smallholder farmers of XYZ DC</i>
Strengthens of your products compared to others	<i>Our vegetables are fresher than others. There is a lot of variety of the vegetables.</i>
Results of the market survey	<i>Dar es Salaam is the most potential market as compared to Arusha and Dodoma. Several restaurants and supermarkets were interested in buying the products from farmers directly.</i>
Proportion of your products in the market (much or less?)	<i>It is still little as we are not well known to consumers.</i>
What is the most profitable product?	<i>Lettuces, Tomatoes and Potatoes for large-quantity order Color peppers and spices for high value, despite less quantities for order</i>
Price setting. Is it different by customer?	<i>Yes. While having the standard price list, actual prices will be determined through individual negotiations.</i>
Challenges and way forward	<i>1. Training producer for Quality improvement 2. Widening network to fulfil the requirements of customers in terms of variety of goods.</i>

3.3 Technical aspects

Technical aspects of the BP play a significant role in providing information on design and the tools used. Specifically, technical aspect to be taken care includes project location, size of the investment, existing f buildings, equipment and machines, and procurement of inputs. Details and descriptions of these aspects should be clear and well documented.

Example A: RUVEK intends to borrow loan to make investment in a truck. Unlike the case of infrastructure or land development, there is no specific location and site for this investment. As regards existing resources, they have office building, collection centers, computers, weight scales, and several pieces of furniture, all of them are functioning and contributing to their business. For a truck to buy, RUVEK identified two companies which directly import cars from Japan.

Example A-3: Technical Aspects

Location for investment (In case of infrastructure or land development)	<i>Not applicable (the investment of RUVEK is to procure a truck, neither for infrastructure nor for land development)</i>
Size of the site for investment (In case of infrastructure or land development)	<i>Not applicable (the investment of RUVEK is to procure a truck, neither for infrastructure nor for land development)</i>
Amount for investment (Indicate both the total amount and loan amount)	<i>Tsh 42 million in total, out of which, Tsh 36 million is required through loan from a bank.</i>
Timing of investment	<i>The truck should be procured by March 2016. No phase required in this investment.</i>
Existing of facilities, equipment/ machine, and furniture used for business	<i>Facility: office building and collection canter Equipment/ machines: computers and weight scales Furniture: meeting table and chairs</i>
Operation & Maintenance (O&M)	<i>O&M are undertaken by RUVEK management. Usually around Tsh 300,000 is allocated for maintenance of all facilities, equipment/ machines, and furniture.</i>
Procurement of inputs for business	<i>Fresh vegetables are procured from farmers (i.e. members). Those which are not available in XYZ DC are procured from Kaliaco market in Dar especially from Mr. AAA's shops. A truck, to be procured through loan will be imported from Japan. So far two agencies have been identified as reliable importers, namely BBB Co.ltd., and CCC import-car-dealer.</i>

3.4 Social and Environmental aspects

In addition to marketing and technical aspects, the BP is to show how your business can be justified from social and environmental perspectives.

Example A: RUVEK has been engaged in direct-delivery business without involvement of middlemen. This kind of business is somehow new in the country. Investment (i.e. procuring a truck) may promote their business.

Example A-4: Social and Environmental Aspects

Social Aspects Any positive impacts? (e.g. employment contribution, foreign exchange earnings, new technical innovation) Any negative impacts? If so, any mitigation measures?	<i>The business of RUVEK is direct-delivery of fresh vegetables without middlemen. It contributes to increasing the income for farmers, most of who are poor, while enhancing customer's satisfactions, as they can consume fresh vegetables. Procurement of a truck will help us develop a cold-supply chain In fact, in many developed countries, farmers enjoy cold-supply chain or direct sale to consumers. Our business could be the first step to realize such agri-businesses in the country.</i>
Environmental Aspects Any positive impacts? Any negative impacts? If so, any mitigation measures?	<i>There is no positive/negative impacts on environmental aspects.</i>

3.5 Management and Administration

Management and administration are key issues in the BP, demonstrating institutional arrangements and capacities to conduct business. In fact, many financial institutions and other stakeholders show strong interests in this aspect. The support may not be rendered to group

and companies who do not have robust management capacities.

Example A: RUVEK is registered under Ministry of Home Affairs. As mentioned before, their business has commenced since 1997 with acquisition of the business license. They have obtained customary title deeds for some of their assets and audit reports for some years, both of which are required for loan application in many financial institutions. There are also regular meeting systems.

Example A-5: Management and Administration

Organizational Structure	<pre> graph TD Board["Bord (Mr. DDD) (Ms. EEE)"] --- Manager["Manager (Mr. AAA)"] Manager --- Secretary["Secretary (Ms. BBB)"] Manager --- Accountant["Accountant (Mr. CCC)"] Secretary --- VGL1["Village Group Leader (Maringo)"] Secretary --- VGL2["Village Group Leader (Boheloi)"] Accountant --- VGL3["Village Group Leader (Kwesine)"] Accountant --- VGL4["Village Group Leader (Hambarawei)"] </pre>
Registration status	Association under Ministry of Home Affairs Registration No.###
Business licences	Licence No. ### issued in May 1997
Tax information	TIN:###
Title deeds obtained	Customary title deeds were obtained for collection centres
Audit report available	Audit reports are available for FY 2012/13 and FY 2013/14
Bank accountant used	NMB (XYZ branch) : Account No. ###-#####
Management System (e.g. meeting system, labour conflict resolution)	<p><i>RUVECK has the following management system</i></p> <ul style="list-style-type: none"> - Annual general meeting including board and farmer members to select management leaders - Weekly meeting to distribute order and payments <p><i>There has been no serious labour conflict in the past.</i></p>

3.6 Successful factors, risks and their mitigation measures

The BP needs to show successful factors, while, at the same time, presenting possible risks affecting successful factors. Not only identifying risks, but also should it show mitigation measures against risks. Remember that showing risks to supporters does not necessarily mean showing your weakness, rather it shows your wide views of capturing situation, implying your strength of doing business.

Example A: RUVEK has strength in their business model, which is the delivery of fresher produce to retailers than other competitors. However there are some risks to realize or maintain this strength.

Example A-6: Successful factors, risks and mitigation measures

Successful factors	Risks	Mitigation measures
High quality and a	Weather and crop disease affecting production	<i>Diversification of production including new crops such as snow peas, without depending on few crops</i> <i>Utilizing 4 green houses with drip irrigations: 2 are now being constructed and will be completed by the end of this year.</i>
Technology: RUVEK owns a truck, which enhance control of RUVEK on value chain	Poor maintenance of a truck	<i>Reserving some part of our profit for procuring technical services</i>
	Natural disasters (e.g. flood and land slide) make road access difficult.	<i>Partnership supply: RUVEK has a network with some suppliers in Dar, who can supply vegetables to RUVEK's customers if RUVEK cannot come to Dar. This is a measure to maintain our customers.</i>

Part B: Financial Analysis

This Part demonstrates how business will be going with support from financial institutions or other stakeholders. It is critically needed to make them understood their support to the business will gain higher returns to them and/or the societies.

Box: Collecting basic data for Financial Analysis

The first step of carrying out financial analysis is to collect basic data for your business. They may include:

- Which kinds of assets do you have and use for business? Answering to this questions helps to identify situation of equity or fixed assets. For the preparation of the BP, it is suggested to develop the inventory of the assets for business, as shown in the table below.

Inventory of Assets (Equity): Example of RUVEK

Asset types	Asset Name	Unit	Original Unit values
Building	<i>Office</i>	<i>1</i>	<i>Tsh 120,000,000</i>
	<i>Collection centres</i>	<i>4</i>	<i>Tsh 3,000,000</i>
Equipment/ machines	<i>Computers</i>	<i>2</i>	<i>Tsh 3,000,000</i>
	<i>Weight scales</i>	<i>4</i>	<i>Tsh 360,000</i>
Furniture	<i>Meeting tables</i>	<i>3</i>	<i>Tsh 100,000</i>
	<i>Chairs</i>	<i>18</i>	<i>Tsh 18,000</i>
Money at bank	<i>Money at bank</i>	<i>-</i>	<i>Tsh 10,450,000 as of today</i>

- How much is the investment that you intend to make?
- What kinds of inputs are used in producing output (the product that you sell to buyers)? How much are they respectively? Any seasonal trends?
- What kinds of inputs are used in transporting the product or delivering services?
- What kinds of outputs (the products) do you sell to buyers? Any seasonal tends?

The methods to obtain those data are various including questionnaire to farmers, reviewing management or sale records kept by the group, and asking companies to prepare price quotation. In any cases, supporting documents should be prepared and attached to the BP.

3.7 Costs of business

In general the costs of business can be classified into the following categories:

- 1) Investment Costs; and
- 2) Working Capital

3.7.1 Investment Costs

Investment costs are referred to as the initial costs to start new business or add new element to existing business. They may include such costs as for procuring machines and equipment, building a factory or a warehouse, rehabilitation of a facility and/or registration fees. Remember that there is no investment cost if there is no need to do investment in your business today and future (i.e., no new elements added to business). This may happen for the case of the existing business, requiring loan or financial support for the running costs of business in a particular time, e.g. drought season.

Example A: RUVEK intends to procure a new truck with loan, although it has rented a truck for their business. This is a new element of the business requiring investment costs from a bank.

Example A-7.1: Investment Costs

Item	Quantity	Unit costs	Amount	Remark
Truck	1	42,000,000	42,000,000	<i>Including tax. Please refer to attached price estimates from car companies.</i>
<i>Total</i>			42,000,000	

3.7.2 Working capital

Working capital contains all of the costs other than investments. They can be classified into three categories, i) **direct costs**, ii) **running costs of business** and iii) **depreciation cost of the fixed assets (repair and maintenance costs)**.



★ Practical Lessons learned from the past experience

Sometimes it may be difficult, especially for farmers, to understand the meanings of direct costs, running costs and depreciation costs and differentiate among them.

So in this case, DFT can facilitate farmers in listing up all of the costs needed for production, from A to Z. Then DFT can classify them. Do not worry too much. The most important thing is to include all costs for production rather than classification.

As for depreciation cost, DFT can explain it by using the words of “repair and maintenance costs”, instead of “depreciation cost”

1) Direct Cost

The direct costs are referred to as the cost incurred to produce ONE quantity of the product that you sell to buyers (e.g. one sack of paddy, one bottle of jams). If one grows paddy from seeds and sell them with a bag to middlemen, the direct costs include land preparation, seeds, chemicals (e.g. insecticides), fertilizers, weeding, harvesting and a bag. If one produces fruits jams and sell them in a bottle, they include raw materials (e.g. fresh fruits, sugar and water), bottles, and labels.

Example A: RUVEK sells a variety of fresh vegetables to retailers after collecting the produce from its members and transporting them to Dar. Hence their direct costs are for procuring vegetables, in other words, the payment to its members. In XYZ, there are two major seasons which affect their direct costs, namely harvesting season with low prices and lean season with high prices. So direct costs can be obtained for the two seasons respectively. Note that the quantity of buying vegetable per month is same throughout a year. They supply the products to their customers in constant manner.

In case of the business of farmers group, confirm **who pays the costs of seeds and other inputs** for production. If it is the individual member, there is no need for the BP of the group to calculate such costs..



**Example A-7.2(1): Direct costs for RUVEK
(Harvesting season: June-Nov.(6 months))**

Items	Quantity (kg/ month)	Unit price* (Tsh)	Amount per month	Amount per harvesting season
Raw materials				
Potatoes	1,000	500	500,000	3,000,000
Tomatoes	1,000	700	700,000	4,200,000
Lettuces	500	700	350,000	2,100,000
Cabbage	500	700	350,000	2,100,000
Zucchini	500	800	400,000	2,400,000
Cucumber	500	500	250,000	1,500,000
Beetroots	500	500	250,000	1,500,000
Carrot	2,000	700	1,400,000	8,400,000
Broccoli	1,000	700	700,000	4,200,000
Cauliflower	1,000	1,000	1,000,000	6,000,000
Snow peas	1,000	3,000	3,000,000	18,000,000
Colour peppers	500	5,000	2,500,000	15,000,000
Others	-	-	500,000	3,000,000
Total			11,900,000	71,400,000

Note *: the unit price is the price to the members

Example A-7.2(2): Direct costs for RUVEK (Lean season: Dec.-May (6 months))

Items	Quantity (kg/ month)	Unit price* (Tsh)	Amount per month	Amount per lean season
Raw materials				
Potatoes	1,000	700	700,000	4,200,000
Tomatoes	1,000	800	800,000	4,800,000
Lettuces	500	800	400,000	2,400,000
Cabbage	500	800	400,000	2,400,000
Zucchini	500	800	400,000	2,400,000
Cucumber	500	700	350,000	2,100,000
Beetroots	500	800	400,000	2,400,000
Carrot	2,000	400	800,000	4,800,000
Broccoli	1,000	1,000	1,000,000	6,000,000
Cauliflower	1,000	1,000	1,000,000	6,000,000
Snow peas	1,000	4,000	4,000,000	24,000,000
Colour peppers	500	5,000	2,500,000	15,000,000
Others	-	-	700,000	4,200,000
Total			13,450,000	80,700,000

Note *: the unit price is higher than in harvesting season.

2) Running costs

In general, running costs include salaries and allowances to employees, energy and communication, and miscellaneous (e.g. license fees, tax, farming tools, etc.).

Example A: RUVEK has 1 chairperson and 2 secretaries who receive the salaries from the business. Also the allowance will be paid to one who goes to Dar es Salaam to deliver the vegetable to customers, 2 times per week (i.e. 8 times per month).

Example A-7.2 (3): Running Costs (Salaries/Allowance to Employee)

Category	Quantity	Per day or unit	Amount per Month	Amount per Season	Remark
<i>Chairperson</i>	1		60,000	360,000	
<i>Secretary/ Accountant</i>	2		40,000	240,000	
<i>Allowance for stay in Dar</i>	8	40,000	320,000	1,920,000	8 times/ month
Total			420,000	2,520,000	

Example A: RUVEK has the office, which requires electricity, water and communication. Since they intend to procure a truck with loan, the estimation include fuel for moving the truck.

Example A-7.2 (4): Running Costs (Energy & Communication)

Category	Quantity	Per day or unit	Amount per Month	Amount per Season	Remark
<i>Electricity / Gas</i>			20,000	120,000	For office
<i>Water</i>			6,000	36,000	For office
<i>Oil/ Charcoal</i>					
<i>Fuel</i>	1600	1700	2,720,000	16,320,000	200 liters/ time 8 times/ month
<i>Telephone/ Fax</i>					
Total			30,000	180,000	

Example A: For the business, RUVEK usually pays the license fees every month. Provided a loan from the bank to procure the truck, they also have to do maintenance of it. Other major items include costs for general meeting and procuring packing tools e.g. plastic crates and paper boxes as well as tax (produce cess)

Example A-7.2 (5): Running Costs (Miscellaneous)

Category	Quantity	Per day or unit	Amount per Month	Amount per Season	Remark
<i>License renewal</i>			25,000	150,000	
<i>Advertisement</i>			300,000	1,800,000	
<i>Insurance</i>					
<i>Meeting</i>			200,000	1,200,000	12 times/ year
<i>Tax (Produce cess)</i>			250,000	1,500,000	
<i>Tools (Crates)</i>	2	12,000	24,000	144,000	24 units/ year
<i>Tools (others e.g. box)</i>			10,000	60,000	
Total			809,000	4,854,000	

3) Depreciation costs of the assets

Depreciation costs are referred to as costs of using the assets including building, machines/equipment, and office furniture, to run business. In other words it is **repair and maintenance cost**. How to estimate the costs of using asset is explained in the Box overleaf.



Depreciation costs = Repair and Maintenance Costs

You can explain this concept if the word of depreciation costs is difficult for farmers to understand.

Box: How do you calculate the costs of using assets? – Concept of Depreciation -

Physical assets (e.g. building, machines, and furniture) should be part of the costs, if you need and use them to run the business. But you cannot include the full costs of assets in a business plan. Remember that the business plan is to show how to achieve a goal in a certain time span (e.g. 3 years). But your assets may be functioning even after that period (e.g. after 3 years). This means that the assets have still value, although it is lower than the original value (i.e. the price that you paid to procure). For example, you buy a car at US\$ 3,000 to start taxi business and sell it after 2 years at US\$ 1,000. This means that the cost of the taxi for the 2-year business is US\$2,000 (=3,000- 1,000). So in the BP for this taxi business (2 years), you should include US\$ 2,000 as part of the cost. In other words, you consume or reduce US\$1,000 per year against the total value of the taxi (US\$3,000). This is a simple concept of depreciation. Depreciation is referred to as how much you consume the value in a certain time period, out of the total value of an asset. And the BP needs to include this kind of cost, in order to show real profit of business.

In many cases of the reality, people do not have a clear plan when they sell their assets to some body, unlike the above example of the taxi business. This means that the people tend to own and use an asset until it is broken down when it becomes No value. Hence, in the simplest way, depreciation cost can be calculated as follows:

$$\text{Depreciation cost (per year or month)} = \frac{\text{Cost or Original price of the asset}}{\text{The life time of the asset (year or month)}}$$

For example, you have a computer. You bought it at the price of US\$ 1,500 and expect that the computer functions over 5 years. Then the depreciation cost can be calculated as follows:

$$\text{Depreciation Cost} = \text{Original Price (US\$ 1,500)} / \text{Life time (5 years)} = \text{US\$ 300 per year}$$

Example A: RUVEK owns the office in which computers are located and 5 collection centers in which weight scales are located. It also has one motorcycle. Remember that depreciation can be applied to the truck, too, which they intend to procure from now on. All of them are well functioning at a present day. Note also that RUVEK has developed **inventory list of assets (equity)** in P6. They can use this list to obtain depreciation costs except for a truck which is yet to be procured from now.

Remember that a depreciation cost should be calculated to an asset which is now functioning. If you have a computer but does not function, there must be no use for business (i.e. no value) and thus no need to calculate the depreciation cost.



Example A-7.2 (6): Depreciation costs of Assets

Category	Q'ty	Original Unit cost	Original cost Total	Life time	Depreciation Cost	
					Per year	Per Cycle (6 month)
Building						
Office building	1	120,000,000	120,000,000	50 years	2,400,000	1,200,000
Collection center	5	3,000,000	15,000,000	50 years	300,000	150,000
<i>Subtotal</i>					2,700,000	1,350,000
Machine/ equipment						
Computers	2	3,000,000	6,000,000	5 years	1,200,000	600,000
Weight scale (large)	5	360,000	1,800,000	3 years	300,000	150,000
Truck	1	42,000,000	42,000,000	10 years	4,200,000	2,100,000
<i>Subtotal</i>					5,700,000	2,850,000
Furniture						
Meeting Table	3	100,000	300,000	5 years	60,000	30,000
Chairs	18	18,000	324,000	3 years	108,000	54,000
<i>Subtotal</i>					168,000	84,000
<i>Total</i>					8,568,000	4,284,000

This part is derived from the inventory of assets (equity). See Box in P7.

3.7.3 Total costs of the business

Having identified the direct and indirect costs (investment costs, running costs, and depreciation costs), the total cost will be calculated.

Example A-7.3: Total Costs of RUVEK Business

Cost category	Cost Item	Initial	Cost per season (Harvesting)	Cost per season (Lean)	Reference
Investment Costs	Truck	42,000,000			Ex. A-7.1
Working Capital					
Direct Costs	Raw material		71,400,000	80,700,000	Ex. A-7.2 (1)(2)
Running Costs	Salaries & Allowance		2,520,000	2,520,000	Ex. A-7.2(3)
	Energy & Commination		16,656,000	16,656,000	Ex. A-7.2(4)
	Miscellaneous		4,854,000	4,854,000	Ex. A-7.2(5)
Depreciation Costs	Building		1,350,000	1,350,000	Ex. A-7.2 (6)
	Machine/ Equipment		2,850,000	2,850,000	Ex. A-7.2 (6)
	Furniture		84,000	84,000	Ex. A-7.2 (6)
Total		42,000,000	99,714,000	109,014,000	

3.8 Source of Capital and Loan Repayment Schedule

This sub-section is required for the BP if it is used as a tool for loan application.

3.8.1 Source of Capital

After identifying the total cost of the business, the next step is to identify the source of capitals for each cost item. The sources of capital may include loan and own sources.

Example A: RUVEK intends to apply loan to procure a truck while using own sources for other cost items. Note that, in principle, a bank does not provide loan to the full amount of the investment (e.g. truck in this case). It requires portion born by a loan applicant. RUVEK attempts to apply the loan for Tsh 36 million while withdrawing Tsh 6 million from bank saving so as to pay the total cost of a truck Tsh 42 million.

Example A-8.1: Source of Capital

Cost category	Cost Item	Initial	Cost per season (Harvesting)	Cost per season (Lean)	Source of capital
Investment Costs	Truck	42,000,000			Loan (36mil) Own (6mil)
Working Capital					
Direct Costs	Raw material		71,400,000	80,700,000	Own sources
Running Costs	Salaries & Allowance		2,520,000	2,520,000	Own sources
	Energy & Commination		16,656,000	16,656,000	Own sources
	Miscellaneous		4,854,000	4,854,000	Own sources
Depreciation Costs	Building		1,350,000	1,350,000	Own sources
	Machine/ Equipment		2,850,000	2,850,000	Own sources
	Furniture		84,000	84,000	Own sources
Total		42,000,000	99,714,000	109,014,000	

To the table of Total Cost,
Just add one more column!

Table of Equity and Loan

Equity (own sources)	Loan	Total
6,000,000	36,000,000	42,000,000

3.8.2 Loan Repayment Schedule

After indicating which part of the costs is for loan, the BP needs to consider the repayment schedule, the condition for loan repayment depends on banks

Example A: RUVK intends to apply the loan to ABC bank. The bank provides the loan with the interest rate of 20% at reduced balance for 3 years. Since the loan amount is Tsh 36 million (ml.) for 3 years, it is Tsh 12 ml. per year to return to the bank as a principle. "The interest rate at reduced balance" means that, after returning 12 m. in Year 1, the amount of the balance for the loan is reduced to 24 ml. which becomes the opening balance of Year 2. The interest rate of 20% is applied to the balance amount (opening balance) in respective year. This means that the interest rate in Year 1 is 20 % of the 36 ml. and that in Year 2 is 20% of 24 ml.

Example A-8.2: Loan Repayment Schedule

Item			
Loan duration (years)	3		
Interest	20%		
Item per year	Year 1	Year 2	Year 3
1) Opening balance	36,000,000	24,000,000	12,000,000
2) Principal to return = 1) / 3 years	12,000,000	12,000,000	12,000,000
3) Closing balance = 1) - 2)	24,000,000	12,000,000	-
4) Interest = 1) * 20%	7,200,000	4,800,000	2,400,000
5) Loan repayment = 2) + 4)	19,200,000	16,800,000	14,400,000

3.9 Revenue of business

The revenue of business can be determined by price and quantities.

3.9.1 Price Setting

In general the price can be composed of the direct costs and the profit of the product. In determining the price, one must take into consideration i) competitiveness against rival products (including availability of others), ii) capability of customers to pay and iii) VAT.

3.9.2 Quantities

Quantities are the amount of volumes to sell to buyers. In preparing the BP, the following should be taken into account.

Quantities may vary throughout the implementation period. If you start a business from no background, quantities of the production tend to be small in initial stage of business implementation and increase over times. It is not realistic to estimate the full operation of the business from the beginning especially in case of using irrigation and factories. Another example is the seasonality in some season producing higher quantities while others little.

Example A: RUVEK has constant supply to their buyers, although their direct costs of procuring raw materials may change by season i.e. harvesting and lean seasons (Refer to 3.7.1). Price to their buyers may be reviewed but not to a large extent unlike the case of the direct costs.

Example A-9: Revenue of Business

Items	Quantity (kg/ month)	Unit price* (Tsh)	Amount per month	Amount per season	Amount per Year
Potatoes	1000	1,000	1,000,000	6,000,000	12,000,000
Tomatoes	1000	1,500	1,500,000	9,000,000	18,000,000
Lettuces	500	1,500	750,000	4,500,000	9,000,000
Cabbage	500	1,000	500,000	3,000,000	6,000,000
Zucchini	500	1,500	750,000	4,500,000	9,000,000
Cucumber	500	1,000	500,000	3,000,000	6,000,000
Beetroots	500	1,500	750,000	4,500,000	9,000,000
Carrot	2000	1,000	2,000,000	12,000,000	24,000,000
Broccoli	1000	1,000	1,000,000	6,000,000	12,000,000
Cauliflower	1000	1,000	1,000,000	6,000,000	12,000,000
Snow peas	1000	3,500	3,500,000	21,000,000	42,000,000
Colour peppers	500	9,000	4,500,000	27,000,000	54,000,000
Others	-	-	1,500,000	9,000,000	18,000,000
Total			19,250,000	115,500,000	231,000,000

* Note *: the unit price is the price to the customers (retailers).

3.10 Profit Examination

Having identified cost and revenue of business, the BP indicates how healthy (profitable) the business is and when you can return the money to the bank which you borrow. At least there are two major levels of the profit examination, i.e., i) per a time span (year or month) and ii) cash flow projection.

3.10.1 Profit examination per year (or month)

The profit per year or month is the important element of the BP, as it shows how profitable the business will be in a “normal” circumstance. The normal circumstance here is referred to as the situation without considering the burden of loan repayment on the business, indicating how much the business itself can gain.

Example A: RUVEK has two production cycles according to seasonality of procuring the vegetables from its members, namely harvesting season and lean season. Therefore the profit examination can be made per season. Remember that RUVEK has constant supply to retailers, which implies that the revenue is same across the seasons.

Example A-10.1: Profit examination per year of RUVEK

Item	Reference	1) Per cycle (Harvesting season)	2) Per cycle (Lean season)	3) Per year =1) + 2)
1) Revenue	Example A-9	115,500,000	115,500,000	231,000,000
2) Total Cost	Example A-7.3	99,714,000	109,014,000	208,728,000
3) Profit=1)-2)		15,786,000	6,486,000	22,272,000

3.10.2 Cash flow projection

After identifying the profit per year or month, the BP should demonstrate the flow of money over several years (months), including the amount of loans incoming to the business and investment costs. This demonstration, we call, cash flow projection. While the profit per year shows static status of the business, the cash flow projection indicates dynamic flow of money. It has the columns of Cash inflow and outflow, showing also the leftover/ profit of each year. Provided cash flow projection, a bank or supporter comes to recognize whether the business can return the loan without causing shortage of money.

Example A: RUVEK may obtain the loan of Tsh 36 million before Year 1 (i.e. Year 0) and then procure a truck at the price of Tsh 42 million with own sources of Tsh 6 million. The loan payment will start at the end of Year 1, following the repayment schedule as developed in Section 3.5.2.

Example A-10.2(1): Cash flow projection of RUVEK

Item	Reference	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Cash Inflow							
1) Loan from ABC bank		36,000,000					
2) Withdraw from saving		6,000,000					
3) Profit	Example 10-1		22,272,000	22,272,000	22,272,000	22,272,000	22,272,000
4) Inflow Total= 1)+2)+3)		42,000,000	22,272,000	22,272,000	22,272,000	22,272,000	22,272,000
Cash Outflow							
5) Investment (the truck)	Example A-7.2(1)	42,000,000					
6) Loan repayment	Example A-8.2		19,200,000	16,800,000	14,400,000		
7) Outflow Total=4)+5)		42,000,000	19,200,000	16,800,000	14,400,000	0	0
Net Cash flow=4)-7)		0	3,072,000	5,472,000	7,872,000	22,272,000	22,272,000
Net Cash flow Cumulative		0	3,072,000	8,544,000	16,416,000	38,688,000	60,960,000

This business is "healthy" because there is still profit In Year 1 even after returning the loan to the bank



Loan payment will be completed within 3 years. See Sec 3.8.2 also.

NPV and IRR

For the professional perspective of financial institutions, more elaboration may be made based on the cash flow projection above. They may apply specific criteria in decision making, namely Net Present Value (NPV) or Internal Rate of Return (IRR).

NPV is referred to as the sum of the present values of incoming and outgoing cash flows over a period of time. If the NPV is identified positive (NPV >0), the investment is worth doing. If it is negative (NPV <0), the investment shall not be undertaken. If it is zero (NPV=0), it shows break-even, i.e., no win and no loss.

IRR indicates the profitability of investments. If it is equal to or bigger than interest rate (IRR >= interest rate), the investment is worth doing. You can return money to a bank. If it is smaller than interest rate (IRR < interest rate), the investment shall not be undertaken. You may fail to return money to a bank.

Both of them can be calculated easily by Excel, applying the formulas. However, one should note that both analyses are to be made from the profession perspective of financial institutions, not from that of business owners. They intend to identify how healthy your business ALONE will be, without including their resources (i.e. without considering loan amounts). Therefore for the simplest and rough understanding, **the loan amount including repayment should be taken out from the cash flow projection** and then the formulas are to be applied.

The sample illustration is available below, showing the case of RUVK. However there must be no worry if you do not understand, perfectly, what NPV/IRR means and how to identify them. If the cash flow projection is well established, you may be able to obtain assistance from financial institutions or other supporters to identify them.

Example A-10.2(2): Identification of NPV and IRR

Item	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Cash Inflow						
—1) Loan from ABC bank	0					
2) Withdraw from saving	6,000,000					
3) Profit		22,272,000	22,272,000	22,272,000	22,272,000	22,272,000
4) Inflow Total= 1)+2)+3)	6,000,000	22,272,000	22,272,000	22,272,000	22,272,000	22,272,000
Cash Outflow						
5) Investment (the truck)	42,000,000					
—6) Loan repayment		0	0	0		
7) Outflow Total=4)+5)	42,000,000	0	0	0	0	0
Net Cash flow=4)-7)	-36,000,000	22,272,000	22,272,000	22,272,000	22,272,000	22,272,000
NPV=	25,505,761					
IRR=	55%					

Box: How to identify NPV and IRR using Excel?

Excel has functions of calculating NPV and IRR. If one put the formulas, it automatically gives the vales of them, as illustrated below.

C14 fx =NPV(20%,C13:H13)

Item	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Cash Inflow						
-1) Loan from ABC bank	0					
2) Withdraw from saving	6,000,000					
3) Profit		22,272,000	22,272,000	22,272,000	22,272,000	22,272,000
4) Inflow Total= 1)+2)+3)	6,000,000	22,272,000	22,272,000	22,272,000	22,272,000	22,272,000
Cash Outflow						
5) Investment (the truck)	42,000,000					
-6) Loan repayment		0	0	0		
7) Outflow Total=4)+5)	42,000,000	0	0	0	0	0
Net Cash flow=4)-7)	-36,000,000	22,272,000	22,272,000	22,272,000	22,272,000	22,272,000
NPV=	25,505,761					

The formula for NPV

= NPV (Interest rate, Area of Net cash flow)

=NPV (20%, C13:H13)

C15 fx =IRR(C13:H13,20%)

Item	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Cash Inflow						
-1) Loan from ABC bank	0					
2) Withdraw from saving	6,000,000					
3) Profit		22,272,000	22,272,000	22,272,000	22,272,000	22,272,000
4) Inflow Total= 1)+2)+3)	6,000,000	22,272,000	22,272,000	22,272,000	22,272,000	22,272,000
Cash Outflow						
5) Investment (the truck)	42,000,000					
-6) Loan repayment		0	0	0		
7) Outflow Total=4)+5)	42,000,000	0	0	0	0	0
Net Cash flow=4)-7)	-36,000,000	22,272,000	22,272,000	22,272,000	22,272,000	22,272,000
NPV=	25,505,761					
IRR=	55%					

The formula for IRR

=IRR (Area of Net cash flow, Interest rate)

=IRR (C13:H13, 20%)

4. Further Steps for Loan Application

Having assumed that the BP is prepared according to the guidance of Section 3, this Section presents further steps required to materialize loan applications. They are two major steps on this matter, namely i) quality check of the BP before submission and ii) other supporting documents for loan application.

4.1 Quality check of the BP before submission

As well as the case for other official documents, the BP should also be reviewed before submission to banks and other stakeholders, so as to assure the minimum quality of the BP. For the quality review, it is better to request someone who are not directly involved in the BP preparation to scrutinize it from the viewpoint of bankers. This may provide useful insights and advice on how to improve the contents. The following are some of key checkpoints in the quality review.

Quality Checklist of the BP

	Checkpoint	Yes/No
1	Clear purpose for applying loan Don't mention the purpose of your business. For example, to produce sunflower oil can be the purpose of business, but not that of applying loan. The loan purpose should be, e.g. to procure oil extracting machines (so as to produce sunflower oils).	
2	Specific names of buyers When it comes to specification of buyers, don't put such statements as "middlemen" or "milling companies." There is need to specify the name of individual and companies.	
3	Results of the market survey There is strong need to justify the potential of your business. There market survey should be undertaken before preparing the BP.	
4	Social justification Your business should be profitable not only to you but also to the supporters and society.	
5	Risk and its mitigation measures Note that any kinds of business has risk. Don't hesitate to show it.	
6	Proper calculation of cost, loan repayment, revenues and profits Review calculations once again before submitting to supporters.	
7	List all assets involved in business for depreciation costs Review your physical/ fixed assets used for business. But don't include broken one, which has no value at present time.	
8	No negative Net Cash flow in Year 1 in Cash flow If there is negative net cash flow in Year 1, you lose money. For such a case, no one is willing to provide loan and/or other supports. If negative, you need to EITHER inject money (e.g. from saving or borrowing) OR revisit costs and revenues to confirm whether they are appropriately calculated.	

	Date	Part 1	Part 2	Part 3	Part 4
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					

Small tips!

There are two types of loan, Investment Loan and Overdraft Loan. Investment Loan entails investment elements as illustrated in this document, while Overdraft loan is for offsetting or enhancing working capital without involving investment.

4.2 Other supporting documents for loan application

There is no doubt that the BP is an essential tool to make application of loan. But it is one of them. In principle, many financial institutions requires other supporting documents for the loan application in addition to the BP. Major items are as follows. However it should be noted that the required documents may vary depends on the type of borrowers and financial institutions and so do the formats for the documents. In any cases, it must be recognized that loan application is not merely made by borrower’s side, but by consultation between borrowers (farmers) and lenders (financial institutions).

- Official letter showing intentions to borrow
- Certificate of registration
- Contract or Intent letter of doing business from buyers
- Business licenses
- TIN certificates
- Audited financial accounts (past 3 years)
- Board resolution to borrow
- Official / Customary title deeds or any other security for the loan
- Bank statements
- CVs of the management staff of borrowers (the group or company)
- Price quotation (if purchasing machines and equipment)
- Bill of quantity (BOQ, if construction is involved)
- Legal consent of security owner if s/he does not belong to borrowers

Reference

Small Industries Development Organisation (SIDO), Training materials on business management (used for training of farmers groups in Lushoto DC in collaboration with DADP P&I TWG and JICA-RADAG), April 2014

PASS, Training materials on business planning and project management (used for training of trainers of National Facilitation Team in collaboration with DADP P&I TWG and JICA-RADAG), April 2014

Japan International Corporation Agency (JICA), *Micro Project Planning and Management Manual (version 3)*, Project on Children and Youth development in Kambia District of the Republic of Sierra Leone, 2008

JICA, *Guide for Participants in Training on Business Management, Study on Community-Based Integrated Watershed Management in Lacro and Comoro River Basins*, (2010).

Attachment 01: Simple format of the BP (Blank)

* Note that the format, contents and structures of the BP may vary in accordance with requirements of financial institutions. This attachment is just a simple template to meet minimum requirements of the BP. Once the BP is prepared based on this format, it helps to develop any kinds of the BPs in accordance with the requirements. .

1: Understanding of the business

Business Name		
Group name (Place)		
Group responsibilities		
Group size		
Business experience		
Business size (e.g. turnover or profit)		
Business model		
Roles in value chain		
Purpose of preparing this BP		

2: Marketing

Products to sell	
Area of production	
Where to sell	
Who are customers (Show specific names)	
Means of delivery	
Competitors	
Strengthens of your products compared to others	

Results of the market survey	
Proportion of your products in the market (much or less?)	
What is the most profitable product?	
Price setting. Is it different by customer?	
Challenges and way forward	

3: Technical Aspects

Location for investment (In case of infrastructure or land development)	
Size of the site for investment (In case of infrastructure or land development)	
Amount for investment (Indicate both the total and loan)	
Timing of investment	
Existing of facilities, equipment/ machine, and furniture used for business	
Operation & Maintenance (O&M)	
Procurement of inputs for business	

4: Social and Environmental Aspects

<p>Social Aspects</p> <p>Any positive impacts? (e.g. employment contribution, foreign exchange earnings, new technical innovation)</p> <p>Any negative impacts? If so, any mitigation measures?</p>	
<p>Environmental Aspects</p> <p>Any positive impacts?</p> <p>Any negative impacts? If so, any mitigation measures?</p>	

5: Management and Administration

Organizational Structure	
Registration status	<i>Registration No.</i>
Business licences	<i>Licence No.</i>
Tax information	<i>TIN:</i>
Title deeds obtained	
Audit report available	
Bank accountant used	<i>: Account No.</i>
Management System (e.g. meeting system, labour conflict resolution)	

6: Successful Risks and their mitigation measures

Successful facts	Risks	Mitigation measures

7: Costs of the Business

7.1: Investment Costs

Item	Quantity	Unit costs	Amount	Remark
<i>Total</i>				

7.2: Working capital

7.2.1: direct costs

Items	Quantity ()	Unit price* (Tsh)	Amount per ()	Amount per ()
Raw materials				
Others				
<i>Total</i>				

In many cases, the amount is based on month and year

7.2.2: Running costs

(1): Salaries/Allowance to Employee

Category	Quantity	Per day or unit	Amount per ()	Amount per ()	Remark
<i>Total</i>					

(2): Energy & Communication

Category	Quantity	Per day or unit	Amount per ()	Amount per ()	Remark
<i>Electricity / Gas</i>					
<i>Water</i>					
<i>Oil/ Charcoal</i>					
<i>Fuel</i>					
<i>Telephone/ Fax</i>					
<i>Total</i>					

(3): Miscellaneous

Category	Quantity	Per day or unit	Amount per ()	Amount per ()	Remark
<i>License</i>					
<i>Advertisement</i>					

<i>Insurance</i>					
<i>Meeting</i>					
<i>Tax</i>					
<i>Tools</i>					
Total					

7.2.3: Depreciation costs (Repair & Maintenance costs)

Category	Q'ty	Original Unit cost	Original cost Total	Life time	Depreciation Cost	
					Per year	Per month
Building						
<i>Subtotal</i>						
Machine/equipment						
<i>Subtotal</i>						
Furniture						
<i>Subtotal</i>						
Total						

7.3: Total Costs of the Business

Cost category	Cost Item	Initial	Cost per ()	Cost per ()	Reference
<i>Investment Costs</i>					
<i>Working capital</i>					
<i>Direct Costs</i>					
<i>Running Costs</i>	<i>Salaries & Allowance</i>				
	<i>Energy & Commination</i>				
	<i>Miscellaneous</i>				
<i>Depreciation Costs</i>	<i>Building</i>				
	<i>Machine/ Equipment</i>				
	<i>Furniture</i>				
Total					

8: Source of Capital and Loan Repayment Schedule

(1): Source of Capital

Cost category	Cost Item	Initial	Cost per season ()	Cost per season ()	Source of capital
<i>Direct Costs</i>	<i>Raw material</i>				
<i>Indirect Costs</i>					
<i>Investment Costs</i>					
<i>Running Costs</i>	<i>Salaries & Allowance</i>				
	<i>Energy & Commination</i>				
	<i>Miscellaneous</i>				
<i>Depreciation Costs</i>	<i>Building</i>				
	<i>Machine/ Equipment</i>				
	<i>Furniture</i>				
Total					

(2): Loan Repayment Schedule

Item			
Loan duration (years)			
Interest	%/ year or month		
Item per year	Year or month 1	Year or month 2	Year or month 3
1) Opening balance			
2) Principal to return =1)/ years			
3) Closing balance= 1)-2)			
4) Interest = 1)*20%			
5) Loan repayment= 2)+4)			

Add or reduce years or months as required.

9: Revenues of the Business

Items	Quantity ()	Unit price* (Tsh)	Amounts per ()	Amounts per ()	Amounts per ()
<i>Total</i>					

10: Profit Examination

10.1: Profit examination per year or month

Item	Reference	Amount per ()	Amount per ()
1) Revenue			
2) Total Cost			
3) Profit=1)-2)			

10.2: Cash flow projection

Cash flow projection

Item	Reference	Year or month 1	Year or month 2	Year or month 3	Year or month 4	Year or month 5
Cash Inflow						
1) Loan						
2) Withdraw from saving						
3) Profit						
4) Total= 1)+2)+3)						
Cash Outflow						
5) Investment (the truck)						
6) Loan repayment						
7) Total=5)+6)						
Net Cash flow=4)-7)						
Net Cash flow Cumulative						

NPV and IRR

Item	Reference	Year or month 1	Year or month 2	Year or month 3	Year or month 4	Year or month 5
Cash Inflow						
1) Loan	0					
2) Withdraw from saving						
3) Profit						
4) Total= 1)+2)+3)						
Cash Outflow						
5) Investment (the truck)						
6) Loan repayment	0	0	0	0	0	0
7) Total=5)+6)						
Net Cash flow=4)-7)						
NPV						
IRR	%					

Attachment 02: Sample of the BP (Example B: Sugarcane production business)

Example of Business Plan in sugar production for 15 acres

1: Understanding of the Business

<i>Business Name</i>	<i>Sugarcane production</i>	
<i>Group name (Place)</i>	<i>Muyengi Co. Ltd. (Bagamoyo DC)</i>	
<i>Group responsibilities</i>	<i>Manager</i>	<i>Ms. AAA (Mob. 07##-###-###)</i>
	<i>Secretary</i>	<i>Ms. BBB (Mob. 07##-###-###)</i>
	<i>Accountant</i>	<i>Mr. CCC (Mob. 07##-###-###)</i>
<i>Group size</i>	<i>Muyengi Co. has 10 employees including 7 workers working in the sugarcane farm land of 15 acres.</i>	
<i>Business experience</i>	<i>Muyengi Co. is a newly established company aiming at producing and selling sugarcane to the Eco Energy Co. which has been actively purchasing sugarcane in the area for the production of bio-fuel.</i>	
<i>Business size (e.g. turnover or profit)</i>	<i>Our business expects to produce profit of around Tsh ... million per year.</i>	
<i>Business model and roles in the value chain</i>	<p><i>Muyengi Co. has a management team composed of three staff, i.e. Manager, Secretary and Accountant, while there is a group of workers responsible for activities in the field. The group is led by a foreman under which 6 workers are arranged according to their expertise and experience while they also work as a team.</i></p> <p><i>Background of the major staff of the company is as follows:</i></p> <ol style="list-style-type: none"> <i>1) Manager: He has 15 year experience in sugarcane production and marketing. He worked as a secretary for the last three years in a company specialized in sugarcane processing.</i> <i>2) Secretary: He has 10 year experience in a local factory processing sugarcane. He himself has been growing sugarcane and selling the products to the local markets.</i> <i>3) Accountant: She has been working at a local microfinance NGO for the last five years in charge of financial record keeping of the organization.</i> <i>4) Foreman: He has worked in sugarcane production for the last 20 years. He was also a foreman in his previous company which was in Rufiji DC.</i> <i>5) Field workers: They have expertise in such sub-field as post-harvesting, pest control, agro-chemical, irrigation. Their experience varies from minimum 3 years to maximum 15 years.</i> <p><i>The company is newly established by taking advantage of the rapidly increasing demand in Bagamoyo area for sugarcane. The demand is caused by the Eco Energy Co. which has set up a factory for bio-fuel production in response to the global surge of bio-fuel demand.</i></p> <p><i>The company' major business is sugarcane production. The company has competitive advantage in the production due to the use of the most advanced variety of the crop which needs shorter period for maturing, stronger resistance to draught and disease and higher contents of sugar than conventional ones.</i></p> <p><i>The company will bring about increase of income to the employees. In addition if the company is successful in business it shows the advantage of the new variety of sugarcane stimulating farmers around the area to convert their variety from conventional to the new one. Also the company should be a good model for the farmers in the area to be proactive in capturing opportunities available in the commercial farming.</i></p>	

2: Marketing

Products to sell	<i>Sugarcane (raw)</i>
Area of production	<i>Bagamoyo</i>
Where to sell	<i>Bagamoyo (factory of processing)</i>
Who are customers (Show specific names)	<i>Eco Energy</i>
Means of delivery	<i>(How do you sell) The company directly brings to the customer by a track.</i>
Competitors	<i>Bagamoyo sugar AMCOS, Charinze farmers group</i>
Strengthens of your products compared to others	<i>The company adopts the most advanced variety of sugarcane. The variety has following advantages: 1) Variety has high sugar contents. 2) Short period for maturing (quick turnover) 3) Disease and drought resistance 4) Direct delivery to the factory</i>
Results of the market survey	<i>The company carried out market surveys and found out following characteristics: 1) Sugarcane supply is in short in general because of global increase in bio-fuel demand. 2) Eco Energy will expand their production in response to the global demand for bio-fuel. 3) Eco Energy and the company has a contract where the former agrees on buying sugarcane from the latter for the next 3 years. 4) There is a plan by another company (Bio Energy Co. Ltd.) to construct a new sugarcane factory.</i>
Proportion of your products in the market (much or less?)	<i>(% in the Eco energy) This is a new business so that we do not know the proportion. This project is to produce 300 ton/year. This volume corresponds to approximately 10% of the total annual sugarcane purchase of Econ Energy.</i>
What is the most profitable product?	<i>Sugarcane</i>
Price setting. Is it different by customer?	<i>Because of advantages of the variety and business operation, we expect the price 5% higher than the competitors.</i>
Challenges and way forward	<i>Timely delivery of products to the factory. -> To start preparation of delivery earlier and keep close communication with the Eco Energy. Price is determined by the Eco Energy. -> To appeal good quality of our sugarcane and negotiate for better price.</i>

3: Technical Aspects

Location for investment (In case of infrastructure or land development)	<i>Bagamoyo</i>
Size of the site for investment (In case of infrastructure or land development)	<i>15 acre</i>
Amount for investment (Indicate both the total and loan)	<i>Total annual cost for the operation is Tsh. Investment is Tshin total (covering all costs for operation and initial costs for facilities and equipment), out of which, Tsh is required through loan from a bank. Remaining is covered by from bank saving and from members' contribution.</i>
Timing of investment	<i>Starting in June 2015, no phasing in project.</i>
Existing of facilities, equipment/ machine, and furniture used for business	<i>Facility: office building and collection centres Equipment/ machines: Hand hoe, tractors and trucks (hiring), computers and weight scales</i>

	<i>Furniture: tables, chairs and bookshelves</i>
Operation & Maintenance (O&M)	<i>Maintenance for office building, collection centre, computers and weight scales. Usually around Tsh is allocated for maintenance of all facilities, equipment/ machines, and furniture.</i>
Procurement of inputs for business	<i>Input procurement: we procure the improved variety from ASA. Fertilizer and agro-chemicals procurement: purchase from YARA. Hiring of tractors and trucks: from Osman Tractor and Machine Hiring Co.</i>

4: Social and Environmental Aspects

Social Aspects Any positive impacts? (e.g. employment contribution, foreign exchange earnings, new technical innovation) Any negative impacts? If so, any mitigation measures?	<i>Positive aspects</i> <ul style="list-style-type: none"> • <i>Creating employment opportunities and their welfare</i> • <i>To show neighbours that by taking advantage of market trend and new technology (variety), business is possible with a small start.</i> • <i>To explore a new market (bio fuel) of sugarcane.</i>
Environmental Aspects	<i>No environmental impact.</i>

5: Management and Administration

Organizational Structure	<pre> graph TD Manager[Manager] --- Accountant[Accountant] Manager --- Secretary[Secretary] Manager --> Foreman[Foreman] Foreman --> FW1[Field Worker] Foreman --> FW2[Field Worker] Foreman --> FW3[Field Worker] Foreman --> FW4[Field Worker] Foreman --> FW5[Field Worker] Foreman --> FW6[Field Worker] Foreman --> FW7[Field Worker] </pre>
If Registration status	<i>Registration No. (to be obtained)</i>
Business licences	<i>Licence No. (to be obtained)</i>
Tax information	<i>TIN: (to be obtained)</i>
Title deeds obtained	<i>Nil</i>
Audit report available	<i>Nil.</i>
Bank accountant used	<i>NMB Bagamoyo Branch No. xxxxxxxxxx</i>
Management System (e.g. meeting system, labour conflict resolution)	<i>The management consists of 3 people: Manager, Secretary and Accountant. Their experience and expertise are described in "1. General Introduction of the Business". They meet daily and communicate closely with the field workers who are represented and supervised by the foreman. Due to the small structure of the company, management should be aware of the field situation almost on daily basis.</i>

6: Successful factors, risks and their mitigation measures

Successful factors	Risks	Mitigation measures
Reliable production	Flooding	The company builds spillway canal at every corner of the sugarcane field enabling excess water run away to the river or nearby areas.

Costs and Profit of the Business

✧ *Project duration: 5 years*

1. Investment costs calculation

In this sugarcane project, investment costs include those for collection centres, equipment and furniture. Details of the item are available in Table 6.

Table 1: Investment cost

Item	Quantity	Unit cost	Cost
Collection center	3	15,000,000	45,000,000
Equipment/Machine	1	16,200,000	16,200,000
Furniture	1	5,850,000	5,850,000
Total			67,050,000

2. Working capital

2.1 Direct cost :

These are for the production, related to physical activities of production except for company staff (manpower) which is under "Indirect costs".

Table 2: Direct costs [Annual]:

Item	Unit	Total Unit	Cost per unit (Tsh)	Total cost
Land preparation (clearing)	acre	15	40,000	600,000
Ploughing	acre	15	30,000	450,000
Harrowing	acre	15	40,000	600,000
Planting	acre	15	50,000	750,000
Fertilizer (50kg(bag)/acre)	acre	15	40,000	600,000
Fertilizer application (Labour)	acre	15	20,000	300,000
Seed (1000 cuttings /acre)	acre	15	100,000	1,500,000
Weeding	acre	15	50,000	750,000
Harvesting	acre	15	60,000	900,000
Transport (20 tones/acre x 15 acre)	ton	300	30,000	9,000,000
Total production costs (Direct costs)				15,450,000

Table 3: Direct costs with expenditure cycle (monthly layout) [Annual]:

Item/month	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Cost
Land preparation (clearing)	600,000												600,000
Ploughing	450,000												450,000
Harrowing	600,000												600,000
Planting		750,000											750,000
Fertilizer		600,000											600,000
Fertilizer application (Labour)		300,000											300,000
Seed (1000 cuttings /acre)		1,500,000											1,500,000
Weeding					750,000								750,000
Harvesting										900,000			900,000
Transport (20 tonnes/acre)										9,000,000			9,000,000
Total cost	1,650,000	3,150,000	0	0	750,000	0	0	0	0	9,900,000	0	0	15,450,000

2.2 Running costs [Annual]:

Table 4: Manpower cost

Personnel	Monthly bill	Number	Duration	Total cost
Manager	500,000	1	12	6,000,000
Accountant	300,000	1	12	3,600,000
Secretary	200,000	1	12	2,400,000
Foreman	150,000	1	12	1,800,000
Field worker	100,000	3	12	3,600,000
Total				17,400,000

Table 5: Miscellaneous cost (Overhead cost) [Annual]

Item/Month	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Cost
Transport										100,000			100,000
Communication	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	30,000	10,000	10,000	140,000
Office rent	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	240,000
Office maintenance	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	600,000
Office work (stationary, meeting etc.)	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
Company registration	500,000												500,000
Levy (8% of revenue)												720,000	720,000
Total	590,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	210,000	90,000	810,000	2,420,000

Note: Transport cost takes place in the 10th month because that is the time the company brings the sugarcane to the Eco Energy Co. Similarly, communication cost mostly occurs in the 10th month during the output transport to the Eco Energy.

2.3 Depreciation cost [Annual]:

Table 6: Depreciation costs (Operation & maintenance costs)

Category	Q'ty	Original Unit Cost	Orig. Total Cost	Service life (years)	Depreciation Cost	
					per Year	per Month
Physical facility						
<i>Collection center</i>	3	15,000,000	45,000,000	50	900,000	
>> Subtotal (Physical facility)			45,000,000		900,000	
Equipment/Machine						
<i>Field tools (Handhoe, sheckel, etc.)</i>	20	10,000	200,000	5	40,000	
<i>Computer</i>	1	1,000,000	1,000,000	5	200,000	
<i>Weight scale</i>	3	5,000,000	15,000,000	10	1,500,000	
>> Subtotal (Eqpmt/Machne)			16,200,000		1,740,000	
Furniture						
<i>Table/Desk</i>	9	300,000	2,700,000	10	270,000	
<i>Chair</i>	30	100,000	3,000,000	10	300,000	
<i>Bookshelf</i>	3	50,000	150,000	10	15,000	
>> Subtotal (Furniture)			5,850,000		585,000	
Total costs			67,050,000		3,225,000	

3. Total costs of the business (Annual base)

Table 7: Total costs for the business [Annual]

Cost category	Cost item	Initial (Investment)	Cost per Year (Working capital)	Total
Investment cost	Collection centre	45,000,000		45,000,000
	Equipment/Machine	16,200,000		16,200,000
	Furniture	5,850,000		5,850,000
Working capital				
Direct costs	Direct costs		15,450,000	15,450,000
Running costs	Manpower cost		17,400,000	17,400,000
	Miscellaneous cost		2,420,000	2,420,000
Depreciation costs	Physical facility		900,000	900,000
	Equipment/Machine		1,740,000	1,740,000
	Furniture		585,000	585,000
Total costs		67,050,000	38,495,000	105,545,000

4. Source of capital and loan repayment schedule

Table 8(a): Source of capital

Cost category	Cost item	Initial (Investment)	Cost per Year (Working capital)	Total	Source of Capital
Investment cost	Collection centre	45,000,000		45,000,000	Loan
	Equipment/Machine	16,200,000		16,200,000	Loan
	Furniture	5,850,000		5,850,000	Loan
Working capital					
Direct costs	Direct costs		15,450,000	15,450,000	Own source
Running costs	Manpower cost		17,400,000	17,400,000	Own source
	Miscellaneous cost		2,420,000	2,420,000	Own source
Depreciation costs	Physical facility		900,000	900,000	Own source
	Equipment/Machine		1,740,000	1,740,000	Own source
	Furniture		585,000	585,000	Own source
Total costs		67,050,000	38,495,000	105,545,000	

Table 8(b): Table of Equity and Loan

Loan	Equity (own sources)	Total
67,050,000	38,495,000	105,545,000

4.2 Loan payment

Table 9: Loan repayment Schedule: *Conditions: Loan duration = 4 years, Interest rate = 20%, Grace period = 12 months.*

Item per year	Y0	Y1	Y2	Y3	Y4	Y5
	(Beginning of Y1)	(End of Y1)	(End of Y2)	(End of Y3)	(End of Y4)	(End of Y5)
Opening balance	67,050,000	67,050,000	67,050,000	50,287,500	33,525,000	16,762,500
	(Loan received)	(End of Grace Period)				
Principal	0	0	16,762,500	16,762,500	16,762,500	16,762,500
Interest	0	0	13,410,000	10,057,500	6,705,000	3,352,500
Loan repayment	0	0	30,172,500	26,820,000	23,467,500	20,115,000
Closing balance	67,050,000	67,050,000	50,287,500	33,525,000	16,762,500	0

5. Revenue of the Business

Table 10: Revenue [Annual]

Revenue	Quantity sold	Price per tones	Revenue
	(tones)	(Tsh.)	
Sugar cane (tones)	300	200,000	60,000,000
Revenue			60,000,000

6. Profit examination [Annual Base]

6.1: Profit examination per year or month

Having identified the total cost and revenues per year, the profit of the Muyengi Co.'s business will be estimated as follows.

Table 11: Revenue [Annual]

Item	Y1-Y5
1) Revenue	60,000,000
2) Total Cost	38,495,000
3) Profit=1) - 2)	21,505,000

6.2: Cash flow over the Project period

Table 12: Cash flow projection

Item/Year	Y0	Y1	Y2	Y3	Y4	Y5
	(Beginning of Y1)	(End of Y1)	(End of Y2)	(End of Y3)	(End of Y4)	(End of Y5)
<i>Cash inflow</i>						
1) Loan from ZZZ Bank	67,050,000					
2) Withdraw from saving	38,495,000					
3) Contribution of members						
4) Profit		21,505,000	21,505,000	21,505,000	21,505,000	21,505,000
Total inflow [1) +2) +3) +4)]	105,545,000	21,505,000	21,505,000	21,505,000	21,505,000	21,505,000
<i>Cash outflow</i>						
5) Investment	67,050,000					
6) Loan repayment		0	30,172,500	26,820,000	23,467,500	20,115,000
Total outflow [5) +6)]	67,050,000	0	30,172,500	26,820,000	23,467,500	20,115,000
Net cash flow (Inflow-outflow)	38,495,000	21,505,000	-8,667,500	-5,315,000	-1,962,500	1,390,000
Net cash flow cumulative	38,495,000	60,000,000	51,332,500	46,017,500	44,055,000	45,445,000

Note: For each year, the net cash flow cumulative should be bigger than the cost of working capital (Tsh 38,495,000) because most of the costs need to be spent before harvesting and selling sugarcane (i.e before gaining the income). If the net cash flow cumulative in a year is less than the working capital next year, this implies that the company cannot make necessary expenditures for the production next year. This is a unique feature of agri-business. Seasonality of gaining income should be put in mind.

6.3 NPV and IRR

Table 13: Calculation of NPV and IRR

For the calculation of NPV and IRR, loan reception and payment are not considered because NPV/ IRR are indicators that measure the feasibility (or viability) of a project (investment) against possible loans.

Item/Year	Y0	Y1	Y2	Y3	Y4	Y5
	(Beginning of Y1)	(End of Y1)	(End of Y2)	(End of Y3)	(End of Y4)	(End of Y5)
<i>Cash Inflow</i>						
1) Loan from ZZZ Bank						
2) Withdraw from saving	38,495,000					
3) Contribution of members						
4) Profit		21,505,000	21,505,000	21,505,000	21,505,000	21,505,000
Total inflow [1) +2) +3) +4)]	38,495,000	21,505,000	21,505,000	21,505,000	21,505,000	21,505,000
<i>Cash outflow</i>						
5) Investment	67,050,000					
6) Loan repayment						
Total outflow [5) +6)]	67,050,000	0	0	0	0	0
Net cash flow	-28,555,000	21,505,000	21,505,000	21,505,000	21,505,000	21,505,000
NPV (22%)=	27,071,781					
IRR=	70%					

Attachment 03: Sample of the BP (Example C:Chicken Business)

1: Understanding of the business

Business Name	<i>CHICKEN BUSINESS</i>																																																																																																											
Group name (Place)	<i>CATHY'S CHICKEN PARLOUR (CCP) / Sinze at Lushoto DC</i>																																																																																																											
Group responsibilities	<i>Managing Director</i>		<i>Ms. Catherine Joseph Hayuma</i>																																																																																																									
	<i>Accountant</i>		<i>Mr. Samwel Kudar</i>																																																																																																									
	<i>Production Manager</i>		<i>Mr. Ippei Itakura</i>																																																																																																									
Group size	<i>26 workers including 1 meat inspector, 5 slaughterers, 8 chicken growers, 4 marketing staff, 4 cleaners and 4 security guards.</i>																																																																																																											
Business experience	<p><i>No experience as the company. CCP is newly established and is ready to register as a trustee institution under RITA.</i></p> <p><i>Managing Director (Ms. Catherine Joseph Hayuma) has almost 10 year experience of sales manager for Sun Fresh Poultry Co., ltd in Tanga City .</i></p>																																																																																																											
Business size (e.g. turnover or profit)	<i>The profit of the 1st year (FY2013/14) is estimated at around 15.000 USD. Afterwards, it may reach 27,000 USD per year. The 1st year needs "chick-raising time" to produce meat and eggs.</i>																																																																																																											
Business models and Roles in the value chain	<p><i>The fiscal year of our business is from November to October.</i></p> <p><u>Meat production and by-products</u></p> <p><i>1000 broilers will be purchased in October 2013. The production will start from November 2013. The initial sale may be 900 heads but it will reach the max sale of 1000 heads after 3 months, i.e. from February 2014 onwards.</i></p> <p><i>The by-products include tripe, liver, heads, and legs. It is assumed that for every 10 chickens slaughtered, 1 kg of the by-products will be produced. Hence, during the first 3 months (i.e. from Nov. 2014– Jan.2015) it is estimated that 90 kg of the by-products will be obtained. After then, the production may be stable at 100 kg per month.</i></p> <p style="text-align: center;">Table 1: Production plan of meat and by-products</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>FY</th> <th>Month</th> <th>1)Opening inventory (heads)</th> <th>2) Purchase (heads)</th> <th>3) Total = 1) +2) (heads)</th> <th>4) Sale (heads slaughtered)</th> <th>5) Closing = 3) -2) (heads)</th> <th>By-products obtained (kg)</th> </tr> </thead> <tbody> <tr> <td></td> <td>Oct-13</td> <td>0</td> <td>1000</td> <td>1000</td> <td>0</td> <td>1000</td> <td></td> </tr> <tr> <td rowspan="11" style="writing-mode: vertical-rl; transform: rotate(180deg);">FY2013/14</td> <td>Nov-13</td> <td>1000</td> <td>1000</td> <td>2000</td> <td>900</td> <td>1100</td> <td>90 kg</td> </tr> <tr> <td>Dec-13</td> <td>1100</td> <td>1000</td> <td>2100</td> <td>900</td> <td>1200</td> <td>90 kg</td> </tr> <tr> <td>Jan-14</td> <td>1200</td> <td>1000</td> <td>2200</td> <td>900</td> <td>1300</td> <td>90 kg</td> </tr> <tr> <td>Feb-14</td> <td>1300</td> <td>1000</td> <td>2300</td> <td>1000</td> <td>1300</td> <td>100 kg</td> </tr> <tr> <td>Mar-14</td> <td>1300</td> <td>1000</td> <td>2300</td> <td>1000</td> <td>1300</td> <td>100 kg</td> </tr> <tr> <td>Apr-14</td> <td>1300</td> <td>1000</td> <td>2300</td> <td>1000</td> <td>1300</td> <td>100 kg</td> </tr> <tr> <td>May-14</td> <td>1300</td> <td>1000</td> <td>2300</td> <td>1000</td> <td>1300</td> <td>100 kg</td> </tr> <tr> <td>Jun-14</td> <td>1300</td> <td>1000</td> <td>2300</td> <td>1000</td> <td>1300</td> <td>100 kg</td> </tr> <tr> <td>Jul-14</td> <td>1300</td> <td>1000</td> <td>2300</td> <td>1000</td> <td>1300</td> <td>100 kg</td> </tr> <tr> <td>Aug-14</td> <td>1300</td> <td>1000</td> <td>2300</td> <td>1000</td> <td>1300</td> <td>100 kg</td> </tr> <tr> <td>Sep-14</td> <td>1300</td> <td>1000</td> <td>2300</td> <td>1000</td> <td>1300</td> <td>100 kg</td> </tr> <tr> <td>Oct-14</td> <td>1300</td> <td>1000</td> <td>2300</td> <td>1000</td> <td>1300</td> <td>100 kg</td> </tr> </tbody> </table>							FY	Month	1)Opening inventory (heads)	2) Purchase (heads)	3) Total = 1) +2) (heads)	4) Sale (heads slaughtered)	5) Closing = 3) -2) (heads)	By-products obtained (kg)		Oct-13	0	1000	1000	0	1000		FY2013/14	Nov-13	1000	1000	2000	900	1100	90 kg	Dec-13	1100	1000	2100	900	1200	90 kg	Jan-14	1200	1000	2200	900	1300	90 kg	Feb-14	1300	1000	2300	1000	1300	100 kg	Mar-14	1300	1000	2300	1000	1300	100 kg	Apr-14	1300	1000	2300	1000	1300	100 kg	May-14	1300	1000	2300	1000	1300	100 kg	Jun-14	1300	1000	2300	1000	1300	100 kg	Jul-14	1300	1000	2300	1000	1300	100 kg	Aug-14	1300	1000	2300	1000	1300	100 kg	Sep-14	1300	1000	2300	1000	1300	100 kg	Oct-14	1300	1000	2300	1000	1300	100 kg
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Oct-14	1300	1000	2300	1000	1300	100 kg																																																																																																						

Egg and Aged layers

The 1st batch of 1000 layers will be purchased in October 2013, which starts dropping eggs from April 2014. After 1-year production of eggs, the layers become aged and will be sold (April 2015). In order to avoid dormant in production, the 2nd batch will be purchased in October 2014. This will start egg production from April 2015, succeeding the 1st batch. The average production from 1000 layers is estimated at 900 trays/ month with one tray of 30 eggs.

Table 2: Production cycle of eggs and aged layers

FY	Month	Purchasing layers (Cost)	Sale of Eggs with tray (Revenue)	Selling layers (Revenue)	Remark
	Oct-13	1000 heads	0		Purchase of 1000 layers is investment
FY2013/14	Nov-Mar	0 heads	0		Just raising the layers (no production)
	Apr-14	0 heads	900 trays		
	May-14	0 heads	900 trays		
	Jun-14	0 heads	900 trays		
	Jul-14	0 heads	900 trays		
	Aug-14	0 heads	900 trays		
	Sep-14	0 heads	900 trays		
	Oct-14	1000 heads	900 trays		1st batch Purchase of 1000 layers is direct cost.
	FY2014/15	Nov-14	0 heads	900 trays	
Dec-14		0 heads	900 trays		
Jan-15		0 heads	900 trays		
Feb-15		0 heads	900 trays		
Mar-15		0 heads	900 trays		
Apr-15		0 heads	900 trays	1000 heads	Selling the first batch of 1000 layers
May-15		0 heads	900 trays		
Jun-15		0 heads	900 trays		
Jul-15		0 heads	900 trays		
Aug-15		0 heads	900 trays		
Sep-15		0 heads	900 trays		
Oct-15	1000 heads	900 trays		2nd batch Purchase of 1000 layers is direct cost.	

Business Systems and Skills

- I. Chicks will be received at the off-loading bay where they will be inspected by both veterinary officer and business quality controller.
- II. The chicks will be placed in eight different chicken rearing rooms with a capacity of 250 each. These will include 1000 chicks for layers and 1000 chicks for broilers.
- III. In the chickens rearing rooms, the routine procedure of feeding, watering, injecting, spraying and cleaning will always be undertaken to ensure hygiene. The required period will be 6 weeks for chicken meat to be ready for consumption. For the layers, it takes 6 months before they start laying eggs.
- IV. After 6 weeks, those chickens which shall have the weight of 1 kg will be taken to slaughter room. For those which will be underweight will be given more time to increase in weight.
- V. Upon being slaughtered, the chickens will be packed in small plastic bags and then either sold directly to the customers or refrigerated a waiting the orders.
- VI. The by- products such as head, intestines, heart, lungs, liver and legs will always be sold to the waiting customers.

Purpose of preparing this BP

The purposes of preparing this BP are as follows:

- i. To secure initial costs of renting a building for the business;
- ii. To establish basic infrastructures for the business, including procuring equipment and obtaining institutional status; and
- iii. To secure initial costs of purchasing chickens.

2: Marketing

Products to sell	<p><i>The sales will be made in 4 different products</i></p> <ol style="list-style-type: none"> 1. <i>Chicken meat (broilers)</i> 2. <i>By-products (e.g. tripe, liver, heads, and legs)</i> 3. <i>Eggs with tray containing 30 units</i> 4. <i>Aged layers</i>
Area of production	<i>Lushoto DC</i>
Where to sell	<i>Sinza community and the neighboring communities</i>
Who are customers (Show specific names)	<p><i>Meats and eggs will attract both rich and average income earners, including hotels and restaurant, since the products will be sold at different small units.</i></p> <p><i>The by-products such as tripe (intestine), liver, head and legs will be sold to lower-income consumers and soup makers around.</i></p> <p><i>Aged layers are sold to nearby restaurants such as Jokky's dish.</i></p>
Means of delivery	<p><i>The shop building that CCP intends to rent is along the main road and thus convenient for customers to come.</i></p> <ol style="list-style-type: none"> 1. <i>The slaughtered chickens will be packed in small plastic bags and then either sold directly to customers coming to the shop or refrigerated a waiting the orders.</i> 2. <i>The by- products such as head, intestines, heart, lungs, liver and legs will always be sold to the waiting customers.</i> 3. <i>The egg trays will be sold at the shop or delivered to customers according to the order.</i> 4. <i>Aged layers will be sold as a living bird</i>
Competitors	<p><i>The competitors are the local poultry keepers around who deal in selling indigenous chicken. However, it will have a niche over these local producers since customers would want to buy chicken meat which is not stale, an element which other poultry keepers do not offer. With reference to other sellers in other communities, the production will also be stable due to the system using production cycle. Other competitors have sometimes enough and in other times insufficient stock of the products.</i></p>
Strengthens of your products compared to others	<p><i>Characteristics of the business's product</i></p> <ol style="list-style-type: none"> i. <i>Fresh Hygiene chicken meat, free from sickness;</i> ii. <i>Constant in supply; and</i> iii. <i>Reasonable prices.</i>
Results of the market survey	<p><i>Market high concentration has been observed in beef, goat meat, and mutton as well as local chicken. But the production of local chicken is not stable and systemized, depending on household level production. So, there is a good market opportunity to supply broilers' meets and eggs in a systematic way.</i></p>
Proportion of your products in the market	<i>So far no production and thus no share in the market</i>
What is the most profitable product?	<i>Chicken meat and eggs</i>
Price setting. Is it different by customer?	<p><i>The products will be priced as follows:</i></p> <ol style="list-style-type: none"> (i) <i>A six week (1kg) chicken will be sold at US\$ 4,</i> (ii) <i>1 kilogram of by-product will be sold at US\$ 2.</i>

	<p>(iii) 1 tray of eggs of 30 eggs will be sold at US\$ 8 and</p> <p>(iv) A one and half year layer (3kgs) will be sold at US\$10</p> <p>However, the price of products can change in accordance with the changes in the cost of production.</p>
Challenges and way forward	<p>Challenges: Presence of competitors on the same products and indirect competitors selling products like red meats.</p> <p>Way forward: Advertising and promotion.</p> <ol style="list-style-type: none"> 1. The business will penetrate the market through extensive promotion using various forms of media such as posters and painting on the walls of shops and buildings; radio which is locally listened; and billboards which will be strategically placed on the main and busy roads. These billboards will be attractive in order to catch the attention of the passersby. 2. Attractive packaging methods that will be easy to handle 3. Constant supply due to outstanding distribution strategy of depots

3: Technical Aspects

Location for investment (In case of infrastructure or land development)	<p>The proposed location will be at Sinza in Lushoto District.</p> <p>This are will serve as the best location in the district, because it has main road and is more densely populated and surrounded by many bars, guest houses, a university, schools, small business enterprises and good infrastructure in terms of electricity and water.</p>
Size of the site for investment (In case of infrastructure or land development)	<p>The shop building occupies around 900 m². There is also the yard of 400 m² adjacent to the building.</p>
Amount for investment (Indicate both the total amount of investment and the loan amount)	<p>26,800 USD for investment and working capitals. Out of this, 20,000 USD is required from loan and 6,800 USD will be secured from own equity (bank savings).</p>
Timing of investment	<p>Out of US\$26,800,</p>
Existing of facilities, equipment/ machine, and furniture used for business	<p>No existing facilities, as this is a new business.</p>
Operation & Maintenance (O&M)	<p>No complex machines are used for the business. But 100 USD will be secured for maintenance of rearing rooms.</p>
Procurement of inputs for business	<p>Chicks will be procured from Sun Fresh Poultry Co., ltd in Tanga City</p>

4: Social and Environmental Aspects

<p>Social Aspects</p> <p>Any positive impacts? (e.g. employment contribution, foreign exchange earnings, new technical innovation)</p> <p>Any negative impacts? If so, any mitigation measures?</p>	<p>Positive aspects</p> <ul style="list-style-type: none"> • Creating employment opportunities and their welfare • Bring the market to Chicken feed manufacturers and livestock medicine shops • The contribution to the government revenue will also be enhanced through tax payment and license acquisition. It is therefore due to these benefits that the proprietor of the societies
<p>Environmental Aspects</p> <p>Any positive impacts?</p> <p>Any negative impacts? If so, any mitigation measures?</p>	<p>Negative aspects</p> <ul style="list-style-type: none"> • Excrements of chickens <p>Measures to be undertaken: employing cleaning staff and selling or offering collected excrements to farmers as manure.</p>

5: Management and Administration

Organizational Structure	<pre> graph TD MD[Managing Director] --- A[Accountant] MD --> PM[Production manager] PM --> MBP[Meat and by-product section] PM --> EAL[Egg and Aged layer section] </pre>
Registration status	<i>Registration No. (to be obtained)</i>
Business licences	<i>Licence No. (to be obtained)</i>
Tax information	<i>TIN: (to be obtained)</i>
Title deeds obtained	<i>Nil</i>
Audit report available	<i>Nil.</i>
Bank accountant used	<i>NMB Lushoto Branch: Account No. 123456789</i>
Management System (e.g. meeting system, labour conflict resolution)	<p><i>The 29 workers will work in two shifts. Other benefits to employees will include training, medical, housing and performance incentives such praise, salary increment annually, promotions and retirement benefits.</i></p> <p><i>We have also a plan to holding monthly meeting with bank officers to monitor performance of business.</i></p>

6: Successful factors, risks and their mitigation measures

Successful factors	Risks	Mitigation measures
<i>Fresh Hygiene chicken meat</i>	<i>Bird fever</i>	<i>Allocating enough budget to medicine Participating in training provided by Lushoto DC</i>
<i>Constant supply</i>	<i>Electricity cut off</i>	<i>Procuring a generator</i>

7: Costs of the Business

7.1: Investment costs

The CCP will procure the following items as investment.

Item	Quantity	Unit costs	Cost	Remark
Refrigerators	4	800	3,200	
Computers	3	800	2,400	
Weighing scales	4	50	200	
Generator	1	2,800	2,800	
Motorcycles	4	2,000	8,000	
Office furniture (desk)	5	80	400	
Office furniture (chairs)	8	20	160	
Rearing room (materials and labor)	1	1,000	1,000	For 8 rooms
Wire mesh	1	500	500	
Stock- 1000 layers	1000	2.0	2,000	In October 2014
Stock -1000 chicken (Broilers)	1000	1	1,000	In October 2014
Medicine for fumigation	1	250	250	In October 2014
50 Water cans	50	5	250	
44 pairs of Gumboots	44	10	440	
Promotion and advertising	1	1,000	1,000	
Business license	1	100	100	
Tin number	1	20	20	
Certificate of registration	1	80	80	
30 days Chicken feed	30	100	3,000	
Total			26,800	

7.2: Working capital

7.2.1: Direct costs

The direct cost of CCP will be same across years. As shown in Table 1 and 2, the production of meat and by-products requires the purchase of chicks every month, while that of eggs and aged layers needs it once a year.

Items	Quantity per month	Unit price* (USD)	Amount per month	Months or times/ year	Amount per year
Purchase of chicken (broiler)	1000 heads	1	1,000	12	12,000
Purchase of chicken (layers)	1000 heads	2.0	2,000	1	2,000
Chicken feed	90 bags	35	3,150	12	37,800
Medicine	5 ltr	50	250	12	3,000
Total					54,800

7.2.2: Running costs

(1): Salaries/Allowance to Employee

The CCP consists of 29 staff including Managing Director, Accountant, and Production Manager. Other workers includes 1 meat inspector, 5 slaughterers, 8 chicken growers, 4 marketing staff, 4 cleaners and 4 security guards The average income of them is 120 USD per month.

Category	Number	Per month or unit (USD)	Amount per month	Amount per year	Remark
<i>Managing Director</i>	<i>1</i>	<i>500.0</i>	<i>500</i>	<i>6,000</i>	<i>Ms. Joseph</i>
<i>Accountant</i>	<i>1</i>	<i>300.0</i>	<i>300</i>	<i>3,600</i>	<i>Mr. Kudar</i>
<i>Production manager</i>	<i>1</i>	<i>300.0</i>	<i>300</i>	<i>3,600</i>	<i>Mr. Itakura</i>
<i>Other staff</i>	<i>26</i>	<i>120</i>	<i>3,120</i>	<i>37,440</i>	<i>On-average</i>
Total			4,220	50,640	

(2): Energy & Communication

The CCP will consume around 100 liters of fuel per month to procure inputs and deliver the products to customers.

Category	Quantity	Cost per month or unit (USD)	Amount per month	Amount per year	Remark
<i>Electricity / Gas</i>	<i>1</i>	<i>100</i>	<i>100</i>	<i>1,200</i>	
<i>Water</i>	<i>1</i>	<i>50</i>	<i>50</i>	<i>600</i>	
<i>Oil/ Charcoal</i>	<i>1</i>	<i>50</i>	<i>50</i>	<i>600</i>	
<i>Fuel(Litter)</i>	<i>100</i>	<i>1</i>	<i>100</i>	<i>1,200</i>	
<i>Telephone/ Fax</i>	<i>1</i>	<i>100</i>	<i>100</i>	<i>1,200</i>	
Total			400	4,800	

(3): Miscellaneous

The CCP will have a monthly meeting with staff as well as bank officers to monitor the performance of the business.

Category	Quantity	Cost per month or unit (USD)	Amount per month	Amount per year	Remark
<i>Rent</i>	<i>1</i>	<i>187.5</i>	<i>187.5</i>	<i>2,250</i>	
<i>Printing</i>	<i>1</i>	<i>50</i>	<i>50</i>	<i>600</i>	
<i>Meeting</i>	<i>1</i>	<i>50</i>	<i>50</i>	<i>600</i>	<i>Monthly meeting</i>
<i>Tax</i>					
<i>Packing materials</i>	<i>1</i>	<i>100</i>	<i>100</i>	<i>1,200</i>	<i>egg trays, plastic bags</i>
<i>Replacement of tools (water cans, gumboots)</i>	<i>1</i>	<i>200</i>	<i>200</i>	<i>2,400</i>	
<i>Promotion & advertisement</i>	<i>1</i>	<i>83</i>	<i>83.3</i>	<i>999.6</i>	
Total			671	8,050	

7.2.3: Depreciation costs

Since the CCP procures some equipment as investment, there are depreciation costs of those items.

Category	Q'ty	Original Unit cost	Original cost Total	Life time	Depreciation Cost	
					Per year	Per month
Building						
<i>Subtotal</i>					0	0
Machine/ equipment						
<i>Refrigerators</i>	4	800	3,200	5	640	
<i>Computers</i>	3	800	2,400	5	480	
<i>Weight scales</i>	4	50	200	5	40	
<i>Generator</i>	1	2800	2,800	7	400	
<i>Motorcycles</i>	4	2000	8,000	10	800	
<i>Subtotal</i>					2,360	0
Furniture						
<i>Office furniture (desk)</i>	5	80	400	4	100	
<i>Office furniture (chairs)</i>	8	20	160	4	40	
<i>Subtotal</i>					140	0
<i>Total</i>					2,500	0

7.3: Total Costs of the Business

Having identified the costs of each item, the total cost is estimated as follows.

Cost category	Cost Item	Initial	Cost per year	Reference
<i>Investment costs</i>	<i>A set of investment</i>	26,800		
<i>Working capital</i>				
<i>Direct Costs</i>	<i>Chickens and Material</i>		54,800	
<i>Running Costs</i>	<i>Salaries & Allowance</i>		50,640	
	<i>Energy & Commination</i>		4,800	
	<i>Miscellaneous</i>		8,050	
<i>Depreciation Costs</i>	<i>Building</i>		0	
	<i>Machine/ Equipment</i>		2,360	
	<i>Furniture</i>		140	
<i>Total</i>		26,800	120,790	

8: Source of Capital and Loan Repayment Schedule

(1): Source of Capital

The CCP requests the loan of 20,000 USD to make investment with her own sources of 6,800 USD.

Cost category	Cost Item	Initial	Cost per year	Source of Capital
Investment Costs	A set of investment	26,800		Loan 20,000 Own sources 6,800
Working Capital				
Direct Costs	Chickens and Material		54,800	Own sources
Running Costs	Salaries & Allowance		50,640	Own sources
	Energy & Commination		4,800	Own sources
	Miscellaneous		8,050	Own sources
Depreciation Costs	Building		0	Own sources
	Machine/ Equipment		2,360	Own sources
	Furniture		140	Own sources
Total		26,800	120,790	

Table of Equity and Loan

Equity (own sources)	Loan	Total
6,800	20,000	26,800

(2): Loan Repayment Schedule

Given the condition that the interest rate is 22% at reducing balance and the loan term is for 5 years, the CCP will follow the following schedule for repayment.

Item					
Loan duration (years)	5				
Interest	22%				
Item per year	Year 1	Year 2	Year 3	Year 4	Year 5
1) Opening balance	20,000	16,000	12,000	8,000	4,000
2) Principal to return	4,000	4,000	4,000	4,000	4,000
3) Closing balance= 1)-2)	16,000	12,000	8,000	4,000	-
4) Interest = 1)*22%	4,400	3,520	2,640	1,760	880
5) Loan repayment= 2)+4)	8,400	7,520	6,640	5,760	4,880

9: Revenue of business

Due to the nature of chicken business which requires “quiet time” to yield meat and eggs, there is less profit in Year 1 (FY2013/14), while the profit will increase from Year 2 (FY2014/15). Please note that in Year 1, there will be no sale from aged layers, which may arise from Year 2 as indicated in Table 2.

Revenue for Year 1 (FY2013/14) (Please also refer to Table 1 in P1)

Items	Quantity per cycle (units or kg/month)	Unit price (USD)	Amount per month	Months or times / year	Amount per Year
Broiler Meat(Nov-Jan)	900 units	4	3,600	3	10,800
Broiler Meat (Feb-Oct)	1000 units	4	4,000	9	36,000
By-product (Nov-Jan)	90 kg	2	180	3	540
By-product (Feb-Oct)	100 kg	2	200	9	1,800
Eggs (Mar-October)	900 trays	8	7,200	12	86,400
Total			15,180	36	135,540

Revenue for Year 2 (FY2013/14)- Year 5 (FY2017/18) (Please also refer to Table 2 in P2)

Items	Quantity per cycle (units or kg/month)	Unit price (USD)	Amount per month	Months or times / year	Amount per Year
Broiler Meat	1000 units	4	4,000	12	48,000
By-product	100 kg	2	200	12	2,400
Eggs	900 trays	8	7,200	12	86,400
Aged layers	1000 units	10	10,000	1	10,000
Total			21,400	37	146,800

10: Profit Examination

10.1: Profit examination per year or month

Having identified the total cost and revenues per year, the profit of the CCP business will be estimated as follows.

Item	Y1: 2013/14	Y2-Y5: FY 2014/15-17/18
1) Revenue	135,540	146,800
2) Total Cost	120,790	120,790
3) Profit=1)-2)	14,750	26,010

10.2: Cash flow projection

Cash flow projection

The cash flow is projected as follows:

Item	Year 0	Year 1 (2013/14)	Year 2 (2014/15)	Year 3 (2015/16)	Year 4 (2016/17)	Year 5 (2017/18)
Cash Inflow						
1) Loan from XXX bank	20,000					
2) Withdraw from saving	6,800					
2) Profit	0	14,750	26,010	26,010	26,010	26,010
4) Total= 1)+2)+3)	26,800	14,750	26,010	26,010	26,010	26,010
Cash Outflow						
5) Investment	26,800					
6) Loan repayment		8,400	7,520	6,640	5,760	4,880
7)Total=4)+5)	26,800	8,400	7,520	6,640	5,760	4,880
Net Cash flow=4)-7)	0	6,350	18,490	19,370	20,250	21,130
Net Cash flow Cumulative	0	6,350	24,841	44,211	64,462	85,592

NPV and IRR

Removing the effects of loan injection and repayment, the NPV and IRR are obtained as follows. With the positive NPV, it can be judged that the business of CCP is viable for investment and therefore can be recommended for funding.

Item	Year 0	Year 1 (2013/14)	Year 2 (2014/15)	Year 3 (2015/16)	Year 4 (2016/17)	Year 5 (2017/18)
Cash Inflow						
1) Loan from XXX bank	0					
2) Withdraw from saving	6,800					
3) Profit		14,750	26,010	26,010	26,010	26,010
4) Total= 1)+2)+3)	6,800	14,750	26,010	26,010	26,010	26,010
Cash Outflow						
5) Investment	26,800					
6) Loan repayment	0	0	0	0	0	0
7)Total=5)+6)	26,800	0	0	0	0	0
Net Cash flow=4)-7)	-20,000	14,750	26,010	26,010	26,010	26,010
NPV	37,094					
IRR	98%					

7.2 Strengthening Farmers' Organizations



TECHNICAL SUPPORTING MANUAL
ON
STRENGTHENING FARMERS'
ORGANIZATIONS



"We are in the same boat..."

December 2015
Draft
DADP Planning and Implementation
Thematic Working Group
In collaboration with
JICA-RADAG

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1. Introduction

- Strengthening farmers' organizations has been a critical issue in agricultural development in Tanzania.
- ASDP2 has a special component to tackle this issue, namely Subcomponent 3.1: Farmers empowerment and organizational strengthening under Component 3: Rural Commercialization and Value Addition (building competitive commodity value chain).
- This document illustrates how District Facilitation Team (DFT) can strengthen farmers' organizations (FOs) for the development of commodity value chains (CVCs) through planning and implementing Comprehensive DADP.

2. Action Areas and Priority Activities under ASDP2

The ASDP2 program document indicates, under Subcomponent 3.1: Farmers empowerment and organizational strengthening, the following action areas and priority activities.

Table: ASDP2 Action Area for farmer empowerment and organisation strengthening

Action areas	Priority activities
Assessment of FO capacities	
	<ul style="list-style-type: none"> - Initial assessment of the capacities of FO in Tanzania. (including case study for success stories) - Develop a strategic framework for stakeholder empowerment initiatives and their organization along value chains
Farmer empowerment	
	<ul style="list-style-type: none"> - Group management training (e.g. support for registration, by-law formulation, leadership training, annual report writing, meeting organization) - Financial management training (e.g. financial record-keeping, auditing) - Business plan training (incl. access to financing services) - Support for acquiring CCROs or land title deeds that can serve as collateral - Commodity specific FFS (technical networks) - Trainings for collective FO storage, sales & purchases
Farmer organisation strengthening	
Structuration and federation of farmer groups and unions <i>Strengthening organizational and technical capacities of existing and new small-scale producer, trade and processing FOs/Cooperatives</i>	<ul style="list-style-type: none"> - Enhance/support higher level farmer organizations (unions, federations and cooperatives) and their governance; - Facilitate emergence and strengthen stakeholder economic entities and/or cooperatives; - Strengthen dialogue with stakeholders (Ministries, private sector, DPs, etc.) - Support the up-scaling of the Warehouse Receipt System (WRS) - Facilitate processing and marketing by farmer organisations and cooperatives with technical and management skills - Develop effective operational systems for input and output supply chains - Sensitize on the linkage between SACCOS and AMCOS
Strengthening commodity-wise stakeholder organisations (TAHA, etc.).	<ul style="list-style-type: none"> - Regional multi-stakeholder innovation platforms for prioritised CVCs - Rice VC stakeholder - CVC stakeholder organisations at district level - Commodity-specific TWG or sub-TWG (national platforms) - Strengthen dialogue with stakeholders (Ministries)

Source ASDP 2 Final Report

As can be seen in the table above, some of the priority activities (e.g. group management training and financial management training) are directly related to strengthening FOs with DADP, while others (e.g. commodity specific FFS and stakeholder organizations) may have indirect influence. The rest of this document delineates how DFT can take actions of direct interventions for strengthening FOs at DADP level.

3. How to assess FO’s capacities (including case study for success stories)

Even since the onset of ASDP1, there have been tremendous efforts to organize farmers and make FOs implement projects. This implies that the starting point of strengthening FOs under ASDP2 is not creating new organizations from scratch, but reviewing the existing FOs in a district. The review entails not only capturing the existences of FOs but also assessing their capacities and needs for further development. Following are some steps of how to assess FO’s capacities and needs.

Step 1: Make the inventory of the existing FOs

To begin with, DFT should identify the existing FOs in a district. FOs could be any kinds of farmers’ groups, including SACCOS, AMCOS, associations, VICOBA groups and NGOs. After identification, DFT can prepare the inventory list, as shows in the table below.

Name of FO				
Village				
No. of members				
When established?				
Type of the group				
Registration status				
Major commodities				
Business undertaken				
Performance (Annual turnover etc.)				
Have audit reports (Yes (year)/No)				
Have title deeds? (Official/Customary/No)				
Supporting agencies if any				

Sample of FO Inventory List

Step 2: Needs assessment

After preparing the inventory list, DFT can undertake the needs assessment of the existing FOs. The needs assessment can be done through discussion with the representatives of the FOs. Following points should be put in mind for interview.

- ◆ Needs assessment should be done strategically. This means that it is not necessary for DFT to undertake needs assessment for all FOs, rather it can select FOs which have potential for VCD among others. Selection criteria could be those in Box below.

Box: Selection Criteria for FO needs assessment

- Whether the FO has been dealing with commodities that DADP supports as priority commodities.
- Whether the FO has willingness to contribute to project (not only by talk but also by evidence e.g. bank statements)
- Whether the FO has willingness to accept new members (Remember that the one of the rationales of undertaking DADP is to involve many farmers in FOs)

- ◆ Try to identify real needs for capacity development. If one asks such question as “what do you need?”, they tend to answer “we need money,” “we need a tractor,” etc. These answers do not reveal the actual needs for capacity development; they are just a wish list. It is very important to elaborate questions more, for example, by asking “why don’t you have money or tractor?”
- ◆ After identifying their needs for capacity development, DFT can consider what they can do for them. In many cases, there are two ways for supporting, either making interventions with the government funds or looking for stakeholders who can support them.

Additional: Case studies of successful stories (Use of the existing FOs)

ASDP2 document suggests that analysing the case studies of successful stories, as part of capacity & needs assessment of FOs, could be useful. In fact, there are several experiences of DADPs, which show successful stories of strengthening FOs by responding to the potential and needs of the existing FOs. Their experiences illuminate the fact that FOs are a part of resources, which should be made the best use for VCD.

The use of the existing FOs for VCD has the following advantages.

- ◆ **Trust is there:** If an existing FO is functioning well, they have already created mutual trust among the members. This is very important, because trust cannot be created with force. DFT can provide farmers with the knowledge of technical and financial managements, but trust is exceptional: it should be created by members themselves.
- ◆ **Can use the management system.** In case of an existing FO, there

is no need for DFT to assist the members in establishing management system, but just to improve it according to necessities. Even when new members are added with the support of DFT, training and knowledge extension would be undertaken by the management members of the FO, not by DFT. As such, Farmer-to-Farmer extension could be realized.

- ◆ **Can make the FOs bigger and stronger.** If creating new groups for every project, the number of FOs would be many but the scales of them be small. Remember that the bigger size the group become, more benefits it can enjoy from economies of scale. Also if there are many small groups in the same business in a district, they may compete with each other. But what DFT should do is to create a strong and larger group which can compete against rivals in other districts and countries.

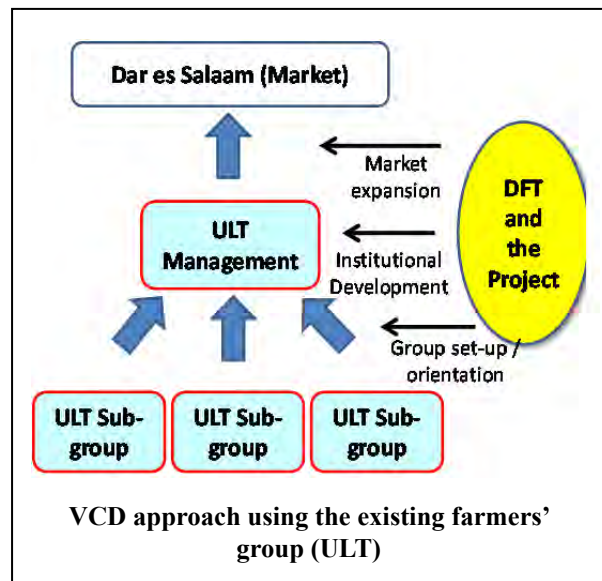
Successful Story of using the existing FOs for VCD
Collaborating with the existing FO for direct delivery business of fresh vegetables at Lushoto DC

1. Background and Issues

Lushoto DC selected potatoes and fresh vegetables as priority commodities for VCD. With the concept of village phase in/out approach, they selected three villages. They attempted to establish FOs in each village, which would undertake direct delivery of the produce to Dar es Salaam without involvement of middlemen. But it was found that farmers in the villages were far from “ready-to-do business,” lacking various capacities (e.g. knowledges of marketing, business code, and record keeping) as well as capital for business (e.g. a truck for delivery and crates for packing). While many challenges were identified, Lushoto DC was in short of budgets to support those farmers in such various aspects. So what can DFT do for this situation?

2. Potentials with the existing FO

In Lushoto DC, there was one farmers’ group called Usambara Lishe Trust (ULT), which has been engaged in direct delivery business of vegetables and fruits. But they faced the difficulties of expanding the market, thus limiting the number of the members. Having noted this, the DFT shifted approach from establishing new groups in the target villages to involve the farmers there in ULT. They decided to assist ULT in expanding the market, while making agreement with ULT to include farmers from the target villages as a sub-group of ULT, as shown in the figure at right hand side.



3. Interventions undertaken and their effects

The DFT made the following interventions.

- ✚ Market survey and sales promotion, so as for ULT to obtain new buyers and thus expand the market
- ✚ Match-making: Introduction of ULT to farmers in the target villages, addressing business model, how to join (e.g. membership fees and other conditions), and

shipping and payment system. This was done in collaboration with the ULT management. After this, sub-groups were officially set-up (10 members / group at 3 villages).

- ✚ Production and post-harvest training to the sub-groups, so that they can produce quality products which ULT needed.
- ✚ Business skill training for ULT and the sub-groups to manage the business, which became bigger than before.

Results of the interventions

After making these interventions, ULT has achieved the following outcomes.

- ✚ The sale volume of direct delivery has increased around by Tsh 10,000,000 with the increase in the number of buyers. So ULT accepted the idea of adding new members from the target villages.
- ✚ The institutional capacity of ULT has also enhanced with increased number of the members. For example, they purchased a cold truck with credits from the members. Also they were capacitated to make application of loan to commercial banks for further investments e.g. for establishment of green houses.
- ✚ The farm incomes of the sub-group members have increased around by 20-50 % per year and per member.

4. Roles of the DFT and lessons learned

Making the best use of existing FOs for VCD is one of major elements of strategic DADP. In case of Lushoto DC, the DFT played the role of a catalyst between ULT management and the new farmers for integration. If the farmers complain about ULT management or vice versa, the DFT investigate issues, make a fair judgement and reconcile the both sides. Through such a process, uniformity has been created. Also the DFT supported the bottom-up of farmers' capacity for production, so as to be accepted by ULT as new members. For instance, the DFT identified, by hearing from ULT, which vegetables are highly demanded by the market for every month. They assisted the new sub-group in new production to meet such peach demand in the market at least for the trial stage. By doing so, they created entry points for integration.

Successful Story of using the existing FOs for VCD Using the VICOBA groups for agribusiness at Ikungi DC

1. Background

Ikungi village at Ikungi DC in Singida region is one among of the famous villages in keeping and selling of local chicken. However, this indigenous chicken tends to fetch low price and are taking more time to mature. Against this background, the district set DADP initiatives in 2012 to improvement of local chicken production and marketing, e.g. by introducing an improved layers and cockles to improve genetic potentials.

2. Use of VICOBA for mobilization of farmers

DFT mobilized their existing groups/VICOBA for support of DADP. Nkhomoi and Uyanjo groups were among of the beneficiaries. Nkhomoi group was provided with hatchery machine for production of chicken. Also Uyanjo groups received the milling machine for production of chicken food. It was observed that, members in these groups are the same members under VICOBA and that the district was doing this deliberately, so as to use and transfer VICOBA's experience to sustain DADP projects.

3. Functionality of VICOBA

Each group has a constitution. A role of each member as project member or/and VICOBA member is well stipulated in their constitution. The project leaders are the same of VICOBA. The total number of members in a project is the same number in VICOBA (30-31). However, most of members are women. For example, the Nkhomoi group/VICOBA has 31 members at which 7 are male and 26 are female. Under project basis the members are making money by selling eggs, chicken and chicken foods to other villagers. While under VICOBA basis, the members are doing serving and credit services. For example, it was noted that the accumulation per week is about 180,000/= per VICOBA. Nkhomoi members said that they have about 45,000,000 to date in their CRDB bank account. Both members meet once per week. Each member required to buy 1-2 shares per week (price of one share is 2,000/-). A member has a right to borrow 3 times of his/her shares. The credit should be re-paid within 6 months with interest rate of 10%. At end of the year each member earn dividend. The dividends per year per member follow a formula which is $(\text{Profit}/\text{Number of members}) \times \text{Total shares owned by member}$. Note: Profit=Revenue-Cost.

4. Message to other LGAs

Faithfulness, working hard with commitment and understanding each other have been

built well. Group members told that they were able to build modern houses and pay school fees for their children. Such operational model of complimenting business skills to DADP project and having strong organization or groups with adequate support from district to farmers, groups and VICOBA should be up-scaled to other villages as well as other LGAs.

4. Support for Registration

Arguably, many FOs in Tanzania required proper guidance on registration in accordance with the type of business, purpose and institutional setting. FO cannot be recognized as a business entity unless it is registered in the government administration. There are several options for FOs to register themselves, including Association, Trusteeship, NGOs, Cooperatives, and Company.

Following is the comparison table among the options.

Table: Group Modalities and their features

Modality	Ministry in charge	Institutional Characteristics	Advantage/ Challenges
Society or Association	Ministry of Home Affairs (MOHA)	<ul style="list-style-type: none"> - Minimum 10 persons required - Entry point to register for other institutions. - Cannot have a legal ownership - Thousands of agri. associations. 	<p>Advantage</p> <ul style="list-style-type: none"> - Easy to register - First step for further registration under other institutions <p>Challenges</p> <p>Cannot have legal ownership or title deeds, so difficult to access loan and conclude business contract</p>
Cooperative . e.g. SACCOS and AMCOS	Ministry of Agriculture, Food Security and Cooperatives (MAFC)	<ul style="list-style-type: none"> - Mini. 20 persons required for SACCOS and 50 for AMCOS - Members buy shares which are put in the bank account and cannot be withdrawn by themselves - Pre-cooperative society is allowed with min 5 persons - Around 5500 SACCOS and 3000 AMCOS, although some are dormant 	<p>Advantage</p> <ul style="list-style-type: none"> - Can obtain legal personality - VAT exemption: No need to register for VAT if annual taxable turnover is below Tsh 40 million - Income tax exemption if annual turnover is below Tsh 50 million. - Can receive support from Dis. Cooperative Officers (DCO), e.g. for auditing - Easy to access loan, especially of government loan programs. <p>Challenges</p> <ul style="list-style-type: none"> - SACCOS by its nature does not necessarily mean FO for agriculture. - The governance mechanism mainly depends on the quality of DCO, not by other third parties(i.e. issues of transparent management)
Tursteer Incorporation (TI)	Registration, Insolvency and Trusteeship Agency (RITA)	<ul style="list-style-type: none"> - Min. 2 persons required for registration - Trustee should be 2 to 10 persons - Trustees can be sued by members in case of any misconduct - More than 300 TIs with many coffee growers from e.g. Mbozi, Mbinga.. 	<p>Advantage</p> <ul style="list-style-type: none"> - Can obtain legal personality - VAT exemption: No need to register for VAT if annual taxable turnover is below Tsh 40 million - Can access loan with RITA certificates - Strong governance by Register- General <p>Challenges</p> <p>Not well known in the agricultural sector</p>
NGO	Ministry of Community Development , Gender and Children (MCDGC)	<ul style="list-style-type: none"> - Min. 5 persons for registration - Non-profitable, not allowing profits to share among members 	<p>Advantage</p> <ul style="list-style-type: none"> - Can obtain legal personality - Several tax exemptions - Can access loan <p>Challenges</p> <p>Cannot be profit-oriented</p>
Private	Business	<ul style="list-style-type: none"> - Min. 2 persons for 	<p>Advantage</p>

Modality	Ministry in charge	Institutional Characteristics	Advantage/ Challenges
Company	registration & Licensing Agency (RITA)	registration	- Can obtain legal personality - Can access loan Challenges - Tax cannot be exempted

The table below summarises the advantageous functionalities for each modality.

Table: Comparative advantages among group modalities

Modality	No of persons required	Registration	Legal personality	Loan Accessibility	Tax exemption	Governance mechanism
Society or Association	10	Very Easy	-	-	Good	-
Cooperative (AMCOS)	50 (5 for pre-Co.)	Easy	OK	Very good	Very good	-
Trustee Incorporation	2	-	OK	Good	Good	Very good
NGO	5	-	OK	Good	Very good	-
Private Company	2	-	OK	Good	-	Very good

Having noted the above, DFT should consider which type of modalities would be suitable for a FO in question. Following are some samples on how to identify suitable modality.

- If farmers are in a rudimentary stage of organization, Society or Association would be a suitable option, as the registration process is easy to be undertaken. But remember that Society or Association is very weak in terms of obtaining a loan from a bank. So DFT should recommend them to move to another modality as the experience is accumulated. If the farmers are envisaged to become a Cooperative near future, Pre-Cooperative could also be a good way for start and then be transformed to Cooperative.
- If farmers are in a small group, it might be difficult to register as Society or Cooperative. In such cases, DFT may recommend Trustee Incorporation under RITA or Private Company under BLERA for registration.
- AMCOS is a generally recommendable option. However if there is strong concern about governance or trusts among members, Trustee Incorporation or Private Company could be another option. Empirical evidence suggest that AMCOS could work for such commodities as export cash crops and food crops while facing challenges for other commodities e.g. horticulture and livestock. The cash crops and food crops tend to have transparent marketing transaction in VC.

5. By-law formulation

What is by-law?

A by-law is a detailed rule to manage a specific activity(s) by a FO. There are several types of FOs. They have different objectives based on the target commodity and value chain stage where FO deals with. Therefore, the by-laws should have different contents depending on different objectives. Followings are general contents to be included in the by-law.

Box: Contents of a by-law

[Basic settings of FO]

- The name of the society and area of operation
- The objective of the society
- The purpose to which funds of the society may be applied
- Membership rules (terms of admission, shares/ entrance fees, rules in case of leave/ expel/ death)
- The extent of members' liabilities within the group and how they will be decided

[Function of FO]

- Qualification, role and responsibility of leaders, board and committees
- How general meeting will be run and what will be decided at these meetings.

Source: modified from Tanzanian Federation of Cooperatives and Cooperative Development Department (2006). *A simplified guide to the Cooperative Development Policy and the Cooperative Societies Act of Tanzania Mainland.*

Steps of by-law formulation

The by-law formulation consists of three major steps: (1) to prepare a template by-law, (2) to localize the template by-law and implementation of the localized by-law, (3) to review actual operation of localized by-law and to revise both by-laws.

This section explains the case that a DFT will use a template of by-law to upscale the activity for several FOs in its district. This approach has two advantages. First, leaders of the FO can have a guide with its own hands to establish a system for the activity. Second, the DFT itself can have a tool to guide farmers effectively. This approach will be strengthened if the DFT and FOs do fine-tuning of by-law after implementation.

Step 1: Preparation of draft by-law

In this step, a DFT prepare a template by-law. There is no need to prepare perfect one. The DFT may start copying major contents from the existing by-law. However, it is crucial to have consideration in detail on how the activities of FO

will be implemented and put them in the template. Without such consideration, the by-law will be unpractical and the activity will not continue along the by-law. The points to be considered are following.

- what is the purpose of the activities
- how activities will be implemented for the purpose
- who is responsible on what
- how decisions will be made by who
- how reporting will be done by who and when
- how the transparency and accountability will be held in each actions

For example, in case of coffee, quality control of coffee by FO is crucial. Therefore, it is important for the coffee AMCOS to set up Quality Control Committee. It is also suggested to indicate in the section of membership rule that each member should have enough knowledge on coffee quality and acquire skills to improve coffee quality. In addition, if the AMCOS owns a processing machine, it should be written how group operate it with necessary finance contributed by members in the by-law.

In case of horticultural crops, FO should consistently make shipment based on the production plan which determines who produce what kind of vegetables how much. Therefore, it is important to create common understanding among members by showing in the section of duties of a member in the by-law that each member should follow the annual production plan.

Step 2: Localization of template of by-law: preparation and implementation

In this step, the DFT will introduce the template of by-law to leaders of a FO and let the FO discuss and agree the by-law. The key role of the DFT is facilitation, enabling farmers to localize the template of by-law by themselves according to their condition rather than forcing them to do as the rule says (See box below).

Step 3: Check actual operation and revise the by-law

This step is important to make the by-law more realistic and practical by reflecting experiences and lessons learned through the activities of FOs.

After the end of the activity, the DFT should review how farmers actually operate their organization for implementation of the activity. There would be some difference between what the by-laws say and what they actually operated. How farmers operate their organization would vary depending on their working environment. The difference is not problem if the important points are not missed (See box below).

In judging the situation, the DFT can take following steps. First, the DFT should consider why situation found occurred. Second, check how the relevant articles in by-law(s) are described and recall their purposes. Lastly, consider how the FO and DFT address the problem and improve by-laws.

Box: Tips in facilitating localization of template by-law and review of by-laws

When the template of by-law is localized, it is noted that there are some points that can be treated flexibly while other points should not be missed. In the former case, if a leader in charge of receiving produce in a warehouse is not available all the time, it would be the idea that the other members of the warehouse management committee should support the leader or the group can set certain day for bag reception to make everyone available.

The latter, money handling should be done by a treasurer or chairperson who is stipulated in responsible to that work by the by-law. Others cannot support that work.

Therefore, the DFT should have an idea what the each items in the template of by-law intended to and judge whether the FO's way of applying the template of by-law is acceptable or not.

Good Practice: By-law formulation for paddy warehouse management and collective sales at Kilombero DC

1. Background

Kilombero is one of the biggest rice producing districts in Tanzania. Farmers there tend to sell paddy immediately after harvesting when the price is still low. In addition, many farmers wait for middlemen coming and sell paddy to them individually. With small quantities in hand, their bargaining power is weak, which is another factor contributing to low income from paddy production. To address these issues, the Kilombero DFT decided to organize FOs to sell their paddy collectively at off-season through their warehouses and to let them have a marketing manager (MM) in order to go out of villages and find market actively by themselves.

2. Challenge faced: Why the Kilombero DC used the template by-law

Warehouse management and collective sales through warehouse have some necessary processes. For example, in receiving a paddy bag, the FO should take certain steps to check quality of paddy for better sales price and to standardize weight per bag for quick action to market demand. In addition, the MM will collect price information, find buyers and propose sales to the FO. Then, the FO make decision of sales.

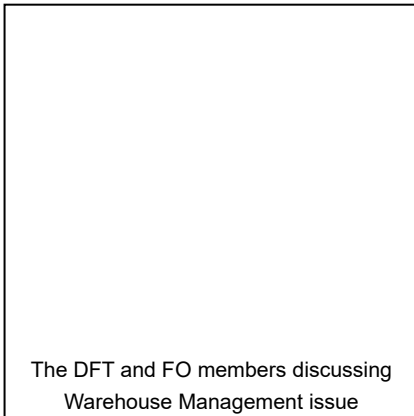
However, when the FO started these practices it did not have such systematic rule and experience to develop such by-law neither.

3. Action taken: How the Kilombero DFT address the challenge

To address the challenge, the DFT visited a good-practice village to learn necessary rules and developed a template of by-law for warehouse management and collective sales through warehouse.

One of the important points considered by the DFT in preparation of the template of by-law was to take balance between quickness for business through a MM and transparency and accountability in a FO.

As for the former, FO should set target sales price and delegate power to MM to work on marketing effectively. The MM needs to report information (e.g. price, volume and other conditions etc.) immediately after collected



The DFT and FO members discussing Warehouse Management issue

and propose timing of sales to the FO at the emergency meeting. These requirements were clearly written in the template of by-law so that FO may not lose their business opportunity.

As for the latter, a paddy bag stored is not only commodity but also a property of a member, therefore in order to ensure transparency and accountability, the following points were added in the template of by-law after reviewing one season operation;

- i) a chairperson should witness shipment to make sure all the arrangement including sales price and amount of money received from the buyer are proper,
- ii) a secretary should record number of shipped paddy bags based on the agreement, and
- iii) a treasure should receive money from the buyer and keep financial record.

Box below summarizes the specific contents of a by-law for warehouse management and collective sales.

Box: Specific contents of a by-law for warehouse management and collective sales

- ◆ Warehouse Management Committee: which is responsible for receiving paddy bags, check and control quality, store properly and manage warehouse facility.
- ◆ Marketing Committee: which is responsible for preparing a market plan and participating in actual sales operation.
- ◆ Emergency general meeting: which is held to discuss and agree on timing and condition of sales of paddy.
- ◆ Role of Marketing Manager: who collects price information, negotiates with buyers, reports the market information to FO and proposes timing of sales.
- ◆ Storing fee: which is collected from each member who stores paddy bags in the warehouse. This is used for guard man or other expenses to maintain warehouse.

4. Result to be shared with other LGAs

The template of by-law helped the FO members to formulate common understanding regarding warehouse management and collective sales through discussion in the group meeting. The by-law guided the FO how to implement activities (i.e. collective sales through warehouse). Also, DFT facilitated FO to review the by-law and incorporate lessons learned derived from the experience of the previous season so as to reduce dispute among FO members. As a result, by-law formulation enhances the governance capacity of FOs in terms of transparency and accountability.

6. Financial Management Training

As indicated in ASDP 2 program document, financial management capacity is a key element for FO empowerment. To improve the capacity, FOs have to keep all necessary financial records properly, and the records should be used for their financial analysis and decision-making.

When designing financial management training, DFT needs to include both components of record keeping as a tool and how to use the records for their own purpose. The following shows the steps for conducting financial management training.

Step 1: Situation Analysis

First, DFT needs to visit the target FOs and check record keeping capacity and how they use the records. The following is an example of points to check.

Box: Points to check in situation analysis

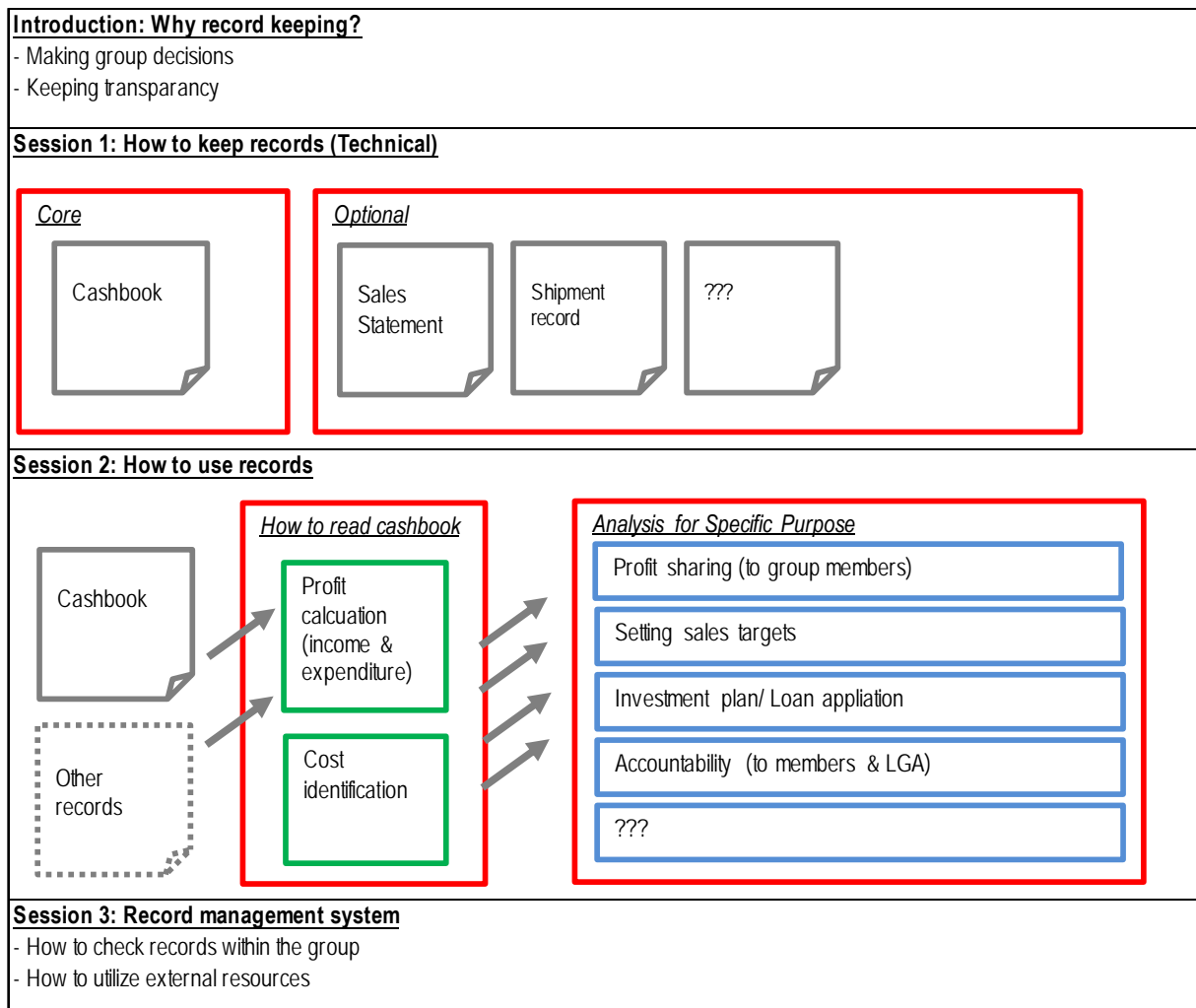
- **Types of records they keep**
(cashbook, bank transaction record, sales record, voucher for crop storage, financial reports...)
- **Entry mistakes**
(money in/out, balance, crop amount received, products shipped ...)
- **Frequency of data entry**
(daily, monthly, quarterly...)
- **How they use the records**
(checking balance/profit, sales volume, running cost...)
- **Whether they keep all records necessary for external audit & district inspection**
(cashbook, ledger, bank statement, payment voucher, minutes of general meetings...)
- **Whether financial reports are shared with FO members**
(through general meeting, bulletin board...)
- **Who is responsible for record keeping**
(treasurer, secretary, selected board member...)
- **How they double-check all records**
(through audit committee, regular monitoring of cooperative officer, external auditor...)

There are some suggestions for conducting situation analysis.

- For checking record keeping, it is advisable to give the task to LGA cooperative officer, who is responsible for FO inspection.
- Checking records, DFT needs to ask the FO's immediate/mid-term goals.
Example: If the FO plans to install a crop processing machine, then DFT can set the overall purpose of training as "how to make an investment plan using financial records."

Step 2: Training arrangement and implementation

Based on the situation analysis, DFT arranges financial management training. The following figure shows possible training arrangement.



[Selection of trainees]

- DFT selects trainees among FO members. They should be those who are directly involved in financial management (chairperson, secretary, board members) and record keeping (treasurer, audit committee members).

[Introduction]

- The trainer explains why record keeping is important, emphasizing that keeping record itself is not a goal but means for further use.
- Trainer: LGA cooperative officer

[Session 1: How to keep records (technical)]

- This session is on how to keep records. The following is the points to be noted.
 - ✓ Cashbook must be covered as core session because it is the primary source

of financial data.

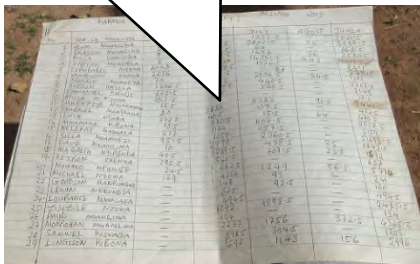
CASHBOOK MARCH, 2015						
DR			CASH		BANK	
Date	STK/HM NO	Particulars	DR	CR	DR	CR
1-Mar-15		Opening Balance	200,000.00		198,200.00	
2-Mar-15		Entry fees	50,000.00			
3-Mar-15		Shares	600,000.00			
4-Mar-15		Coffee sales			60,000,000.00	
5-Mar-15		Farmers payments	54,000,000.00			54,000,000.00
6-Mar-15		Japhet mwamlima		10,200,000.00		
7-Mar-15		mwashambwa		15,000,000.00		
8-Mar-15		mwatile		28,800,000.00		
31-Mar-15		Closing Balance		850,000.00		6,198,200.00
			54,850,000.00	54,850,000.00	60,198,200.00	60,198,200.00

Cashbook (Example)

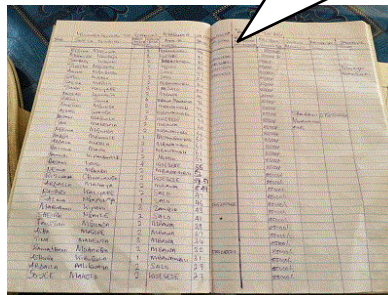
- ✓ Other records are covered as required according to the needs of FO.
Example: If the FO aims at fair profit sharing among group members, this session covers how to keep shipment record, record for individual farmers' production, payment voucher, etc.

Farmer's name	May	June	July	August	Total
###	215	1239	1077	0	2531
\$\$\$\$	27	1238	2607	36	3908
????	9	635	24	0	668

Date	Farmer's name	Rice Variety	Bag	Contact No.
2015/8/5	###	Salo	94	0754-#####
2015/8/13	\$\$\$\$	Zambia	86	0753-\$\$\$\$\$
2015/8/15	????	Mbawa	54	0712-??????



Coffee shipment record (by individual farmer)



Record for paddy warehouse storage (by individual farmer)



Payment voucher for farmers

- ✓ It is practical to have exercises of data entry for each record (see 01 for sample exercises).
- ✓ Possible trainer: cooperative officer (for cashbook); leaders of model FOs in the district (for other records).

Note: DFT identifies model FO which keeps good records and invites its leader as trainer.

[Session 2: How to use records]

- This session is on how to use the records covered in Session 1. Here, the methods for using cashbook (and other records) for further analysis are explained.
 - ✓ DFT designs this session based on the FO's specific needs.

Example: If the FO intends to purchase a crop processing machine, the group needs to project how much will be saved for the investment and when. The information can be extracted from past record of income and expenditure in the cashbook. If the cash flow does not allow the group to secure required amount at specific timing, the FO may apply for a loan. Thus, the training session contains 1) how to read cashbook, and 2) analysis for specific purpose (investment plan and loan application).

(See Chapter 7 for loan application.)
- Trainer
 - ✓ Cashbook analysis: LGA cooperative officer, trade officer
 - ✓ Analysis for specific purpose: SIDO business development officer, NGO officer (e.g. TechnoServe, NAFKA), extension officer/lecturer from the private sector (e.g. input dealer, processing company, commodity buyer, bank)

[Session 3: Record management system]

- This session is on how to develop a system of checking records on a regular basis. If one person is solely responsible of data entry, there is a risk of making mistakes or any wrongdoing. To avoid such risk, there must be a system of monitoring and correcting. Here, such system is called record management system. There are several options of regular monitoring.
 - ✓ Assigning two members for record keeping (one for data entry and the other for checking)
 - ✓ Establishment of auditing committee within FO
 - ✓ Regular monitoring of LGA cooperative officer
 - ✓ Hiring external auditorAfter presenting possible options, DFT can let the trainees discuss the most suitable option for the FO.

[Training cost]

- DFT needs to calculate overall budget for conducting financial management training according to number of trainees/trainers, duration, topics to cover, etc. The following shows cost items and approximate amounts for conducting financial management training for one FO.

<ul style="list-style-type: none"> ■ Duration: 1.5-2days ■ Trainee: One FO (8 persons) 		
Item	Amount (Tsh)	Remark
Transportation for trainees (return)	40,000	8 persons
Fee for visiting trainer	80,000	1 person, covering Session 1&2
Transportation for trainer (return)	20,000	1 person, covering Session 1&2
Venue (incl. rent for projector)	80,000	12 persons (DFT (3), Trainer (1), Trainee (8))
Training material and equipment	50,000	Training material (photocopy), calculator, cashbook
Total	270,000	

Step 3: Regular monitoring

Only having training cannot secure sustainability. There must be a follow-up on FO's actual practice. DFT checks if their learnings are reflected in FO's financial management by going through their records and use. Also in the monitoring, DFT needs to check if the records are used for the specific purpose set in the training.

Box: Points to check in training follow-up

Does the FO use financial records for the following activities?

- To project annual income/expenditure trend
- To set investment plan
- To apply for loan
- To set sales targets
- To share the profit to group members
- To submit audit report/ to receive LGA inspection
- To share financial information to group members

By reminding them of training purpose and encouraging the data use, FO comes to recognize the benefits of keeping proper records.

Good Practice: Financial management training for coffee AMCOSs at Mbozi DC

1. Background

Mbozi DC has set coffee as a priority commodity and supported three coffee AMCOSs for installing coffee processing machines (CPU) with DADP fund. However, it turned out that CPU operation required additional costs: investment cost (constructing CPU building and other facilities) and running cost (fuel, spare parts, salary for CPU operators, etc.). Also, they had to develop a system for profit sharing to AMCOS members based on each member’s production volume. To do that, all records should be kept properly (cashbook, sales statement, receipts of coffee cherries from each member, etc.), but they did not even keep simple cashbook correctly. Thus, DFT decided to improve their financial management capacity through training.

2. Goal setting

After the discussions with the AMCOSs, the goals of training was clarified as follows.

- To set a plan for meeting investment and running costs
- To share the profits of selling parchments (CPU-processed coffee) based on each member’s production volume

3. Training arrangement and implementation

DFT conducted a situation analysis by going through their cashbooks and other records. Most of the records are not appropriate. For example, some of them did not include several transactions in their cashbooks, such as withdrawal from bank account. They also made simple calculation mistakes (addition and subtraction). Evaluating their record keeping capacity was low, DFT decided to use a simple cashbook format and introduced it with practical exercise in the training. Also, DFT visited a model coffee farmers’ group within the district and requested to be a trainer for other record keeping. The training was conducted in several sessions, either in class or the model group’s CPU site. The covered subjects were:

CASH BOOK YA MWEZI2015						
MPE			TASLIMU		BENKI	
tarehe	STK/HM NO	maelezo	MPE	MTOE	MPE	MTOE

Simple cashbook format

- Importance of financial records and their use

- Cashbook keeping (see Annex 02 for sample exercises)
- Other record keeping (sales statement, red cherry receipt, CPU operation record)
- Use of the records for calculating CPU investment and running costs
- Use of the records for fair profit sharing

After the training, DFT continuously followed up on the use of all records and advised on how to meet CPU costs.

4. Achievements

The financial management training made the following achievements against set goals.

- CPU facility construction was complete in time for second harvest season. For shortage of fund, the AMCOSs requested loans from a buyer (private company) of their coffee.
- CPU running cost was calculated based on financial records, and the AMCOSs set CPU user fee (per kg of processing) to meet the cost.
- All AMCOSs recorded each member's production volume when receiving for CPU processing, so that the payment from buyer will be shared based on the record.



CPU facility completed with loan

5. Message to other LGAs

Record keeping is not an end itself but means for achieving specific goals. If DFT conducts financial management training without setting such goals, FOs will not keep records in a sustainable manner. To identify the goals, it is important to visit FOs and listen to their needs. Once the goals are clarified, DFT can customize the training sessions.

7. Support for Access to Loan (including Business Plan and CCRO)

Why is the access to loan important?

Supporting FO in accessing loan is a critical element in realizing Comprehensive DADPs. This activity brings about the following benefits.

- It may help farmers to reduce dependency on government budgets to undertake development activities.
- It may help a FO become a market-oriented group, as for loan application they have to show how profitable their business would be.

Necessary documents for loan application

In general, financial institutions (i.e. banks, government loan programs, and micro-finance institutions) require various kinds of documents for examination in loan provision, as shown in the box below.

Box: Necessary documents for loan application

- Official letter showing intentions to borrow
- Certificate of registration
- Board resolution to borrow
- Contract or Intent letter of doing business from buyers
- Business licenses
- TIN certificates
- Business Plan
- Audited financial accounts (past 3 years)
- Official / Customary title deeds or any other security for the loan
- Bank statements
- CVs of the management staff of borrowers (the group or company)
- Price quotation (if purchasing machines and equipment)
- Bill of quantity (BOQ, if construction is involved)
- Legal consent of security owner if s/he does not belong to borrowers

Among them, the most critical documents are business plan, audit reports and title deeds (at least customary title deeds or Certificate of Customary Right of Occupancy: CCRO) all of which are subject to supports from the DFT.

Roles of DFT and FO in the process

The following table shows things to be done at each stage of loan application.

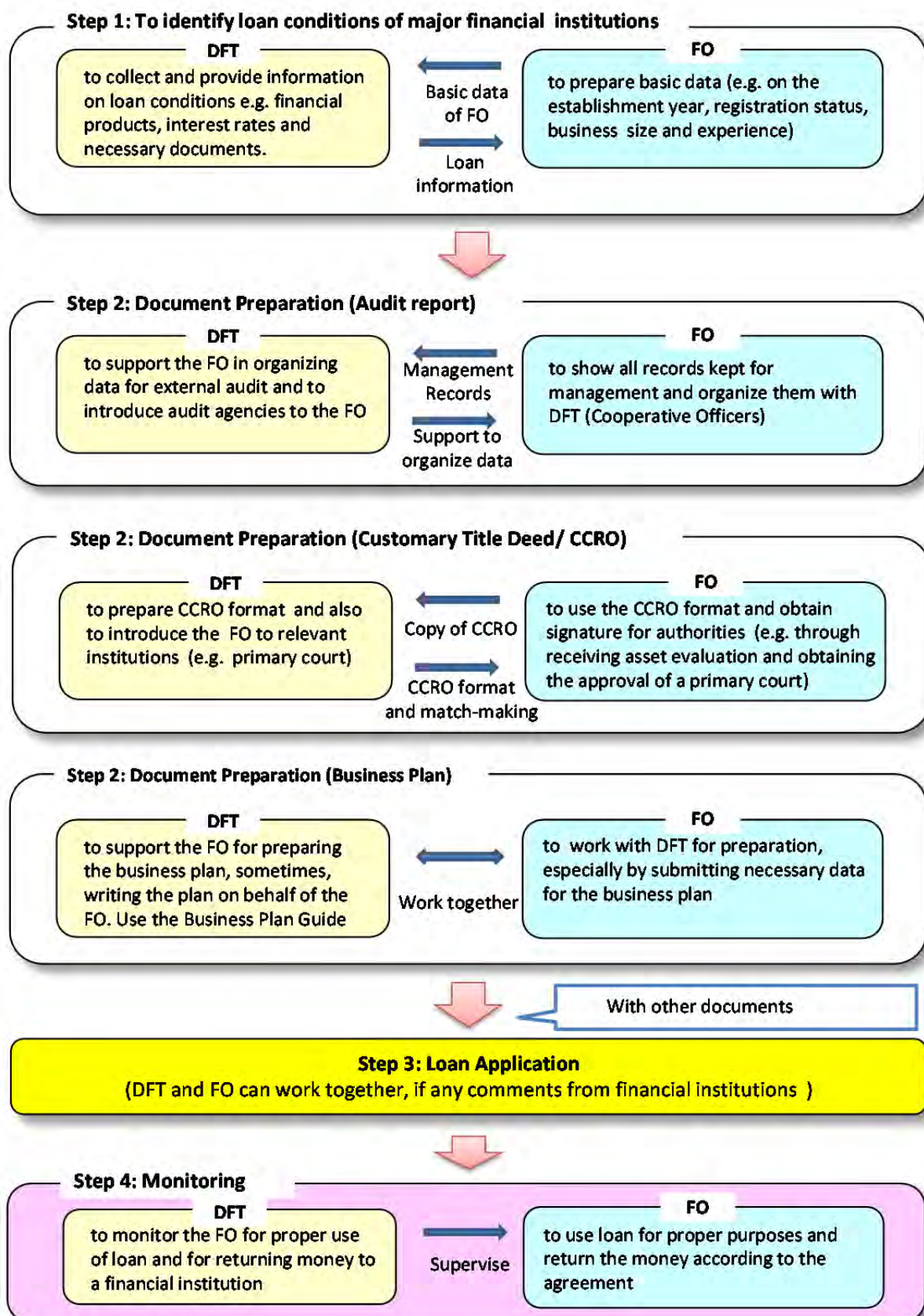


Figure: Roles of DFT and FO in loan application and utilization

As shown in the figure above, the first step is to collect information on loan conditions from major financial institutions. At this stage, DFT can assist in the FO in contacting financial institutions, while the FO share its basic data with the DFT, so that they can well introduce the FO to financial institutions.

At the stage of document preparation (Step 2), various roles should be undertaken by DFT. With respect to audit reports, for example, DFT, especially DCO, should support the FO in organizing data to make them ready to receive external audit. As for title deeds or CCRO, DFT should provide the format for CCRO and introduce the FO to relevant authorities to fill up it (See Good Practice of Lushoto DC for the sample format). Regarding business plans, DFT can provide training to the representatives of the FO using the Business Plan Guide¹ and work together with them for documentation. As such, other documents shall be prepared.

Even after the submission of necessary documents (Step 3), the FO is very likely to receive comments from a financial institution which they apply. In the case, DFT can work with the FO in improving the documents or adding another material. Through this process, a lender (financial institution) and a borrower (the FO) came to build common understanding and mutual trust.

Once successfully receiving a loan from a financial institution, DFT can undertake a close monitoring for the FO to utilise the loan properly and return the money to it accordingly. It is of critical importance to avoid the misuse of the money and delay of repayment, which may cause another difficulty on the FO such as penalty fees.

¹ See Technical Supporting Guide for Business Plan distributed by DADP P&I TWG and JICA-RADAG.

Good Practice: Support for Horticulture Association to apply loan at Lushoto DC

1. Background

In Lushoto DC, there is one farmers' group called ULT. They have been engaged in horticulture business, which delivers fresh vegetables from farm filed in Lushoto DC to retailers in Dar es Salaam such as supermarkets and restaurants. One of their customers is an inflight-service company at the airport in Dar. They requested ULT to supply vegetables in cold chain. Thus, ULT was determined to procure a cold truck for transportation. They decided to make a request to DFT to support for applying loan to financial institutions.



Introducing the FO to a bank
(Match making)

2. Problems

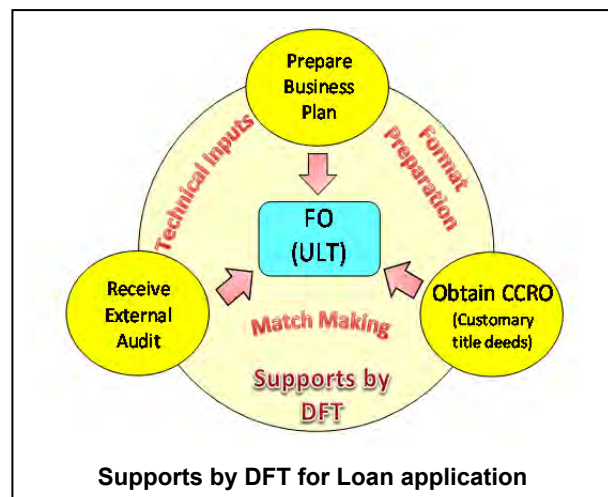
Upon request from ULT, DFT carried out the “bank survey”, through which they investigated the conditions of loan (e.g. interest rate, loan amount and period, documents) provided by major financial institutions. While capturing overall tendency of the loan requirements, the DFT identified the following problems facing ULT.

- ULT was out of target of the government financial programs, which offer relatively better conditions to borrowers than commercial banks. This is because ULT is not registered as Cooperative but as Association under MoHA, while many government financial programs (e.g. Agricultural Windows and SELF) target Cooperatives, not Association.
- ULT did not have an audit report. In general, DCO undertakes primary auditing for Cooperatives, but not for Association. ULT kept their performance and management records, but not in an organized way.
- ULT did not have any title deeds. ULT owns offices and collection centres in their land; however there was no official certificate for their possession.
- ULT could not show their perspective of returning loan: They might have the perspective of gaining profits from the business and returning loan to a bank once receiving loan. But they could not show this perspective in a written form with strong justification, thus failing to attract financial institutions.

3. Measures taken by DFT

Having identified issues to be solved, the DFT provided the following supports.

- Match making between ULT and commercial banks such as NMB and CRDB: DFT helped negotiation between ULT and the banks. With the presence of the DFT, ULT made their understanding of discussion smoother
- Support for data organization for external audits: DCO worked with the accountants of ULT to review the past 3-year records on expenditure and sales and organize them for external audits.



- Preparation of the customary title deed format: In order to assist ULT in obtaining the customary title deeds on their properties, the DFT developed the format for certificate letters in consultation with a district legal officer as well as land management department. The provided the format to ULT and assisted them in filling up it, e.g. introducing ULT to relevant authorities such as the primary court.
- Business Plan Training: DFT, under the support from JICA-RADAG and DADP P&I TWG, had received training of business plan by SIDO. After then, the DFT worked with ULT management for the preparation, which was supervised by the TWG member.

4. Lessons learned

- If the FO is Cooperative, it is better to start examining the application for government financial programs because they targets SACCOS/AMCOS. If not, it is recommended to check the private financial programs. If the FO and its business are of small-scale, applying microfinance could be possible, though careful attention should be paid to loan period.
- Required are the audit reports for the last 2 or 3 years. This means that the FO should be well prepared, even several years before applying loans. Organizing data and obtaining audit reports are not “one-night” tasks, rather the result of keeping records in such long run. While district cooperative officers tend to support Cooperatives only, there are many FOs which are not Cooperatives. From this point of view, they need to extend the support beyond Cooperatives, e.g. undertaking awareness rising or follow up on record keeping.
- Lushoto DFT assisted the ULT in obtaining the contract with its major buyer by participating discussion between the ULT and the buyer. The DFT can facilitate communication between the FO and its stakeholders.

EXAMPLE

TEMPLATE OF BY-LAW

FOR

A GROUP² OF FARMERS

WHO STORE AND SELL PADDY IN

WAREHOUSE

..... -

² In case that some farmers' groups will manage the warehouse, the term "group of farmers" will be read as a "union of farmers' group."

Note

This Constitution on warehouse management was prepared by the Kilombero DFT under the support of the “Project for Strengthening the Backstopping Capacities for the DADP Planning and Implementation under the ASDP phase 2.”

This Constitution serves as a basis of warehouse management in the supported villages. Raising awareness of warehouse management through transparent and inclusive discussions will facilitate the formulation of a clear and practical guide for operation.

This Constitution has two assumptions:

1. If the supported farmers’ group has an existing constitution, this serves as a bylaw under the existing Constitution.
2. The marketing management structure will differ according to the number of members, as this is crucial in establishing a timely and efficient decision-making process. Two management structures are prescribed below depending on the size of membership:
 - (1) For a small number of members: the marketing management structure should allow for direct communication between the marketing manager and members. Given the small membership, farmers can meet easily. Frequent meetings and direct feedback from the marketing manager will enable farmers to effectively decide the timing of sales.
 - (2) For a large number of members: Unlike the case of a small group, a large membership makes it difficult to meet frequently. As such, the transmission of information from the marketing manager to the farmers will not be as prompt and efficient. This results in delayed decision-making and ultimately, loss of sales opportunities. Therefore, a flexible marketing management structure is recommended through the creation of a marketing committee, which has the authority, among others, to decide the timing of sales. It is important to set a target price among group members, as this will enable the authorized committee and the marketing manager to effectively decide the timing of sale.

NFT, Morogoro RAS, Kilombero DFT and JICA

March, 2015

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(i) PART ONE

(ii) 1.0. DEFINITION OF TERMS

Warehouse: A storage facility where raw materials or manufactured goods may be kept before distribution or sale, which may be the facility to store paddy (Hereinafter called the “Warehouse”).

Farmers’ Group: A group of farmers who work together to manage and develop activities of storing, marketing, and selling paddy. (Hereinafter called the “group”).

Constitution: A set of principles and rules on warehouse management to guide day to day operations.

A Member: A person who has joined the farmers’ group by paying the required entry fee and various contributions, with various duties and responsibilities, as set forth in Part Five.

Warehouse Management Committee: A committee with the composition and functions as set forth in Section 8.1. (Hereinafter called the “Warehouse Management Committee”).

Leader: A member who has been elected by members of the group with the duties, among others, to supervise, implement, and coordinate the activities and assets of the group and its members properly, as set forth in Section 7.2.

Registration fee: Money paid by a member for admission to the group, as set forth in Section 5.3.

Fees: Money paid by a member for operations of activities of the group, as set forth in Section 5.3.

Penalty: Payment provided as punishment after a member or anyone commits an offence in relation to the constitution, as set forth in Section 5.5.

Environment: All areas surrounding the village oftogether with the location of the Warehouse.

(iii)



Part one defines a term utilized in a by-law. You need to adjust some specific terms regarding the objective and activity of your FO. Here, there are example terms such as “Warehouse” and “Warehouse Management Committee” which are applicable only for the FO of warehouse management. These terms will be replaced by e.g. “Quality Improvement Committee” if your FO deals with Coffee.

(iv) PART TWO

(v) 2.0. NAME, ADDRESS, AND LOCATION

Name of the Farmers’ Group:

Address: P.O.BOX,

(vi) PART THREE**(vii) 3.0. PURPOSE OF THE GROUP**

The general purpose of the group is to improve the livelihood of its members by, among others:

- (i) providing assistance in the sale of high quality paddy at a high price;
- (ii) sharing information on paddy storage to the members in order to improve processes and enhance sales performance;
- (iii) facilitating access to markets to its members by providing market information and proposing the opportunities of collective sales;
- (iv) managing the efficient use of the Warehouse and the surrounding areas;
- (v) managing and maintaining infrastructure the Warehouse and [around the] the Warehouse.

(viii)

Different types of FO will have other different purposes and activities.
In Part Three and Part Four, please rephrase the highlighted parts to relevant term according to your FO purposes and activities

(ix) PART FOUR**(x) 4.0. OPERATIONS OF THE GROUP**

This group will be operated according to the principles of democracy regardless of circumstances, gender, tribe, color or nature of man. In order to achieve the above objectives, the group shall, on a best efforts basis, do the following: -

- (xi) conduct its functions through good faith coordination among its members and manage all activities of the Warehouse and other available resources within the areas of the group such as construction, management, operation, and maintenance of the Warehouse;
- (xii) properly manage all of the group's finances;
- (xiii) supervise storage, Warehouse handling, setting target sale price;
- (xiv) develop various sources of revenue for the progress of the group;
- (xv) purchase, operate, and responsibly store, for use of its members, small and large equipment to be used for testing, processing, and storage of raw materials and products of its members;
- (xvi) collect, prepare, and sell its members' products, as well as other products for the benefit of the group.
- (xvii) encourage savings and credit schemes among its members; and
- (xviii) conduct other activities that will further the objectives of the group as outlined in this constitution.

(xix) PART FIVE**(xx)5.0. MEMBERSHIP OF THE GROUP**

Membership will be compulsory for anyone who will store paddy or any other material or product in the Warehouse.

(xxi) 5.1. QUALITIES OF A MEMBER OF THE GROUP

Anyone can become a member of the group, provided that the following qualities are present: -

- (i) The applicant must be of sound mind;
- (ii) The applicant must be cultivating paddy;
- (iii) The applicant must utilize the Warehouse by storing paddy therein;
- (iv) The applicant must not be harsh or unestablished;
- (v) The applicant must be a farmer within or in a nearby village;
- (vi) The applicant must agree with the constitution of the group;
- (vii) The applicant must pay registration fee, storing fee and other necessary contributions and;
- (viii) The applicant must be development-oriented.



In Part Five, it should be clearly indicated what criteria is required as a member of your FO, so that your FO can keep its products high quality or all members can have common understanding for working together. For example, coffee AMCOS is better to have a qualification that *“the applicant must have enough knowledge of coffee quality and acquire skills how to improve coffee quality”*

(xxii) 5.2. JOINING INSTRUCTION

- (i) Anyone who wants to join the group and has fulfilled all the condition above will be required to send their application to the Warehouse Management Committee. The leaders will receive, discuss, and pass it to the general members’ meeting for approval.
- (ii) Each member will acquire full membership by paying the Registration fee, as set forth in Section 5.3 (i), and a storing fee when the member stores paddy for one season, as set forth in Section 5.3 (ii), and such other contributions that may be required. Then, a member will sign or set thumb print in the members register book in front of tow members of the Warehouse Management Committee.

(xxiii) 5.3. ADMISSION FEES AND OTHER CONTRIBUTIONS

- (i) Each member shall pay a [one time/ annual] registration fee of Tsh/= (.....);

- (ii) Fees of Tsh/= (.....) per bag (recommendation is 105 kg) when a member stores paddy for one season. The collected fees will be used for warehouse operation and maintenance.



Here, it is necessary for FOs to collect fees for operation and maintenance (O&M) for not only the warehouse but also any other facilities (e.g. irrigation scheme, market infrastructure, processing machines etc.) owned/ used by FO.

(xxiv) **5.4. MEMBERSHIP TERMINATION**

Membership will terminate upon the occurrence of any of the following:

- (i) Death and unavailability of a successor who will accept the conditions of the constitution;
- (ii) Shift from the location;
- (iii) Resignation in writing;
- (iv) Dismissal of membership;
- (v) Insanity upon written proof from a physician;
- (vi) Lack of membership qualifications;
- (vii) Absence in three (3) consecutive regular meeting without notice.

A member may be suspended or his/her membership terminated due to the reasons mentioned in this constitution or upon his/her wilful failure to comply with the decisions set by the general meeting.

- Upon termination of membership for any reason whatsoever, no fees or various contributions shall be refunded.
- For a member who is expelled from membership, ownership of his/her paddy shall be shift to the leadership of the group tentatively for further procedures.

(xxv)

(xxvi) **5.5. RIGHTS AND DUTIES OF A MEMBER**

(xxvii) **5.5.1. Rights of a Member**

Each member shall have the following rights within the bounds of law:

- (i) to attend membership meetings;
- (ii) to express his/her thoughts and to be respected;
- (iii) to vote for a leader and to be voted for leadership;
- (iv) to utilize all services provided by the group; and
- (v) to access information about development and market information of the group.

(xxviii) 5.5.2. Duties of a Member

Each member shall have the following duties:

- (i) To respect the Constitution of the group;
- (ii) To respect the duly-elected leaders;
- (iii) To pay the Registration fee, storing fees, and all other contributions which were scheduled by the general meeting of the group;
- (iv) To use the Warehouse solely in accordance with its function, with utmost respect and care, and with due consideration to the other members and respect for the environment;
- (v) To participate in all activities of the group;
- (vi) To disclose information about damaged properties of the group to the Warehouse Management Committee of the group within a reasonable period upon discovery;
- (vii) To protect the assets of the group;
- (viii) To store paddy every season;
- (ix) To attend the meetings organized in accordance with the constitution and to participate in all activities of the group.



In 5.5.2, for example, a FO of vegetable producers should have a duty that *“to follow the annual production plan which is agreed and developed based on the peak demand of the market”* so that FO can consistently make shipment

(xxix) PART SIX**(xxx) 6.0. FUNDS OF THE GROUP**

The funds will be derived from: -

- (i) Registration fees, storing fees, and other contributions from members;
- (ii) Loans from other financial institutions;
- (iii) Arrears;
- (iv) Savings funds of the group (Option); and
- (v) Various penalties paid by members.

(xxxii)**(xxxii) PART SEVEN****(xxxiii) 7.0. MANAGEMENT AND ADMINISTRATION OF THE GROUP**

Great powers will be held by the general meeting of the group.

(xxxiv) 7.1. MEMBERS OF THE GENERAL MEETING

There will be three general meetings. All substantial decisions of the group may only be concurred during said general meetings..Each member shall be entitled to attend, participate in discussions, and vote during said general meetings. Such meetings are as follows:-

(xxxv) 7.1.1. Annual general meeting

The Annual General Meeting will be held in the end of the 4th Quarter of each calendar year and the delay should not exceed one month or thirty days.

Issues to be discussed at this meeting shall include the following: -

- (i) reading and approval of the minutes of the previous general meeting;
- (ii) discussion and approval of long and short term plans of the group;
- (iii) discussion and approval of the estimates of the revenue and expenditure of the group for the next year;
- (iv) discussion of the closing year's financial report;
- (v) discussion and approval of disciplinary measures to impose sanctions such as suspension or termination of membership;
- (vi) discussion and approval of new applications;
- (vii) discussion and approval of fees and contributions;
- (viii) nomination and election of leaders;
- (ix) amendment of the constitution;
- (x) discussion and approval of all other matters pertaining to the development of the group;
- (xi) discussion and approval of the delegation of specific powers to leaders and the Marketing Committee such as the decision on the sales price and the appropriate time for paddy sales (this article is for the group that has large number of members more than 80 people).

(xxxvi) 7.1.2. Regular General Meeting

Regular meeting will be held twice a year in June and December of every season.

Issues to be discussed in this meeting shall include the following: -

- (i) To review and verify minutes of the previous meeting.
- (ii) To receive and discuss the financial statements and implementation information from the Warehouse Management Committee.
- (iii) To perform any other matters relating to the development of the group.
- (iv) To discuss new applications.
- (v) To decide delegation of power to leaders and Marketing Committee for decision of the sales price and appropriate time for paddy sales (this article is for the group that has large number of members more than 80 people).

(xxxvii) 7.1.3. Emergency General Meeting

There will be an emergency general meeting which will be held at any time as deemed necessary by the group, and should meet the following requirements: -

- (i) This meeting will be convened by the Chairperson,
- (ii) On the written request of members signed by one-third ($\frac{1}{3}$) of all members of the group. The request must explain what to be discussed and must be signed or thumb printed by all members.
- (iii) Higher ranking Responsible Leaders
- (iv) To discuss and agree the suggestion of sales from the Marketing Committee (this article is for the group that has small number of members less than 79 people).

The emergency meeting will only discuss what is called by the session.

(xxxviii) 7.1.4. Announcement of the Meetings

All announcements should be displayed on the board of the office, bulletin boards, or other methods agreed to convene meetings in the group. They must clearly indicate the date, time, and venue of the the meeting, together with the agenda for the said meeting.

(xxxix) 7.1.5. Time of Announcing General Meeting

- (i) The Annual General Meeting should be announced not less than.....days from the date of the meeting.
- (ii) The Regular General Meeting should be announced not less than.....days from the date of the meeting.
- (iii) Emergency General Meeting should be announced at any time.

(xl) 7.1.6. Compulsory Attendance of General Meetings

At all general meetings the attendance of members must be half of all members for the meeting to be valid. And if attendance is not enough after of starting time, the chairperson shall postpone the meeting fordays.

When the meeting will convene again, the agenda of the meeting shall be the same. If attendance is also not enough, declarations will be made by two thirds ($\frac{2}{3}$) of the attended and those decisions will be valid. For emergency general meeting convened on the request of the members, the meeting will be cancelled completely if the attendance is poor after.....minutes from the starting time. (the following sentence is for smaller number of the group) In the case that the Emergency General Meeting will discuss the issue of when to sell paddy stored in the Warehouse, half of members who stored paddy will be required for valid decisions).

(xli) 7.1.7. General Meeting Operation and Quorum

The Chairperson of the group will conduct all general meetings. If the Chairperson is absent, any leader will conduct the meetings. If both are absent or do not want to conduct the meeting, any among the members will be elected to act as chairman of the meeting. Quorum for all meetings shall be majority of the members.

(xlii) 7.1.8. Voting

- (i) Voting shall be done secretly.
- (ii) Each member shall have one(1) vote .
- (iii) All resolutions will be made by a vote through raising hands, unless a secret vote is required.
- (iv) In the committee meetings, the chairman shall have an additional vote to resolve a tie.
- (v) Resolutions and decisions accepted at the general meetings shall be recorded in the general meetings book which after being confirmed, will be signed by the chairman and secretary of the group

(xliii) 7.2. LEADERSHIP OF THE GROUP**(xliv) 7.2.1. Requirements of Leaders**

- (i) Should have a sound mind.
- (ii) Should be cultivating paddy.
- (iii) Should not be harsh or unestablished
- (iv) Should be a farmer within or nearby the village
- (v) Should agree with the constitution of the group.
- (vi) Should be development oriented
- (vii) Should have paid registration fee, storing fee and other contributions.

(xlv)**(xlvi) 7.2.2. Term of the Leadership**

The term of leadership is for a period of three years, with possibility to be re elected in accordance with the constitution, however, leadership should not exceed two terms (six years).

(xlvii) 7.2.3. Eligibility for Being a Candidate

- (i) Anyone who is a member of the group and has fulfilled all the conditions above will be required to send their application to the Warehouse Management Committee. The leaders will receive, discuss and pass it to General Meeting for approval.
- (ii) Complete education of

- (iii) Be able to read and write
- (iv) Have ability to implement roles of the leader in charge
- (v) Willing to work as volunteer
- (vi) Be good person as a good example
- (vii) Be afford to admit if the person is wrong
- (viii) Have willingness to use his/her knowledge for members

(xlviii) 7.2.4. Termination of Leaders

- (i) Death and unavailability of successor who accepted the conditions of the group.
- (ii) Shift from the location.
- (iii) Resignation in writing
- (iv) Dismissal of leadership
- (v) Insanity approved by the Doctor
- (vi) Loss of leadership qualifications.
- (vii) Absence in three (3) consecutive regular meetings without notice.

A Leader may be suspended or terminated due to the reasons mentioned in this constitution or failure to comply with the decisions set by the general meeting.

- A leader who is terminated from membership, voluntary leaving or cease of membership for any reason shall not be refunded his fees and various contributions.
- For a leader who is expelled from membership, ownership of his/her paddy shall be shift to the leadership of the group tentatively for further procedures.

(xlix) 7.2.5. Right of Leaders

- (i) The right to attend meetings.
- (ii) The right to express his/her thoughts, to be respected and to be listened in various forums without breaking the law.
- (iii) The right to vote for a leader and to be voted for leadership
- (iv) The right to get all services provided by the group
- (v) The right to information about development and market information of the group

(l) 7.2.6. Role of Chairperson

- (i) To call all meetings.
- (ii) To be Signatory of the bank account.

- (iii) To Supervise and manage all activities of the team. **When the buyer with agreement of a sale come to the warehouse to purchase and receive paddy bags, the Chairperson should make sure all the arrangement is proper. For example, the arrangement includes agreed unit price and amount of money received from the buyer.**

- (iv) To approve payment



The role of leaders is divided into two types; one is common roles which are applicable for all types of FO, and the other is specific roles which are specified according to the purpose and activities of each FO. For example, the highlighted sentences are only applicable for FO dealing with warehouse management and collective sales.

You can rephrase and adjust them

(li) 7.2.7. Role of Secretary

- (i) To do Record keeping,
 (ii) To receive and answer letters,
 (iii) To arrange all meetings,
 (iv) To facilitate all communications of the Union for the benefit of it according to constitution,
 (v) To be Signatory of the bank account.
 (vi) To receive and store paddy bags according to procedure described in the manual of warehouse management.
 (vii) **To make sure that the the agreed number of paddy bags are shipped properly and record it when buyer with agreement of a sale come to the warehouse and the stored paddy are sold.**

(lii) 7.2.8. Role of Treasurer

- (i) To Keep financial record,
 (ii) To make all payment after approval of the Warehouse Management Committee,
 (iii) To receive and keep all money properly, prepare all debit and credit report. **When the stored paddy bags are sold to a buyer, the treasurer should be there and receive the money from the buyer.**
 (iv) To be responsible of all financial management issues
 (v) To be signatories of the bank account.



Here, Marketing Manager is applicable only if FO deals with collective sales of a commodity.

Different FO has different type of leaders

(liii) 7.2.9. Role of Marketing Manager

- (i) To collect market price information of paddy and rice, put it on the board and share it with users of Warehouse
 (ii) To establish network with buyers and other information sources to have more sales opportunities

- (iii) To negotiate with buyers on sales price (**The Marketing Manager should NOT do sales operation alone including receiving payment etc.**)
- (iv) To propose timing and price of sales after collecting information and finding buyers
- (v) To report what buyers requested, provoke discussion in the regular general meeting on whether the group could satisfy the requests and agree on what should be improved next season
- (vi) To make advice and propose on collective sales
- (vii) To advise chairperson to hold emergency general meeting in order to discuss issues of selling stored paddy

(liv) 7.2.10. Role of 4 Ordinary Members

- (i) Assist secretary when he/she receive paddy in the Warehouse.

(lv) PART EIGHT

8.0. COMMITTEES



In Part Eight, different FOs may have different committees based on its purpose/ activities e.g;
 - coffee AMCOS may have Quality Control Committee

(lvi)

There are two committees: Warehouse Management Committee and Marketing Committee.

(lvii)

(lviii) 8.1. WAREHOUSE MANAGEMENT COMMITTEE

(lix) 8.1.1. Membership of the Warehouse Management Committee

- (i) Warehouse Management Committee will consist of 8 members including:
- (ii) Chairperson of the group
- (iii) Secretary of the group
- (iv) Treasurer of the group
- (v) Marketing Manager of the group
- (vi) Four ordinary members of the group
- (vii) The 4 members at the first regular general meeting in the year.
- (viii) Members will be elected every year.

(lx) 8.1.2. Role of the Warehouse Management Committee

Role of Warehouse Management Committee is to supervise and implement day to day activities of warehouse.

The day to day activities include:

- (i) Receiving paddy from members of the group and non-members.
- (ii) Store them in good quality.

- (iii) Check quality and control weight of paddy bag when the team receive paddy
- (iv) Manage income and expense properly and report them to members
- (v) Make sure that members respect the constitution
- (vi) Keep Warehouse clean
- (vii) Management of Warehouse facilities

(Ixi) 8.1.3. Meetings of the Warehouse Management Committee

Committee will have four meetings in a year after every three months. In addition, emergency meetings will be held if need arises. All meetings will be led by the chairperson of the group. In the absence of the Chairman any leader shall lead the meeting.

8.1.3.1. Validity of the Warehouse Management Committee Meetings

The meetings will be valid if participants will be half of all leaders.

8.1.3.2. Ceasing to be a Member of Warehouse Management Committee

Membership shall cease if: -

- (i) Dismissed from membership.
- (ii) Death.
- (iii) He/She resigns with a written resignation notice within thirty days.
- (vi) Lose of qualifications.
- (vii) Failure to attend three consecutive meetings without acceptable reasons

8.1.3.3. Call and Operating of the Warehouse Management Committee Meetings

- (i) The Warehouse Management Committee meetings will be convened by the secretary in consultation with the chairman of the group.
- (ii) Each member shall have one vote.
- (iii) All matters discussed shall be written in book of Warehouse Management Committee and signed by Chairman and secretary.

(Ixi)

(Ixiii) 8.2. MARKETING COMMITTEE

(Ixiv) 8.2.1. Membership and Officers of the Marketing Committee

The Marketing Committee consists of following:

- A Marketing Manager; and
- 4 ordinary members.

[The 4 members at the first regular general meeting in the year.]

All the members will be elected during the first regular meeting of each year.

(lxv) 8.2.2. Role of the Marketing Committee

- To prepare a marketing plan and submit it to the regular general committee for approval.
Contents of the marketing plan as follows
 - Analysis of current situation
 - ✓ market demand: what variety buyers prefer, current price
 - ✓ status in Msalise (price of paddy, what the group sell (paddy or milled rice), where the milling machine is available, variety of seeds, production cost per acre)
 - Marketing strategy
 - ✓ Goal of off-season sales (tarket sale price³ per bag and per kg)
 - ✓ Sales Strategy
 - ✓ Activities towards the goal (Where does marketing manager do collect information of market price and how often in a week or where does marketing manager do buyers survey and how often in a week. These should be financed by own funds of the group)
 - ✓ How to sell and when to sell paddy or othe product (e. g. sell collectively in December)
- To advice the leadership regarding timing and price of paddy sales based on the proposal by the marketing manager. (This item is for the group with large number of members more than 80.)
- To participate in actual sales operation including weighing, loading and unloading, etc.

(lxvi) PART NINE

(lxvii) 9.0. FINANCIAL MANAGEMENT

(lxviii) 9.1. KEEPING BOOKS OF ACCOUNTS

The group will be required to keep accounting books to have accurate records of assets, income and expenditure.

- (i) The group shall keep accounts in accordance with the laws.
- (ii) All records of projects can be joined together to get financial report
- (iii) Records that will need to be stamped will be signed by Chairperson together with other two members who shall be elected by the general meeting.
- (iv) Signatories to the bank account of the group are chairman, secretary and Treasurer. **Only two signatories will sign the check to withdraw money from the Bank.**

³ Tarket sale price should be calculated from production cost of produce

(Ixx) 9.2. AUDITING

Books of accounts and assets will be audited by the following inspectors:-

- (i) Internal audit will be carried out. The internal auditor will be selected from members of the group in the annual general meeting.
- (ii) External auditing will be conducted by an expert from the District Council Finance Department.

(Ixx) PART TEN**(Ixxi) 10.0. RESOLVING CONFLICTS**

All conflicts will be resolved by its subcommittee, channelled to general committee of the group, ward, division and ultimately the court. If a dispute involves the interpretation of this Constitution, that dispute would be referred to consultants of legislature for clarification.

(Ixxii)**(Ixxiii) PART ELEVEN****(Ixxiv) 11.0. COLLAPSE OF THE GROUP**

If the group collapses legal procedures will apply. It will also involve the registrar of the group, after the group express willingness to dissolve the group before taking any action. Procedures and instructions by registrar will be taken in breaking the group.

- (i) The concern of two-thirds ($\frac{2}{3}$) of the members, can break the group
- (ii) Laws and regulations of the Country
- (iii) By order of the Registrar of the group

(Ixxv) PART TWELVE**(Ixxvi) 12.0. FINANCIAL YEAR OF THE GROUP**

The financial year of the Union shall be commenced on until every year.

(Ixxvii) PART THIRTEEN**(Ixxviii) 13.0. CHANGES TO THE CONSTITUTION**

Any section or part of the constitution can be changed at any time when members see the need to do so. Changes will be done by an annual or regular general meeting where the agenda of constitutional amendments will be read, discussed and approved by $\frac{2}{3}$ of all members

Annex 02: Training Material for Book Keeping (Sample)

EXAMPLE 1

- MSIA AMCOS conducts coffee collection activities and sale. On March, 2015 MSIA AMCOS had the following transactions records;
- On 01/03/2015 there was a cash balance of Shs 200,000/= and 198,200/= shillings in bank
- On 02.03.2015 MSIA AMCOS received 10 new members each paid admission of Tshs 5,000 /=. The total was 50,000 shillings/=
- On 03/03/2015 New members gave total shares of 600,000 shillings/ =
- On 04/03/2015 There was coffee auction sales of 60,000,000/=
- On 06/03/2015 AMCOS draw 54 million from the bank for payment of farmers
- On 07/03/2015 The following payments were made to the following farmers; Mwamlima 10,200,000/=, 08.03.2015 Mwashambwa 15,000,000/=; and Mwalise 28,800,000/=
- Function: Enter the same transactions in the primary books and cash book

EXAMPLE 2

- For the month of April, 2015 MSIA AMCOS activities continued for the following transactions
- On 03/04/2015 They took shilling 5,200,000/= money from the bank as association tariff in order to fund various activities of AMCOS as follows: on 04.04.2015 transport of 550,000 shillings/=, on 05/04/2015 paid labor 400,000 shillings, on 06/04/2015 stationeries for 70,000/=, sitting allowances 200,000/=, on 04.08.2015 paid security guard 300,000/=, on 09/04/2015 75,000 for CPU fuel / =, and CPU oil 15,000/=
- On 09/04/2015 The association received 350,000 shillings from customers as a fee to use the CPU
- Function: Enter the same transactions in the primary books and cash book

ACTIVITY 1

- On 2014/2015 season Hamwelo AMCOS had recorded financial transactions as follows:
- On 01.05.2015 Cash balance of 102,000 shillings/= and shillings 160,000/= in bank
- On 07.05.2015 They received shillings 3,200,000/= loan from the CMS via a bank for buying CPU construction equipment, a loan of 2.1 million shillings for fertilizer, and shillings 1,000,000/= loan for coffee harvesting
- On 09.05.2015 They procured from the building materials shop belong to Mwashuiya, a water pump, cost 500,000 / =, water tank 600,000 / =, water pipes

450,000 / =, iron sheet 1,650,000/ =

- On 16/05/2015 They received new members who provided a total of 70,000 shillings as entrance fee
- On 19/5/2015 The secretary draw 1,000,000/= from bank for paying coffee growers money for harvesting, Mwashambwa sh.200,000 / =, Mgallah sh.600,000 / = and Nzowa sh.200,000 =
- Function: Enter the same transactions in the books of the previous books and cash books (cash book)

ACTIVITY 2

June activity on AMCOS continued as follows

- Fate 03/06/2015 Coffee auction sales of 84 million
- On 8/6/2015 They repaid loan to CMS Total 6,300,000/= by check number 00002345
- Date 11/6/2015 Tariff payments shillings 7,000,000
- Date 16/6/2015 2,155,000 shillings charge of transportation, board allowance 900,000/=, stationeries 120,000/=, welcome 400,000 visitors/=
- On 17/06/2015 The secretary gave bank check of 00,002,346 with a total of 55,900,000/= for the payment of farmers.
- On 18/06/2015 The secretary paid for Mgulla sh.35,000,000/=, Lyanda sh.17,000,000/=, and Sinienga sh.3,900,000/=
- Function: Enter the same transactions in the primary books and cash book

ANSWER

(EXAMPLE 1)

CASHBOOK MARCH, 2015

DR			CASH		BANK	
Date	STK/HM NO	Particulars	DR	CR	DR	CR
1-Mar-15		Opening Balance	200,000.00		198,200.00	
2-Mar-15		Entry fees	50,000.00			
3-Mar-15		Shares	600,000.00			
4-Mar-15		Coffee sales			60,000,000.00	
5-Mar-15		Farmers payments	54,000,000.00			54,000,000.00
6-Mar-15		Japhet mwamlima		10,200,000.00		
7-Mar-15		mwashambwa		15,000,000.00		
8-Mar-15		mwasile		28,800,000.00		
31-Mar-15		Closing Balance		850,000.00		6,198,200.00
			54,850,000.00	54,850,000.00	60,198,200.00	60,198,200.00

(EXAMPLE 2)

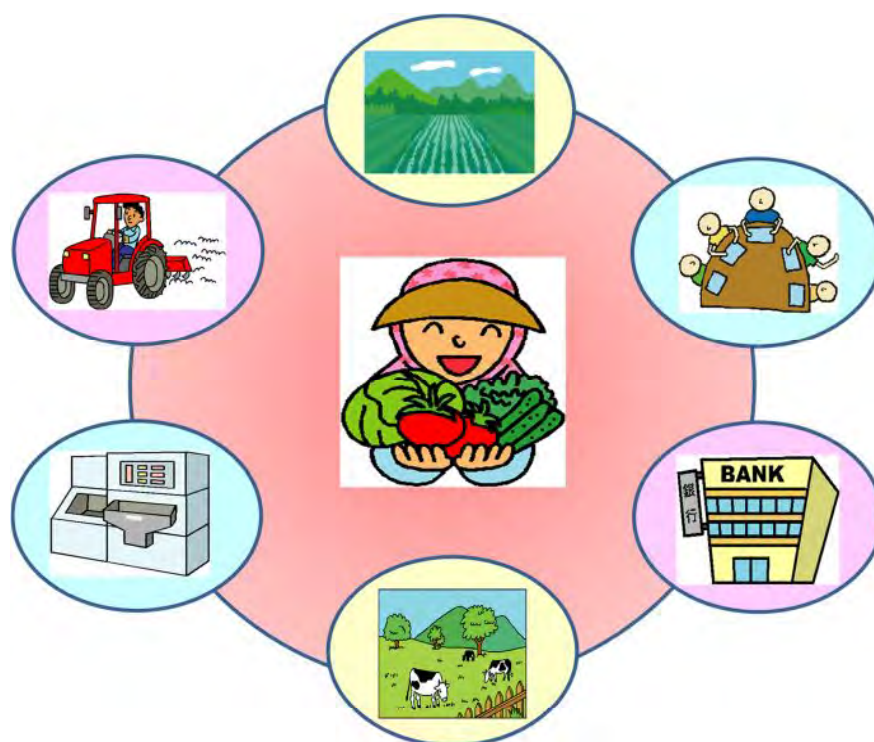
CASH BOOK OF APRIL, 2015

DR			CASH		BANK	
Date	STK/HM NO	Particulars	DR	CR	DR	CR
1-Apr-15		Opening Balance	850,000.00		6,198,200.00	
3-Apr-15		Tariff	5,200,000.00			5,200,000.00
4-Apr-15		transportation		550,000.00		
5-Apr-15		laborers		400,000.00		
6-Apr-15		Office diaries		70,000.00		
7-Apr-15		allowance		200,000.00		
8-Apr-15		Security guard		300,000.00		
9-Apr-15		Fees for using CPU	350,000.00			
		CPU oil		75,000.00		
		oil for CPU		15,000.00		
30-Apr-15		Closing Balance		4,790,000.00		998,200.00
			6,400,000.00	6,400,000.00	6,198,200.00	6,198,200.00

7.3 Local Coordination and Public-Private Partnership (PPP)



TECHNICAL SUPPORTING MANUAL
ON
LOCAL COORDINATION AND
PUBLIC-PRIVATE PARTNERSHIP (PPP)



"Roma was not built in a day"

December 2015

**DADP Planning and Implementation
Thematic Working Group
In collaboration with
JICA-RADAG**

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1. Introduction

- Comprehensive DADP should be based on the concept of resource mobilization from various stakeholders, i.e. comprehensive resource mobilization.
- Resource mobilization can be done at two levels, namely i) at program level (i.e. DADP or Value chain level) and ii) at individual intervention level. In this document, the former is referred to as Local Coordination, while the latter is as Public-Private Partnership (PPP).
- This document illustrates how District Facilitation Team (DFT) can achieve Local Coordination and PPP.

2. Local Coordination

Why Local Coordination important?

Local Coordination is very important due to the following reasons:

- Local Coordination can bring off-budget resources to the LGA for planning and implementing DADP, which is now facing the decline of the government budget from the center. At LGA level, there are many stakeholders working for agricultural development, including DPs, NGOs, and research and financial institutions. Some of them provide resources through a government channel, while others do not, having off-budget resources, which would be additional to the government budget.
- Local Coordination can avoid the overlapping of supports while achieving the harmonized effects of interventions. In some cases, the stakeholders provide assistance to farmers even without consulting or involving DFT in advance. This often results in miscommunication among the people concerned and overlapping or pitfall of multiple supports. To avoid such risks, DFT is required to undertake Local coordination.
- Local Coordination can bring the leadership to DFT. It is often observed that DFT participate in coordination meeting organized by a stakeholder but not by vice-versa. For DADP, it is DFT who can/should take a leading role of coordination.

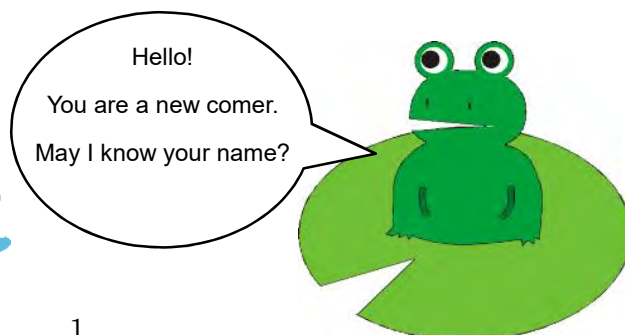
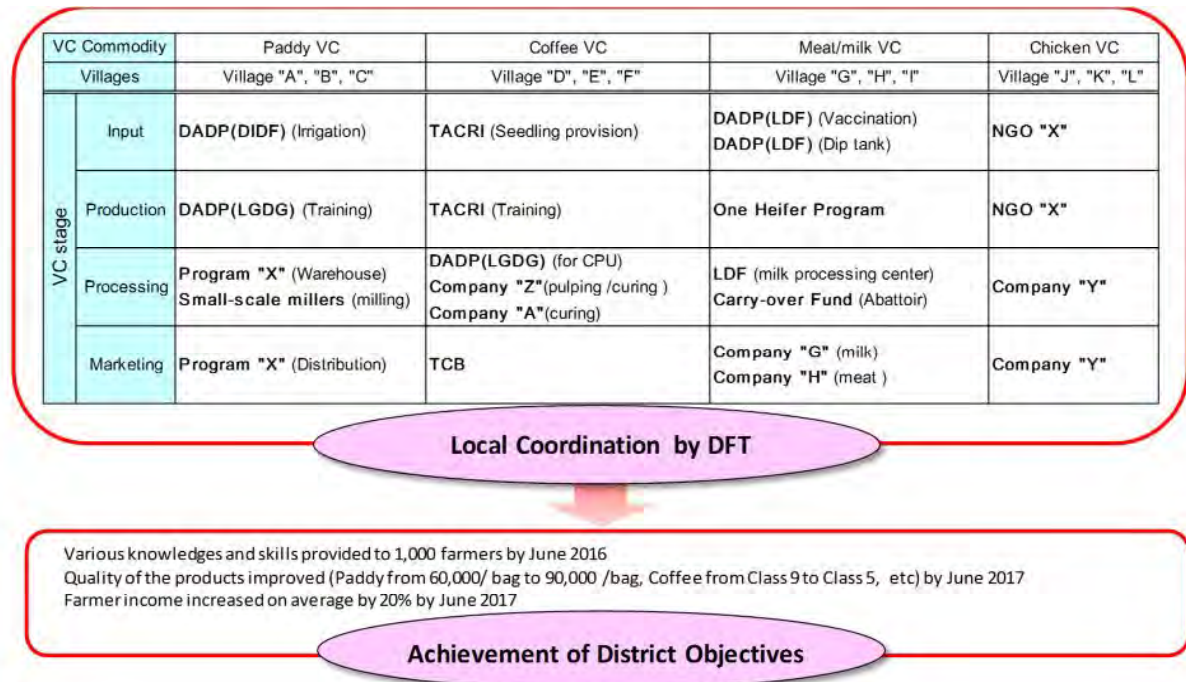


Image of Local Coordination

- The following is the conceptual figure of Local Coordination. It shows “who does what” by commodity VC and by stage of the VC in order to achieve district objectives.



How can DFT undertake Local Coordination?

There are several steps to undertake Local Coordination.

Step1: List all stakeholders who operate development activities or business relating to priority commodities

Stakeholders include donor programs, NGOs, training and research institutions, private companies and financial institutions. Try to identify their presences as much as possible, at least, for major commodities in a district. Address stakeholders who are out of a district but have a business in or relation with the district.

Step2: Identify TORs of the stakeholders especially of development partners (DPs) including NGOs

DFT needs to know the TOR of the stakeholders especially DPs, including

- ✚ Which commodities they support for assistance or deal with for business
- ✚ Which stage of the VC

- ✚ Which kind of assistance
- ✚ Where they operate and are operating
- ✚ How long they operate / when they finish their program

The TORs of the stakeholders can be summarized in the table below.

Category	Stakeholders/ Program	Commodity	VC Stage	Type of Assistance/ Business	Where	Period
Gov.	DADP (DIDF)	Paddy	Input	Infrastructure (Irrigation)	Village A and B	July 2016- Jun 2018
Gov	DADP (LGDG)	Paddy	Production	Training	Village A, B and C	June 2016
Gov. (Research)	TACRI	Coffee	Input/ Production	Seedling Training	Village D, E and F	2015
⋮	Sample of Stakeholder TOR List					

Box: How to obtain the TOR?

The following methods can be used to obtain the TORs of the stakeholders.

District Stakeholder Meeting: This is a meeting to discuss agricultural development in a district, in general. The advantage of this method is to be able to capture various stakeholders while the disadvantages are that it tends to be costly with many participants and their discussion may be too general without focus.

Program Coordination Meeting along a commodity VC: This method is developed by Kilombero DC with supports from DADP P&I TWG/ JICA-RADAG. It is a meeting to discuss issues specific to a commodity VC. As compared to District Stakeholder Meeting, the size of one meeting tends to be smaller and the discussion be of more focus.

Individual visit: Instead of having a meeting, DFT can have individual meetings with major stakeholders. This method does not require a lot of cost but time. Also information obtained from each meeting should be shared among DFT members.

Questionnaire survey: DFT can prepare a questionnaire, distribute it to stakeholders and collect from them. By words, this method looks very simple. In practice, however, it requires careful follow-up e.g. making a phone call to stakeholders to remind of submission.

MOU: This method is developed by Manyara Region. The region has established a rule of having MOU with donors and NGOs when they start supporting activities in the region to confirm their TORs. With MOU, the region can see their commitment while the stakeholders are assured about their status and collaboration with the region and its LGAs.

Step3: Mapping by commodity VC and by stage of the chain

Having identified TOR of the stakeholders, mapping can be done, using the format below. In theory, it should be done for all of the commodities dealt with by the stakeholders in a district. In practice, however, it can be done for major commodities only, including district priority commodities.

With the format below, DFT can show the bottlenecks identified by the VC analysis and the names of the stakeholders who are related to respective bottlenecks by commodity and along the VC.

Commodity						
Village						
VC stage	Bottleneck	Program/ Stakeholders	Bottleneck	Program/ Stakeholders	Bottleneck	Program/ Stakeholders
Inputs						
Production						
Collection/ Processing						
Marketing						

Format of Stakeholder Mapping

The sample of the mapping is illustrated as below.

Commodity	Paddy/ rice		Coffee		Meat and Milk	
Village	Village A, B and C		Village D, E and F		Village G, H and I	
VC stage	Bottleneck	Program/ Stakeholders	Bottleneck	Program/ Stakeholders	Bottleneck	Program/ Stakeholders
Inputs	Lack of irrigation	DIDF (Irrigation)	Lack of drought-resistant seedling	TaCRI (Seedling Distribution)	Lack of improved breeds	Happy Heifer Program (Artificial Insemination)
	Lack of QDS	LGDG (QDS production)				
Production	Poor production techniques	KATC (Training)	Poor maintenance of coffee farm	TaCRI (Training of Production) NGO "X" (Training of Production)	Disease spreading	LDF (Dip tank) LDF (Vaccination)
					Conflict with farmers on land use	LDF (Land Use Plan)
Collection/ Processing	Lack of warehouses(WHs)	Rice-Dev. Program (WHs)	Lack of CPU	LGDG (CPU)	Lack of milk collection center	LGDG (Collection Centers)
	Poor knowledge on WH management and collective sale	(NONE)		Company "A" (Pulping/curing)	Lack of Abattoirs	LGDG (Abattoirs)
	Poor knowledge on milling	Small-scale millers	Weak capacity of AMCOS	LGDG (AMCOS Training)	Poor knowledge on organization/facility management	Happy Heifer Program (Management Training)
Marketing	No brand, thus low price	Traders (e.g. Mr. ZZZ and Mr. YYY)	Lack of information on quality judgement	TCB (DFT can make enquiry to TCB)	Little demand for local milk	Company "B" LDF (Milk Consumption Day)
	Sale in mix with other districts' rice		No collective sale (Small quantities by many AMCOSs)	(NONE)	Low prices of meat	(NONE)
Common	Lack of capitals	ZZZ Bank (agribusiness loan) QQQ Agency (Microfinance) RRR Agency (Microfinance)	Lack of capitals	ZZZ Bank (agribusiness loan) QQQ Agency (Microfinance) RRR Agency (Microfinance)	Lack of capitals	ZZZ Bank (agribusiness loan) QQQ Agency (Microfinance) RRR Agency (Microfinance)

**Sample of Stakeholder Mapping with
reference to bottlenecks for VCD**

Step 5: Undertake the key activities of Local Coordination

After developing the stakeholder map, DFT should undertake Local Coordination. There are five elements of Local Coordination.

5 elements of Local Coordination

- A) Bringing new partners
- B) Demarcation of supports
- C) Knowledge sharing
- D) Collaboration with the private sector
- E) Creating joint efforts

Each element is explained below, using the sample illustration.

A) Bring new partners especially where none is identified under the column of Program/ Stakeholders. For example, in the sample illustration below, there is none addressing the bottleneck of “Poor Knowledge on warehouse management and collective sale” for Paddy/ rice VC. Also none is to overcome the bottleneck of collective sale of coffee. DFT needs to look for new partners to mitigate these issues and bring them in DADP.

Commodity	Paddy/ rice		Coffee	
Village	Village A, B and C		Village D, E and F	
VC stage	Bottleneck	Program/ Stakeholders	Bottleneck	Program/ Stakeholders
Inputs	Lack of irrigation	DIDF (Irrigation)	Lack of drought-resistant seedling	TaCRI (Seedling Distribution)
	Lack of QDS	LGDG (QDS production)		
Production	Poor production techniques	KATC (Training)	Poor maintenance of coffee farm	TaCRI (Training of Production) NGO "X"(Training of Production)
Collection/ Processing	Lack of warehouses(WHs)	Rice-Dev. Program (WHs)	Lack of CPU	LGDG (CPU)
	Poor knowledge on WH management and collective sale	(NONE)		Company "A" (Pulping/curing)
	Poor knowledge on milling	Small-scale millers		LGDG (AMCOS Training)
Marketing	No brand, thus low price	Traders (e.g. Mr. ZZZ and Mr. YYY)	Lack of information on quality judgement	TCB (DFT can make enquiry to TCB)
	Sale in mix with other districts' rice		No collective sale (Small quantities by many AMCOSs)	(NONE)

If there is NO stakeholder addressing the bottlenecks identified by the VC analysis, DFT needs to bring new partners, so that the chain can be improved.



B) Demarcation of supports where there are several stakeholders addressing the same bottleneck. For example, in the Coffee VC, both TaCRI and NGO “X” provide the training of coffee production, targeting the same village. DFT needs to confirm with the both players, e.g., the contents of training and beneficiaries targeted by training.

Commodity	Paddy/ rice		Coffee	
Village	Village A, B and C		Village D, E and F	
VC stage	Bottleneck	Program/ Stakeholders	Bottleneck	Program/ Stakeholders
Inputs	Lack of irrigation	DIDF (Irrigation)	Lack of drought-resistant seedling	TaCRI (Seedling Distribution)
	Lack of QDS	LGDG (QDS production)		
Production	Poor production techniques	KATC (Training)	Poor maintenance of coffee farm	TaCRI (Training of Production) NGO "X" (Training of Production)
Collection/ Processing	Lack of warehouses(WHs)	Rice-Dev. Program (WHs)	Lack of CPU	LGDG (CPU)
	Poor knowledge on WH management and collective sale	(NONE)		Company "A" (Pulping/curing)
	Poor knowledge on milling	Small-scale millers	Weak capacity of AMCOS	LGDG (AMCOS Training)
Marketing	No brand, thus low price	Traders (e.g. Mr. ZZZ and Mr. YYY)	Lack of information on quality judgement	TCB (DFT can make enquiry to TCB)
	Sale in mix with other districts' rice		No collective sale (Small quantities by many AMCOSs)	(NONE)

If there are several programs/ stakeholders addressing the same bottleneck, DFT needs to confirm with them on the demarcation of supports.



C) Knowledge sharing: technical materials and tools that have been developed by one program / stakeholder can be shared with others who attempt to do similar activities. In the sample illustration, both LGDG and Happy Heifer Program will provide training of group management, though targeting different commodities, coffee and meat/milk, respectively. DFT can promote knowledge sharing between the two. For example, DFT can refer to training materials developed by Happy Heifer Program when training AMCOS for coffee.

Commodity	Coffee		Meat and Milk	
Village	Village D, E and F		Village G, H and I	
VC stage	Bottleneck	Program/ Stakeholders	Bottleneck	Program/ Stakeholders
Inputs	Lack of drought-resistant seedling	TaCRI (Seedling Distribution)	Lack of improved breeds	Happy Heifer Program (Artificial Insemination)
Production	Poor maintenance of coffee farm	TaCRI (Training of Production) NGO "X"(Training of Production)	Disease spreading	LDF (Dip tank) LDF (Vaccination)
			Conflict with farmers on land use	LDF (Land Use Plan)
Collection/ Processing	Lack of CPU	LGDG (CPU)	Lack of milk collection center	LGDG (Collection Centers)
		Company "A" (Pulping/curing)	Lack of Abattoirs	LGDG (Abattoirs)
	Weak capacity of AMCOS	LGDG (AMCOS Training)	Poor knowledge on organization/facility management	Happy Heifer Program (Management Training)
Marketing	Lack of information on quality judgement	TCB (DFT can make enquiry to TCB)	Little demand for local milk	Company "B" LDF (Milk Consumption Day)
	No collective sale (Small quantities by many AMCOSs)	(NONE)	Low prices of meat	(NONE)

If there are several programs/ stakeholders which have similar activities, DFT needs to promote knowledge sharing among them.



D) Look for collaboration with the private sectors (non-state actors) which are operating the business relating to bottlenecks. In the sample illustration below, highlighted with a circle are the private sectors that are identified as key stakeholders and thus have potential for collaboration.

Commodity	Paddy/ rice		Coffee	
Village	Village A, B and C		Village D, E and F	
VC stage	Bottleneck	Program/ Stakeholders	Bottleneck	Program/ Stakeholders
Inputs	Lack of irrigation	DIDF (Irrigation)	Lack of drought-resistant seedling	TaCRI (Seedling Distribution)
	Lack of QDS	LGDG (QDS production)		
Production	Poor production techniques	KATC (Training)	Poor maintenance of coffee farm	TaCRI (Training of Production) NGO "X" (Training of Production)
Collection/ Processing	Lack of warehouses(WHs)	Rice-Dev. Program (WHs)	Lack of CPU	LGDG (CPU)
	Poor knowledge on WH management and collective sale	NONE		Company "A" (Pulping/curing)
	Poor knowledge on milling	Small-scale millers		LGDG (AMCOS Training)
Marketing	No brand, thus low price	Traders (e.g. Mr. ZZZ and Mr. YYY)	Lack of information on quality judgement	TCB (DFT can make enquiry to TCB)
	Sale in mix with other districts' rice		No collective sale (Small quantities by many AMCOSs)	NONE
Common	Lack of capitals	ZZZ Bank (agribusiness loan) QQQ Agency (Microfinance) RRR Agency (Microfinance)	Lack of capitals	ZZZ Bank (agribusiness loan) QQQ Agency (Microfinance) RRR Agency (Microfinance)

For instance, at the processing stage of the paddy VC, DFT needs to collaborate with small-scale millers in order to increase quality of milled rice that farmers have produced. DFT may prepare leaflets or guidelines that can make local millers follow proper treatments. Another example can be observed for the coffee VC. DFT can discuss with Company “A,” which possesses CPUs, how they can involve farmers in the company’s business (e.g. by identifying which village’s farmers to be involved, so that the priority of provision of CPUs with government funds will be given to other villages).

Stakeholders are not only DPs and NGOs but also private sectors. With the private sectors, collaboration should be considered.



E) Create joint efforts to solve common issues. More often than not, there are bottlenecks common among the stakeholders. DFT can mobilize resources from various stakeholders to combat them. For example, in the sample illustration below, the lack of capital is a common issue regardless of the commodities targeted, with the indication of the financial institutions as key stakeholders (i.e. ZZZ Bank, QQQ Agency and RRR Agency). DFT needs to identify what has prevented farmers from borrowing loans from them, and work with the financial institutions and others to remove the bottleneck.

Commodity	Paddy/ rice		Coffee		Meat and Milk	
Village	Village A, B and C		Village D, E and F		Village G, H and I	
VC stage	Bottleneck	Program/ Stakeholders	Bottleneck	Program/ Stakeholders	Bottleneck	Program/ Stakeholders
Inputs	Lack of irrigation	DIDF (Irrigation)	Lack of drought-resistant seedling	TaCRI (Seedling Distribution)	Lack of improved breeds	Happy Heifer Program (Artificial Insemination)
	Lack of QDS	LGDG (QDS production)				
Production	Poor production techniques	KATC (Training)	Poor maintenance of coffee farm	TaCRI (Training of Production) NGO "X" (Training of Production)	Disease spreading	LDF (Dip tank) LDF (Vaccination)
					Conflict with farmers on land use	LDF (Land Use Plan)
Collection/ Processing	Lack of warehouses(WHs)	Rice-Dev. Program (WHs)	Lack of CPU	LGDG (CPU)	Lack of milk collection center	LGDG (Collection Centers)
	Poor knowledge on WH management and collective sale	NONE		Company "A" (Purring/curing)	Lack of Abattoirs	LGDG (Abattoirs)
	Poor knowledge on milling	Small-scale millers	Weak capacity of AMCOS	LGDG (AMCOS Training)	Poor knowledge on organization/facility management	Happy Heifer Program (Management Training)
Marketing	No brand, thus low price	Traders (e.g. Mr. ZZZ and Mr. YYY)	Lack of information on quality judgement	TCB (DFT can make enquiry to TCB)	Little demand for local milk	Company "B" LDF (Milk Consumption Day)
	Sale in mix with other districts' rice		No collective sale (Small quantities by many AMCOSs)	NONE	Low prices of meat	NONE
Common	Lack of capitals	ZZZ Bank (agribusiness loan) QQQ Agency (Microfinance) RRR Agency (Microfinance)	Lack of capitals	ZZZ Bank (agribusiness loan) QQQ Agency (Microfinance) RRR Agency (Microfinance)	Lack of capitals	ZZZ Bank (agribusiness loan) QQQ Agency (Microfinance) RRR Agency (Microfinance)

In this case, access to finance is the common bottleneck for all commodity VCs. Hence there is possibility to create joint efforts to combat this issue.



Step6: Never give up: continue efforts for local coordination

Roma was not built in a day, so as Local Coordination. It is not one-time event. DFT can continue VC management and other coordination tasks all the time of a year, even before planning, during planning and implementing DADPs.

Good Practice of Local Coordination Program Coordination Meeting at Kilombero DC

1. Background

Kilombero DC selected paddy / rice as a priority commodity for VCD. Their VC analysis and stakeholder mapping have identified that there were more than 20 stakeholders along the VC but no effective mechanism established for coordination. In order to maximize the benefit of all efforts to VCD, Kilombero DC decided to organize Program Coordination Meeting (PCM) along the VC.

2. Objectives of the meeting

The objectives of the meeting are as follows:

- To create the basic environment for planning and implementation of Comprehensive DADP; and
- To create joint efforts on specific issues facing many stakeholders.

3. Activities undertaken

Kilombero DC, with the support from DADP P&I TWG/ JICA-RADAG, undertook the following activities.

1) To identify the stakeholders along the VC

When it comes to a stakeholders' meeting, there is a general tendency to invite participants as many as possible. This might result in spending a lot of cost while ending up with general discussion without yielding tangible benefits. With this in mind, Kilombero DC narrowed the scope of stakeholders with focus on those who are related to paddy/rice VC, so as to discuss issues practically. The table below shows the list of the participants in the PCM.

List of the participants in the PCM

Category	Names of the stakeholders
Off-budget Projects	DADP TWG/JICA-RADAG, TANRICE2, NAFKA
NGOs	RUDI, KIVEDO, CARIUS
Private Companies	YARA, UWAPEKI (Association of Agro-dealers in Kilombero),
Financial institutions	NMB, CRDB, YOSEFO, PLAN
Others	Farmers, ARI-KATRIN (Agricultural Research Institute), AKIRIGO (Umbrella Organization of Farmers Associations)

2) To distribute the questionnaire to the stakeholders to identify their TORs and major farmers groups supported by them

In order to identify what stakeholders are doing, to whom, where and when, Kilombero DC distributed a questionnaire to them. The questionnaire addressed not only the general information of projects undertaken by them but also farmers' groups that they had supported.

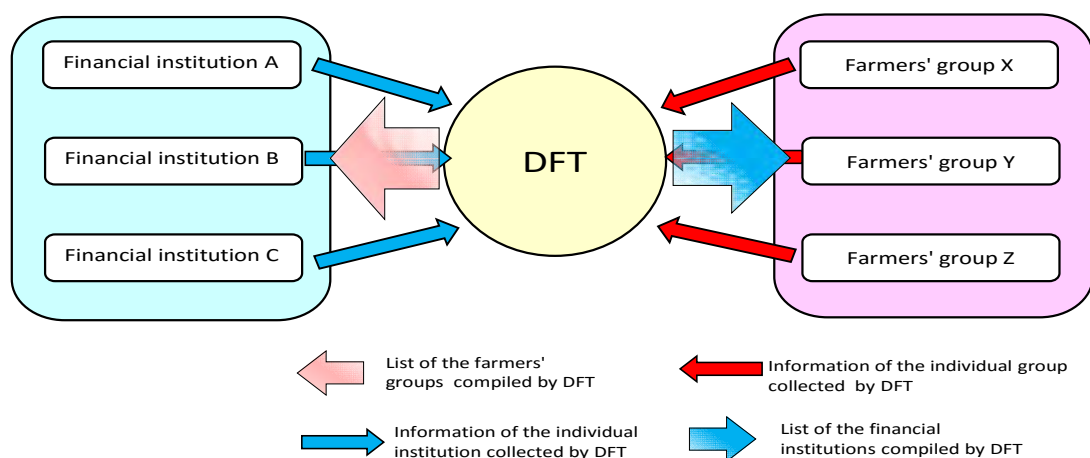
Behind this is an intention to make a linkage between the groups and private companies which, usually look for reliable partners for business.

3) To hold the PCM

In theory, it is often suggested that a stakeholders' meeting be held prior to DFT starting the planning process of DADP, so as to incorporate their undertaking and budgets in DADP. It was found, however, that the timing of planning and budgeting differed from one institution to another. It would not be realistic for LGA to collect budget information when they plan DADP. Taking this into account, Kilombero DC altered the approach to the stakeholders from requesting the information from them to providing the information on government budgets to them, so as to facilitate their alignment with the DADP. Based on this consideration, the PCMs were held twice in the 4th quarters of FY 2013/14 and FY 2014/15.

4) To tackle specific issue to gain tangible result (i.e. to create match-making between farmers groups and microfinance institutions for improved access to loan by farmers).

In the stakeholders meeting in general, people tend to let all stakeholders make presentation about what they are doing. This takes a lot of time but without no output, except information sharing. In the PCM, Kilombero DFT avoided this general information sharing while tackling specific agenda, which was the match-making of farmers and microfinance institutions. In the VC analysis with stakeholder mapping, it was found that there was information gap between farmers and microfinance institutions. The former required the information of available microfinance schemes and knowledge of how to apply it, while the latter intended to know where good-performance farmers are operating: they would be good customers for them. Facing this information gap, the DFT played a role of catalyst: it prepared the list of microfinance loans and their conditions while compiling the profiles of farmers' groups. Both of them were shared through PCM (See Annex 01 for the list of farmers' groups).



**Role of DFT in match-making
between financial institutions and farmers' groups
(Information is compiled through DFT.)**

4. Outputs achieved (i.e. Effects of local coordination)

- 1) DFT was made able to recognize which organizations works for which issues and where in the district, while the stakeholders could see the interventions that DFT planned for DADP with government budget. As such, the basis for Comprehensive DADP has been built.
- 2) Technical guides on warehouse management and marketing manager system were shared by DFT with other stakeholders, so that the implementation of such good practices is being up-scaled in the district. This implies that the approach to collective sale is also being uniformed among the stakeholders.
- 3) With the match-making, major farmers groups came to know conditions for loan application while the financial institutions identify where the good-performance groups are existing in the district.
- 4) The profile of major farmers groups in the district was useful for DFT also, in that it can help to identify potential groups which can implement good practices for DADP.

5. Lessons learned from the experience

➤ District can take initiative of stakeholder coordination.

The District is a sole entity to play a role of coordinating all stakeholders. Through the PCM, it can share district priorities, recognize what others are doing, and create mainstream for development with the stakeholders.

➤ For effective meeting, limit the number of stakeholders and agendas.

In order to avoid a big meeting, which tends to be costly and less sustainable, Kilombero DC had focused on the stakeholder of paddy/rice VC and also limited the number of agenda in one meeting e.g. 2 or 3 issues. By doing so, time for allocating to the PCM was much shortened, in many cases, only a half day. It helped them to reduce costs for meeting, although better to agree, in advance, with stakeholders on such arrangements.

➤ For sustainability, rotate the host of the meeting

In addition, Kilombero DC and its stakeholders decided to rotate the host of the meeting among the stakeholders. With this arrangement, burdens for financing and preparation were also shared among them, thus making the implementation of the PCM more sustainable.

Half-day meeting and the rotation of the host are essential for sustainability of the PCM



Annex 01: List of Farmers Groups and Programmes /Partners in the Kilombero Supporters' Inventory

Annex 01: List of Farmers Groups and Programmes /Partners in the Kilombero Supporters' Inventory

	AKIRIGO			JICA: DADP Project		JICA: TANRICE-2 Project		Kivedo			SUBA AGRO TRADNG AND ENGINEERING LTD			UWAPEKI		
	Farmers Group 1	Farmers Group 2	Farmers Group 3	Farmers Group 1	Farmers Group 2	Farmers Group 1	Farmers Group 2	Farmers Group 1	Farmers Group 2	Farmers Group 3	Farmers Group 1	Farmers Group 2	Farmers Group 3	Farmers Group 1	Farmers Group 2	Farmers Group 3
1. Name of Farmers' group	Vijana Mbasa Farmers Group	Mang'ula A Farmers Association	Katurukila Farmers Association	Msalise Agriculture Marketing Cooperative Society	Mkangawalo Farmers' Association	Mangula youth Irrigators' organization	Maki Irrigators' organization	Mofu farmers association	Udagaji Farmers association	Mbingu farmers association	Lumemo farmers association	Upendo Tandale - Mbingu	Mlimba (MAFA)	AMCOS	Vijana Mbasa	Mang'ula Women Farmers
2. Location of the group (village name)	Mbasa	Mang'ula A	Katurukila	Msalise Village	Mkangawalo Village	Mpanga village	No information	Mofu village	Udagaji village	Mbingu village	Lumemo	Mbingu Igima.	Mlimba	Lipangalla	Mbasa	Mang'ula B
3. Number of members in Farmers Group	45	107	147	45	60	1,000	400	25 farmers	25 farmers	25 farmers	200	30	160	100	78	105
4. Year of the Establishment (Farmers' Group)	1994	2007	2007	2013	2014	No information	No information	2014	In process	In process	2012	2012	2011	2013	1994	2001
5. Is the Group registered? (Y/N)	Yes	Yes	Yes	N (But to be registered)	N	N (under process of registration)	Y	Yes	No	No	Yes	Yes	Yes	Yes	Yes	Yes
5-1. If registered, what type of organization was the group registered as?	Association	Association	Association	N/A (to be registered as AMCOS)	N/A	N/A (to be registered as irrigators' organization)	Irrigators' organization	CBO	No	No	Association	Association	Association	Members of Association	Members of Association	Members of Association
5-2. If registered, when was the group registered?	1995	2012	2008	N/A	N/A	N/A	No information	2014	No	No	2013	2013	2012	2011	2013	2011
6. Does the group have done audit about the group itself? (Y/N)	Yes	Yes	Yes	No	No	No	No information	No	No	No	No	No	No	Yes	Yes	Yes
7. Does the group have title deed of its immovable asset? (Yes 1: the official one) (Yes 2: the customary) (No: nothing)	Yes 1	Yes 1	Yes 2	No	No	No information	No information	No	No	No	Yes 1. The official	No nothing	Yes	Yes	Yes	Yes
8. Implementation Period of Your Support to the Group (at least Month/Year you started your support)	June 2015 – March 2016	June 2015 – March 2016	June 2015 – March 2016	2013-	2013-	2014 to 2015	2014 to 2015	2 years	2 years	2 years	Two	One	Two	2012-2014	2012-2014	2012-2014
9. Training your project provided	1.Warehouse management 2.Record keeping 3.Marketing	1.Warehouse management 2.Record keeping 3.Marketing	1.Warehouse management 2.Record keeping 3.Marketing	1. Warehouse Management 2. Marketing 3. Financial Planning	1. Warehouse Management 2. Marketing	(Called Modified standard training Type-2) 1. Rice production technologies and knowledge from land preparation to 2. Water management for paddy rice 3. Monitoring	(Called Modified standard training Type-3) 1. Rice production technologies 2. Monitoring	Improve module of agriculture Improve module of agriculture production Knowledge on sustainable marketing linkage	Improve module of agriculture Improve module of agriculture production Knowledge on sustainable marketing linkage	Improve module of agriculture Improve module of agriculture production Knowledge on sustainable marketing linkage	Seasonal	Seasonal training	Seasonal training	NO TRAINING	NO TRAINING	NO TAINGING

Good Practice of Local Coordination: Establishment of MAI at Manyara Region

1. Background

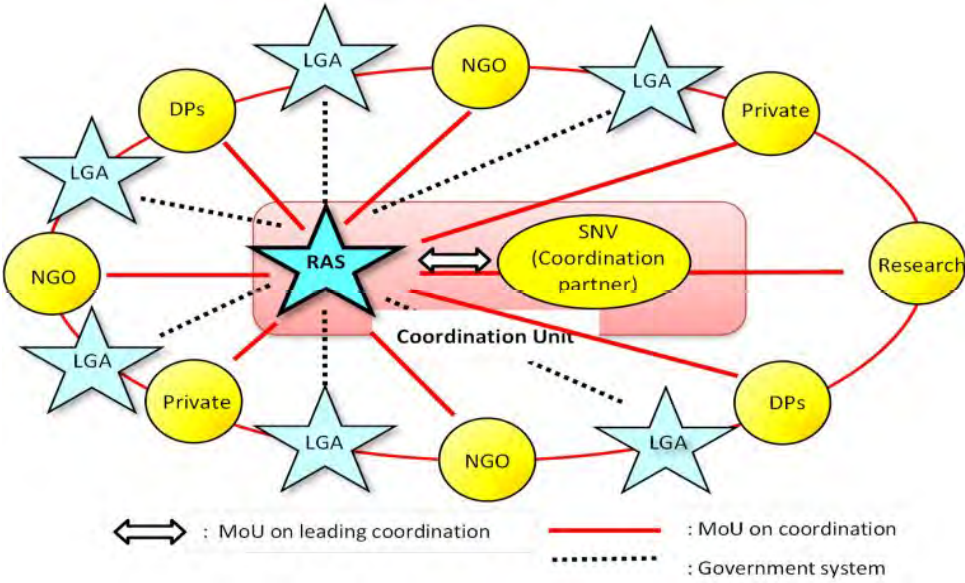
In Manyara Region, food security and income poverty have been amongst priority concerns. Various programs and projects running in the region provide opportunity for development of agriculture and livestock sectors. Some years back, with the increased demand for sunflower seeds, there was a challenge posted by a private sector (Mount Meru Millers Ltd) to the region over whether they could coordinate the value chain of sunflowers at regional level. For example the company intended to know how much they could procure from the region as a whole, and how the region and LGAs could assist farmers in producing high quality/ quantity products. Facing such challenges, the RAS-Manyara decided to take initiative for local coordination, so called Manyara Agriculture Initiatives (MAI).

2. Objectives of MAI

The ultimate objective of MAI is to contribute to poverty alleviations, economic development and food security in the region. In order to achieve the above objective, MAI is to enable all agro-based institutions to work as a team, especially for priority value chains, including that of sunflowers.

3. Coordination Mechanism and Process for Establishment for MAI

The coordination mechanism of MAI is shown in the figure below. RAS, having SNV as a coordinator agency, collaborates with various stakeholders based on MOU, while coordinating her LGAs in the government system



Concept figure of MAI

The following steps were taken for the establishment of MAI.

Step 1: Looking for a skilled volunteer for stakeholder coordination

The RAS considered that local coordination cannot be undertaken solely by the government. It required a skilled volunteer in coordination of the partners who might have good network and knowledge. Such skills for coordinating and assisting the RAS were sought from SNV.

Step 2: MoU with SNV for coordination (selection of priority value chains)

Through a series of the meeting, the RAS and SNV agreed mutually on the collaboration for local coordination. They, in consultation with other partners, prioritized issues for coordination by focusing a few subsectors, namely, sorghum and beans for food crops, sunflowers and pigeon peas for cash crops, red meat and milk for livestock.

Step 3: MoU with other partners

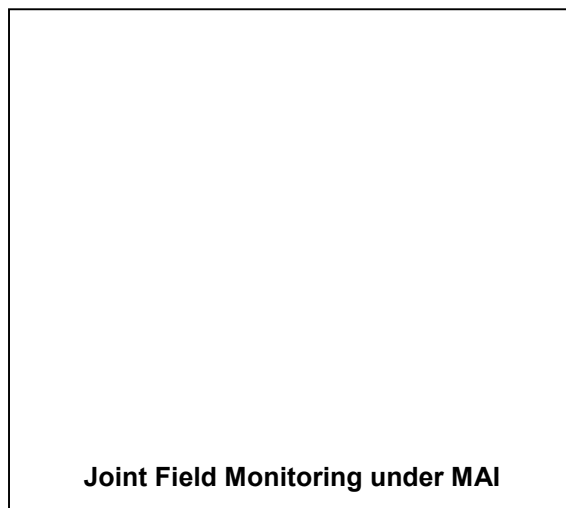
The RAS/ SNV prepared the draft MoU with other partners and underwent discussion with them, which enhanced their awareness for local coordination. Crucial point is that discussion was made with directors or managers of respective organizations, who are in the position of decision making, so that agreements were to be reflected in action.

Step 4: Visit to LGAs, meeting with DEDs, explaining the role of LGA in MAI especially for the selected Value chains

Through the visits, DFT was informed on the selected value chains (what, why, how). Since the selected subsectors are important for food security and income for all LGAs, this idea was cordially accepted. The LGAs, in DADP framework, put the budget for implementation of the selected value chains and partnership meetings both at regional and district levels.

Step 5: Joint monitoring / knowledge sharing

Semi-annual meetings have been held to review development and visit field sites or success stories related to the selected subsectors. MAI Meetings venues are circulated to each LGA, so that success stories are witnessed by participants! Knowledge was also shared through joint training. For instance, MAI invited Ministry of Livestock and Fishery Development to the MAI meeting to explain the national livestock market strategy to the stakeholder. Various dialogues with different actors and Government are maintained. For example, UMAMBE group was funded through ASDP to promote sunflower processing.



MAI Actors

Currently there are around 30 actors under MAI, including public institutions, local/international NGOs and private sector organizations, such as RS-Manyara, 6 LGAs, Selian Agricultural

Research Institute (SARI), MVIWATA, SIDO, World Vision, VECCO, RLDC (Rural Livelihood Development Company) FIDE (friends in Development, TRIAS (a Belgium NGO funding MVIWATA).

5. Achievements

- Comprehensive supports to value chain of the selected subsectors were established with multiple stakeholders, e.g., milk, pigeon peas, goat, beans, beef cattle, and sunflower.
- Better understanding of the LGAs on the concept of PPP, i.e., importance of involving private sector in the development process. For example, Hanang DC has succeeded in involving HELVETAS Swiss Intercooperation (NGO) for post-harvest management. They have established storages for beans, thus contributing to development of the value chain.
- Communication between RS and the LGAs has been strengthened. Under MAI, RS can easily identify the needs of the LGAs and other stakeholders and thus work precisely to meet their needs. For instance, facing lack of reliable markets for pigeon peas, the RS communicated with several buyers (e.g. Mohammed enterprises) to link them with the LGAs.
- Sharing of knowledge, experiences, competencies, and other resources to address the agriculture development has improved. For instance, the best practices in multiple stakeholder value chain development process are documented as reports and then shared. Currently the techniques of mix cropping of maize and beans or pigeon peas are well disseminated in the region.
- Duplication of interventions has reduced.
- Knowledge on local coordination was disseminated. For instance, Babati DC now have their forum called JUMBA (Babati Forum for Research and Development), involving Research institution (e.g., SARI, IITA), TOSCI, farmers groups, extension staff, and TPRI.

6. Message to other LGAs

- Find a good partner for undertaking coordination: MAI was coordinated with the initiatives of the RAS and SNV.
- The key element of local coordination is sharing TORs. It may be difficult to harmonize budgeting and planning process among the stakeholders, due to different work calendar and financial years. At least, however, TORs and work plan can be shared. With such information, joint efforts could be made and the duplication of interventions reduced.
- It is very important to involve stakeholders not only in DADP planning process but also in implementation review. This may increase opportunities for the stakeholders to know what the LGAs are doing.
- Having MOU could be useful for creating team spirit among stakeholders. This is true not only between the RS/ LGAs and their partners, but also among the partners themselves.

**MEMORANDUM OF UNDERSTANDING FOR MULTI-STAKEHOLDER AGRICULTURAL
DEVELOPMENT IN MANYARA REGION.**

This memorandum of Understanding (MoU) is governing the collaboration among eleven organizations in one hand and the Manyara Regional Authority and Local Government Authorities on the other hand who are all interested to support agriculture and livestock development interventions in Manyara region with the aim to enhance income and food security for the small and medium scale producers. The collaboration is hinged in the production and marketing of the four selected sub sectors that include; sunflower, pigeon peas, beans and sorghum and the three selected livestock sub sectors namely indigenous cattle, goats and chickens.

The justification to sign for this MoU for partner's collaboration is also hinged on the need to support the region in its growth towards food sufficiency and commercial orientation so as to be able to mobilize and link producers and livestock keepers to both domestic and external markets while at the same time ensuring household food security. The MoU shall focus mainly on the interventions aimed at poverty reduction through increased number of participating households, increased volumes and quality of products as well as increased sales revenues.

WHEREAS:

We recognize that there have been several initiatives by different organizations to develop the selected sub sectors in Manyara,

And

WHERE AS:

The different stakeholders have a common objective of increasing agriculture and livestock production for the selected sub sectors for increased food security, income and employment through improved market access and thus contribute to the poverty reduction strategy (MKUKUTA).

And

WHEREAS

We recognize the benefits of stakeholder collaboration in the value chain development so that we can make greater impact.

THEREFORE:

We the following organizations and actor groups during our meeting in Babati on the 20th to 21st of August 2008, after joint discussions have **AGREED** to form a Consortium to collaborate in the Manyara region agricultural development with specific sub sectors jointly selected by all parties. Each member of the consortium shall undertake to play an active and specific role as agreed in the above mentioned meetings and coordinated by the facilitating organisation (SNV).

FINANCIAL MANAGEMENT

This MoU does not include financial commitments among the participating organizations. For each activity or series of activities that may follow the execution of this MoU separate contractual agreements will be applied between the parties concerned.

LEVEL OF PARTNERSHIP

The partnership covers collaboration for the agriculture and livestock development for the selected sub sectors in Manyara region. All organizations will appoint a representative to serve as a liaison on the partnership. The work plan shall be worked out at operations level between the respective LGA's and the organizations working in that locality while SNV shall perform the coordinating role. The Regional Agricultural Advisor shall consolidate all the plans in order to have a Regional plan for monitoring purposes.

DURATION AND TERMINATION OF THE MoU

The MoU becomes effective on the date of signing of all parties. Either party can terminate the agreement by providing a 90 days written notice to the other parties. This MoU remains in effect for a period of two years. The MoU is renewable and can be extended to include other parties.

RECONCILIATION OF DISAGREEMENT

Any disagreement will normally be resolved amicably at working level. If this is not possible the representatives will seek to settle the issue and ensure a mutually satisfactory solution.

REVIEW OF THE MoU

The MoU will be reviewed for accuracy on a semi annual basis and if necessary following pertinent changes in policies, procedures and structures of the parties involved. Reviews of this agreement may be instigated by any of the organizations involved

PARTIES TO THIS AGREEMENT

This MoU is established between eleven organizations introduced below. The collaboration is open to other parties for which all current partners can agree and propose amendments to the MoU.

The signing of this Memorandum is a confirmation of our commitment to play our role in the agreed strategy in the agriculture and livestock development in Manyara region as outlined in the concept paper and as shall be elaborated in the consolidated work plan.

Names of Stakeholders and Signatures:

	Name of Organization	Activities area	Sub sector	Signatures
1	VECO Tanzania P.O. Box ##### Same	Work in partnership with Simanjiro LGA and Inywat E. Moipo in the promotion of production and marketing of indigenous goats and chicken. Simanjiro District	Indigenous goats and chicken	Name of Officer Title: Signature Date:
2	Vet Aid P.O. Box ##### Arusha	Village Land Use Planning. Promotion of animal health, production and marketing Simanjiro and Kiteto	Indigenous cattle and goats	Name of Officer Title: Signature Date:
3	SEIDA P.O.BOX ##### Dar es Salaam	Farmer's groups' mobilization, formation and strengthening. Capacity building on business skills and market access. Simanjiro	All selected agriculture and livestock sub sectors.	Name of Officer Title: Signature Date:
4	Selian Agricultural Research Institute (SARI) P.O. Box ##### Arusha	Research on improved varieties of the selected sub sectors, crop husbandry, crop protection and agronomic practices. Manyara Region	Sorghum, sunflower, beans and pigeon peas	Name of Officer Title: Signature Date:
5	Food & Agricultural Research Management (Farm Africa) P.O. Box ##### Babati	Promotion of Sunflower production and Marketing in the following areas; Babati Rural, Babati Urban, Mbulu and Hanang	Sunflower, and cattle production and marketing.	Name of Officer Title: Signature Date:
6	Friends In Development (FIDE) P.O. Box ##### Babati	1. To facilitate formation and strengthening of farmers producer groups and SACCOs. 2. To conduct technical training on indigenous chicken, diary and indigenous cattle. Babati Rural and Babati Urban	Indigenous cattle and chicken	Name of Officer Title: Signature Date:
7	Faida Market Link Company Ltd (Faida	Group formation and provision of	Sunflower and	Name of Officer

	MaLi) P. O. Box ##### Arusha	organizational and Entrepreneurial skills to producer groups around selected sub sectors, Provision of CDS to other local MAI actors on Market Access and marketing linkage. Manyara Region	indigenous chicken.	Title: Signature Date:
8	Netherlands Development Organization (SNV) P.O. Box ##### Arusha	Coordination role in MAI, Capacitating other MAI members on market access and marketing linkage skills. Manyara Region	All selected agriculture and livestock value chains.	Name of Officer Title: Signature Date:
9	ACIST P.O. Box ##### Arusha	Support on Micro Finance related constraints in Manyara Region through; Conduct technical training on management of the SACCOs and linking SACCOs with financial institution. Initially in Babati Rural	All selected sub sectors in Manyara Agricultural Initiative (MAI)	Name of Officer Title: Signature Date:
10	TRIAS P.O. BOX Arusha	To provide financial and advisory support to FIDE and ACIST. Babati Urban and Babati Rural	Sunflower, Beans and indigenous chicken.	Name of Officer Title: Signature Date:
11	World Vision Northern Zone P.O.BOX Arusha	Support production of sorghum in Simanjiro district. Simanjiro District	Sorghum	Name of Officer Title: Signature Date:
12	MVIWATA Manyara P.O. BOX Manyara	Farmers voice in terms of lobbying and advocacy. Farmer's groups formation strengthening and networking. Manyara Region		
13	Regional Administrative Secretary Manyara Region P.O.BOX Babati	Advisory roles to the participating LGA's in Manyara Region, linking up collaborating partners and creation of conducive environment for actors especially on policy related issues. Manyara Region		Name of Officer Title: Signature Date:

3. Public-Private Partnership (PPP)

Why PPP important?

In general PPP is referred to as a joint modality for the government and private sector to finance, build and/or operate and manage a project. PPP is one of the most effective modalities in implementing DADP interventions due to the following reasons.

- PPP has a potential to reduce heavy burden on the LGA in terms of costs, resources, and responsibilities.
- PPP can provide better and efficient services to citizens with better techniques, knowledge, and finances possessed by the private sector.
- PPP may contribute to sustainability of the project achievements even after DADP interventions are completed and phased out from communities

How can DFT promote PPP?

Step1: Set a clear purpose for PPP

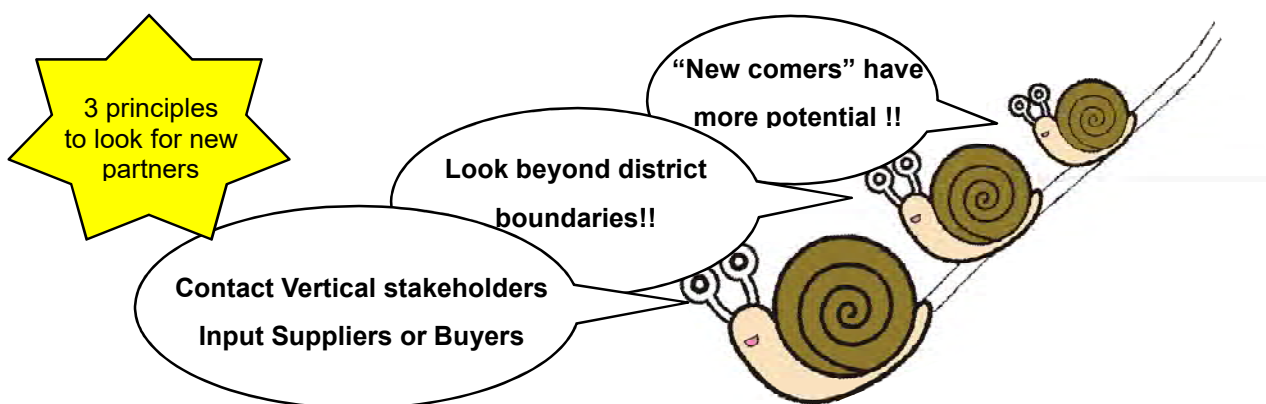
To begin with, DFT should set clear purposes for establishing PPP: PPP is just a modality and thus cannot be an objective of action. In other words, DFT need to know exactly what they expect from the private sector. In case of VCD for agricultural commodities, the purpose of PPP may be assuring partners who support inputs to farmers or can buy outputs from them.

Step3: Identify potential partners for farmers

In line with the purpose of PPP, DFT looks for potential partners from the private sector, taking into account the following:

- In case of VCD, “vertical stakeholders” tend to be good partners for farmers. “Vertical” here means relation with an upper / downside stage of the VC. For farmers, who are in the production stage, vertical stakeholders are input suppliers or buyers of the products. Hence DFT can first explore for collaboration with those players.
- In looking for partners for PPP, DFT needs to extend its view beyond district boundaries. More often than not, input suppliers or buyers who are based on major cities (e.g. Dar es Salaam and Arusha) can be a good collaborator for farmers, as they tend to have sufficient capital to work.
- Special attention should be paid to “new comers” in the business circle of

Tanzania (i.e. companies that have started business recently in Tanzania). In many cases, they do not have local information and are eager to look for good farmers to gain the market in Tanzania.



Step3: Contact and identify the needs of private partners

Having identified potential partners, DFT needs to contact them. In communication with them, DFT should “sell” a district, while identifying needs of the potential partners. In principle, some knowledge possessed by DFT can be useful for the private sector, as written in the table below.

Advantage of DFT for the private sector	Needs of the private sector i.e. needs identified from the experience and interview
<ol style="list-style-type: none"> 1. Can know local condition (e.g. villages potential for commodities in question) 2. Can introduce active farmers and groups to the private sector 3. Can mobilize farmers for meeting, workshop and training 4. Can mobilize extension officers for backstopping production 5. Can facilitate administrative and legal procedures needed for business 	<ol style="list-style-type: none"> 1. Want to know where quality commodities can be produced 2. What to know who can produce quality commodities (sometime in a bulk) 3. Want to sensitize many people about the products that the private sector produce 4. Want to make sure that production by farmers goes well 5. Want to make sure that farmers groups, lands or building in question are legally accepted. 6. Want to know where organized farmers' groups with good performance are

Through discussion, DFT needs to identify what they can do for the private sectors.

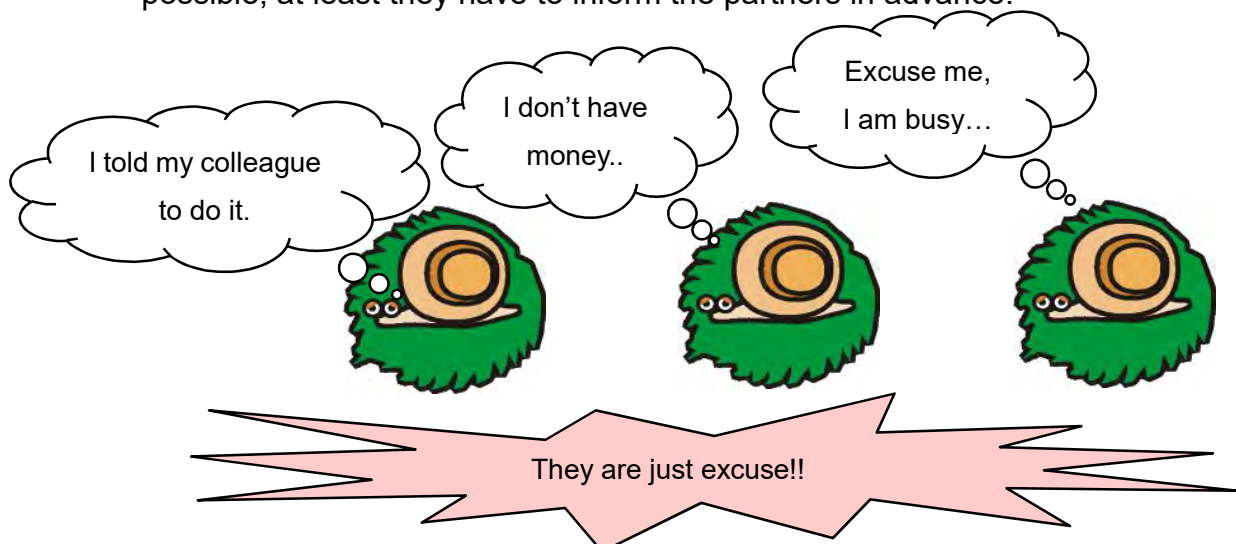
Step4: Confirm conditions for collaboration and plan for action

After identifying the needs of the private sectors, DFT needs to discuss conditions for collaboration and plan for action. In confirmation, usually following should be put in mind.

- Price issues: How transparently the price of commodities is determined (e.g. system for price setting and risks for changes)
- Quantity issues: How much is the commodity or land needed for business (e.g. the volume of commodities, size of land, the number of location for collaboration)
- Responsibility: who does what? And when? Tasks and responsibilities should be demarcated clearly among DFT, farmers and private partners.

Step5: Take action according to agreement with the private partners

After agreement with the private sector, DFT needs to take action accordingly. In many cases, things are agreed but action never comes. For taking no action, there may be reasons for DFT, e.g. “lack of money,” “I am busy” and “Person in charge is on leave,” “I told my colleague but he did not take action.” But please remember that they are just “excuses” for the private sector. Also once agreed, DFT should take action whatever problems happen. If not possible, at least they have to inform the partners in advance.



Step6: Make follow-up between farmers and the private partners

In agriculture PPP, many businesses involve farmers. In this regard, DFT needs to monitor the relation between farmers and the private partners and then make interventions where necessary. For example if there is conflict between farmers and private company, DFT can function as “intermediary” or “arbitrator” to mitigate the tension of such relation and find solutions. This intermediary function should not be forgotten as part of responsibilities of DFT.



Step6: Evaluate the effects of PPP

PPP is just one kind of the operational model for project and business to achieve something. Hence realizing PPP is not goal of development. DFT needs to evaluate the effects of PPP in attaining objectives concerned. In evaluation, following issues should be taken into account.

- Need to judge whether it is good or not to have PPP as a DADP intervention. Which aspect is good while which aspect is to be improved or supplemented?
- Need to consider “exit strategy” for DFT to take its hand off the business between farmers and the private company. Eventually business can continue without DFT, which is ideal goal for PPP.

Good practice in DADP

There are several good practices of PPP in DADPs.

Demonstration plots with a fertilizer company (Lushoto DC)

Lushoto DC in collaboration with a fertilizer company established demonstration plots and provided training to farmers on fertilizer usage. In the demonstration, the company offered fertilizers and trainers while DFT appointed active farmers to allocate land and mobilize other farmers for training. Through demonstration, the best mix of technologies has been identified. At present, many farmers adopt the fertilizers produced by the company, and enjoy high production of potatoes.

Collaboration with a private coffee company (Mbozi DC)

Mbozi DC, while procuring coffee processing machines (CPUs), had faced a difficulty of using them due to the delay of constructing buildings to accommodate them, which were mainly under the responsibilities of communities (AMCOSs). Given this delay, the DFT had started looking for a private company which had CPUs and allowed the AMCOSs to use them. One company which had recently embarked on business in Tanzania, showed a willingness to collaborate with the DFT and AMCOSs. In the first season, the company became a partner of training for AMCOSs to use CPUs for actual business. In the second season, they developed relationship including input loan and sales agreement.

Good Practice of PPP Demonstration plots with a fertilizer company at Lushoto DC

1. Background

Lushoto DC selected Irish potatoes and vegetables as priority commodities for VCD. The VC analysis revealed that the lack of reliable inputs was one of the major bottlenecks against the VCD. Through the market survey, the DFT identified one fertilizer company (YARA) which was willing to promote their products (fertilizers) in Lushoto DC.



On-farm training with a private fertilizer company

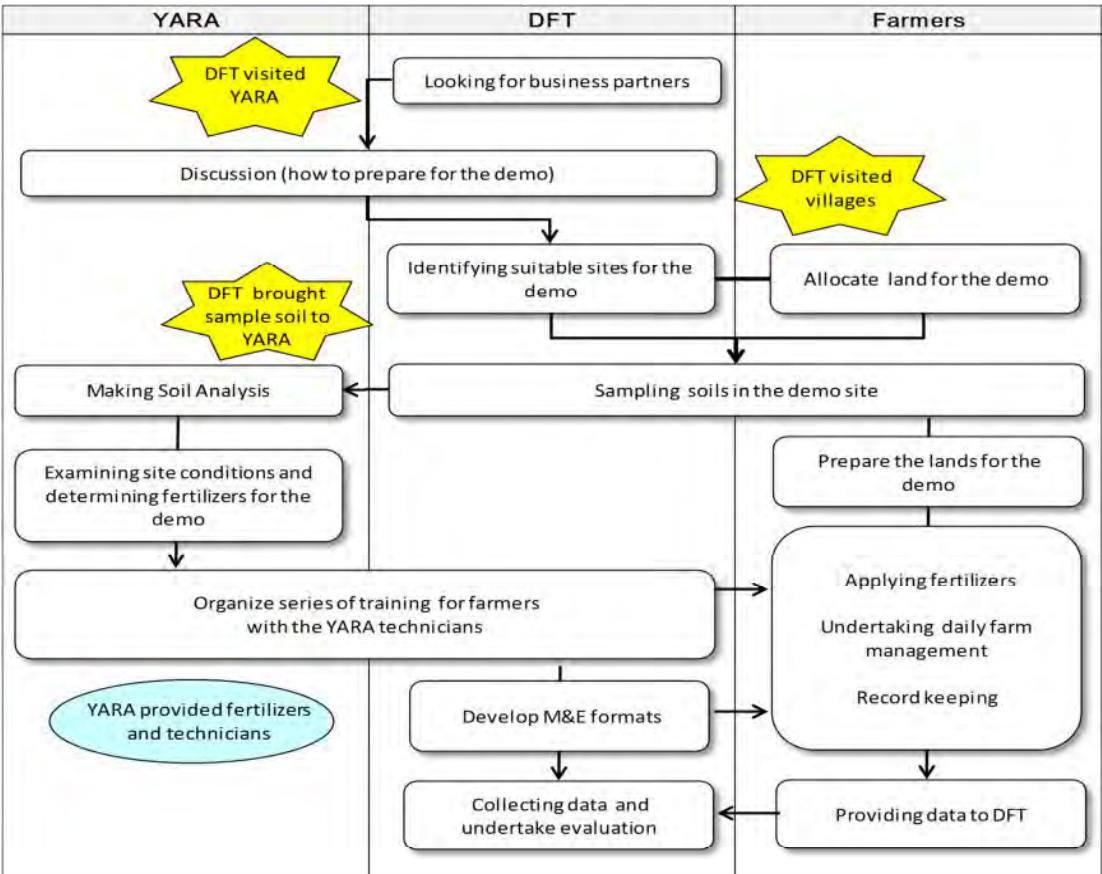
2. Objectives

The objective of this PPP (collaboration between DFT and YARA) was to establish demonstration plots in order:

- For DFT to introduce farmers new fertilizers and their proper use for production increase
- For YARA to demonstrate their products to farmers and acquire market in Lushoto DC

3. Activities and responsibilities undertaken

The activities and responsibilities undertaken by YARA, DFT and Farmers for this PPP can be shown in the following table.



With the support from DADP P&I TWG / JICA-RADAG, DFT made contacts to several fertilizer companies and identified that YARA was amongst others willing to collaborate. After discussion with YARA on how to prepare for the demo, DFT provided sample soils to YARA for soil analysis. Based on this analysis, the types of fertilizers for the demo were identified, as well as training schedule. Then, YARA provided fertilizers and technicians to DFT, which organized training for farmers on how to use fertilizers. Daily farm management was undertaken by the farmers who allocated land for the demo. Finally evaluation was done based on the record kept by the farmers with assistance from DFT.

4. Outputs achieved

Through this PPP, the following outputs were obtained.

- The DFT obtained the results of the soil analysis made by YARA. There are many LGAs that urge undertaking soil analysis. Sometimes they prepare budget for it in DADP, including procurement of kits. But, through this PPP, the DFT of Lushoto DC could enjoy the analysis with the resources of the private sector.
- Through the demo plots, the best mix of techniques was identified. In one of the target villages, the demonstration was made with the application of improved technologies i.e. ridge making and proper plant population, which resulted in much higher yields of potato than others (about 30 ton/ ha).
- DFT is capacitated especially in terms of monitoring and evaluation. While collaborating with YARA technicians on guides for production, they made efforts for record keeping, which include not only production record but also cost and benefit data. With such monitoring and evaluation, the financial feasibility of using the fertilizers was verified.
- Having observed this positive effect, many farmers started using the fertilizers, while making ridge and following appropriate plant populations.

5. Lesson learned from the experience

- **Don't wait** for the private sector to come. PPP cannot be realized if DFT stay at offices.
- **It is DFT who knows farmers** whom the private sector does not know. The private sector, when it comes to agriculture, tends to look for good producers. So knowing farmers is one of the advantages of DFT.
- **DFT is expected to undertake follow-up, daily management and monitoring and evaluation.** In PPP, especially at the beginning of operation, the private sector may not be able to stay at field. It is highly expected for DFT to undertake routine field management.
- **PPP is just a method to achieve something.** From the beginning, DFT should be made aware of the purpose of PPP. In case of Lushoto DC, it was to promote the use of the fertilizers for production increase. Therefore DFT needs to judge whether this objective has been achieved or not.

Good Practice of PPP

Collaboration with a private coffee company at Mbozi DC

1. Background

Mbozi DC selected coffee as one of the priority commodities for VCD. With DADG funds, the district procured Coffee Pulper Unit (CPU: a machine to pulp red cherries and process them into parchments) for the coffee AMCOSs of three villages to improve quality of coffee. With the supports from DADP P&I TWG / JICA-RADAG, DFT provided a series of training to them, including those of cupping, quality control, and CPU operation and management. The AMCOSs, however, were yet to construct a building to install CPUs even after the harvest season started in 2014. In order to make farmers use the knowledge obtained from the training, DFT decided to look for a partner who owned CPU and could let the AMCOSs use it for the season. Eventually, DFT identified Coffee Management Services (CMS), a coffee buyer and curing company, as promising candidate for collaboration.



CPU building partly financed by loan from private company

2. Objectives

For DFT, the original objective of this collaboration was to improve the AMCOS's capacity for CPU operation and management. As the relationship developed in the first year (2014), DFT set another purpose of obtaining inputs and a loan, so that the AMCOSs could have inputs and construct the CPU building. For the private company, the collaboration was aimed at securing enough volume of parchments (primary processed coffee produced with CPU) in newly operated area.

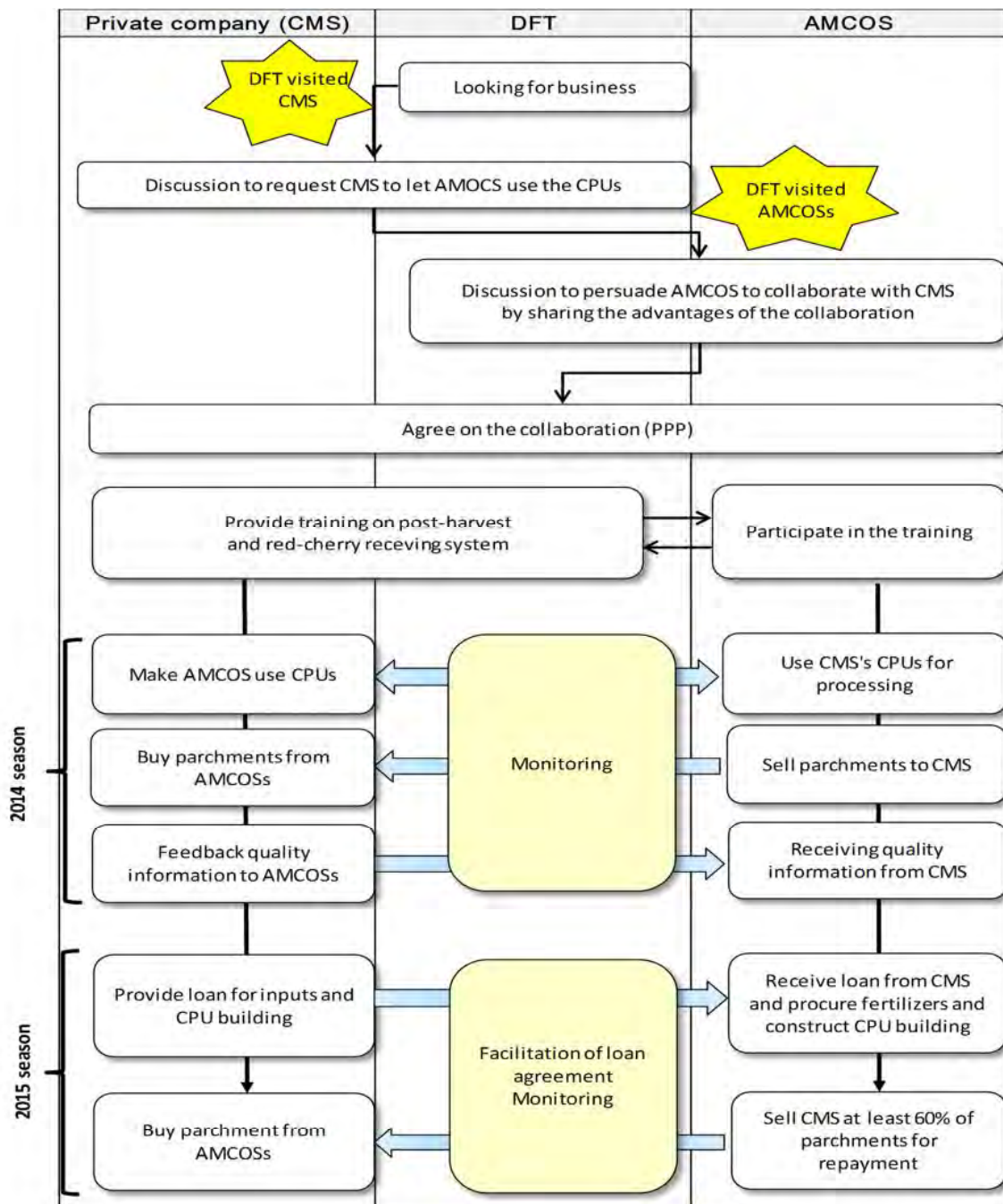
3. Activities and responsibilities undertaken

The activities and responsibilities undertaken by each stakeholder (private company, DFT and the AMCOSs) are shown in the table overleaf. First the DFT made VC analysis and visited many stakeholders to discuss the possibility of PPP on the use of CPU. Among the visited, it was only CMS which agreed to let AMCOS use its CPU. Behind this was that CMS was a relatively new company in Tanzania and thus intended to assure, through PPP, the procurement of parchments from farmers.

In 2014 season, CMS and DFT provided training to the AMCOS leaders on post-harvest handling and record keeping. And the AMCOSs brought red cherries to the CPUs operated by CMS.¹ At this stage, the roles of DFT were to monitor the performance of the AMCOSs and

¹ CMS usually collect rental fees from farmers for using its CPUs. But in this PPP, it did not charge the AMCOSs to motivate them for working with CMS.

facilitated communication between CMS and the AMCOSs. Although CMS did not put any conditions for the AMCOSs on the sale of the parchments, all the AMCOSs sold their parchments to CMS, as CMS offered good prices to them. After the sale, DFT requested CMS to feedback the quality information to the AMCOSs in order to make them recognize the current status of their coffee in terms of quality assessment and motivate them for further improvement.



In 2015 season, the collaboration was further developed: they agreed on the provision of inputs and loan for CPU building construction. For the inputs provision, the AMCOSs received

several kinds of authorized inputs recommended by CMS.² For the arrangement of the loan, CMS requested the DFT to assist the AMCOSs in preparing loan-request letters to CMS including authorization by DAICO, so as to minimize the risk of default. With the assistance of the DFT, the AMCOSs calculated how much they needed as a group, considered justification for loan as well as plan for repayments. Given these considerations, CMS decided to provide a loan to the AMCOSs without charging any interest, but on the condition that the AMCOSs shall sell agreed amount of their parchments (produce) to CMS for the repayment. The DFT provided training to AMCOS on record keeping and quality control (including CPU operation and maintenance) and did frequent monitoring of the AMCOS to check their performances.

4. Outputs achieved

Through this PPP, the following outputs were obtained.

- The quality of the coffee was improved from the class 9 (very poor) to 7 or 6 (poor to fair) for grade AA in 2014, as shown in the table below. This improvement could not be made without the collaboration with CMS.

Table: Quality (Class) of the coffee produced by the AMCOSs

Target Villages	Class in 2013	Class in 2014
Msia Village	9	6
Hamwelo Village	9	7
Ichesa Village	9	6

The quality of the coffee has improved at all villages.



- With the improvement of the coffee quality, the price to the farmers (AMCOS members) did also increase as compared to the past.

Table: Prices of the parchment produced by the AMCOSs (Tsh/ kg)

Target Villages	Price in 2013※	Price in 2014※
Msia Village	3,000	4,500
Hamwelo Village	2,700	4,500
Ichesa Village	2,400-2,500	4,500

*Coffee price fluctuates based on the world market and better quality done not always results in better price.

² The AMCOSs have to repay the equivalent amount of the received inputs to CMS without interest.

5. Lesson learned from the experience

Following are the lessons learned from the experience for PPP.

- **Consider the merits of the private sector in undertaking PPP and satisfy their needs.** The private sector does not work for farmers, if they do not see any benefits in the long run. For CMS, the following might be positive expectations to take part in PPP.
 - ✧ CMS, which is a newcomer to Tanzania for coffee business, can start building relationship with farmers' groups which have potential to produce quality coffee with supports from DFT
 - ✧ CMS can minimize risks of doing business because DFT, representing public authority, also works with farmers' groups and supports them.

By considering what a private company wants from PPP, DFT members can identify what they should do in PPP arrangement. Based on the above consideration, Mbozi DC decided to develop the relationship between CMS and the AMCOSs while capacitating the AMCOSs to be a reliable partner with CMS through provision of training and monitoring.

- **DFT, as the third party, can facilitate agreements between the private sector and farmers' groups, to make it feasible and fair to the both sides.** DFT can play a role of a catalyst and witness in agreements. This is a unique feature of PPP for agriculture, which involves not only two kinds of service providers (government and the private) but also beneficiaries (farmers) in developing business

7.4 Project Management for DADP

TSM04



TECHNICAL SUPPORTING MANUAL
ON
PROJECT MANAGEMENT
FOR DADP

Draft

January 2016

DADP Planning and Implementation
Thematic Working Group
In collaboration with
JICA-RADAG

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Good Practice: Baseline Survey for coffee VC development in Mbozi DC

Good Practice: Baseline Survey for rice VC development in Kilombero DC

Good Practice: Baseline Survey with Farm Income Recording in Lushoto DC

1. Introduction

- ✓ ASDP2 is now being formulated by ASLMs. ASDP2 should reflect the lessons learned from the experience of ASDP1. A major challenge that ASDP1 faced was the collection of project-specific outcome data.
- ✓ In the existing system, there have been many developments on sector-wide data collection (i.e. Agriculture Routine Data System: ARDS) and DADP progress monitoring (DADP Quarterly Progress Reports) in ASDP1. Yet few attentions were paid to the issue of how to monitor and evaluate an individual project from its inception to its completion over years, which results in overlooking project outcomes.
- ✓ Therefore this manual is developed in order to show how LGAs can do the management of an individual project in order to identifying its performances.
- ✓ Note that in this manual, “a project” is defined as a single activity / interventions in DADP or a set of activities/ interventions to achieve common outcomes (e.g. increase of farmers’ income in a particular area).

2. What is Project Management

2.1 Rationales for Project Management

Agricultural development is carried out by implementing individual projects. It is of fundamental importance for LGAs to ensure individual projects to be properly managed without disruptions or inefficiency. Also, as project management is increasingly demanded with detailed information, especially for project outcomes, LGAs need to be capable to report latest status of any projects any time whenever decision makers request such information. The purposes of Project Management are as follows:

- i) To make the best use of a project (no waste, generating outputs/outcomes as planned);
- ii) To enable LGAs to report timely and adequately to decision makers and other stakeholders; and
- iii) To enable LGAs to perform adequate and effective analysis (evaluation) of project progress and results generated.

2.2 Elements of Project Management (What to be managed)

Project management includes the following elements to lead a project to success.

Five elements of Project Management

- Time management:
To make the physical progress of a project in line with time schedule planned.
- Cost management:
To make the financial progress of a project in line with budget approved
- Quality management:
To make the outputs of a project high quality, so as to achieve its objectives

(outcome)

- Risk management:
To make the implementation of a project healthy to its objectives as well as to communities, societies and environment
- Knowledge management:
To make the knowledge of a project (or officers in charge) share with stakeholders

2.3 Actions of Project Management

DFT can undertake the following actions for project management.

- 1) Appointing to responsible staff to DADP projects
- 2) File arrangement
- 3) Baseline survey
- 4) Regular monitoring
- 5) Endline survey
- 6) Reporting of the project progress and performance to decision makers (e.g. DALDO/DLFD, DED, or DC).
- 7) To continue the project cycle: Plan → Implement → Monitor → Evaluate → Plan →

The rest of this manual delineates how DFT can undertake each action above.

3. Appointing responsible staff for DADP management, monitoring and evaluation

- DAICO/DLFO will be responsible for day to day management, coordination, monitoring and supervision arrangements. The DFTs will technically support the implementation of value chain for these projects.
- In addition DED will select one member from the DFT as a Focal Person for facilitating DADP activities. The selected focal person, in collaboration with the M&E officer in the district, will be responsible for monitoring, evaluating and reporting the project activities

4. File arrangement

- DADP projects must be individually filed under a proper system of categorization. An example of file categorization is given in the table overleaf. The Project Write-up or any other planning documents is a good start for the project management because it is supposed to include major components of a project: Objectives, Target commodity, Target villages (Beneficiaries), Outputs, etc.
- Starting with the Project Write-up, DFT should accumulate all relevant information according to the data categories and in a chronological order.

Table: Example of Data Category for Filing

Category	Sub-category	Remark
Basic Information	Project Plan	Concept paper/ Write-up/ Action Plan / Procurement Plan
	Budget	Budget
	Quality Control	M&E plan / Quality inspection record
	Agreement	Contract/ MoU/ Minutes/ Hand-over notes
Communication	Incoming Letters	Incoming Letters
	Outgoing Letters	Outgoing Letters
Reports	Baseline Report	including raw data e.g. questionnaire filled
	Project Progress Reports	including raw data e.g. questionnaire and format filled
	Project Evaluation Reports	including raw data e.g. questionnaire filled
	Any other reports/records	Back-to-Office repots and filed monitoring reports
Finance	Cash book	Cash book
	Financial evidence	Financial evidence

5. Baseline Survey

Prior to project implementation, baseline data are collected at individual project level so that DFT can monitor the progress of the project later. Although such a survey can be simple given the constraints of time and funds, it should cover a minimum range of important data/ indicators in line with the outputs and outcomes of each project. Following are examples of the data/ indicators for a few types of baseline survey.

Table: Examples of indicators for baseline survey

Commodity /Type of survey	Implementers	Data/ Indicators
Coffee / Quick survey on production & sales (10 samples/ village) (2 days/ village)	DFT	<ul style="list-style-type: none"> - Name of target village - Size of entire population - No. of farmers/keepers - No. of beneficiaries - Productivity of coffee (w/ year): ton/ha - Total production (w/ year): ton - Coffee quality (class, grade) (w/ year) - Average price of parchment (w/ year)
Coffee / Survey on post-harvest and processing practices (20 samples/ village) (2 hours/ village)	DFT	<ul style="list-style-type: none"> - Age group of farmers - Size of coffee farm - No. of coffee trees - Past attendance to any training on processing - Performance of each step of processing
Rice / Survey of off-season sales (approx.. 30 samples/ village) (2 days/village)	DFT	<ul style="list-style-type: none"> - Proportion of male/ female - Major income sources - Secondary income sources - Ways of selling paddy - Size of rice farm - Yield - Proportion of different storage practices - Monthly average sales prices, - No. of farmers selling and No. of bags sold, according to storage types.
Vegetables/ Survey on household income (Farm Income Recording) (approx.. 20 samples/ village)	Record by farmers Reports by DFT	<ul style="list-style-type: none"> - Proportion of male/ female - No. of members per household - House type (brick, wood, etc.)

Commodity /Type of survey	Implementers	Data/ Indicators
(1 month)		<ul style="list-style-type: none"> - Roof type - Assets (power supply, radio, TV, etc.) - Farm size with ownership - Task and decision-making allocation between husband and wife - Cost to vegetable production - Yield of vegetables - Income from vegetables and total income - Loan use - Market places/ whom they sell their produce

As implied in the table above, there are two major approaches to conducting baseline survey, namely the one by DFT or other external supporters and the other by farmers themselves. If DFT intends to identify the current situation of farmers, e.g., technical capacities for cultivating or processing a crop or socio-economic conditions surrounding farmers which DFT do not know, the first type of a survey shall be conducted. But If DFT would like farmers to keep their records e.g. of production and income, as part of their capacity development, the second type of survey will be suitable.

Some good practices are attached to the end of this manual.

6. Daily management/ regular monitoring

Daily management should deal with 5 elements of project management, i.e. in terms of time schedule, cost, quality, risk and knowledge sharing.

6.1. Time management

Schedule management is a key component of Project Management in order to implement and complete a DADP activity within the time frame. Based on the project write-up, DFT is expected to develop a work plan to monitor the progress against the plan.

Step 1: Detailed Work Plan

DFT develops a detailed work plan for each DADP activity.

- Work plan shows a list of works to be done until the end of the implementation period.
- The plan shows time schedule and those responsible for each activity. Gantt chart is useful in making a work plan (see below).
- If the activity involves procurement of equipment or construction, all the works and timing should be carefully detailed in the plan (e.g. tendering, obtaining BOQ, steps of construction, inspection).
- Budget disbursement should also be reflected into the work plan.
- Timing of DFT's regular monitoring is added to the plan.
- The plan needs to be developed in consultation with a target FO (a project committee/ a farmers' group).

Work Plan (Sample)

Work Plan for CPU Construction

No.	Work	M	March				April				Responsible		
			W	1	2	3	4	1	2	3		4	
1	Land clearance and survey for foundation construction												All members, DFT (for survey)
2	Procurement of equipment and materials												Chairperson, secretary, board members
3	Foundation construction												Chairperson, secretary
4	Framework construction and walling												Chairperson, secretary
5	Roofing and shutter installation												Chairperson, secretary
6	Finishing work												Chairperson, secretary, DFT (for inspection)
7	CPU installation and water tank												Chairperson, secretary
8	Start CPU operation and maintenance												Quality Control Committee
9	DFT monitoring												DFT

Timing/duration is shown as bar chart.

DFT monitoring is arranged at key stage of intervention.

Clarify who is responsible for what.

Step 2: Monitoring

DFT makes regular monitoring, including field visits.

- Using the work plan sheet, DFT confirms with target FO on the progress of planned activities. (See the example below.)
- If there is a need for changing initial plan, DFT consults with the FO for alternative plan

and schedule.

- It is recommended to put up the work plan on notice board or FO's office, so that DFT can readily consult with the FO, looking at the sheet.
- Information on budget disbursement should be shared with the FO in the monitoring visit if the activity uses DADP fund.
- Besides the monitoring of activities, DFT collects project indicator data (initially collected in baseline survey) when available.

Work Plan with Actual Status (Sample)

No.	Work	M	March				April				May			
		W	1	2	3	4	1	2	3	4	1	2	3	4
1	Land clearance and survey for foundation construction				X									
2	Procurement of equipment and materials							X						
3	Foundation construction								X					
4	Framework construction and walling									X				
5	Roofing and shutter installation											X		
6	Finishing work											X		
7	CPU installation and water tank											X		
8	Start CPU operation and maintenance												X	
9	DFT monitoring		X		X				X		X			

Actual status against plan is marked with "X"

Delay of work can easily be identified.

Step 3: Reporting

DFT undertakes the following.

- DFT prepares a monitoring report for each visit. The report can include the progress of planned activities, Gantt chart and pictures. Use of simple reporting format reduces DFT's workload and makes the monitoring continuous (see the format below).
- DFT uses the report as the source of next monitoring agenda.
- At the end of every quarter, an officer in charge of a project confirms the progress of a project and provides information to DADP Coordinator or any other official who is responsible for preparing DADP Quarterly Progress Report in terms of physical progress.

MBOZI DC: MONITORING REPORT FROM OUR PILOT VISIT ON MARCH 16-17th, 2015; HAMWELO, MSIA, AND ICHESEA.

2015/3/17

PREPARED BY DFT-MBOZI DC

Objective	To see the progress of the CPU buildings, to correct work plan for CPU construction and its additional budget plans for the remaining works.
Date / Time	March 16-17 th , 2015
Venue	Site of the village concerned
Attendance	#### (DFT)

No	Item	Hamwelo AMCOS (16/3/2015)	Msia AMCOS (17/3/2015)	Ichesa AMCOS (17/3/2015)
1	CPU facility construction	The building itself remained as it was in our last visit. What remains is roofing and other facilities to support CPU operation.	They have bought 3 bags of cements and lime for plastering building.	The CPU building is still under construction. They have got drying tables, iron sheets, cement, water pump but no water tank, sand, bricks, stones
2	Revision of work plan for CPU Construction and its budget plan	Nothing was prepared as we agreed in the last visit (they were blaming themselves). They promised to bring it in our visit to curing company on Wednesday.	They claimed that it was prepared but the one who didn't attend the meeting today because of social problem.	It was not properly prepared as we instructed them in our last visit, it needs some improvement (there were some informations missing and didn't identify what they can't do).

Box: Time management in Mbozi DADP activity

Mbozi DC has procured coffee processing machines (CPU) for 3 coffee AMCOSs, using DADP fund in FY 2012/13. Yet the use of CPU required the construction of a building and facilities. To help the AMCOSs complete the construction before harvest season, DFT decided to conduct regular monitoring as follow-up on the DADP activity. First, DFT listed up all the activities necessary for the construction with some expertise (TechnoServe). Second, the team developed a work plan in consultation with each AMCOS, setting the work schedule and responsibilities (see sample work plan above).

After developing the plan, DFT regularly visited the AMCOSs to see the progress against the plan at key stages (e.g. foundation and framework construction, roofing and finishing). Where necessary, DFT suggested a change of initial work plan and schedule. For example, when the AMCOS management could not collect enough amount of member contributions for purchasing construction materials, DFT coordinated a loan from private coffee buyer. At the same time, DFT encouraged the AMCOSs to shorten construction period in order to offset the delay caused by loan request.



CPU building and facilities

DFT compiled a report every time it went for the monitoring and used the report as the reference for next visit.

As a result, CPU building and facilities were constructed in time for the harvest season.

6.2 Cost management

Cost management is referred to as managing the expenditure of a project in line the budget approved.

Step 1: Understanding budget with FO

DFT facilitates the understanding of FO on budget, addressing the following:

- Total budget for a project
- Source of funds (e.g by Grant Type, Beneficiary, Programs, NGO and Private Sectors who are involved in a same project). Note that some stakeholders may contribute to a project, not by money but in-kind.
- Cost for each activity or component in a project (e.g. workshop, training, survey, construction)
- Allocation to money users (DFT or beneficiaries)
- Budget schedule (when to receive budget and when to spend costs)

Step 2: Spending the cost for implementation

DFT undertake the following:

- Whether the budget is received or not through confirmation with DAICO/ DLFO who might obtain information from a treasury or any other supports in case of off-budget funds
- Whether the budget received is same as the one approved. If less than the approved, DFT needs to consider countermeasures, e.g. by prioritizing areas or activities, reducing the size of operation, by bringing new partners to offset the budget.
- Whether the budget is disbursed to FO's account in case a project intends to make FO use money
- Whether there is no misuse of money. To this issue it is better to introducing a cross-checking e.g. using bank transfer rather than handling cash so that cross-checking could be possible with bank records
- Whether the money spent will be within the budget. If it is expected to exceed the budget amount, DFT needs to consider countermeasures, e.g. by prioritizing areas or activities, reducing the size of operation, by bringing new partners to offset the budget.

Step 3: Financial Reporting

DFT undertakes the following:

- Collecting financial reports (e.g. cash book) and/or evidence (i.e. receipt) from farmers if they are given funds to use
- Checking the above report whether the transaction is correctly and clearly stated. Note that in many cases, calculation tends to be made with wrong figures.
- Summarize, per Activity/Intervention in DADP, budget approved, budget received,

amount spent in a quarter, cumulative expenditure, and balance

- Provide information to DADP Coordinator or any other official who is responsible for preparing DADP Quarterly Progress Report in terms of financial progress.

6.3 Quality management

Quality management can be divided into two categories, namely i) quality control mechanism and ii) the review of each activity of a project.

6.3.1 Quality Control Mechanism

In the daily management of the project implementation, DFT can introduce a mechanism to control the quality of the products that farmers/ beneficiaries produce and outputs that the project yields. Some examples of the mechanism are as follows.

Example 1: Establishment of Quality Control Committee in FO

DFT can facilitate the FO in setting up a group of members who are primarily responsible for quality control of their produce. In the case of a cooperative or a group, it can be a committee called Quality Control Committee (QCC). DFT supports the FO to set its mandate and guidelines and select QCC member. Once QCC is established, DFT needs to encourage its proper function through periodical monitoring.

QCC mandates/guideline (Example for coffee)

Production

- Provide training to FO members on proper insect control, pruning, input application, etc.

Processing

- Instruct FO members on cherry picking (pick only ripe and red cherries)
- Receive and inspect red cherries from farmers
- Supervise weighing and recording at CPU facility
- Keep timely processing (pulp/drying) schedule
- Supervise proper use of CPU

Storage

- Supervise proper storage before shipment
- Arrangement of transportation

Example 2: Quality Inspection undertaken by DFT

For another example, DFT can undertake quality inspection e.g. for equipment procured or facility established. Quality inspection can be done with DFT members who are experts of the good inspected e.g. SMS or Engineer. They can prepare TOR or specification for equipment and facilities prior to procurement. In case of equipment, quality inspection can be done when it arrives. In case of facility construction, it can be done sometime during construction stage. Timing and items to be checked should be agreed with suppliers and contractors in making contract. Preparation of a checklist could be effective to make the quality transparent to both sides, i.e. DFT/FO and suppliers/contractors. Often forgotten is the inclusion of service and

training for O&M in the contract with them, which is very crucial for sustainability of using equipment/facility.

6.3.2 Review of each activity of a project

Review of each activity enables to improve their activities in the next phase by checking what challenges they faced in implementation.

Step 1: List up what actions have been done and what happened in each

DFT lists up what actions (or sub-activity) have been taken and what happened in each.

- Firstly, the DFT can list up the actions to achieve a purpose sketchily in time order. For example, (1) selection of trainees, (2) training of transplanting, (3) training of post-harvest handling and (4) practice of what they learnt through training.
- Secondly, what happened in each action can be listed up too. The listing up can be done
- Thirdly, check whether each action achieved intended result. If needed, it is worth visiting target villages for review of their activities and discussion on what were lessons learnt. Such visit to target villages may give the DFT to may deepen its understanding on challenges of each activity.

Box. Example of the way listing up actions and what actually happened

Activity 1: Improvement of post-harvest handling skills (paddy)

Action 1. Selection of target farmers

(1) When it was done?

February 2015

(2) What the DFT have done?

The DFT visited villages several times for meetings with farmers. However, the DFT couldn't meet them several times.

(3) What was result?

Agreement about trainees was made among limited numbers of farmers so that there was internal conflict among farmers later.

Action 2. Training of post-harvest handling

(1) When it was done?

July 2015

(2) What the DFT have done?

- After selection of 10 trainees in February, the DFT prepared the training materials.

- Visit with good practice villages and identify venue of training

- Communicated with trainees to decide training dates

(3) What was result?

- Some trainees did not attend the training since some members complained of the selection process.

- Timing of training was delayed since negotiation with a farmer who own the venue couldn't complete smoothly so that some farmers had already finished harvesting their paddy.

Step 2: Discuss what were good, what were wrong and what can be done next

Based on the finding in the above step, DFT and FO can discuss the following

- Whether the procedures taken were appropriate or not: For example, there would be conflict among farmers if selecting process of trainees were not transparent. In such case, procedures for the selection should be revisited to avoid the same consequence.

- Whether timing of taking action was appropriate or not: For example, when should post-harvest handling training be done, before harvest, during harvest and/or after harvest? if post-harvest handling training will be done before harvest, it could be theoretical training since there is no crop to be harvested. If the training during harvest time, practice can be done at a trainee's farm. Such different contents should have different impact to trainees.
- Whether the contents of activity e.g. service and training, satisfy needs of beneficiaries/ farmers: For example, if the lecture provided is very theoretical, what should be done for developing practical capacities for what they learned? This may be implication for the next activity.

Step 3: Report writing

DFT should record results of discussion for future improvement of activities. And this report/ record should be shared with other members and stakeholders, so that their lessons learned will be reflected into project implementation as a whole.

6.4 Risk management

Risk management can be discussed in two aspects, which are addressing i) risk in assuring business or a project and ii) risks that their business or project bring to society and environment.

6.4.1 Managing risks in assuring business or a project

During the implementation of a project, various things may happen, affecting the performances of business or a project. Most of them are not anticipated at the time of planning. In daily management, DFT need to be keen to see whether there is any symptom for risk occurrence in human relation, physical environment and institutional arrangements. Once it is observed, DFT and the FO should work together to bring about countermeasures against the risk or alternative/ second option to avoid risks. Some examples of managing the risks are as follows.

Example 1: Risk management for slow progress of beneficiary's contribution

In Mbozi DC DFT and FOs had agreed i) that while DFT procures CPU with DADG funds, beneficiaries (FOs) would construct a building to accommodate and operate the CPU. This means that their contribution to a project was in-kind, e.g. by labour and materials. However, such contribution was not made smoothly. First, the farmers did not recognize the costs of building. Second they did not know what they have to do in practice. The delay of their contribution significantly affected the progress of the establishment of CPUs, which was one of major outputs of the coffee value chain project in the district. Having noticed this problem,

RS/DFT looked for a stakeholder who can support the farmers in undertaking their responsibility. Consequently there was one coffee buyer who provided loan to the farmers for building construction. After processing the coffee with CPU and selling it to the company, loan was returned from their sales. Although delay in the progress, further risks for no use of CPU were avoided with such efforts.

Example 2: Risk management for natural disaster affecting the supply of vegetables to buyers

In Lushoto DC, the FO has been engaged in direct-delivery of horticultural crops from the field to retailers in Dar e.g. supermarkets and restaurants, with DADP supports. As well as for many other crops, their production and transportation are affected by natural climatic conditions such as too-much rain or drought. Taking into account such risks, DFT and the FO looked for a collaborator, who could supply vegetables to the buyers in case that they could not bring to them for emergency reasons. This is also one of the efforts of risk management.

6.4.2 Managing risks affecting society and natural environment

DFT should monitor whether the business or a project bring negative influence to the society or natural environment.

Risk management for the community and society

In daily monitoring, DFT should examine the following:

- Whether business or a project is negatively affecting various groups in the society such as youths, people with disabilities, women, widows, children and men.
- Whether business or a project is yielding benefits only to some groups of the society, creating feeling of un-fairness among community
- Whether business or a project is exploiting the rights of somebody without agreements and compensation, particularly for land utilization
- Whether business or a project is negatively affecting the health of people, e.g. over-working and ignorance of nutrition.

Once indication for risk is observed, DFT should discuss with FOs and other members of DAICO/DLFD to find solution or mitigation measures.

Risk management for natural environment

With respect to natural environment, Environment Impact Assessment (EIA) could be a strong tool for risk management. The details of EIA are available in Environment Guidelines (ESMF), which include the following screening procedures in planning and implementation of business or a project.

- Does project contribute to destruction of natural resources?
- Does project causes air, water or soil pollution?

- Will project causes/contribute to shifting of people or community?
- Does the project have any health hazards?
- Will project causes/contribute to change in policy e.g. Water policy?
- Does the project affect living of people or habitat of community stay in respective area through increasing uses of available natural resources?
- Will project cause any conflict on the ownership of the area when project implemented or changes the ownership of the project site?
- Will project causes conflict on effect that will occur to the environment in the future?
- Make sure that project will not contribute to land degradation and soil erosion, avoid agriculture project that do not consider soil conservation or overgrazing, reforestation, project or activities should not be near source of water, river, or near lakes, dams and wet areas.
- Avoid construction activities or excavation of sand, soil, and stones along the river, lakes, dams and wet areas or in historical sites.
- Project site should consider proper use of land plan as agreed with the villages (make sure project does not contribute to loss of biannual, natural vegetation, and does not affect ecosystem of the area).
- To make sure that project will not contribute in changing climatic behavior for example loss of forest and other things as mentioned in (i) above.
- To control environmental pollution which might be caused by project for example; how to mitigate garbage problem which might be caused by market construction.
- Proper use of chemicals in controlling pest for example; production of vegetable and fruits activities, animal dip tanks. (Things to consider: Buy proper chemicals, use at proper and mount and time, use special cloth during application of chemicals, consider the cleanliness of the equipment used during and after application of chemicals.
- Screening form is available in Environmental guideline (ESMF).
- All projects write up show environmental management plan that includes its budget.

6.5 Knowledge management

Knowledge management is referred to as accumulating information and knowledge that respective officers possess and sharing them at institutional level, so as to make project management easier and more effective. There are two major activities as follows:

Method 1: Sharing information/knowledge among DFT

As has been done in many LGAs, DACIO/DLFD can convene monthly or, at least, quarterly meetings with DFT members and key extension officers. The progresses and performances of the projects shall be reported by officers in charge. Topics to be discussed include 4 elements of project management as explained in this manual, namely time, cost, quality and risks. Key stakeholders could also be invited when a matter requires.

Method 2: Information/data keeping using a project file

As shown in Chapter 4, all of the records relating to a project should be kept in a project file, so that information is made transparent to all. Even if a person in charge is transferred to other position, successor can trace what have been done in the project by whom, when and where.

7. Endline Survey and Project Evaluation

Evaluation of projects must be done once they complete its implementation (construction or other immediate works) by measuring its outputs, outcomes and impact. Such measurement (i.e. Endline Survey) should be conducted preferably both at the immediate after the implementation and a while later (2 – 3 years later in the case of infrastructure, but one year later in the case of training and marketing projects). For such measurement, proper indicators must be selected beforehand with reference to data of the baseline survey.

Through comparison between data of baseline survey and those of endline survey, evaluation should be made. When the evaluation concludes that the project does not produce results as expected, study should be made to find out reasons why it is so. DFT should prepare DADP Project Outcome Report which address following:

- Project (intervention) name
- Objective of the project (intervention)
- Name of villages
- Project starting date and ending (completion of facility) date
- No. of beneficiaries
- Outcome indicator (1) [baseline] and [latest measurement]
- Outcome indicator (2) [baseline] and [latest measurement]
- Outcome indicator (3) [baseline] and [latest measurement]
- If successful (outcomes are achieved), what are reasons for the success?
- If failed (unsatisfactory), what are reasons for the failure?
- If failed and reasons are identified, what are way forward measures?

Indicators can be various, depending upon the nature of project (intervention). Examples of indicators are given below.

Table: Examples of Outcome Indicators

No.	Project/ Intervention	Possible Outcome Indicator
1	Irrigation	- Productivity (ton/ha) - Total production/ Hh - Household income
2	Dip Tank	- No. of animals (cattle) - Mortality rate
3	Warehouse	- Sales price

No.	Project/ Intervention	Possible Outcome Indicator
		- Household income
4	Market facility	- No. of farmers coming to the market - Total value of sales of the market per day
5	Milk center	- Total volume collected at the center - Household income
6	Processing machine (oil extraction, milling, milk chilling, etc.)	- Total volume processed by the machine - Household income
7	Coffee pulper	- Coffee class (not grade) - Coffee sales price - Household income
8	Training	- Use of technology, skills or knowledge by farmers - Productivity - Sales price - Household income

With the baseline and endline surveys, DFT should prepare Project Outcome Report. With the approval of DAICO/ DLFO, the report will be shared with other stakeholders. As the appearance of outcome depends on when the project is completed (often, outcome is realized after a few years of completion), there is no regular system for ASLMs to collect the report from LGAs. However when the report is prepared, the summarized information should be delineated in the DADP planning document where there is the section of “Review of Previous DADPs” (See DADP Guidelines).

Good Practice: Baseline Survey for coffee VC development in Mbozi DC

1. Background

Mbozi DC has set coffee as a priority commodity and procured coffee processing machines (CPU) for 3 coffee AMCOSs with DADP fund. However, to fully operate CPU in the harvest season, there was a need for several DADP interventions to the AMCOSs, such as 1) raising farmers' awareness on coffee quality improvement, 2) support for CPU installation, and 3) FO strengthening in quality control. As such, DFT needed to know the current status of those AMCOSs so as to decide the approach of interventions in line with their capacity level, and to see the effectiveness at the end of the interventions.

2. Objective

The objective of baseline survey was twofold.

- To obtain baseline data for checking the effectiveness of DADP interventions
- To understand current capacity level of target farmers for deciding the approach of interventions.

3. Steps of Baseline Survey

Step 1: Planning

- DFT first discussed what should be the indicators for measuring the effectiveness of their interventions. As a result, the following indicators were set to represent the effectiveness:
 - ✓ Farmers' practice on coffee quality improvement is promoted.
 - ✓ Coffee quality is improved after the interventions.
- After setting the indicators, DFT planned the details of baseline survey, such as:

- ✓ Survey method
- ✓ Sample size
- ✓ Questionnaire design
- ✓ Schedule

Details of Baseline Survey

Survey Method	Sample Survey Questionnaire survey with selected farmers (direct interview)
Sample Size	60 (20 for each AMCOS)
Sample Selection	Selected from name list in consideration with gender and size of farm
Questionnaire design	Closed-ended questions with multiple choices. 13 questions in total
Interviewer	5 (DFT and extension officers)
Schedule	Pre-visit 3 days; Survey: 3 days; Data entry and analysis: 2 days; Report writing: 2 days (10 days in total)

Making it simple and feasible is the key for designing baseline survey (sample size, number of questions, schedule, etc.)

Step 2: Pre-visit to the AMCOSs

- DFT visited the 3 AMCOSs prior to actual survey for the purpose of:
 - ✓ Having agreement with village council and AMCOS leaders on how to conduct survey
 - ✓ Conducting a trial survey for fine-tuning questions

Step 3: Interviews

- Interviewers (DFT/VAEO) visited the AMCOSs and interviewed selected respondents.
- To make the data entry and consolidation easy, all questions were set as closed-ended questions with multiple choices (except for some basic questions).

Baseline Questionnaire: post-harvest treatment and processing practices
Version -4 (English)

Interviewer	Date (DD/MM/YYYY)	Village	No.
	/ / 2014	I /M /H	

Please choose only one that is most applicable.

No.	Theme/Topic	Question	Answers	Remarks
1	Picking of cherries	What types of cherries do you pick up?	A. Only properly ripe red cherries B. Sometimes including non-ripe or over-ripe but not diseased C. Sometimes including diseased, dried cherries, or sand	
2	Sorting of red cherries	Who sort red cherries?	A. AMCOS or Group B. Individuals C. Sorting is not done at all.	
3	Timing of pulping	After picking up of cherries, how long does it take to do pulping?	A. Always within 8 hours B. Sometimes within 8 hours C. Always after 8 hours	

Questionnaire Sheet (See also [Annex 01](#))

Survey Questions

<p>1. <u>Basic information</u></p> <ul style="list-style-type: none"> ✓ Number of members ✓ Shipment volume ✓ Coffee grade and class (last season) ✓ Size of coffee farm ✓ Number of coffee trees ✓ Training experience on processing <p>2. <u>Knowledge on coffee quality</u></p> <ul style="list-style-type: none"> ✓ Grade and class 	<p>3. <u>Proper processing practice</u></p> <ul style="list-style-type: none"> ✓ Picking ripe red cherries only ✓ Sorting ✓ Use of water ✓ Fermentation ✓ Drying <p>4. <u>Usage of CPU</u></p> <ul style="list-style-type: none"> ✓ Pulping equipment (Hand Pulper/CPU)
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Step 4: Data Entry, Analysis and Report Writing

- DFT used a spreadsheet (right) for data entry and source for further analysis. With such spreadsheet, it was easy to see the frequency of responses and calculate percentage.
- The spreadsheet was further processed to develop graphs for report writing.
- DFT compiled the results, addressing the weakness of target AMCOSs in coffee quality improvement. For example, it turned

	No	Q1				Q2			
	Choice	A	B	C	D	A	B	C	D
Respondent	1	1				1			
	2	1				1			
	3			1				1	
	4					1			1
	5	1						1	
	6				1				1
	7					1	1		
	8					1		1	
	9	1							1
	10	1					1		
	11			1					1
	12				1				1
	13	1							1
	14			1			1		
	15				1			1	1
	16					1			1
	17	1					1		
	18			1					1
	19				1			1	
	20					1			
SUM	7	4	4	5	6	5	5	4	
%	35.0%	20.0%	20.0%	25.0%	30.0%	25.0%	25.0%	20.0%	

Data Spreadsheet (See also [Annex 02](#))

out that target farmers performed poorly on certain practices, such as sorting of good cherries, fermentation, drying and use of CPU. As such, DFT focused on promoting such poorly-performed practices in their interventions. (See [Annex 03](#) for the sample report.)

4. Message to other LGAs

Baseline survey is primarily aimed at obtaining the data for indicators that measure the achievements of certain DADP activity. In that sense, it is important to design the questions so as to obtain the data that represent the indicators. In the case of Mbozi coffee interventions, the

obtained data are on 1) farmers' knowledge and skills for coffee quality improvement, and 2) coffee quality. It is highly advisable to limit the questions to those directly related to the set indicators. Thus, initial work of designing survey structure and questions is crucial.

Annex 01

Baseline Questionnaire: post-harvest treatment and processing practices

Version -4 (English)

Interviewer	Date (DD/MM/YYYY)	Village	No.
	/ / 2014	I / M / H	

Please choose only one that is most applicable.

No.	Theme/ Topic	Question	Answers	Remarks
1	Picking of cherries	What types of cherries do you pick up?	A. Only properly ripe red cherries B. Sometimes including non-ripe or over-ripe but not diseased C. Sometimes including diseased, dried cherries, or sand	
2	Sorting of red cherries	Who sort red cherries?	A. AMCOS or Group B. Individuals C. Sorting is not done at all.	
3	Timing of pulping	After picking up of cherries, how long does it take to do pulping?	A. Always within 8 hours B. Sometimes within 8 hours C. Always after 8 hours	
4	Pulping tool and quality of tool	Which pulping tool do you normally use for pulping?	A. CPU B. Hand pulper C. No tool. Because I sell red cherries to a middle man / curing company	
5	Cleanness of pulping machine (hand pulper and CPU)	How often do you wash pulping tools?	A. Pulping machines/tools are washed every time B. Pulping machine/tools are sometimes washed. C. Pulping machine/tools are hardly washed.	
6	Water for processing- Quality	What is the condition of the water that you use for processing?	A. Water is clean (transparent and not smelly) B. Water is not clean sometimes C. Water is not clean every time.	
7	Water for processing- Quantity	Do you always have enough water for processing?	A. We always have enough. B. I sometimes have enough. C. I do not have enough water every time.	
8	Fermentation	What do you use for fermentation?	A. A fermentation tank or pool. B. Buckets or <i>Sufuria</i> (cooking pots) C. Polythene bags	
9	Drying parchments	Where do you dry parchment?	A. On a drying table B. On a cloth or sheet on the ground or drying floor C. Directly on the ground	
10	Grading	Who does grading?	A. AMCOS or a group B. Individuals C. Grading is not done.	

	Theme/ Topic	Question	Answers	Remarks
11	Sorting during drying	Do you always do sorting during drying of the coffee parchments?	A. Yes, always. B. Sometimes. C. No, not at all.	
12	Storage	What kind of storage do you have for parchment?	A. A closed storage with ventilation designated only for coffee. B. A mixed storage with other crops C. Anywhere in the house	
13	Bags for storage	What type of bags do you use to store parchments?	A. Sisal bags renewed every year B. Sisal bags used plural years C. Chemical-fibre made bags	
14	Coffee Farm Size	What is the size of your coffee farm?	A. up to 5 acres B. 6 to 10 C. 11 and above	
15	Coffee Tree Number	<i>How many coffee trees do you have?</i>	A. up to 250 B. 251 to 500 C. 501 and above	(COPY from Name List)
16	Training for Processing	Did you gain any information from training for processing?	A. Yes, I attended to training courses. B. Yes, I was informed by attendants. C. No, I was not informed.	
17	Grade	Do you know the grade of your parchment?	A. Yes, I know. B. I somehow / a little bit know. C. No, I do not know.	
18	Class	Do you know the class of your parchment?	A. Yes, I know. B. I somehow / a little bit know. C. No, I do not know.	
19	Age	What is your age?	A. up to 30 B. 31 to 60 C. 61 and above	

Village	No.	Interviewee Name	Position in AMCOS	Tel
I/M/H				

Baseline Survey Data Sheet

Annex 02

Name of AMCOS	####
Interviewer	*****
Date of Entry	Mar. 29, 2014

	No	Q1				Q2				Q3			
	Choice	A	B	C	D	A	B	C	D	A	B	C	D
Respondent	1	1				1				1			
	2	1				1				1			
	3		1				1				1		
	4				1			1				1	
	5	1					1				1		
	6			1						1			1
	7				1	1					1		
	8				1		1					1	
	9	1							1				1
	10	1					1				1		
	11			1						1			1
	12				1				1				1
	13	1								1			1
	14			1			1				1		
	15				1			1		1		1	1
	16					1			1				1
	17	1					1				1		
	18			1					1				1
	19				1			1				1	
	20					1							
	SUM	7	4	4	5	6	5	5	4	6	5	5	4
	%	35.0%	20.0%	20.0%	25.0%	30.0%	25.0%	25.0%	20.0%	30.0%	25.0%	25.0%	20.0%

MBOZI DISTRICT COUNCIL



Baseline Survey Report:

**Coffee Post-Harvest Treatment and Processing Practices
In Three Target Villages; Ichesa, Msia and Hamwelo.**

April, 2014

Mbozi Coffee Support Team;

District Facilitation Team,

Regional Secretariate Office

DADP Planning and Implementation Phase II Project

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Chapter 1: Introduction

Mbozi District Council is one among the three pilot Districts in the country supported by JICA in the improvement of value chain for its commodities. Mbozi DC selected coffee as its pilot crop for value chain development.

And in Mbozi DC, three pilot villages were selected among 99 villages which grow coffee. These villages are Ichesa, Msia and Hamwelo.

In this project JICA intervene at the processing stage where they provide technical assistance by capacity building to farmers, AMCOS leaders, DFT and Extension workers.

Therefore before starting measuring the results of the project it was planned to have a baseline survey to all three pilot villages as a mode of collecting information from the farmers to know their experience in the post-harvest treatment and processing practices of their coffee before the project so that at the end through baseline survey results we might be able to make comparisons before and after the project.

The objective of the survey was to prepare the base line data for post harvest treatment and processing practice in the pilot villages before starting technical training and the uses of CPU in the pilot villages.

Chapter 2: Plan and Methodologies of Baseline Survey

In this chapter, the ways of planning and conducting of the baseline survey are depicted.

2.1. Planning of the survey.

The DFT members met to discuss on how the survey was going to be conducted.

- The time frame work of the base line survey started on 24th March 2014 to 25th March 2014.
- DFT decided to undertake pre-visit all the 3 villages, for the provision of the name list and introduction of the survey objectives to the village /ward extension workers and AMCOS leaders.
- Discussed on interviewers and interviewees where they agreed that five (5) interviewers (4 from DFTs and one extension officer) to conduct interview in the villages.
- In each village 20 interviewees were interviewed which makes a total 60 interviewees in the 3 pilot villages.
- Methodology used is individual interview with questionnaire.
- Time to be spent at the village was 2 hours.
- Selection of interviewees was decided to use name list against size of the farm. The word/village agricultural extension officers were responsible for making the name list.
- How to enter data and preparation of the report were discussed.

2.2. Modification of questionnaire and making data sheet.

- The basic questionnaire made from textbooks was modified to be simple with multiple choices. There are 3 choices starting with recommended or good practice, to the not recommended or bad practice , i.e. A, B and C. However, the interviewers can modify the order when they ask interviewees the choices, preventing that the order implies the value or goodness of practices.
- The base line survey data sheets were made, two types were discussed and come with one type of drop down list. Then the option D was proposed for the answer that cannot match with the 3 options given in questionnaire.
- After discussion, DFTs added more questions in the questionnaire. These questions were about age of interviewee, to find interviewees understanding about grades given after coffee curing/hulling companies and those given in TCB before auction, after testing.

- The first draft of English version questionnaire was then printed and used for mock interview in Kiswahili.
- The testing was to find how it sounds in English and Kiswahili. Then the Swahili version were made and tested.

2.3. Implementation of baseline survey in the three target villages

- The field work of collecting data started at Hamwelo (29th March,2014),Msia (31st March,2014) and Ichesa village (01st April,2014) .Where the number of 20 farmers from each village interviewed, Totally 60 farmers interviewed and each interviewer was supposed to interview only 5 interviewees.
- After conducted this activity at the field level, the work is continuing in the office where the team is still working hard, tireless in order to make sure that we can accomplish this task successfully on time. So members of the team have been shared tasks like data input, designing graphs, the ways of making analysis, chapters to be included in the report, etc.

2.4. Data Analysis

- The exercise of Data input had been done by all DFT members surveyed the pilot villages,this activity was started from Monday to Wednesday this week.
- Also at the same time DFT have been doing Data clearance input ,to cross check the reliability of the data collected, farmers participated. This was done by checking the name list filled by WAEO/VAEO against the interviewed data sheet in order to know who was interviewed and who was not, but also to be sure of the data accuracy entered in the data sheet for each interviewee for all questions and villages.
- On top of that DFT discussed over the ways of analysis, and making of graphs, we realized that our data will be analysed into three categories which were post-harvest treatment and processing practices, marketing, and general condition of farmers (questionnaire number 1-13,16-18,and 14,15,19 respectively) where the team proposed that we will use bar chart and pie chart depending on the nature of the questionnaire. For questionnaire number 1-13 bar charts will be used ,and for questionnaire number 14-19 pie charts were proposed. Successfully all charts were produced and handed to members of the team to read the charts, understand, and write what the charts implies about.

Chapter 3. Basic Information about Interviewees

This analyse the basic information from the interviewees in order to get a general knowledge about which age is dealing with coffee, the number of coffee they have and the size of their farms.

3.1. Age Group of the Interviewees

This enabled us to understand from each village the age of farmers dealing with coffee industry and charts shows the majority is 31 to 60 of age dealing with coffee ,little from the age of up to 30 and no above the age of 61. See the table and the chart below.

Table 1:Age group of Interviewees

	ICHESA	MSIA	HAMWELO	TOTAL
A	3	1	3	7
B	17	15	14	46
C	0	4	3	7
D	0	0	0	0

Note: From Question19. A. up to 30, B. 31 to 60, and C. 61 and above

Pie chart depicts age categories of farmers engaged in coffee production. From the Pie chart, it shows that majority 77% farmers in 3 villages Ichesa,Msia and Hamwelo are aged between 31 and 60 years,11% between 61year and above and 12% are aged between one year and 30 years. This implies that, all villages having enough labour power.

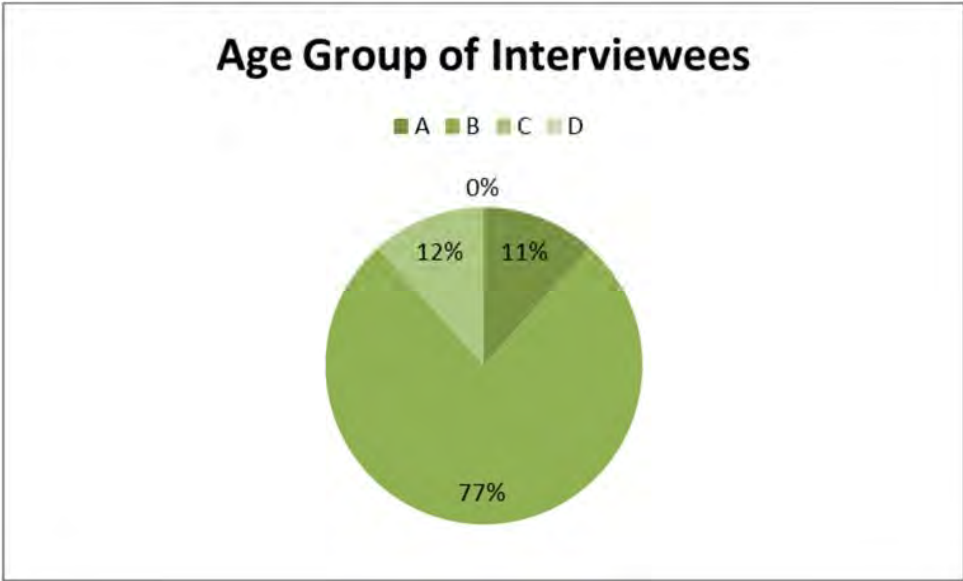


Figure 1:Age group of Interviewees

3.2. Size of Coffee Farm possessed by the Interviewees

The aim of this question was to know the number of acres they are cultivating coffee ,and the analysis showed us the most farmers have less than 5 acres ,it is about the 95% of all interviewees while only 5% of farmers possessed between 6 and 10 acres .This shows that farmers are categorized at small scale target village .See the table and the chart below.

Table 2: Size of Coffee Farm possessed by the Interviewees

	ICHESA	MSIA	HAMWELO	TOTAL
A	20	19	18	57
B	0	1	2	3
C	0	0	0	0
D	0	0	0	0

Note: From Question 14. A. up to 5acres, B. 6 to 10, and C. 11 and above

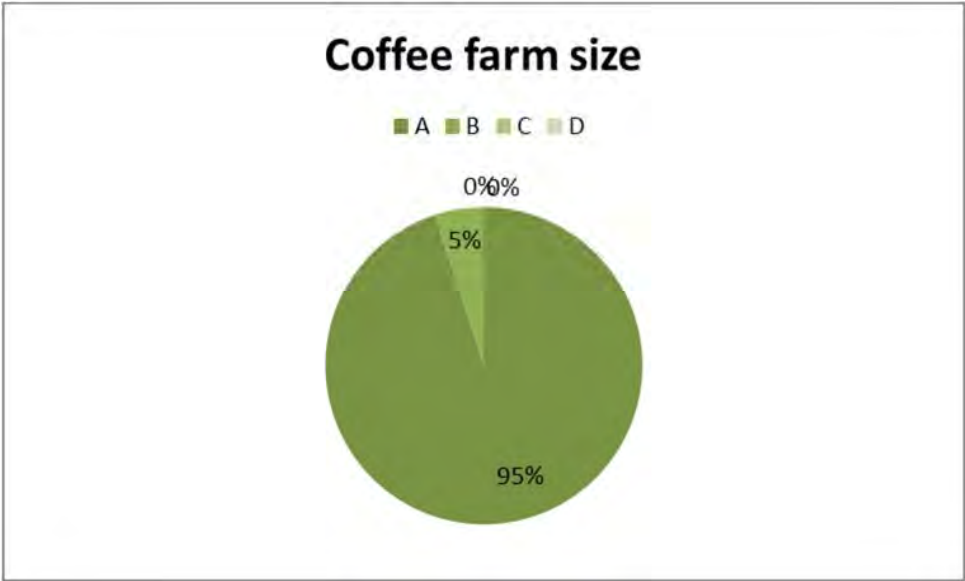


Figure 2: Size of Coffee Farm possessed by the Interviewees

3.3 Number of Coffee Trees possessed by the Interviewees

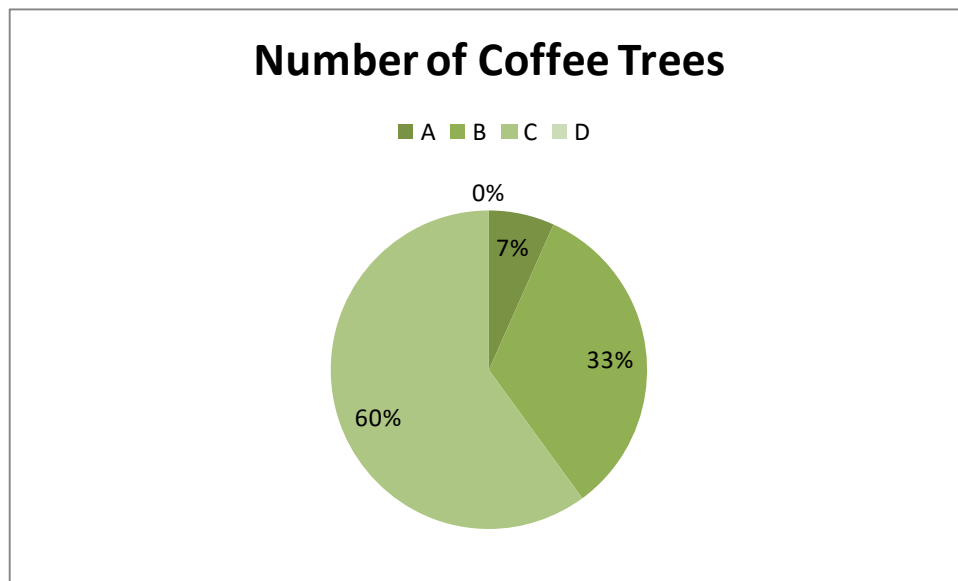
Under this analysis it was designed to understand the number of coffee trees the farmers are possessing so that later we can determine the expected productivity from these trees .According to the analysis below majority of the farmers possessing more than 501 trees as you can see the chart and table below.

Table 3: Number of Coffee Trees possessed by the Interviewees

	ICHESA	MSIA	HAMWELO	TOTAL
A	1	1	2	4
B	11	2	7	20
C	8	17	11	36
D	0	0	0	0

Note: From Question 14. A. up to 5 acres, B. 6 to 10, and C. 11 and above

The data from the pie charts portray that the majority possess up to 1000 trees of coffee .

**Figure 3: Number of Coffee Trees possessed by the Interviewees**

3.4. Training for processing coffee

Pie chart below shows that 36 % of farmers attended training on coffee processing, 12% of farmers were informed by attendants and 52% were not informed by attendants. This indicates that a large number of farmers did not receive any information on coffee processing.

Table 4. Training for processing coffee

	ICHESA	MSIA	HAMWELO	TOTAL
A	7	5	10	22
B	1	4	2	7
C	12	11	8	31
D	0	0	0	0

Note: From Question 16: A. Yes, I attended to training courses. B. Yes, I was informed by attendants. C. No, I was not informed.

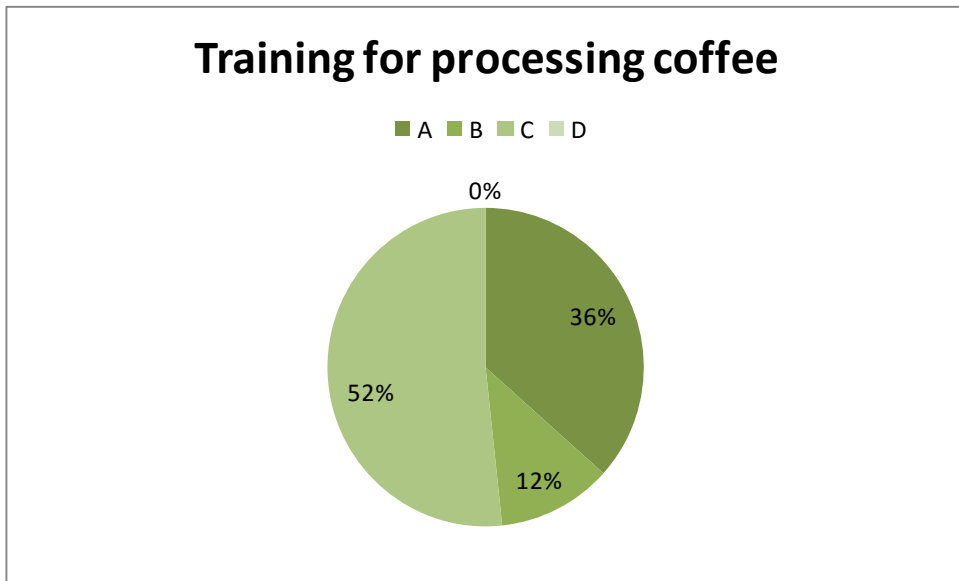


Figure 4. Training for processing coffee

Chapter 4.Result and Analysis

4.1 Post-harvest treatment and processing practices

4.1.1 Overview

We are going to do overview analysis to grasp the situation of post-harvest treatment and processing practices done by interviewees.

Generally speaking, farmers in the 3 villages perform well on the following activities; picking of cherries (Question 1, hereinafter, Q 1), Cleanness of pulping tools (Q 5), Quality and Quantity of Water for processing (Q 6 and 7), and Sorting during drying (Q 11).

On the other hand, for the following practices the farmers are not performing well; Sorting of red cherries (Question 2, hereinafter, Q 2), Pulping tool and quality of tool (Q 4), Fermentation (Q 8), Grading (Q 10), and Bags for storage (Q 13).

Table 5:Post-harvest treatment and processing practices

	1	2	3	4	5	6	7	8	9	10	11	12	13
A	50	2	27	1	54	45	37	11	29	14	47	29	6
B	8	53	10	59	6	11	12	10	29	10	9	14	34
C	2	5	23	0	0	4	11	37	0	36	4	17	20
D	0	0	0	0	0	0	0	2	2	0	0	0	0
TOTAL	60	60	60	60	60	60	60	60	60	60	60	60	60

Note: From Question 1-13:See Attachment 2

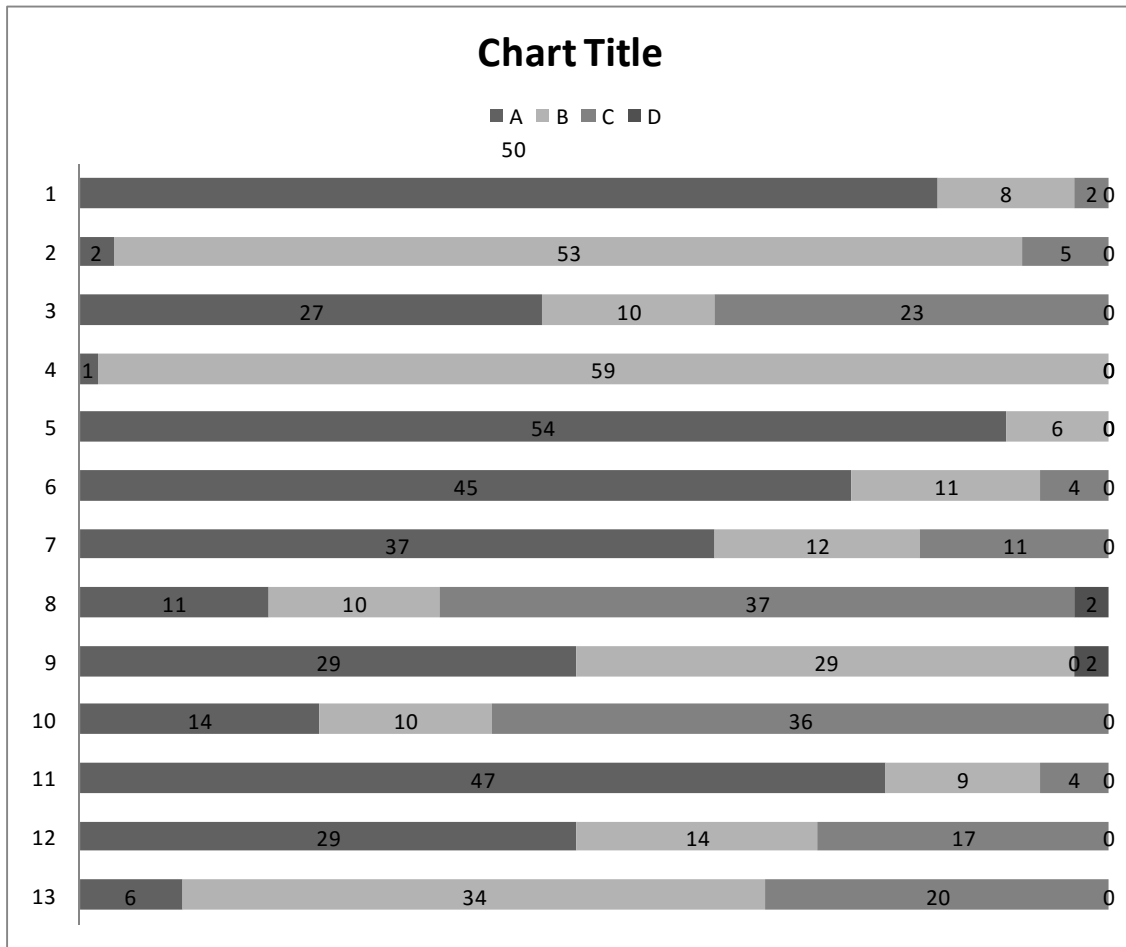


Figure 5: Post-harvest treatment and processing practices

4.1.2 Detailed Analysis

(1) Well done activities

In this part, the analysis is depicted below the table of the theme/ topic, question and answer choices.

	Theme/ Topic	Question	Answers
1	Picking of cherries	What types of cherries do you pick up?	A. Only properly ripe red cherries B. Sometimes including non-ripe or over-ripe but not diseased C. Sometimes including diseased, dried cherries, or sand

It seems most farmers understand the importance of picking red ripe cherries. On the question of the type of coffee which is picked scored high (50 out of 60 in total). Only 8 people agreed to have picked non-ripe and over-ripe cherries and diseased also.

	Theme/ Topic	Question	Answers
5	Cleanness of pulping machine (hand pulper and CPU)	How often do you wash pulping tools?	A. Pulping machines/tools are washed every time B. Pulping machine/tools are sometimes washed. C. Pulping machine/tools are hardly washed.

Majority of the farmers (54) wash their pulping tools every time after use. Only 6 interviewees said pulping tools are sometimes washed.

	Theme/ Topic	Question	Answers
6	Water for processing-Quality	What is the condition of the water that you use for processing?	A. Water is clean (transparent and not smelly) B. Water is not clean sometimes C. Water is not clean every time.
7	Water for processing-Quantity	Do you always have enough water for processing?	A. We always have enough. B. I sometimes have enough. C. I do not have enough water every time.

Water for processing quality coffee is clean and enough for most farmers. Majority, 45 farmers suggested that they use clean water for processing coffee. Only 11 said that sometimes water they use for processing is not clean. On the quantity of water for processing 37 interviewees said they always have enough water.

	Theme/ Topic	Question	Answers
11	Sorting during drying	Do you always do sorting during drying of the coffee parchments?	A. Yes, always. B. Sometimes. C. No, not at all.

Sorting during drying is well done by majority of farmers. Out of 60 farmers interviewed in the 3 villages, 47 farmers suggested that they always do sorting during drying of coffee parchments. And 9 of the 60 said that they do sorting only sometimes, 4 people said not at all.

(2) Not well done activities

	Theme/ Topic	Question	Answers
2	Sorting of red cherries	Who sort red cherries?	A. AMCOS or Group B. Individuals C. Sorting is not done at all.

Annex 03

It seems that AMCOS or Groups have not intervened much for sorting of red cherries. Out of the 60 farmers interviewed, 53 farmers insisted that sorting is done individually. Only 2 interviewees said they do sorting through AMCOS or Groups. Worst, 5 interviewees said that sorting is not done at all.

	Theme/ Topic	Question	Answers
4	Pulping tool and quality of tool	Which pulping tool do you normally use for pulping?	A. CPU B. Hand pulper C. No tool. Because I sell red cherries to a middle man / curing company

Almost all interviewees answered that they use hand pulper. Only one interviewee said he uses CPU for pulping while 59 interviewees use hand pulper.

	Theme/ Topic	Question	Answers
8	Fermentation	What do you use for fermentation?	A. A fermentation tank or pool. B. Buckets or <i>Sufuria</i> (cooking pots) C. Polythene bags

Fermentation is not properly done because most farmers perform worse by using polythene bags. More than half, 37 interviewees said they use polythene bags and only 11 interviewee use fermentation tanks or pool. 10 interviewee use buckets or *sufuria* (cooking pots).

	Theme/ Topic	Question	Answers
9	Drying parchments	Where do you dry parchment?	A. On a drying table B. On a cloth or sheet on the ground or drying floor C. Directly on the ground

On drying parchments it seems rather, an equal number of farmers use both drying tables (29) and cloth or a sheet on the ground or drying floor (29). This gives a total of 58 farmers.

	Theme/ Topic	Question	Answers
10	Grading	Who does grading of parchment?	A. AMCOS or a group B. Individuals C. Grading is not done.

It also seems there is little knowledge on grading. Majority (36) of the farmers in the 3 villages said that grading is not done at all and only 14 interviewees said that grading is done by AMCOS or Group. Only 10 interviewees do grading by themselves.

	Theme/ Topic	Question	Answers
13	Bags for Storage	What type of bags do you use to store parchments?	A. Sisal bags renewed every year B. Sisal bags used plural years C. Chemical-fibre made bags

In the 3 villages, out of the 60 farmers interviewed, 34 farmers said they use sisal bags that are continuously used plural years .Only 6 said using sisal bags which were renewed every year .But 20 farmers use chemical-fibre made bags.

4.2.Knowledge about coffee quality in relation to market

4.3 Coffee grades

From the following table and figure, we have learnt that most farmers know little about coffee grades. This can be because this information sharing about the coffee grades is done in the coffee curing company, and the number of farmers who attend the coffee curing company is small.

The analysis shows that the understanding of coffee grades between one village and another it differs While 50% for Hamwelo AMCOS members know the coffee grades,Msia only 25% of members exactly know the grades.

Table 6:Coffee grading

	ICHESA	MSIA	HAMWELO	TOTAL
A	7	5	10	22
B	1	4	2	7
C	12	11	8	31
D	0	0	0	0

Note: From Question 17: A. Yes, I know. B. I somehow / a little bit know C. No, I do not know..

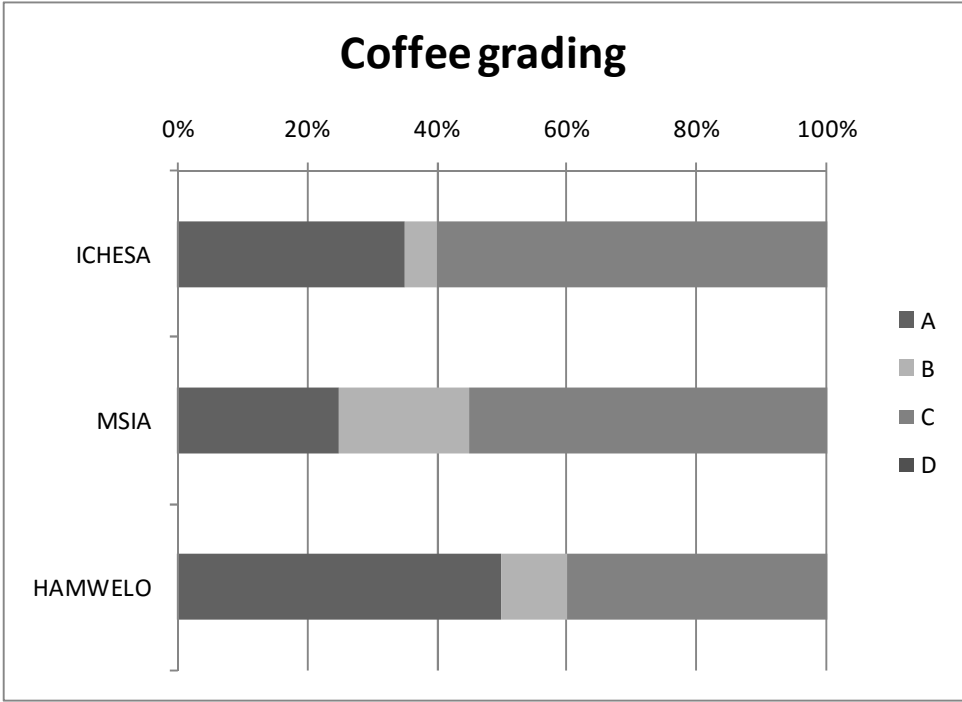


Figure 6: Coffee grading

4.4 Coffee classes

Answers to the question show us that the number of farmers receiving classes information is very small. This is because they don't get feedback from curing company and T.C.B who are responsible to return back an information to farmers; after cupping their coffee beans.

Table 7: Coffee classes

	ICHESA	MSIA	HAMWELO	TOTAL
A	1	4	5	10
B	2	1	1	4
C	17	15	14	46
D	0	0	0	0

Note: From Question 18: A. Yes, I know. B. I somehow / a little bit know. C. No, I do not know.

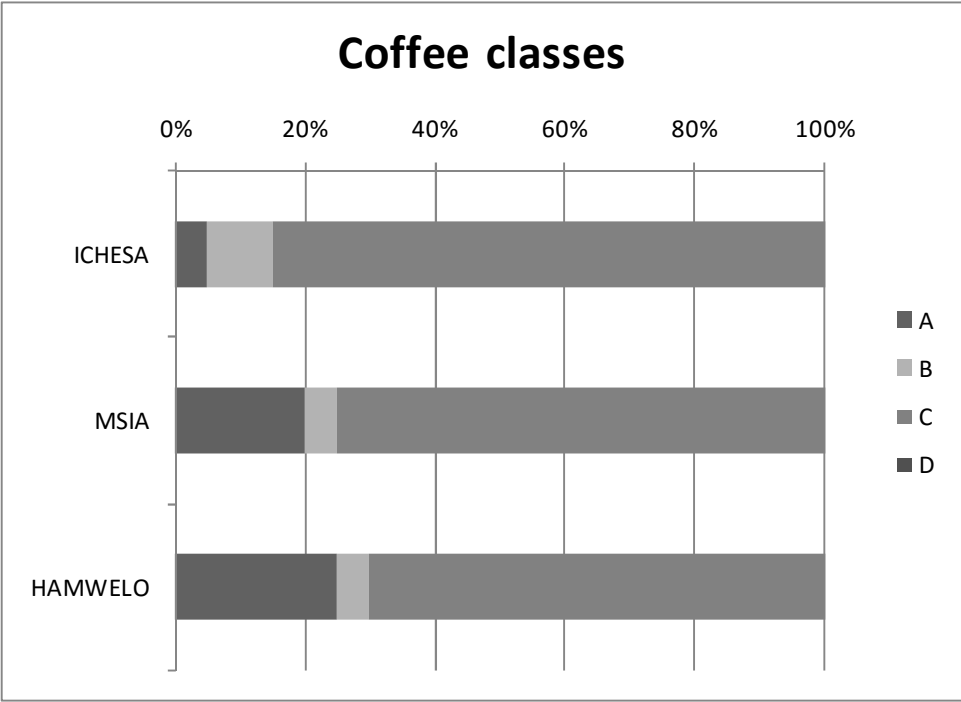


Figure 7: Coffee classes

Chapter 5: Conclusion and Recommendation

5.1 Conclusion

Our baseline survey objective was achieved. According to the analysis some topics or themes that farmers need improvement.

The result is to be used to establish benchmarks for further assistance activities for post harvest treatment and processing practices for improvement of coffee sector in the three target villages.

We would like to appreciate to the farmers on the themes which performed well ,and urge them to increase more efforts in the themes which they did not perform better.

We would like to request all coffee stakeholders to backup the coffee sector.

.

5.2 Further actions to be taken by DFT

To make sure that the training materials prepared should reflect to the themes that appeared not well performed on the baseline survey.

To make follow up to TCB people for the information on grades and classes.

To conduct impact survey assessment to compare with the baseline survey results.

5.3 Recommendation

5.3.1 Recommendation to farmers

CPU when installed will increase the efficiency of farmers to pulping their coffee.

The AMCOS leaders should emphasize their farmers to collect their red-cherries to the AMCOS for sorting.

Fermentation should be done using fermentation tanks instead of the polythene bags which tend to accumulate cause fungus on coffee parchments.

From the above observations, it is ideally recommended that, Grading should be done by the AMCOS and inform or teach the farmers on coffee grades.

Bags for storage should be sisal bags renewed every year to avoid contamination of any foreign materials to the coffee parchments.

5.3.2 Recommendation to TCB

The questionnaire shows us that the number of farmers who get information on coffee classes from TCB is very small, therefore we would like to request TCB to modify the application form for selling coffee by adding information as; number of kg. the AMCOS is going to sell ,coffee grades, coffee classes and prices.

Good Practice: Baseline Survey for Rice VC development in Kilombero DC

5. Background

Kilombero DC selected paddy/rice as a priority commodity of DADP. To support rice farmers, Kilombero DFT set objective of its activity: the increase farmer's sales price of paddy/rice through off-season sale. To accomplish the objective, the DFT decided to support farmers to improve skills of warehouse management and collective sales. Yet prior to project implementation, however, the DFT conducted baseline surveys to identify the production costs and marketing behaviors of farmers in target villages.

6. Details of Baseline Surveys

There were two types of the baseline survey conducted by the district. The first one was about production costs of paddy to identify profitable prices for farmers while the second one was for marketing behaviour to know how farmers use paddy for consumption and selling.

(1) Survey on the production cost of paddy (See Annex 1 for Costing sheet)

DFT under collaboration with NFT/RS and JICA-RADAG undertook the following:

- Developing costing sheets (See Annex 01). It was effective if the DFT list up all possible production steps so that farmers will not miss their costs in interview.

PRODUCTION COST				
Name of farmer:		○○ Village		
Total land: 1 acre (=4,046.86m ²)		Interviewed on August 2015		
Item	Unit Price (Tsh)	Unit	Qty	Total cost (Tsh)
A. Land Preparation Cost				
Rent land	100,000	acre	1	100,000
Clearing		acre		--
Ploughing / kulima		acre		--
Cultivating/ kukatua	50,000	acre	1	50,000
Harrowing	40,000	acre	1	40,000
Leveling	40,000	acre	1	40,000
B. Production Cost				
Improved Seed – SARC	10,000	tin	1	10,000
Fertilizer / kupandia (1 bag/acre)	50,000	bag	1	50,000
Fertilizer / kukuzia (1 bag/acre)	50,000	bag	1	50,000
Planting	60,000	acre	1	60,000
Weeding (once/ twice)	96,000	time	2	192,000
Agrochemicals (1 bottle/acre) – herbicide	15,000	bottle	1	15,000
Agrochemicals (1 bottle/acre) – insecticide	10,000	bottle	1	10,000
Bird scaring (1 month)	30,000	month	1	30,000
C. Harvesting Cost				
Harvesting / kufeka	60,000	acre	1	60,000
Threshing / kupiga (harvested 20bags/acre)	5,000	bag	20	100,000
Winnowing / kupeta	2,000	bag	19	38,000
Packaging materials – bag	1,000	bag	20	20,000
Packaging materials – rope	100	rope	39	3,900
Transportation – from field to home	5,000	bag	20	100,000
Transportation – from home to warehouse	500	bag	12	6,000
Storage	2,400	bag	12	28,800
Total Costs (t)				Tsh 1,003,700
		Cost per bag		Tsh 52,826

Figure: Sample answer on production cost

- It was important for this survey to have a unit of scale. In the case of paddy production, farmers measures the amount of production by the numbers of bags obtained, which might have different weights among themselves. Therefore, it was important to check how much the

weight of a bag would be before asking farmers about production costs.

- The data will be more accurate if farmers record production cost when the spending is made. So some follow-up should be made on record keeping by farmers. With such data, the results of the baseline could be confirmed in terms of validity.

(2) Survey on the use of paddy (See Annex 2 for Questionnaire)

DFT under collaboration with NFT/RS and JICA-RADAG undertook the following:

- Developing a questionnaire: it was found that there are many routes from a farm to warehouse or house. Such complex behaviour will make both interviewees and interviewers confused. Therefore, the DFT decided to use a picture in a questionnaire for easy understandings of both interviewers and interviewees (See figure below and Annex 02).

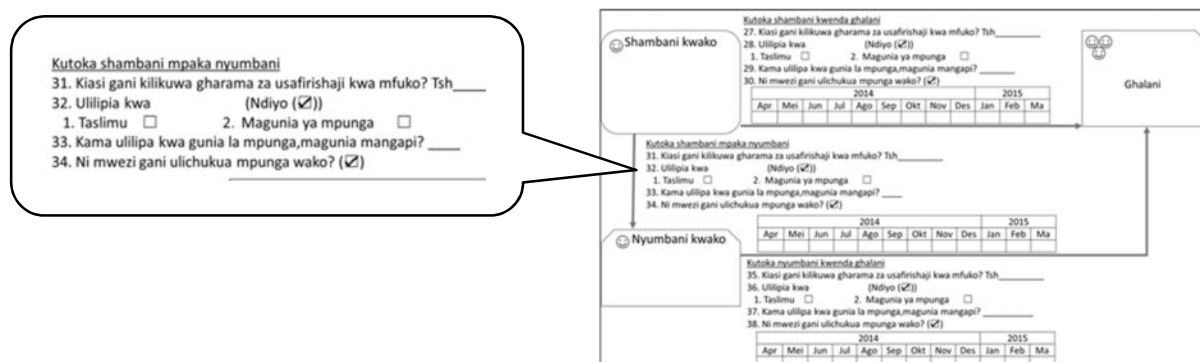


Figure: Questionnaire for use of paddy in a warehouse and farmer's house (sample).

- A draft questionnaire was tested in a village so that each question and way of questioning and time to be spent will be clearer and the questionnaire was revised based on the findings through the test.
- In the survey, interviewees about 20 people separated into about 10 people. Interviewees in a group answered each question by themselves after an interviewer explain each question.
- In order to avoid different ways of answering by interviewees, check box would be a good choice.
- For data input, each question should have ID number. Each answer sheets for one respondent should have ID number too.
- Before interviews, interviewees read each question together and had discussion for common understanding to avoid a situation that different question will be made for one question.



Annex 01: Costing Sheet

Name of farmer:

Total land: acres

Item	Unit	Total Unit	Cost per unit (Tsh)	Total cost (Tsh)
A. Land Preparation Cost				
Clearing (Tshs /acre)	acre			
Ploughing (Tshs /acre)	acre			
Harrowing (Tshs /acre)	acre			
Leveling (Tshs /acre)				
B. Production Cost				
Improved Seed (kg/acre @Tsh /kg)	acre			
Fertilizer (bag/acre @Tshs /bag)	acre			
Fertilizer (bag/acre @Tshs /bag)	acre			
Fertilizer (bag/acre @Tshs /bag)	acre			
Planting	acre			
Nursery and Transplanting	acre			
Weeding (Tshs /acre) once/ twice	acre			
Agrochemicals	acre			
Bird scaring	acre			
C. Harvesting Cost				
Harvesting (Tshs /acre)	acre			
Threshing	acre			
Packaging materials	acre			
Transportation (Tshs /bags @ /acre)	acre			
Storage (Tshs /bags @ /acre)	acre			
Total costs				

Revenue

	Quantity sold	Price per unit	Revenue
Net Profit			

Dodoso kwa ajili ya usimamizi wa ghala na masoko

**Wizara ya Kilimo Chakula na Ushirika,
Timu ya Wawezeshaji wa wilaya ya Kilombero na JICA**

Oktoba, 2014

Siku ya kujazwa: _____

1. Taarifa za ujumla

Annex 02: Questionnaire on the use of paddy

1. Jina _____
2. Jinsia (Ndio (☑))
 1. Kiume
 2. Kike
3. Simu Namba _____
4. Jina la kikundi cha wakulima _____
5. cheo chako kwenye kikundi (ndio (☑))
 1. mwenyekiti
 2. mweka hazina
 3. kiongozi mwingine
 4. mjumbe wa kawaida
 5. nyingine _____
6. je wewe ni mwanachama wa kikundi kingine? Kama ndio, tafadhali andika jina la kikundi cha wakulima..

7. cheo chako kwenye hicho chama/kikundi (ndio (☑))
 1. mwenyekiti
 2. mweka hazina
 3. kiongozi mwingine
 4. mjumbe wa kawaida
 5. nyingine _____
8. nini chanzo chako cha mapato? (ndio (☑))
 1. mpunga/mchele
 2. mbogamboga
 3. kuku
 4. ng'ombe
 5. nyingine _____
8. nini chanzo chako kingine cha mapato? ((ndio (☑), majibu mengi yanaruhusiwa)
 1. mpunga/mchele
 2. mbogamboga
 3. kuku
 4. ng'ombe
 5. nyingine _____
9. kama uliua mpunga nyumbani, uliuzaje?
 1. uliua mpunga (kiasi kidogo)

Annex 02: Questionnaire on the use of paddy

- 2. uliuzwa mpunga (kwa gunia)
- 3. ulikoboa mpunga na kuuza mchele
- 4. ulikoboa mpunga, mvuke mpunga na kuuza
- 5. ulikoboa mpunga, kupika chakula kingine na kuuza
- 6. nyingine _____

2. Kuhifadhi gunia la mpunga kutoka Aprili
2014- Oktoba 2014

Mtiririko wa magunia ya mpunga katika msimu huu (Aprili 2014 - Oktoba 2014)**Kwenye shamba**

10 Jumla ya Idadi ya magunia ya mpunga yaliyovunwa _____

11 madebe mangapi kwa gunia? _____

12 kg ngapi kwa debe? _____

13 ekari ngapi ulipanda? _____

14 Ni mwezi gani ulivuna? _____

15 Jumla ya Idadi ya magunia ya mpunga uliyouza _____

16 je, uliua magunia mangapi?

1. Apr	2. Mei	3. Jun	4. Jul	5. Ago	6. Sep	7. Okt

17. Kiasi gani ilikuwa bei ya mauzo kwa gunia?

1. Apr	2. Mei	3. Jun	4. Jul	5. Ago	6. Sep	7. Okt

Nyumbani kwako

18 Jumla ya Idadi ya magunia ya mpunga yaliyohifadhiwa _____

19 Jumla ya Idadi ya magunia ya mpunga yaliyouzwa _____

20. gani kuuza Jinsi mifuko mingi?

1. Apr	2. Mei	3. Jun	4. Jul	5. Ago	6. Sep	7. Okt

21. Kiasi gani ilikuwa bei ya mauzo kwa gunia?

1. Apr	2. Mei	3. Jun	4. Jul	5. Ago	6. Sep	7. Okt

22. Jumla ya Idadi ya magunia ya mpunga yaliyotumiwa na wewe na familia yako _____

**kwenye ghala wakati wa zoezi la majaribio la kuhifadhi**

23. Jumla ya Idadi ya magunia ya mpunga yaliyohifadhiwa _____

Gharama kwa ajili ya kuhifadhi magunia katika ghala msimu huu (Aprili 2014 - Oktoba 2014)

Kutoka shambani kwako mpaka ghalani kwa ajili ya zoezi la majaribio ya kuhifadhi mpunga

24 Kiasi gani kilikuwa gharama za usafirishaji kwa mfuko? Tsh _____

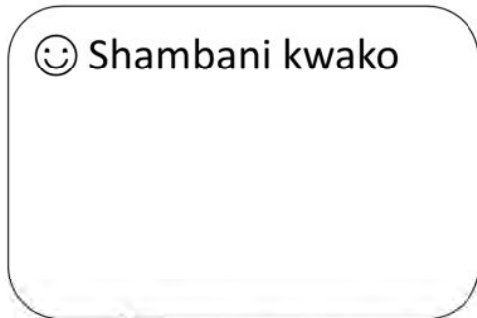
25 Ulilipia kwa (Ndiyo (☑))

1. Taslimu 2. Magunia ya mpunga

26. Kama ulilipa kwa gunia la mpunga, magunia mangapi? _____

27. Ni mwezi gani ulichukua mpunga wako? (☑)

1. Apr	2. Mei	3. Jun	4. Jul	5. Ago	6. Sep	7. Okt



Kutoka shambani kwa mpaka kwenye Nyumba yako

28. Kiasi gani ilikuwa gharama ya usafirishaji kwa gunia? Tsh _____

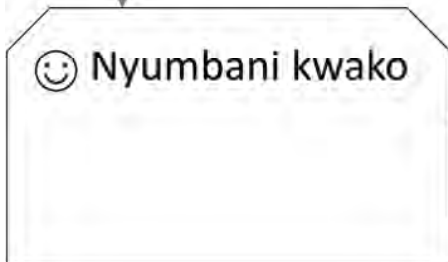
29. Je, ulilipa kwa (Ndiyo (☑))

1. Taslimu 2. Gunia la mpunga

30. Kama ulilipa kwa gunia la mpunga, magunia mangapi? _____

31 Ni mwezi gani ulichukua mpunga yako? (☑)

1. Apr	2. Mei	3. Jun	4. Jul	5. Ago	6. Sep	7. Okt



Kutoka nyumbani kwako mpaka ghalani kwa ajili ya zoezi la majaribio la Kuhifadhi

32. Ilikuwa kiasi gani gharama za usafirishaji kwa gunia? Tsh _____

33. Je, ulilipa kwa (Ndiyo (☑))


1. Taslimu 2. Gunia la mpunga

34. Kama ulilipa kwa gunia la mpunga, magunia mangapi? _____

35. Ni mwezi gani ulichukua mpunga wako? (☑)

1. Apr	2. Mei	3. Jun	4. Jul	5. Ago	6. Sep	7. Okt

Ghala jingine nyingine, kama lipo.

 Shambani kwako

 Ghalani kwako

36. Jumla ya Idadi ya magunia ya mpunga yaliyohifadhiwa _____


37. Jumla ya Idadi ya magunia ya mpunga yaliyouzwa _____

38. Je uliuza magunia mangapi?

1. Apr	2. May	3. Jun	4. Jul	5. Aug	6. Sep	7. Oct

39. Kiasi gani ilikuwa bei ya mauzo kwa gunia?

1. Apr	2. May	3. Jun	4. Jul	5. Aug	6. Sep	7. Oct

 Shambani kwako

Kutoka shambani kwako mpaka ghala lingine


40. ilikuwa kiasi gani gharama za usafirishaji kwa gunia?
Tsh _____

41 Je, ulilipa kwa (Ndiyo (☑))

1. Taslimu 2. Gunia la mpunga

42. Kama ulilipa kwa gunia la mpunga, magunia mangapi?

43. Ni mwezi gani ulichukua mpunga wako kutoka shambani mpaka kwenye ghala lingine? (☑)

 Kwenye ghala lingine

1. Apr	2. May	3. Jun	4. Jul	5. Aug	6. Sep	7. Oct

Kuhifadhi magunia ya mpunga kutoka
Aprili 2013 - Machi 2014

Mtiririko wa magunia ya mpunga kwa msimu uliopita (kutoka Apr 2013 kwa Machi 2014)

😊 **Shambani kwako**

44. Jumla ya Idadi ya Magunia ya mpunga uliyovuna ____

45. Ekari ngapi ulilima? _____

46. Ni mwezi gani ulivuna? _____

47. Jumla ya Idadi ya Magunia ya mpunga yaliyouzwa _____

48. Gani kuuza Jinsi mifuko mingi?

2013									2014		
1.Apr	2. Mei	3. Jun	4. Jul	5. Ago	6. Sep	7. Okt	8.Nov	9.Des	10.Jan	11.Feb	12.Ma

49. Kiasi gani ilikuwa bei ya mauzo kwa gunia?

2013									2014		
1.Apr	2. Mei	3. Jun	4. Jul	5. Ago	6. Sep	7. Okt	8.Nov	9.Des	10.Jan	11.Feb	12.Ma

😊😊😊 **Kwenye ghala (Wapi? _____)**

55. Jumla ya Idadi ya magunia ya mpunga yaliyohifadhiwa _____

56. Jumla ya Idadi ya magunia ya mpunga yaliyouzwa _____

57. Uliuza magunia mangapi?

2013									2014		
1.Apr	2. Mei	3. Jun	4. Jul	5. Ago	6. Sep	7. Okt	8.Nov	9.Des	10.Jan	11.Feb	12.Ma

58. Kiasi gani ilikuwa bei ya mauzo kwa gunia?

2013									2014		
1.Apr	2. Mei	3. Jun	4. Jul	5. Ago	6. Sep	7. Okt	8.Nov	9.Des	10.Jan	11.Feb	12.Ma

😊 **Nyumbani kwako**

50. Jumla ya Idadi ya magunia ya mpunga yaliyohifadhiwa ____

51. Jumla ya Idadi ya magunia ya mpunga yaliyouzwa _____

52. Uliuza magunia mangapi?


2013									2014		
1.Apr	2. Mei	3. Jun	4. Jul	5. Ago	6. Sep	7. Okt	8.Nov	9.Des	10.Jan	11.Feb	12.Ma

53. Kiasi gani ilikuwa bei ya mauzo kwa gunia?

2013									2014		
1.Apr	2. Mei	3. Jun	4. Jul	5. Ago	6. Sep	7. Okt	8.Nov	9.Des	10.Jan	11.Feb	12.Ma

54. Idadi ya magunia yaliyotumiwa na wewe na familia yako _____

Gharama kwa ajili ya Hifadhi ya magunia ya mpunga kwenye ghalani msimu uliopita (kutoka Apr 2013 kwa Machi 2014)



Shambani kwako

Kutoka shambani kwenda ghalani

59. Kiasi gani kilikuwa gharama za usafirishaji kwa mfuko? Tsh _____


60. Ulilipia kwa (Ndiyo (☑))

1. Taslimu 2. Magunia ya mpunga


61. Kama ulilipa kwa gunia la mpunga, magunia mangapi? _____

62. Ni mwezi gani ulichukua mpunga wako? (☑)

2013									2014		
1. Apr	2. May	3. Jun	4. Jul	5. Aug	6. Sep	7. Okt	8. Nov	9. Dec	10. Jan	11. Feb	12. Mar



Ghalani



Nyumbani kwako

Kutoka shambani mpaka nyumbani

63. Kiasi gani kilikuwa gharama za usafirishaji kwa mfuko? Tsh _____


64. Ulilipia kwa (Ndiyo (☑))

1. Taslimu 2. Magunia ya mpunga

65. Kama ulilipa kwa gunia la mpunga, magunia mangapi? _____

66. Ni mwezi gani ulichukua mpunga wako? (☑)

2013									2014		
1. Apr	2. May	3. Jun	4. Jul	5. Ago	6. Sep	7. Okt	8. Nov	9. Des	10. Jan	11. Feb	12. Ma



Ghalani

Kutoka nyumbani kwenda ghalani

67. Kiasi gani kilikuwa gharama za usafirishaji kwa mfuko? Tsh _____

68. Ulilipia kwa (Ndiyo (☑))

1. Taslimu 2. Magunia ya mpunga

69. Kama ulilipa kwa gunia la mpunga, magunia mangapi? _____

70. Ni mwezi gani ulichukua mpunga wako? (☑)

2013									2014		
1. Apr	2. May	3. Jun	4. Jul	5. Ago	6. Sep	7. Okt	8. Nov	9. Des	10. Jan	11. Feb	12. Ma

Baseline Survey Report
on
the use of paddy

December 2014

Kilombero DC
In collaboration with
DADP P&I TWG/ RAS-Morogoro/
JICA-RADAG

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Chapter 1. Introduction

1.1. Objective of the Survey

This survey is implemented under the JICA Technical Cooperation Project entitled, "*Strengthening the Backstopping Capacities for the DADP Planning and Implementation under the Agricultural Sector Development Programme in the United Republic of Tanzania (Phase II)*" (herein referred to as "the Project"). The survey was conducted from October 23 to November 3, 2014. It aims to identify major challenges in rice/paddy marketing in the pilot areas, particularly in the villages of Msalise and Mkangawalo, Kilombero District, Morogoro Region, and assess how the Project's interventions can effectively contribute to ensuring that these challenges are addressed.

The objectives of this survey are:

- (1) To collect baseline data on off-season sales of rice/paddy under the pilot project in two villages, Msalise and Mkangawalo;
- (2) To identify major challenges in rice/paddy marketing in the two pilot project sites;
- (3) To assess how the Marketing Manager System, with the storage practice of paddy, can contribute to tackling the identified challenges.

1.2. Background of Msalise and Mkangawalo

The Project has been conducting pilot activities on rice/paddy marketing in two sites: (1) Msalise Village and (2) Mkangawalo Village. Both sites/villages are within the Kilombero district in Morogoro region.

(1) Msalise Village

Msalise is located 70km away from Ifakara, where the main district office of Kilombero is seated. The road condition from the district center, Ifakara to the village, is poor and it takes 1.5 hours by a 4-Wheel Drive vehicle to travel from Ifakara to Msalise and 2 hours by public bus. However, especially during raining season, it is difficult for most large vehicles to carry rice/paddy bags in that route.

The village has no common warehouse to store paddy. Some farmers use warehouses in nearby villages outside Msalise. There is also no milling facility in the area.

The Msalise Agriculture Marketing Co-operative Society (MAMCOS), the beneficiary of the Project's pilot activities, currently has 50 members. It was founded in 2012 with the purpose

to store paddy bags and collectively sell the paddy at a higher price through a marketing manager.

(2) Mkangawalo Village

Mkangawalo village is located 90 km from the district center Ifakara. While it is further than Msalise, the road condition from Ifakara to Mkangawalo is good. The village has one privately owned milling facility, but no common warehouse. Initially, farmers in Mkangawalo have not used common warehouses; farmers simply store rice/paddy bags at home.

Mkangawalo Farmers' Association and Viki Faraja, a women's group, are the beneficiaries on this Project. Just as Msalise, Mkangawalo farmers formed the association to build a common warehouse in the village and collectively sell rice/paddy at a better price through a marketing manager.

Chapter 2. Methodology of the Survey and its Limitation

2.1. Methodology of the Survey

The survey employed a structured interview, using a questionnaire in Swahili (Appendix 1). The total number of answers is 61; 26 in Msalise and 35 in Mkangawalo. The detailed conduct of the survey is described below:

(1) Interview in Msalise on 23rd October, 2014

District Facilitation Team (DFT) and Technical Assistant (TA) interviewed 19 farmers in MAMCOS with the assistance of a Japanese expert. During the survey it was found that some households allocated harvested paddy to each family member and each member independently manages the transaction of the paddy. To capture the information properly, the team added a question, "*Out of the harvested paddy bags, how many are self-owned?*"

(2) Interview in Mkangawalo on 24th October, 2014

The survey team moved to Mkangawalo and conducted 23 interviews with the revised questionnaire.

(3) Supplement Interview in Msalise on 29th October, 2014

A supplement interview was conducted in Msalise by TA since the number of answers in both villages could not cover the target, 60. Seven answers were added through the supplement

interview.

(4) Supplement Interview in Mkangawalo on 3rd November, 2014

In the same manner, TA also conducted a supplement interview in Mkangawalo. In the village, additional 12 answers were collected.

2.1. Limitation of the Survey

The data collected from this survey was analyzed with utmost diligence given the constraints presented to the team. The duration of the survey was constrained to 2-weeks. Noting that the pilot project sites are far from Dar es Salaam, hindering frequent visits by the team, data collection was limited to a small sample size. Moreover, availability of data was also a major constraint. Farmers in both sites keep neither physical records of business transactions nor personal records of harvests or expenses incurred. The survey relied heavily on farmer interview and validated information through District Officers and the Central Office. For these reasons, the data of this survey can show only a relative tendency rather than statistical information.

Chapter 3. Basic information of Interviewees

Among 61 informants, 27 are male and 34 are female as Table 3.1 shows.

Table 3.1. Gender of Interviewees

	Msalise	Mkangawalo	Total
Male	16	11	27
Female	10	24	34
Total	26	35	61

Paddy/rice is the major income source of most farmers both in Msalise and Mkangawalo (Table 3.2). Secondary income sources vary from vegetables to chickens, although the proportion in the total income is not more than the supplemental level, according to the most informants in the supplement interview (Table 3.3, Figure 3.1).

Table 3.2. Major Income Source

	Msalise	Mkangawalo
Paddy/Rice	26	33
Vegetables	0	1
Cows	0	1
Total	26	35

Table 3.3. Secondary Income Sources
(multiple answers)

	Msalise	Mkangawalo	Total
Vegetables	4	8	12
Chickens	15	24	39
Cows	1	2	3
Others	9*	3**	12
No answer	1	0	1

*maize, goats, mobile charging, brick making

**maize, pigs

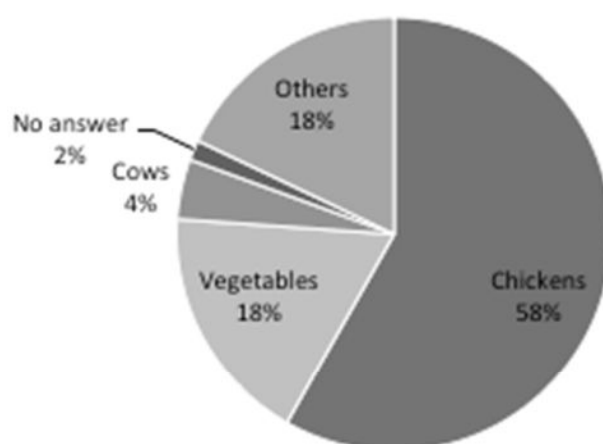


Figure 3.1. Secondary Income Sources in both Msalise and

Mkangawalo

Most of the farmers in both villages sell their harvests as paddy although a few sell them as milled rice as Table 3.4 and Figure 3.2 show. Informants in Msalise insisted that they prefer selling milled rice to paddy since its profitability is higher, despite the absence of a milling machine in Msalise. In Mkanwagalo, there is a privately owned miller but the milling charge¹ prevents more farmers from milling paddy to rice.

Table. 3.4. Ways of Selling Paddy (multiple answers)

	Msalise	Mkangawalo	Total
Sell paddy by small portions	3	3	6
Sell paddy by bags	19	22	41
Mill paddy and sell rice	2	5	7
Mill paddy, steam and sell them	0	1	1
Mill paddy, cook and sell	0	3	3
Others	1	0	1
No answer	1	1	2

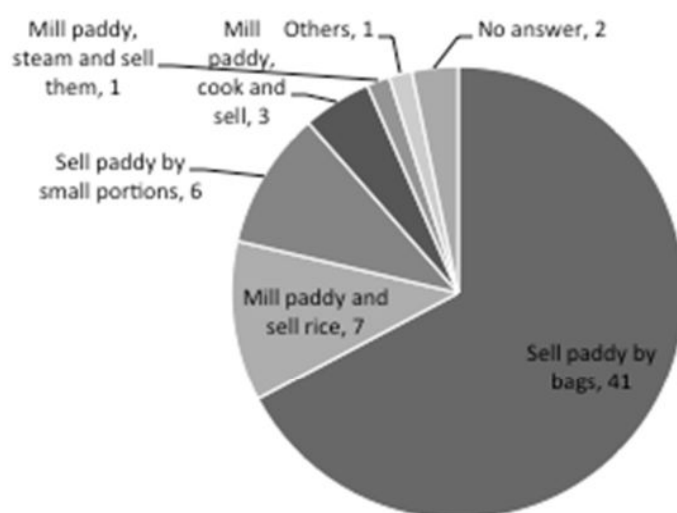


Figure 3.2. Ways of Selling Paddy in both Msalise and Mkangawalo

¹ Milling charge is 50Tsh/kg and the loading charge is 1000Tsh/bag in Mkangawalo.

Chapter 4. Results of the Survey

4.1. Harvest in 2013 and 2014

In both pilot villages, most farmers are small-scale. Table 4.1 indicates the size of rice-cultivated land in both areas. While some farmers have relatively larger land, 6 acres in Msalise and 15 acres in Mkangawalo in 2014, majority have less than 3 acres for rice cultivation that are slightly larger than the average size, 1.5-2 acre(s) in Kilombero District.

Table. 4.1 The Size of Rice Cultivated Land in Msalise and Mkangawalo in 2014 and 2013

Size of Land	Msalise		Mkangawalo	
	2014	2013	2014	2013
<1ac	0	0	0	0
1ac≤ - <2ac	8	9	14	11
2ac≤ - <3ac	11	11	14	15
3ac≤ - <4ac	0	1	1	2
4ac≤ - <5ac	3	3	3	3
above 5 ac	3	2	3	3
No answer	1	0	0	1
Total	26	26	35	35

*ac=acre

Table 4.2 and 4.3 show the production of paddy in Msalise and Mkangawalo. According to the Department of Agriculture, Irrigation and Cooperatives of Kilombero District, the average yield of paddy in Kilombero district is approximately 3 ton /ha for non-irrigated land, and 4-6 ton for irrigated lands. However for Msalise, the yield is around 2.4 ton per ha in 2014; for Mkangawalo, it is 2.3 ton per ha in non-irrigated land. The informants of both villages claim that the low yield is mainly attributed to the use of less fertilizers and cultivation of local varieties, which inhibits high yield.²

² The informants also claimed that the flood seriously affected on the low yield in the season of 2013.

Table. 4.2 Yield of Surveyed Respondents in 2014 and 2013 in Msalise

	2014			2013		
	Volume(bag)	Volume (kg)	Yeild(kg/ha)	Volume(bag)	Volume (kg)	Yeild(kg/ha)
Max	53	7,155	5,400	48	6,480	4,219
Min	1	135	338	1	135	506
Average	17	2,284	2,869	16	2,164	2,420

*Round off to the closest whole number. One paddy bag is 135kg.

Table. 4.3 Yield of Surveyed Respondents in 2014 and 2013 in Mkangawalo

Year	2014			2013		
	Volume(bag)	Volume (kg)	Yeild(kg/ha)	Volume(bag)	Volume (kg)	Yeild(kg/ha)
Max	120	16,200	5,400	270	36,450	4,388
Min	2	270	450	1	135	337.5
Average	18	2,364	2,282	27	3,706	2,354

*Round off to the closest whole number. One paddy bag is 135kg.

4.2. Storage Practice

Figure 4.1 and 4.2 show the flow of paddy bags after harvesting in 2013/2014. To understand the annual tendency, particular focus is given to the 2013 data.³ Approximately 75% of paddy is brought to their houses and 9.1 % to warehouses outside of the village in Msalise. In addition, 43.4 % of the paddy bags stored in the household are partially and gradually sold and 36% are for family consumption⁴.

³ The data of 2014 is incomplete since it is only by the end of October when survey was conducted.

⁴ To confirm the data, the study team asked the average number of bags consumed per family in Msalise. The result was 5 bags for 5 family members, 7 bags for 6 family members. Since the average production in Msalise in 2013 was 16.9 bags per household, the consumption rate of paddies stored at house is 12.6bags (computed as 16.9X75%), which indicates 39%-55.5.%(5-7bags) is consumed while the rest of bags stored in the house would be sold.

Table.4.4 Storage Practice in Msalise

	2014		2013	
	No. of Farmers	No. of Bags	No. of Farmers	No. of Bags
Harvest	26	424	26	417
Sold at Farm	9	41	16	89
Stored at House	25	304	25	313
Stored at Other Warehouses	2	7	12	38
Stored at Trial Warehouse	20	48	NA	NA
Sold at House	17	87	17	136
Sold at Warehouse	0	0	10	38
Self-Consumption*	25	74	23	114

*See also footnote 4



Figure. 4.1 The Flows of Paddy Bags in Msalise (2013) ⁵

In Mkangawalo, 18.8 % of harvested paddies are sold at farms and the remaining paddies, around 80%, are stored at home. Approximately 39 % of the paddy bags stored at home are sold and 38.5% for family consumption⁶.

In short, farmers tend to sell around 20% of paddy at farm, immediately after their harvesting. Then the remaining 75-80 % of paddy is carried to each house, which is eventually sold and consumed.

⁵ The data of bags sold at house and self-consumption was unaccounted for, due to the lack of farmer's record. The same missing is seen in Mkangawalo as well.

⁶In Mkangawalo, the data was validated by asking the average number of paddy bags consumed by a family, which garnered the same answer as that of Msalise; 5-7 bags per year. As such, the average production in Mkangawalo in 2013 was 17.5 bags (2364kg) per household. The consumption rate of paddies stored at house is 14.1bags (computed as 17.5X80.7%) which indicates 35.4%-49.6%(5-7bags) are consumed and the rest of bags stored at home are sold.

Table. 4.5 Storage Practice in Mkangawalo

	2014		2013	
	No. of Farmers	No. of Bags	No. of Farmers	No. of Bags
Harvest	35	613	33	906
Sold at Farm	16	52	25	171
Stored at House	35	248	34	732
Stored at Other Warehouses	2	40	0	0
Stored at Trial Warehouse	15	32	NA	NA
Sold at House	15	73	26	288
Sold at Warehouse	0	0	0	0
Self-Consumption*	32	107	33	282

*See also footnote 6

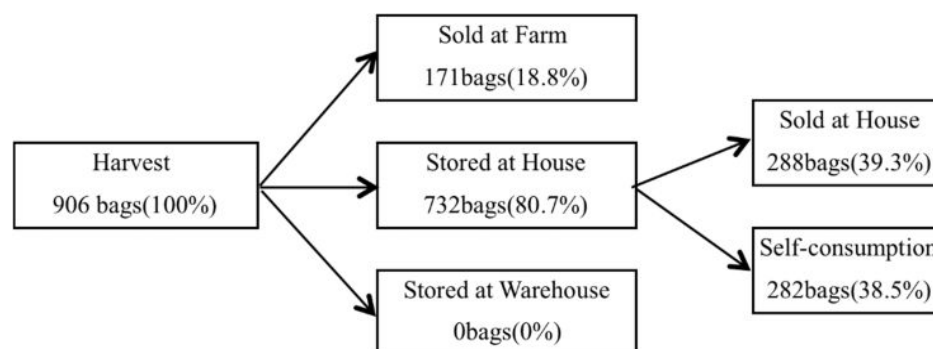


Figure. 4.2 The Flows of Paddy Bags in Mkangawalo (2013)

4.3. Sales; At Farm, House and Warehouse

Table 4.6 indicates the selling practice at 3 different locations: (1) at the farm, (2) at home, and (3) at the common warehouse in Msalise, from April 2013 to Mar 2014. The highlighted columns of the Table show that the sale prices in the 3 locations are not much different nor indicate any increasing or decreasing trend. For instance, the average sale price at farm in July, 2013 is higher than the sale price at warehouse in December, 2013 and January, 2014. Noting that sales in January 2014 show a substantially low figure considering that this is off-season. Although there are external and internal factors causing the lower price sales, the data seem to indicate that farmers could not take advantage of either off-season prices or the locational difference of selling. An external cause, among others, is the Mkula irrigation scheme located

near Msalise village had its second harvest season in January. The irrigation scheme has a good reputation to produce a great amount of paddy with higher quality, so the value of paddy in Msalise lost attractiveness to buyers⁷. As an internal factor, farmers in Msalise are compelled to sell their paddies for urgent necessities such as cash payment for land-preparation, school fee and so on. Most farmers claim that due to the urgent situation, they have no room to bargain with buyers during the season of land-preparation. Similar situation happens in the period of harvesting when they are obligated to sell paddies at their farms to pay transportation cost to bring their harvest from farm to house, and wage cost for harvesting and post-harvesting.

Table 4.7 shows the gap in sale prices in the highlighted period. In the case of sale at warehouse in January 2014, the price gap between maximum and minimum is 30,000 Tsh/bag, 1.6 times difference between the highest and lowest. The gap indicates individual bargaining power significantly determines sale prices.

In Mkangawalo farmers could not maximize the advantage of price-fluctuation either although no farmer used the warehouse in 2013 (See Table 4.8). For instance, the average price at farm in August 2013 is higher than those sold from the house in December 2013. In addition, Table 4.9 supports that the sale prices rely on individual bargaining power and networks with buyers rather than the time or location as seen in the case of Msalise.

⁷ In addition to the local factor, the domestic price of rice between August in 2013 and May 2014 has stagnated, coupling with its international price. In this way, the price of rice/paddy is intertwined with several causes.

Table.4.6 Sales of Paddy in Msalise (April 2013-March 2014)

Place	Farm			House			Warehouse		
	No of Farmers	Bags	Average Price	No of Farmers	Bags	Average Price	No. of Farmers	Bags	Average Price
Apr, 2013	1	10	55,000	0	0	0	0	0	0
May, 2013	3	11	57,500	0	0	0	0	0	0
Jun, 2013	3	11	75,000	0	0	0	0	0	0
Jul, 2013	8	29	65,000	2	11	60,000	2	17	60,000
Aug, 2013	2	2	60,000	3	6	56,667	0	0	0
Sep, 2013	3	15	66,667	6	28	64,167	0	0	0
Oct, 2013	3	8	57,333	5	12	57,500	2	5	75,000
Nov, 2013	1	3	70,000	0	0	0	0	0	0
Dec, 2013	2	2	67,500	1	2	65,000	1	1	50,000
Jan, 2014	1	1	60,000	0	0	0	7	15	57,857
Feb, 2014	0	0	0	2	60	80,000	0	0	0
Mar, 2014	0	0	0	0	0	0	0	0	0
Sub-Total	27	92	63,400	19	119	63,889	12	38	60,714
Total					Bags Sold	249		Average Price	62,668

Table.4.7 Price Gaps in Msalise (2013)

Place to Sell	Time	Average	Max	Min
Farm	Jul, 2013	65,000	80,000	50,000
House	Sep, 2013	64,167	75,000	40,000
	Oct, 2013	57,500	70,000	50,000
Warehouse	Jan, 2014	57,857	80,000	50,000

Table 4.8 Sales of Paddy in Mkangawalo (April 2013-March 2014)

Place	Farm			House			Warehouse			
	No. of Farmers	No. of Bags	Average Price	No of Farmers	No. of Bags	Average Price	No. of Farmers	No. of Bags	Average Price	
Apr, 2013	0	0	0	0	0	0	0	0	0	
May, 2013	0	0	0	0	0	0	0	0	0	
Jun, 2013	3	4	55,000	0	0	0	0	0	0	
Jul, 2013	11	36	49,231	6	22	52,000	0	0	0	
Aug, 2013	5	58	55,000	7	19	56,667	0	0	0	
Sep, 2013	0	0	0	6	17	51,667	0	0	0	
Oct, 2013	2	7	50,000	4	18	46,667	0	0	0	
Nov, 2013	3	19	50,000	3	19	46,667	0	0	0	
Dec, 2013	0	0	0	6	100	50,833	0	0	0	
Jan, 2014	0	0	0	2	85	55,000	0	0	0	
Feb, 2014	2	14	60,000	0	0	0	0	0	0	
Mar, 2014	0	0	0	0	0	0	0	0	0	
Sub-Total	26	138	53205	34	280	51357	0	0	0	
Total				Bags Sold			418	Average Price		52,281

Table.4.9 Price Gaps in Mkangawalo

Place to sell	Time	Average	Max	Min
Farm	Jul, 2013	49,231	60,000	40,000
	Aug, 2013	55,000	70,000	40,000
House	Jul, 2013	52,000	60,000	50,000
	Aug, 2013	56,667	70,000	50,000
	Sep, 2013	51,667	70,000	40,000
	Dec, 2013	50,833	55,000	50,000

From the above result, farmers in the both villages could not take advantage of either off-season prices or the locational difference of selling, caused by (1) urgent financial necessities in the land-preparation and harvesting season, (2) reliance on individual marketing ability, without adequate skills and information. In the following chapter, the Marketing Manager System is discussed and how such system is able to address the challenges.

Chapter 5. Conclusion

Summary: Challenges in Paddy/Rice Marketing

(1) Escaping the vicious cycle of day-to-day subsistence

Farmers in the both villages are seemingly trapped by the vicious cycle of selling rice based on the urgent need for cash to make instant payment for farming and personal expenses. To make ends meet, farmers sell rice on a day-to-day needs basis, with total disregard for proper timing to sell at a better price.

Based on the survey, farmers typically need money to pay for direct expenses twice a year: first, at the beginning of rice-farming (January-February) and second, during the harvesting season (May-August). This is because they need cash to pay for the direct farming expenses (such as input and labor costs) in land preparation and harvesting/post-harvesting. Due to the urgent need for instant cash to pay direct costs, the remaining paddies at the beginning of farming and the harvested paddies are sold at a very low price.

The pilot project introduced the Marketing Manager System, combined with warehouse management and marketing consultancy, to take advantage of the off-season sales. The Marketing Manager assigned by the farmers group will establish networks that will enable farmers to have access to fair market price, thereby maximizing their profits. Through the project activities, the system is able to encourage farmers to escape the day-to-day subsistence.

To have a clear picture of the Marketing Manager System, a typical case in Msalise is described here: A typical farmer's household with 6 family members has 2 acres of farmland for paddy, which harvests approximately 17 bags. 3 bags are immediately sold after harvest for direct expenses (i.e. harvesting and post-harvesting expenses). The remaining 14 bags are stored at home for consumption and will be sold as the need arises. Typically, the household consumes 7 bags and 7 bags are sold gradually. Unless the production of paddy is increased, this typical allocation will not dramatically change. With the Marketing Manager System implemented in pilot areas, farmers store 2 bags in the warehouse, out of the 17 harvested bags. The 2 bags stored at the warehouse will be sold at off-season. If the off-season price is approximately 50% higher than the price sold during harvesting time at farm, the sale of 2 bags on off-season would be nearly equal to or higher than 3 bags sold at farm⁸. Based on this calculation, the expense in harvest season can be paid by the gains from the off-season sale if the

⁸ Note that the farmer, upon sale, must consider the cost of storage and marketing manager's activities. It is important that farmers are provided information/training on how to compute costs and profit.

gains of off-season sales are deposited for the next harvest season.⁹

The gradual reduction of bags sold at farm and the subsequent increase in bags sold at off-season (higher price), will augment profit to cover direct expenses during land preparation and harvesting and ease the day-to-day subsistence.

(2) From individual marketing to collective marketing

Collective marketing is an ideal marketing approach for small-scale farmers. Not only does collective marketing increase bargaining power, it also provides stable support to farmers. As the survey data indicated, both villages rely on individual marketing, with farmers' limited ability, resulting in a substantial gap in sales.

The Marketing Manager System with warehouse management is essentially designed to promote collective marketing. Working as a group, participants learn how to store paddy bags properly; this includes packaging, quality control and bookkeeping. Concurrently, a nominated marketing manager collects price information and establishes linkage with potential buyers. During the off-season, the group sells their well-stored bags to buyers at higher prices, thereby maximizing the gains from appropriate marketing.

(3) Improvement of individual marketing power

In addition to the collective marketing, the Marketing Manager System can enhance individual marketing. Even after the introduction of collective marketing activities, individual marketing would be practiced during non-"off-season" time. Still however, a marketing manager can tell farmers proper ways of selling such as how to find a better buyer, and how to negotiate with them¹⁰.

(4) Anticipating new challenges: Financial Management

Collective marketing through the Marketing Manager System, once implemented in full swing will face new challenges. For instance, warehouse management requires storage and maintenance cost; the association's cost for the marketing manager, such as transportation allowance, and security cost, necessitates proper financial management. To ensure that the money flow efficiently and effectively within the association and its individual members is crucial in addressing the main challenge of day-to-day subsistence.

Proper financial management can empower associations to further increase the benefits from sales and support its members. An example is for the association to provide micro credit to its members so that farmers can utilize a part of the sales for harvesting time.

The Marketing Manager system is a comprehensive approach to marketing. Taking on warehouse

⁹ To utilize gains from off-season sale, farmers need to understand their cash flow and acquire skills on proper financial management. Farmers should be encouraged to use skills and tools learned in the financial management training at Msalise.

¹⁰ In the case of Mang'ula "A" Farmers Association, where the Marketing Manager System was introduced earlier, it was reported that individual bargaining power is significantly improved.

Annex 03: Baseline Survey Report on Kilombero DC

management, marketing managers, and financial management in synergy, the Marketing Manager System has a tremendous potential to improve the financial situation of small-scale farmers and, in the long-term, permanently improve their lives.

Good Practice: Farm Income Recording in Lushoto DC

1. Background

Lushoto DC has been promoting market-oriented horticulture including direct delivery to retailers in Dar es Salaam. They adopt Market-oriented horticulture approach by identifying market needs first through market survey and then formulating the production plan to meet such needs. The plan entails the improvement of production e.g. off-season production and new crop development under the support from DADP, at least initial stage of production. The outcome envisaged by the project is to increase in farm income. To confirm this achievement, farm income recording was introduced to beneficiaries, i.e., beneficiaries.

2. Objectives

The objectives of farm income recording are as follows:

- ✓ To make farmers record their incomes by themselves;
- ✓ To make farmers review their farming performance on a regular basis e.g. annual basis; and
- ✓ To make farmers identify project outcomes e.g. comparing baseline data with endline data.

3. Distinct features of farm income recording

Farm income recording, when it is introduced at beginning of project implementation, can serve as baseline survey. But it has distinct features compared to the conventional way of conducting baseline surveys in many development projects.

Box: Distinct features of Farm Income Recording

In the conventional approach to baseline surveys, data are collected by outsiders e.g. DFT, NGOs and consultants using a questionnaire. But farm income recording is a system in which data are to be recorded by farmers themselves. More than the case of the survey by outsiders, it can contribute to the capacity development of farmers in record keeping with less cost for practices (e.g. hiring consultants for the survey is costly!!). On the other hand, as it requires careful training and monitoring to extension officers and farmers, it may take a longer time to produce data.

4. Steps for farm income recording

For the implementation of farm income recording, DFT undertakes the following:

- 1) Training of trainers (TOT) for extension officers on how to conduct Farm Income Recording. The format for Farm Income Recording with sample illustration is available in Annex 3-1. DFT can modify the format as required.
- 2) In order to fill up the format (Annex 3-1), it would be necessary to keep data on daily basis. So in addition to Annex 3-1, DFT can introduce daily record format (Annex 3-2).
- 3) Train farmers, through extension officers, on how to fill up the format
- 4) Collect data, through extension officers, after farmers fill up.

Note for Practice for training of Farm Income Recording:

Where	District office / Village office		
Who	Cooperative officer		
To Whom	Extension officers and farmers		
When	Before major season starts		
How	<ul style="list-style-type: none"> ✓ Using the format and sample illustration (Annex 3-1 and 3-2) ✓ Training extension officers who can assist farmers in recording data ✓ To measure the land size, use 10m-length string or measure by foot 		
Cost implication	In case of visiting a village e.g. 50km from the town, the following cost will be needed for 1 days training and 2 days of follow-up by DFT.		
	Item	Unit cost (Tsh)	Sub-total (Tsh)
	DSA (half)	30,000	2 DFT * 3day
	Fuel/ transportation	2,000	20 litters* 3 days
	Total		300,000

Useful Materials

Annex 3-1: Format of Farm Income Recording with sample illustrations

Annex 3-2: Format of Daily Record Keeping

Annex 3-3: Baseline Report based on farm income recording

Annex 3-1 Format of Farm Income Recording

Ghalama za uzalishaji na Mapato

Zao: _____

Eneo: _____ (Ekari [] or M² [])

Kipindi cha Msimu: _____ hadi _____

Zao: _____

Eneo: _____ (Ekari [] or M² [])

Kipindi cha Msimu: _____ hadi _____

Zao: _____

Eneo: _____ (Ekari [] or M² [])

Kipindi cha Msimu: _____ hadi _____

Shughuli	Gharama
Maandalizi ya shamba	
Ununuzi wa mbegu	
Mbolea ya kupandia na gharama za uwekaji	
Kupanda/kusia/kuotesha	
Palizia-mara 2 au 3	
Kumwagilia-mara 3 au 5	
Mbolea ya kukuzia na gharama za uwekaji	
Madawa ya wadudu na magonjwa na unyunyuziaji mara 2 au 4	
Gharama za vifaa vya kuvunia	
Gharama za kuvuna	
Gharama za ufungashaji	
Usafirishaji	

Shughuli	Gharama
Maandalizi ya shamba	
Ununuzi wa mbegu	
Mbolea ya kupandia na gharama za uwekaji	
Kupanda/kusia/kuotesha	
Palizia-mara 2 au 3	
Kumwagilia-mara 3 au 5	
Mbolea ya kukuzia na gharama za uwekaji	
Madawa ya wadudu na magonjwa na unyunyuziaji mara 2 au 4	
Gharama za vifaa vya kuvunia	
Gharama za kuvuna	
Gharama za ufungashaji	
Usafirishaji	

Shughuli	Gharama
Maandalizi ya shamba	
Ununuzi wa mbegu	
Mbolea ya kupandia na gharama za uwekaji	
Kupanda/kusia/kuotesha	
Palizia-mara 2 au 3	
Kumwagilia-mara 3 au 5	
Mbolea ya kukuzia na gharama za uwekaji	
Madawa ya wadudu na magonjwa na unyunyuziaji mara 2 au 4	
Gharama za vifaa vya kuvunia	
Gharama za kuvuna	
Gharama za ufungashaji	
Usafirishaji	

KWA MWAKA 201#

I. Zao	Msimu uliopanda	1) Eneo Ulilolima		2) Jumla ya Uzalishaji		3)) Kiasi kilichouzwa		4) Wastani wa Bei / kipimo	5) Mapato = (3 x 4)	8) Ghalama za uzalishaji	9) Mapato Halisi = (7 - 8)
		Kipimo	Eneo	Kipimo	Idadi.	Kipimo	Idadi	Tsh	Tsh	Tsh	Tsh
1. Viazi		Ekari [v] M ² []		Magunia	15	Magunia	15	55,000			
2.		Ekari [] M ² []									
3.		Ekari [] M ² []									
4.		Ekari [] M ² []									
5.		Ekari [] M ² []									
II Biashara nyingine											Mapato Halisi
1.											
2.											
3.											
JUMLA (= Mazao + Biashara nyingine)											

SAMPLE on how to fill up

1 Jaza Jedwali hapo chini Kulingana na mwaka jana (Januari.- Desemba. 2013)

Zao: KabegiEneo: 0.5 (Ekari [$\sqrt{\quad}$] or M² [])Kipindi cha Msimu: Oktoba 2012 hadi Machi 2013Zao: ViaziEneo: 0.5 (Ekari [$\sqrt{\quad}$] or M² [])Kipindi cha Msimu: Aprili 2013 hadi Oktoba 2013Zao: BrocoliEneo: 0.25 (Ekari [$\sqrt{\quad}$] or M² [])Kipindi cha Msimu: Machi 2013 hadi Juni 2013

Shughuli	Gharama
Maandalizi ya shamba	25,000
Ununuzi wa mbegu	25,000
Mbolea ya kupandia na gharama za uwekaji	55,000
Kupanda/kusia/kuotesha	25,000
Palizia-mara 2 au 3	40,000
Kumwagilia-mara 3 au 5	10,000
Mbolea ya kukuzia na gharama za uwekaji	15,000
Madawa ya wadudu na magonjwa na unyunyuziaji mara 2 au 4	15,000
Gharama za vifaa vya kuvunia	10,000
Gharama za kuvuna	15,000
Gharama za ufungashaji	15,000
Usafirishaji	15,000

Write both Month and Year.

Shughuli	Gharama
Maandalizi ya shamba	25,000
Ununuzi wa mbegu	80,000
Mbolea ya kupandia na gharama za uwekaji	75,000
Kupanda/kusia/kuotesha	25,000
Palizia-mara 2 au 3	60,000
Kumwagilia-mara 3 au 5	10,000
Mbolea ya kukuzia na gharama za uwekaji	20,000
Madawa ya wadudu na magonjwa na unyunyuziaji mara 2 au 4	20,000
Gharama za vifaa vya kuvunia	10,000
Gharama za kuvuna	15,000
Gharama za ufungashaji	15,000
Usafirishaji	20,000

Shughuli	Gharama
Maandalizi ya shamba	20,000
Ununuzi wa mbegu	25,000
Mbolea ya kupandia na gharama za uwekaji	45,000
Kupanda/kusia/kuotesha	25,000
Palizia-mara 2 au 3	40,000
Kumwagilia-mara 3 au 5	10,000
Mbolea ya kukuzia na gharama za uwekaji	15,000
Madawa ya wadudu na magonjwa na unyunyuziaji mara 2 au 4	15,000
Gharama za vifaa vya kuvunia	10,000
Gharama za kuvuna	15,000
Gharama za ufungashaji	20,000
Usafirishaji	15,000

2 Uzalishaji na Mapato

TAARIFA ZIWE KABLA YA MAFUNZO (Januari – Decemba 2013)

I. Zao	Msimu uliopanda	1) Eneo Ulilolima		2) Jumla ya Uzalishaji		3)) Kiasi kilichouzwa		4) Wastani wa Bei / kipimo	5) Mapato = (3 x 4)	6) Ghalama za uzalishaji	7) Mapato Halisi =5) -6)
		Kipimo	Eneo	Kipimo	Idadi.	Kipimo	Idadi	Tsh	Tsh	Tsh	Tsh
2. Kabegi	Oktoba2012 Machi2013	Ekari [<input checked="" type="checkbox"/>] M ² []	0.5	Magunia	17	Magunia	17	45,000	675,000	270,000	405,000
3. Viazi	Aprili-2013 Oktoba2013	Ekari [<input checked="" type="checkbox"/>] M ² []	0.5	Magunia	15	Magunia	15	55,000	825,000	360,000	465,000
4. Brocoli	Machi2013 Juni 2013	Ekari [<input checked="" type="checkbox"/>] M ² []	0.25	Kg	400	Kg	390	2,000	780,000	270,000	510,000
5.		Ekari [] M ² []									
5.		Ekari [] M ² []									
II Biashara nyingine											Mapato Halisi
1. Mgahawa wa kahawa		Mtaji Tsh	20,000	Mapato = (50,000 – 20,000)= 30,000							30,000
2.		Mauzo	50,000								
3.											
JUMLA (= Mazao + Biashara nyingine)											1,410,000

Data must come from 1

Annex 3-2 Format for Daily Record Keeping

Kumbukumbu za kila siku kwa mwaka 2015						
	Kijiji:					
	Jina:			Kundi:		
Na.	Tarehe	Maelezo	Mapato	Matumizi	Salio	zao
	Jan 02	Manunuzi ya mbegu za nyanya		10,000	-10,000	Nyanya
	Jan 05	Manunuzi ya mbegu za Kabichi		5,000	-15,000	Kabichi
	Jan 12	Manunuzi ya Mbolea		15,000	-30,000	Nyanaya na Kabichi
	Mar 10	Mauzo ya nyanya	50,000		20,000	Nyanya
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						

**BASELINE REPORT BASED ON FARMERS' INCOME RECORDS FOR FY2013
(Malingo, Kwesine and Boheloi)**

**January 2015
LUSHOTO DC**

1. Introduction

1.1 Background

Lushoto DC and JICA-RADAG are supporting VC of potatoes and vegetables from production, grading, packing and marketing under DADP planning in the three pilot villages, namely Malingo, Kwesine and Boheloi.

One of the key issues in supporting the farmers is to capacitate them for keeping records of production and income, so that they can do agriculture as business. To this end, Lushoto DC and JICA-RADAG conducted a farmer-participatory survey to collect baseline data. The survey was carried out from September to October 2014 for 51 households at the three villages.

1.2 Objectives of the survey and this report

The purposes of the survey are:

- To make farmers recognize how much they spend for and gain from horticultural production; and
- To provide Lushoto DC with information that will assist them in monitoring and evaluation of DADP projects.

The purpose of this report complies with the second objective of the survey.

1.3 Methodology and its Limitation

The survey adopted the following methodologies:

- Individual Household Method to measure indicators per household that can later be used to assess impact while also capturing aspects that may influence outcomes.
- Focus on key aspects of the farmers life, which include farm family annual income measured through “gross receipts” from sales of targeted crops (potatoes and vegetables) and others relating to wealth or family wellbeing, gender equality, marketing and credit financing. The questionnaire used for the survey is available in Annex 01.
- Participatory record keeping: unlike other baseline survey conducted by external consultants, the survey has a unique characteristics in that farmers measure their land and record their production and income by themselves under the facilitation of extension officers.
- Establishment of the database: using the excel file. Extension officers with the assistance of JICA-RADAG entered data collected from the survey.

- Pivot table analysis: using the excel function. After receiving the training by JICA-RADAG, the extension officers made analysis.

On the other hand there are some limitations of this methodologies as follows.

- Unreliability of data: the survey was conducted in September and October 2014 to review the performance of 2013. Hence the memories of farmers, when asked to review the last year, might not be not reliable in terms of accuracy. Also most of them were not conversant with calculating production, cost and benefits. Even extension officers did not have enough capacities to check the validity of data when collecting from them. Through the OJT with JICA-RADAG, some data, after found it was not realistic, were revised by conforming with farmers. It must be admitted, however, that there are still questions on the reliability of information.
- Time consuming due to lack of man powers: data entry requires a lot of man powers. For this survey major parts of data entry have been done by JICA-RADAG. For the future it is important for district officers to undertake this hard task.

2 Findings

2.1 No. of farmers recorded

The questionnaires were taken from the 51 households in three village with two different group type, i.e. Business for those engaged direct delivery business and Production for those who has not yet joined the direct-delivery business but participates in various training provided by Lushoto DC and JICA-RADAG

Village/Group type	Female	Male	Total
Boheloi	1	9	10
Business	1	2	3
Production		7	7
Kwesine	2	17	19
Business	2	5	7
Production		12	12
Malingo	9	13	22
Business	3	6	9
Production	6	7	13
Total	12	39	51

2.2 Income Analysis

- (1) Average Yield per major crop (kg/ha)

The following table shows the average yield of major horticultural crops (kg/ha).

The low yield per hectare of beans (mg) from Kwesine and Boheloi was due to mix cropping of

Annex 3-3 Baseline Report based on farm income recording

maize and beans. The data for snow peas and zucchini are in question in terms of accuracy. However, if the farmers are proud of themselves producing these crops, s/he could be a key farmer in the village so others they required to learn from him especially in this crop.

Crop (code)	No.of producers	Boheloi	Kwesine	Malingo	Ave. Yield (kg/ha)
Broccoli (br)	1			9,906	9,906
Beetroot (bt)	2	11,182			11,182
Cauliflower (cf)	8	19,386		5,407	7,154
Carrot (cr)	7		5,437	22,223	17,427
Cucumber (cu)	1	9,257			9,257
Green beans (gn)	1	5,010			5,010
Green paper (hh)	21	13,710	14,016	17,768	15,595
Cabbage (kb)	16	24,561	19,944	18,941	21,174
Lettuce (lt)	4	8,849		9,375	8,980
Beans (mg)	7	333	776		713
Maize (mh)	11	4,924	1,574	3,707	3,596
Salad (sl)	10			14,172	14,172
Snow peas (sp)	1	17,699*			17,699
Tomatoes (tm)	18	14,926	17,501	17,508	16,359
Irish potato(vz)	39	9,130	8,769	12,684	10,704
Zucchini (zc)	2	32,468*		2,472	17,470

Note: * The data are questionable in terms of accuracy.

(2) Average Net income per M²

The table below shows the average net income per M² and major crop. Again, data regarding snow peas and zucchini may not be accurate. The negative average net income from Kwesine show that at that time the price of Carrot (cr) it was very low. While the negative average income of Beans (mg) of Boheloi show that some amount of beans uses for food. (Questionnaire exclude value for home consumption)

Crop	No.	Boheloi	Kwesine	Malingo	Ave. Net Income
Broccoli (br)	1			451	451
Beetroot (bt)	2	912			912
Cauliflower (cf)	8	145		395	364
Carrot (cr)	7		(6)	449	319

Annex 3-3 Baseline Report based on farm income recording

Cucumber (cu)	1	109			109
Green beans (gn)	1	394			394
Green paper (hh)	21	330	121	362	244
Cabbage (kb)	16	554	391	366	440
Lettuce (lt)	4	473		202	405
Beans (mg)	7	(11)	2		0
Maize (mh)	11	51	11	86	39
Salad (sl)	10			336	336
Snow peas (sp)	1	2,313*			2,313
Tomatoes (tm)	18	246	167	510	336
Irish potato(vz)	39	108	105	302	201
Zucchini (zc)	2	2,674*		94	1,384

Note: * The data are questionable in terms of accuracy.

(3) Average Household Net Income

The table below shows the average household income per target village. The average income per household is around 2 million including non-agricultural income such as livestock, shops, renting motor cycles. Some question should be posed to data of Kwesine in which 2 households recorded the negative balance of their home economy, even though we checked them for confirmation.

Income/Crop	Boheloi	Kwesine	Malingo	Ave.Income (Total / 51)
Others (Non- Agri)	178,039	83,824	169,412	431,275
Average Income (Agri + Non-Agri)	2,176,718	666,433	2,257,986	1,678,733

7.5 Warehouse Management



TECHNICAL SUPPORTING MANUAL
ON
WAREHOUSE MANAGEMENT



May 2016

Draft ver.11

**DADP Planning and Implementation
Thematic Working Group
In collaboration with
JICA-RADAG**

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0. Introduction

This manual is an end product of pilot activities in Kilombero District Council (DC) for warehouse management under JICA Project (Phase 2) for Strengthening the Backstopping Capacities for the District Agricultural Development Plan (DADP) Planning and Implementation under the Agricultural Sector Development Programme (ASDP). Kilombero DC selected paddy/rice as a priority commodity in its DADP with the construction of a warehouses and identified three bottlenecks along with paddy/rice value chain; i) weak capacity of warehouse management, ii) weak business skills for sales, and iii) limited access to finance.

In order to tackle these bottlenecks, Kilombero District Facilitation Team (DFT), with support from Morogoro Regional Secretariat (RS), DADP Planning and Implementation Thematic Working Group (P&I TWG), Rural Urban Development Initiatives (RUDI) and other stakeholders, provided Farmers Organization (FO) with several trainings on warehouse management and off-season collective sales through Sales Leader (SL).

Based on the experience, this manual will provide guidance and practical examples on how to strengthen FO in proper warehouse management and collective sales promotion. Warehouse management and the Sales Leader system¹ introduced in this manual are especially for farmers who have not experienced any storage activities before. With this manual and practice, they will gain an initial experience in storing their farm produce before selling. This means that they are empowered in the area of providing quality assurance of commodity and getting reliable marketing information and thus accelerated to introduction of the Warehouse Receipt System (WRS).

This manual is primarily intended for Local Government Authority (LGA) officers (e.g. DFT²) in LGAs where warehouses have been constructed under DADP or private sector but capacity development on warehouse management as well as collective sales are weak. Training manual and necessary formats have been attached to this document to facilitate easy understanding.

Approach: How to introduce?

Any intervention must be included in DADP and secured necessary budget. A series of activity pertaining to warehouse management and sales leader will take for two financial years (refer Table 1) with following 5 steps;

Step1: Selection of target villages (before cultivation)

Step2: Awareness creation (before cultivation)

Step3: Warehouse Management (before harvest – off-season sale)


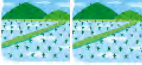





¹ In the pilot area, Kilombero DC where this warehouse management was tried and improved, the person who carried out the roles of “Sales Leader” was tentatively called “Market Manager (MM)”. The name has been changed during the discussion with stakeholders of the warehouse management.

² DFT members relating to this manual include Cooperative officer, Crop officer, and Extension officer.

Step4: Sales Leader (SL) (before harvest – off-season sale)

Step5: Evaluation of the Activity (after off-season sale)

Table 1: Sample Pattern of Upscaling Warehouse Management and SL Activities (Case of Kilombero DC)

Component	Activity	1 st FY										2 nd FY					
		O	N	D	J	F	Mr	Ap	My	Jn	Jl	Au	S	O	N	D	J
																	
Selecting Villages	1. Selection of target villages																
Awareness Creation	2-1. Introduction of warehouse management and sales leader																
	2-2. Training on how to access finance																
Warehouse Management	3-1. Warehouse Management training																
	3-2. Formulation of Warehouse Management rule / by-law																
	3-3. Storing Exercise																
	3-4. Monitoring and Advising for Warehouse Management																
Sales Leader (SL)	4-1. SL training (done at the same time with 3-1)																
	4-2. Selection of SL (done immediately after 3-2 and before 3-3)																
	4-3. Preparation of a Marketing Plan																
	4-4. SL Activities																
	4-5. Monitoring and Advising for SL (together with 3-4)																
	4-6. Conducting Off-season Sales																
Evaluation	5. Follow-up Actions after Warehouse Management and SL Activities																

1. Selection of Target Villages

Villages should be selected strategically and practically so that DFT can easily and efficiently visit there for monitoring FO's activities. Target village should;

- ✓ have an active farmers' organization (FO),
- ✓ have qualified warehouse³, and
- ✓ located along a road in one direction from the district town (at least first time of introduce this activity)

2. Awareness Creation

2-1. Introduction of Warehouse Management and Sales Leader (SL)

(1) Selection of Target FOs

FOs should be identified and selected carefully. A warehouse constructed with DADP funds is under responsibility of the village government but its management tends to be undertaken by single or often several FOs, which may bring challenge of ownership sense and management. To avoid this kind of risks, following steps are to be taken:

- District Facilitation Team (DFT) contact a Village Government (VG) and Village Agricultural Extension Officer (VAEO) to identify potential FO(s) which has enough capacity and strong willingness for introducing warehouse management and sales leader activities from existing FOs in the target village;
- If single FO is identified, ask FO leaders through VAEO to organize orientation meeting; and
- If there are several FOs which show the interest to participate in warehouse management and sales leader activities, communicate with the Village Government through VAEO and ask them to organize a joint meeting for selecting joint leaders of a union.

(2) Orientation

It is recommended to carry out orientation meeting with FO(s) **before farming season** otherwise farmers will be busy for their farm work and difficult to participate. VAEO, FO Committees and all active members of FO(s) should attend the meeting.

³ There are the minimum conditions/ criteria to define a storage structure as a warehouse. They are prescribed under Section 4 of the First Schedule, Regulation 22, Warehouse Regulation 2006, namely to have i) calibrated and certified weighing equipment, ii) strong and properly finished floor, proper roofing and walls, iii) appropriate metal fire roof safe and serviced fire fighting equipment, iv) reliable security system and v) strong and properly fixed doors, windows.

Table 2: Orientation Meeting Requirements and Costs

When	Before farming season			
Who	DFT will be a facilitator of the orientation meeting. VAEO also attend the meeting.			
To whom	All active members of target FOs (assuming maximum 50 people)			
Where	At target village			
How	Half-day meeting for awareness creation on warehouse and marketing. Select 10 representatives from FOs as trainees who will receive warehouse management training later.			
Cost implication (example of Kilombero)	Total cost per village will be Tsh 150,000.			
	Item	No.	Unit price (Tsh)	Sub-total (Tsh)
	Drink	50 farmers	800	40,000
	Allowance	2 DFT	30,000	60,000
	Fuel/ transportation	-	-	50,000
	Total (Tsh)			150,000

DFT explains to FO(s) about the importance of warehouse and marketing. After raising their awareness, DFT facilitate FO(s) to **select 10 representatives** as trainees who will receive warehouse management training later (explained in Section 3-1). Trainees become a responsible leader of receiving, storing, shipping or handling commodity, like playing a role of warehouse operator.

(3) Procurement of equipment

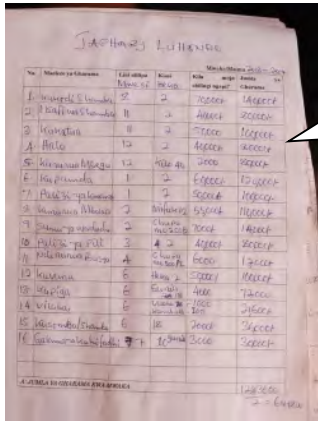
Three tools are required at least, namely a weighing scale⁴, moisture meter and fire extinguisher (See **Attachment 2** as an example of contact information on the equipment provider). DFT should confirm whether FO(s) owns such equipment. If not, start procurement procedure.

It is important for farmers to acquire Operation and Maintenance (O&M) of the tools. The DFT needs to instruct farmers about the O&M of the tools just before storing exercise, and makes follow up whenever necessary.

2-2. Training on production cost and cash flow analysis

The lack of access to finance prevents farmers from practicing long-term storage of paddy. Farmers should know how much the production cost is, when they need money for what/how much, and which price they can sell their produce for making better profit. Therefore, DFT provides FO(s) with 2-days training on improving finance management capacity including calculation of production cost, cash flow analysis and basic knowledge on loans (e.g. its importance, roles of financial institutions, etc.)

⁴ Weighing equipment must be certified by Weight and Measures Agency before used (Warehouse Regulation 47).



Production cost record (*Attachment 4*)

Item	Month	Qty	Unit price	Sub-total (Tsh)
Rent land	8	2 ha	70,000	140,000
Clearing	11	2 ha	40,000	80,000
Ploughing	11	2 ha	50,000	100,000
Harrowing	12	2 ha	40,000	80,000
Seed	12	40 kg	2,000	80,000
Planting	1	2 ha	60,000	120,000

Sample of production cost record (by individual farmer)

Table 3: Financial Management Training Requirements and Costs

When	Before farming season			
Who	DFT will be a facilitator of the training. VAEO also attend the training.			
To whom	20 members of target FOs (mainly leaders of FOs)			
Where	At target village			
How	2 days. Use Financial Management Training Material (<i>Attachment 2</i>) and record keeping form (<i>Attachment 3</i>)			
Cost implication (example of Kilombero)	Total cost per village will be Tsh 518,000.			
	Item	No.	Unit price (Tsh)	Sub-total (Tsh)
	Notebooks and pens	20 farmers	2,500	50,000
	Photocopy materials	20 farmers x 8pages	100	16,000
	Lunch	20 farmers x 2days	5,000	200,000
	Drink	20 farmers x 2days	800	32,000
	Allowance	2 DFT x 2days	30,000	120,000
	Fuel/ transportation	-	-	100,000
		Total	518,000	

DFT distributes record keeping form to farmers and instruct them to keep a record of all the cost born for every farm work. Farmers should write down the amount of money used for the farm work (e.g. Land preparation, cultivation, seed, fertilizer, agrochemicals, weeding, harvesting etc.) so that they can calculate actual production cost after the farming season. Knowing actual production cost will enable farmers to determine the sales price.

Useful materials for this training are as follows:

- ✧ **Attachment 3:** Financial Management Training Material (Swahili)
- ✧ **Attachment 4:** Blank Sheets for Production Cost Record and Calculation (Swahili)

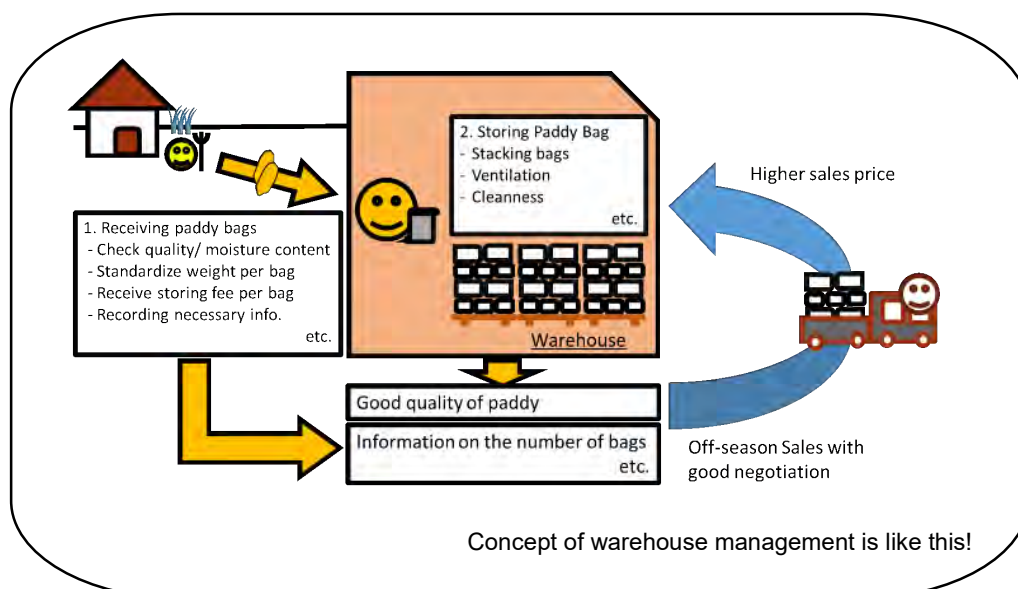
3. Warehouse Management

This manual is intended to support DFT to facilitate FO(s) how to receive, store, condition, shipping and handle commodities as a part of appropriate warehouse management. It will contribute to operationalize The Warehouse Regulations 2006 Part VI Inspection, Grading and Weighing and Part VII Care of Goods and Safety of Records.

Why is Warehouse Management important?

If a produce has a long life span and its market price is fluctuated seasonally, farmers' profit may increase considerably depending on the timing of sales, i.e. if sales are made during the off-season and collectively. In this regard, warehouse enables farmers to maximize sales.

However, a warehouse itself does not solve all problems. Well-managed warehouse adds the value of a produce in terms of preserving its quality for off-season sales⁵.



Approach: How to do?

Proper warehouse management includes the following key activities:

- 1) Conduct trainings on basic and practical knowledge on warehouse management
- 2) Prepare warehouse management role
- 3) Start warehouse management
- 4) Advise farmers on warehouse management including,
 - How to receive and record commodities

⁵ Note that, while this manual focuses on farmers' own management of warehouse for capturing seasonal price gap of produce, similar gains may be obtained by making use of storage facilities of millers and other stakeholders if farmers do not have their own facilities. Possible benefits of using millers' storage are 1) value addition (milling) of the produce, 2) greater potential of buyers, and 3) greater volume of storage (better prices).

- How to properly load bags on pallet(s)
- How to maintain cleanliness in and around the warehouse

3-1. Training on Warehouse Management

The DFT provides 10 selected members with 2-days training on warehouse management before harvest. Training should consist of both theory and practice on warehouse management

- On the theoretical component (Day 1), DFT explains basic knowledge on warehouse management by using Warehouse Management Manual (see **Attachement 5**).
Trainees will be taught how to receive and stack commodity. Most important things to be learnt by trainees are; to make sure weight per bag should be the same when receiving bags, and to receive only qualified bags by measuring moisture content of the produce.
- On the practical component (Day 2), DFT will conduct a study tour to a progressive and experienced FO(s) in a neighboring village or district/region so as to learn how to utilize the basic knowledge.

Table 4: Warehouse Management Training Requirements and Costs

When	Before harvest			
Who	DFT will be a facilitator of the training. VAEO also attend the training.			
To whom	10 members of target FOs, who were selected at the orientation meeting			
Where	At target village			
How	2 days. <ul style="list-style-type: none"> • 1 day for theoretical training with practice • 1 day for study tour Use Warehouse Management Training Material (Attachment 4), record keeping form (Attachment 5) and accounting form (Attachment 6)			
Cost implication (example of Kilombero)	Total cost per village will be Tsh 369,000.			
	Item	No.	Unit price (Tsh)	Sub-total (Tsh)
	Notebooks and pens	10 farmers	2,500	25,000
	Photocopy materials	10 farmers x 8pages	100	8,000
	Lunch	10 farmers x 2days	5,000	100,000
	Drink	10 farmers x 2days	800	16,000
	Allowance	2 DFT x 2days	30,000	120,000
	Fuel/ transportation*	-	-	100,000
		Total	369,000	

* If there is no experienced FO in nearby village, the transportation costs will change accordingly.

DFT encourages trainees to share what they learnt from the training among other FO members who are not able to participate in the training (farmer-to-farmer extension).

3-2. Preparation of Warehouse Management Rule

It is crucial for FO(s) to discuss and agree on rules for warehouse management with all members, referring to a template of by-law (see **Attachement 6**) so that all members are aware of his/her responsibility.

- In the preparation process, **leaders of FO lead this process and discuss especially on**

fees⁶ with all members, since the collection of fees is key to a sustainable warehouse management.

- It is recommended that DFT should use the template of by-law to facilitate discussions. The points to be discussed are fees, membership condition, role of leaders regarding warehouse management, and establishment of warehouse management committee.
- After discussion, FO leaders will incorporate the result of discussion into the by-law. The revised by-law will be submitted to the FO meeting for approval.

3-3. Storing Exercise

After harvest, FO(s) finally begins the storing exercise with practical orientation by DFT⁷ and VAEO.

- VAEO reminds FO(s) leaders how to receive and stack bags of commodity with the prescribed tools, and to keep a record.
- DFT should **provide formats for the record keeping and elaborate on how to use it.** **Attachment 7** is the recording format of storage, which will be used mainly by the members in charge of warehouse management. Name of member, number of bags received, variety and moisture contents of the produce should be recorded. **Attachment 8** is accounting format which will be used by the treasurer of FO. All money transaction (income and expenditure) related to the warehouse management should be recorded in this form. Treasurer should present **the annual financial report** (see **Attachment 9**) to the FO meeting so as to ensure transparency and accountability.
- DFTs should also monitor that formats are properly used by the FO.
- DFT should make sure that the storage facility is properly secured against possible risks of thefts and fire⁸.

The recorded information works as an important key in finding and negotiating with buyers.

Proper recording gives farmers information on how many bags and what variety of paddy they have in their warehouse. The information makes the matchmaking between sellers and buyers more effective.

3-4. Monitoring and Advising for Warehouse Management

In the early time of storing exercise, DFT supposed to visit the village frequently and monitor whether the FO has received and stacked paddy bags properly as trained. If not, DFT should provide advices for the improvement. VAEO is incharge of day-to-day monitoring and report to DFT weekly by using a specified form (see **Attachment 10**).

⁶ Storage fee will be collected and used for warehouse operation and maintenance such as salary for guardman, and other necessary expences.

⁷ It is recommended that DFT should participate in TOT on WRS provided by Warehouse License Board.

⁸ For avoiding any security risks, the warehouse should be provided with fire fighting equipment, reliable security system, strong and properly fixed door, etc. (Warehouse Regulations 2006, First Schedule Regulation 22).

3-5. Useful Tools/ Manuals/ Formats

For warehouse management support, the following materials are developed.

- **Attachment 2:** Contact List of Equipment Sellers
- **Attachment 5:** Warehouse Management Manual
- **Attachment 6: Template of By-Law**
- **Attachment 7:** Recording Format of Stored Paddy Bags
- **Attachment 8:** Format of Accounting Book
- **Attachment 9:** Example of Income and Expenditure for Warehouse Management
- **Attachment 10:** Monitoring Format for VAEO

4. Sales Leader

In Tanzania, Warehouse Receipt System (WRS) is recommended as ultimately market development method through a licensed warehouse. In order to achieve it, farmers need to learn how to collect market information and make a decision of selling their produce. This manual suggests a Sales Leader (SL) as the first step of improving FO's marketing ability.

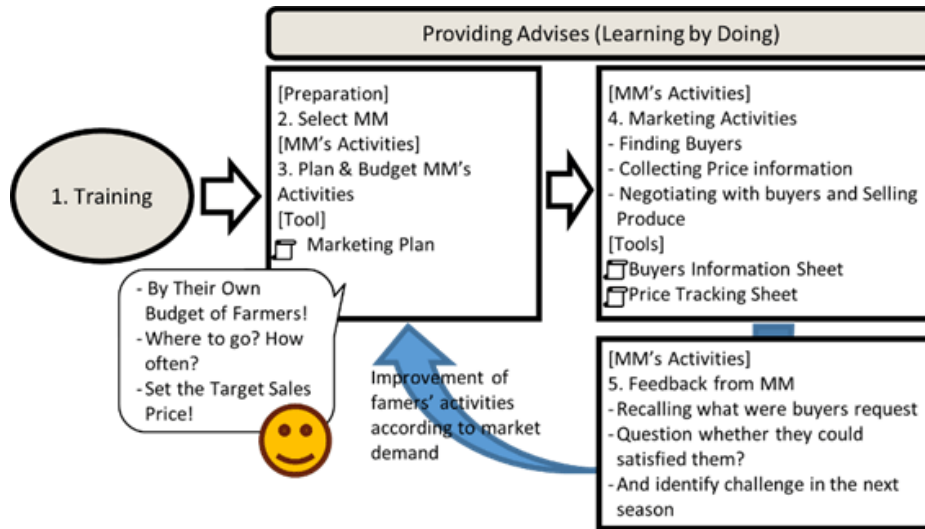
What is Sales Leader?

The Sales Leader (SL) is a representative of farmers tasked to collect market information and establish direct linkage between farmers and buyers. Market information pertains to market price and information on buyers, which requires the SL to proactively get information outside his/her village. The SL system is applicable to various kinds of cash crops, cereals, vegetables and fruits, among others.



Approach: How can we do?

The flow of support to the MM is shown in the figure below.



4-1. Sales Leader Training

One of the training objectives is to raise the farmers' marketing awareness. The training includes basic knowledge (to raise awareness on importance of marketing) and a visit to neighboring farmers groups which have the experience of the SL activity (if there's no such village theoretical part only is fine. But explain what the SL is). The trainees including candidate of Sales Leader (SL) will be selected from the target FO(s).

Table 5: Sales Leader Training Requirements and Costs

When	Before harvest			
Who	DFT will be a facilitator of the training. VAEO also attend the training.			
To whom	10 members of target FOs, who were selected at the orientation meeting Out of 10, 1 become the sales leader.			
Where	At target village			
How	For 2 days. <ul style="list-style-type: none"> • 1 day for theoretical training • 1 day for study tour (if possible) Use three Training Tools; market information sheet (Attachment 9), marketing plan (Attachment 10) and buyer's information sheet (Attachment 11)			
Cost implication (example of Kilombero)	Total cost per village will be Tsh 365,000.			
	Item	No.	Unit price (Tsh)	Sub-total (Tsh)
	Notebooks and pens	10 farmers	2,500	25,000
	Photocopy materials	10 farmers x 4pages	100	4,000
	Lunch	10 farmers x 2days	5,000	100,000
	Drink	10 farmers x 2days	800	16,000
	Allowance	2 DFT x 2days	30,000	120,000
	Fuel/ transportation	-	-	100,000
		Total	365,000	

4-2. Selection of the Sales Leader

The SL will be selected from FO members who received the training. He/she should know how to read, write, and has strong commitment to being SL.

Major roles of SL include:

- (i) To collect market price information of paddy and rice, put it on the board and share it with users of Warehouse;
- (ii) To establish network with buyers and other information sources to have more sales opportunities;
- (iii) To negotiate with buyers on sales price;
- (iv) To propose timing and price of sales after collecting information and finding buyers;
- (v) To report what buyers requested, provoke discussion in the regular general meeting on whether the group could satisfy the requests and agree on what should be improved next season;
- (vi) To make advice and propose on collective sales; and
- (vii) To advise chairperson to hold emergency general meeting in order to discuss issues of selling stored commodity.

Note that the SL should be provided with proper incentives to work for a group, e.g. allowances and transportation/ communication costs. For the initial stage of implementation e.g. 1 or 2 seasons, arguably, field allowances and necessary costs will help SL to work. But, the provision of payment for a storage period can be discussed among the group members, on condition that the size of operation increases future. Also note that the number of SL to be will be 1 or 2, depending on the volumes of tasks allocated to SL.

4-3. Preparation of a Marketing Plan

Farmers are required to discuss how to acquire price information, determine frequency of market survey by SL, areas to visit. A Marketing Plan facilitates discussion and decision making on such issues. The plan must be **within their budget**, as such, farmers are required to discuss how to increase their budget (for instance, by collecting fees).

- Since farmers tend to hesitate to start SL's activity at the initial stage, it is crucial that DFT **leads the discussion (see Box below)** in terms of identifying the nearby places where buyers meet, calculating the transportation cost (depending on distance and the frequency of visit), and using the **market information sheet (Attachment 11)**.
- It is important to **validate SL's proposed activity plan (visit places) for a week** before finalizing the plan to confirm the actual situation and feasibility.
- FOs can prepare a **marketing plan** and budget for sales leader's activities (**Attachment 12**). In order to operate this SL's activity, it is crucial for FOs to **collect fees** as this is the only budget resource for the SL.
- It is also important to **set a target sales price** as a minimum price for sales. This will

enable the SL to determine effectively the best time for selling. This target can be calculated from the production cost and current sales price.

- In case of produce such as paddy, farmers should **calculate price per KG first and translate it into the price per BAG**. Price per KG is best to use in negotiations, since weight per bag tends to vary, which increases risk for farmers to lose money.

Box: How to lead the discussion

Q1: Where can you collect information of market price? Or Where can you meet buyers?

Q2: How much does it cost for transportation to the place to meet buyers?

Q3: How often do you want to go to collect market price information and find buyers?

(Then calculate the total of SL activity)

Q4: Do you have enough budget for the activity? If not, do you agree to collect fees?

4-4. Sales Leader Activities

Off-season comes, the Sales Leader (SL) visits markets every week and collect buyers' information. The SL can use a **buyer information sheet (Attachment 13)** to keep the record.

The SL is required to immediately report to FO on the all information collected from the buyers, soon after he meets the buyers. After obtaining a good price, the SL will advise the chairperson of FO to call for a meeting to discuss the sales of produce. If the number of farmers in a group is above 80, establishment of a marketing committee is recommended to facilitate faster decision-making.

Practice of marketing manager
(Collection of price information)

Note that the decision maker
is FO members, but not SL.

4-5. Monitoring and Advising for SL Activities

Once the MM starts to collect market information, VAEO supposed to monitor his/her activity and report to DFT weekly by using the reporting format (**Attachement 10**)⁹.

4-6. Conducting Off-Season Sales

Immediately after FO decides sell its produce to which buyer and agrees the sales price, the buyer come to the warehouse to receive commodity. It is important to note here that sales procedure should be done by 2 people at least. It is natural to think that the SL will handle it. However, the FO should not allow to SL doing sales operation alone including receiving payment. Chairperson, Secretary or Treasure will witness the sales, as the transparency in sales transaction increases.

⁹ Avoidance of "conflict of interests": There are occasions where SL, having acquired market information, colludes with buyers by misleading other group members to sell produce with lower-than market price so that he/she benefit him/herself by splitting the margin with buyers. VAEO as well as group members should be vigilant on the SL's actions in this regard. One method of addressing this is that chairperson joins the process, and makes sure all steps are proper when the buyer with sales agreement comes to the warehouse to purchase paddy bags as indicated 7.2.6 (iii) of the attached draft by-law.

4-7. Tools/Manuals/Reports developed

For support to the MM, the following materials are developed.

- **Attachment 11:** Market Information Sheet
- **Attachment 12:** Marketing Plan
- **Attachment 13:** Buyer Information Sheet

5. Evaluation of the Activities

After a storing exercise, members of FO are recommended to discuss what buyers requested, whether farmers were able to meet these requests and how to improve FOs' operation of warehouse management for the next season.

In addition, after off-season sales, DFT should facilitate MM to provide feedback to his/her FO members. The SL will report the results of sales at the FO general meeting. The report from the SL should include buyers' request (e.g. seed type, quantity, quality, prices, etc.) and questions such as "Could the FO satisfy buyer's request?" "If not, what should the FO do for the next season in order to make its sales better?" These questions will facilitate discussions on how the FO can improve its activities according to market demand (e.g. seed type, quantity, quality etc.). After discussion, it is also suggested to incorporate findings into the next marketing plan.

6. Budget

In order for the DFT to support warehouse management activity, the necessary budget should be secured in DADP.

The estimated budget shown below was calculated with assuming following two points; (i) VAEO basically monitors and give FOs advises on daily management of warehouse and (ii) the DFT visit the village once a month for monitoring activity.

Table 6: Estimated budget on Warehouse Management and MM activity for DFT

(1) Procurement of the Equipment				2,960,000
Item	Unit Price (Tsh)	Qty	Sub-total (Tsh)	
Weighing scale	1,450,000	1	1,450,000	
Moisture meter	1,440,000	1	1,440,000	
Fire extinguisher	70000	1	70,000	
(2) Training (4 times)				1,402,000
Item				Sub-total (Tsh)
Orientation meeting				150,000
Financial training				518,000
Warehouse management training				369,000
Marketing manager training				365,000
(3) Monitoring and Evaluation				1,536,000
Item	Unit Price (Tsh)	Qty	No. of Month	Sub-total (Tsh)
DSA (Non Residential Duty Travel)	30,000	3 officers	12	1,080,000
Transportation (Fuel)	2,000	19 L	12	456,000
Grand Total Cost per a village (Tsh)				5,898,000
Total Cost Excluding Equipment (Tsh)				2,938,000

Good Practice of Warehouse Management: Warehouse Management of Paddy in Kilombero DC

I. Background

In Kilombero DC, paddy/rice has been selected as a priority commodity in its DADP, with the construction of a warehouse. While the construction work has been going on, the Kilombero DFT decided to provide farmers with supplementary training on warehouse management.

II. Objectives

The Kilombero DC set the purpose of warehouse management support as follows;

- To increase in producer's price through off-season sales
- To increase awareness of farmers about the importance of proper warehouse management
- To increase capacity of farmers to manage warehouse properly to maintain the quality of paddy during storage
- Preparing FOs to be engaged in the operation of Warehouse Receipt System in the advanced stage¹⁰

III. Activities undertaken

The DFT and farmers took the following actions, noting that the harvest season (rice) in Kilombero starts from around May to August:

Timing	Activities undertaken
Oct-Dec	Select target farmers' group(s)
Dec or April	Prepare and conduct training of warehouse management
Soon after training	Prepare and agree on rules on warehouse management
	Procurement of equipment
May – sales of stored paddy bags	Support farmers group to receive paddy bags. DFT give advice on their practice according to what farmers were trained.

Target village and farmers group are Msalise village (Msalise AMCOS) and Mkangawalo village (Mkangawalo Farmers Association and Viki Faraja).

DFT provided farmers' groups with a series of training including **study tours to good practice villages**; namely Mang'ula A and Mbingu villages where have well-managed warehouses and enough experience of off-season sales. This helped farmers to effectively

Training on Warehouse
Management

¹⁰ The stage is considered advanced when the FO is ready for satisfying the required conditions for the WRS, one of which is the storage capacity to be more than 200 MT as defined by the Regulation (Warehouse Regulations 2006, First Schedule Regulation 22).

understand management mechanism by exchanging views from the experienced villages.

Although warehouse construction was not completed before the season come, farmers' groups showed strong interests to practice what they have learnt through the training. Given this willingness of them, DFT facilitated their **trial storage** of paddy by using a private house as storage. This trial could be a kind of on-the-job training (OJT) for them to make a full start of business in the next season.

IV. Outputs achieved

The following outputs were attained:

- Amount stored was 137 bags¹¹ (equivalent to 18.5 tons) in Msalise and 474 bags (64 tons) in Mkangawalo respectively.
- Sales price of Msalise **increased by more than 35%** and sales price of Mkangawalo increased by 50% compared to the harvest season's sales¹² in FY 2014/15.
- Farmers' awareness of the importance of warehouse management for better sales was increased
- Farmers' capacity to manage a warehouse was increased

DFT advising ways of stacking paddy bags

¹¹ One paddy bag contains 135 kg in Msalise and 150 kg in Mkangawalo. In Msalise, the weight was standardized. Every warehouse manager should make effort to standardize the weight of bags brought in to a warehouse. For WRS, it is highly recommended for all stakeholders to adhere to the established standards of bag weight: for paddy it is 75kg per bag and for rice 50kg per bag (Weights and Measures Act, 2008).

¹² The village also employed an approach of Sales Leader (SL) (Market Manager MM, in their naming), which is tasked to link buyers and farmers. The function of the warehouse management can be enhanced with the SL. Please see the separated "Good Practice of Sales Promotion: Market Manager in Kilombero DC".

Good Practice of Sales Promotion: Marketing Manager in Kilombero DC

In Kilombero, paddy farmers tend to wait for buyers to come to their village. Typically, farmers individually negotiate with buyers resulting in the sale of their paddy at a very low price. To address this challenge, the Kilombero DFT applied a Marketing Manager (MM)¹³ system in Msalise and Mkwangawalo villages respectively. Rather than just waiting for buyers, the MM lead farmers to go out of their village, providing market information and directing them to buyers. With better market knowledge, negotiations result in better sales.

II. Objectives

Objectives of the MM are;

- To provide farmers with market information to enable proper market strategy formulation within their budget
- To realize optimal business results by empowering farmers with better knowledge and first-hand market experience
- To enable farmers to improve farming and marketing activities through the sales experience



Preparation of a Marketing Plan

III. Activities undertaken

The RS, DFT and farmers conducted the following activities to establish the MM system. Note that the harvest season (rice) in Kilombero generally starts from May to August.

Timing	Activities undertaken
April or Dec	Prepare and conduct marketing training
Sep-Oct	Select a marketing manager
Oct-early Nov	Preparation of a marketing plan
Nov –Dec	Implementation of activities by the marketing manager (Collection of market price information, search for buyers, negotiation with buyers)
Jan	Feedback from MM to members of farmers group

IV. Outputs achieved

The following results were achieved by MM activities.

- MM introduced collective off-season sales of paddy utilizing their storage spaces
- MM, equipped with the knowledge of market price and trend, negotiated with buyers, which resulted in the sale of paddy at better prices. In Msalise, the sales of paddy increased more than 35% compared to the price right after the harvest. It was sold at Tsh 85,000/ bag in off-season, while the price right after the harvest was Tsh 61,000/ bag.
- MM effectively guided farmers to identify what farming and marketing activities to be improved, understanding the request of buyers

¹³ In Kilombero, they used the name of Market Manager for the person who took the role of Sales Leader.

Contact list of equipment for warehouse management

In the pilot activity for warehouse management (Paddy) in Kilombero, The Kilombero DFT and JICA procured a weighing scale, moisture meter and weighing scale. Contact information obtained in the process is following.

1. Weighing scale
2. Moisture Meter
3. Fire Extinguisher

MAFUNZO YA UPATIKANAJI NA USIMAMIZI WA FEDHA

1.0. UTANGULIZI

Malengo ya Mafunzo haya ni kuwezesha wakulima kulima kibiashara kwa kuwajengea uwezo kuhusu upatikanaji na usimamizi wa fedha namna unavyoweza kuongeza faida na kukuza biashara ya Kilimo na hivyo kuwa na matumizi bora ya Ghala. Malengo mahsusi ni pamoja na;

- 1.1. Kuwezesha wakulima kuelewa umuhimu wa Maghala yanayojengwa katika Vijiji vya Mkangawalo na Msalise ili yaweze kutumika ipasavyo mara yatakapokamilika.
- 1.2. Kuwapa wakulima ujuzi na kuhamasisha umuhimu wa upatikanaji wa Fedha na nafasi yake kwenye kilimo biashara.
- 1.3. Kuwapa wakulima ujuzi na kuhamasisha umuhimu wa kutumia uhasibu wa gharamakatika kufanya maamuzi ya kupata fedha, na
- 1.4. Kuwapa wakulima elimu ya Taasisi za fedha, namna wanavyoweza kupata fedha toka katika Taasisi hizo na umuhimu wake katika kilimo biashara.

2.0. UMUHIMU WA TAASIS ZA FEDHA

Taasis za Fedha ni Taasisi yoyote inayotoa huduma za Kifedha kama Mikopo, Akiba, Bima, n.k. Taasis hizi ziko katika makundi makubwa mawili ambayo ni Taasisi kubwa za kibiashara mfano wa Mabenki kama NMB, CRDB nk. na Asasi ndogo za fedha mfano wa FINCA, YOSEFO, PRIDE, SACCOS, VSLA nk. zinazotoa huduma kwa makundi yasiyofikiwa kama ya wakulima na Taasisi kubwa za Kibiashara.

2.1. Kazi/majukumu ya Taasisi za Fedha.

Kazi za Taasisi za fedha ni kutoa mitaji kwa biashara kupitia huduma za Mikopo na Akiba.

2.2. Kwa nini unahitaji Mkopo.

Mkopo ni nini? Ni kutumia fedha ya mtu mwingine. Gharama ya kutumia fedha ya mwingine inaitwa Riba.

Mkopo unahitajika kwa ajili ya kuongeza mtaji wa biashara na hivyo kuwezesha kupanua biashara. Kwa kutumia fedha ya mwingine kwenye biashara, itazalisha faida kubwa zaidi ya gharama za mkopo ili ubakiwe na faida ambayo itapanua biashara yako.

Je unahitaji Mkopo? Kwa nini? Mfano; Kununua Pembejeo kutaongeza uzalishaji wa mazao na hivyo kuongeza faida ambayo itapanua biashara yako. Itawezekana tu kama kutakuwa na usimamizi mzuri wa fedha.

3.0. UHASIBU WA GHARAMA.

Ni ukokotoaji wa gharama ya kuzalisha bidhaa/zao Mfano, kukokotoa gharama ya kuzalisha kilo moja ya mchele. Inasaidia wakati wa kupanga bei ya bidhaa ili isiwe chini ya gharama ya uzalishaji ukauza kwa hasara na hivyo biashara kushuka au kufa.

MUHIMU: Malengo ya mfanyabiashara ya Kilimo wakati wote ni kupunguza gharama ya uzalishaji na kuongeza uzalishaji wa Mazao kwenye eneo.

Hata hivyo ukokotoaji huu hauwezi kufanyika hadi pale mkulima atakapojenga utamaduni wa kuhifadhi kumbukumbu ya gharama zote wakati wa uzalishaji. Mfano; Gharama za Ukatuaji, Mbolea, Palizi bila kusahau gharama za usimamizi na kazi anazofanya yeye Mkulima.

Washiriki waainishe gharama za uzalishaji zao la mpunga na mengine 3 watakayochagua kwa ekari 1 kwenye makundi 4 ya washiriki 5 kila moja (MUHIMU: Ingiza gharama zote toka mwanzo wa uzalishaji hadi wakati utakapouzia zao lako)

Jedwali 1.

Mwaka/Msimu

Na.	Maelezo ya Gharama	Lini ulilipa	Kiasi	Bei (Tsh)	Jumla ya Gharama (Tsh)	
					Kiasi ulicholipa (cash)	Garama za kazi ulizofanya (in kind)
1	Mfano; Kukatua	Novemba	Eka 2	50,000 Kwa Eka		100,000
2	Mbegu	Novemba	40Kg	1,500 kwa Kg	60,000	
A: JUMLA YA GHARAMA KWA MWAKA						

Jedwali 2. WASHIRIKI WAAINISHE MAVUNO NA KUKOKOTOA UHASIBU GHARAMA

ZAO	MAVUNO YA SHAMBA (KG)	GHARAMA YA KIPIMO(KG)
Mfano	Mchele kilo 1500	=A/1500(A = Jumla ya gharama za mwaka. juu)

Jedwali 3. MUHTASARI WA JUMLA YA GHARAMA ZA EKARI 1 KWA MWEZI.

MWEZI	JAN	FEB	MAC	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
GHARAMA												

Washiriki wanaweza kupanga bei ya kipimo kimoja(mfano; Kilo 1) kwa kuzingatia gharama waliyotumia kuzalisha na bei ya soko wanalotaka kuuzia

MUHIMU:

- Uhasibu wa gharama ndio unakuwezesha kujua gharama halisi ya uzalishaji na kukusaidia kupanga bei ya mazao.
- Jedwali la gharama linaweza kutumika kuorodhesha gharama za uzalishaji za kila siku wakati wa kazi za shambani na pia likatumika kutabiri gharama za uzalishaji kwa msimu ujao na hivyo kutabiri faida.
- Kwa kutumia gharama za uzalishaji kwenye Jedwali, mkulima anaweza kuwaza namna anavyoweza kupunguza gharama ili kuongeza faida kwa mwaka ujao.
- Kwa kadri unavyoongeza eneo la Kulima ingawa gharama ya jumla inaongezeka lakini gharama kwa kipimo kimoja inapungua.

4.0. MKOPO.**4.1. Kiasi gani cha Kukopa.**

Mambo muhimu ya kuzingatia wakati wa kuamua ni kiasi gani cha fedha ukope ni;

- Mahitaji ya Biashara kwa wakati (Gharama za uwekezaji na uendeshaji wa biashara)
- Uwezo wa Kulipa; Huu ni uwezo wa Biashara yako kulipa.

Jinsi ya Kukokotoa kiasi cha Mkopo inaelezewa vizuri kwa kutumia mpango wa biashara yako.

Mkulima ajibu maswali yafuatayo;

- Unatarajia kulima shamba lenye ukubwa gani?
- Unatumia mbinu gani ya kilimo ? SRI, au nyingine
- Gharama za uzalishaji kwa kutumia mbinuhiyo (kokotoa kwa kutumia jedwali la gharama hapo juu).....
- Anisha mahitaji ya fedha kwa kipindi, mathalani mwezi
- Ni kiasi gani cha fedha ulichonacho kwa ajili ya biashara yako
- Na hivyo umepungukiwa na kiasi gani cha fedha (baada ya kutoa mtaji au fedha au vitu vinavyohitajika uliyonavyo) ambacho ungehitaji ili kuzalisha
- Bila shaka huu ndio mkopo wako **iwapo tu** biashara yako/uwekezaji wako una uwezo wa kuzalisha mapato/kuingiza fedha kama unavyotakiwa kulipa Mkopo wako. Uwezo wa biashara kulipa utapimwa kwa Utabiri wa mtiririko wa fedha kama inavyonyesha kwenye Jedwali 4.

Jedwali 4(Bila kuhifadhi ghalani)														
UTABIRI WA MTIRIRIKO WA FEDHA														
Jina la Mkulima _____														
Kipindi cha Mpango; Kutoka _____							Hadi _____							
	Miezi ya Mwaka													
	Nov	Dec	Jan	Febr	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Salio la Kuanzia(A)	50,000	-	179,000	164,000	164,000	29,000	(31,000)	(61,000)	249,000	249,000	249,000	249,000	249,000	249,000
Fedha inayoingia														
Mtaji/Fedha yako														
Mkopo		400,000												
Mapato								1,000,000						
Jumla ya Fedha inayoingia(B)	-	400,000	-	-	-	-	-	1,000,000	-	-	-	-	-	-
Fedha inayotoka														
Vifaa vya shamba		36,000												
Kukatua	50,000													
Kupiga Hallow		35,000												
Mbolea		75,000			75,000									
Kupanda		60,000												
Kupalilia					60,000	60,000								
Kuamia ndege							30,000							
Kuvuna								70,000						
Kupakia								20,000						
Kusafirisha								100,000						
Gharama za kuhifadhi								100,000						
Marejesho ya Mkopo								400,000						
Faini														
Riba		15,000	15,000											
Matumizi Binafsi														
Jumla ya Fedha inayotoka(C)	50,000	221,000	15,000	-	135,000	60,000	30,000	690,000	-	-	-	-	-	-
Salio la Fedha Tasimu(A-B-C)	-	179,000	164,000	164,000	29,000	(31,000)	(61,000)	249,000	249,000	249,000	249,000	249,000	249,000	249,000

MTAZAMO: Mkulima wa Ekari 1 amezalisha mpunga gunia 20 (@Kg100)mara tu baada ya kuvuna ameza kwa bei ya sh. 50,000 kwa gunia

Jedwali 4 (Mkulima akihifadhi Mpunga ghalani)														
UTABIRI WA MTIRIRIKO WA FEDHA														
Jina la Mkulima _____														
Kipindi cha Mpango; Kutoka _____							Hadi _____							
	Miezi ya Msimu/Mwaka													
	Nov	Dec	Jan	Febr	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Salio la Kuanzia(A)	50,000	-	179,000	164,000	164,000	29,000	(31,000)	(61,000)	(36,000)	(71,000)	(71,000)	(71,000)	(71,000)	(71,000)
Fedha inayoingia														
Mtaji/Fedha yako														
Mkopo		400,000						750,000						
Mapato														1,600,000
Jumla ya Fedha inayoingia(B)	-	400,000	-	-	-	-	-	750,000	-	-	-	-	-	1,600,000
Fedha inayotoka														
Vifaa vya shamba		36,000												
Kukatua	50,000													
Kupiga Hallow		35,000												
Mbolea		75,000			75,000									
Kupanda		60,000												
Kupalilia					60,000	60,000								
Kuamia ndege							30,000							
Kuvuna								70,000						
Kupakia								20,000						
Kusafirisha								100,000						
Gharama za kuhifadhi								100,000						
Matumizi Binafsi														
Marejesho ya Mkopo								400,000						750,000
Faini														
Riba		15,000	15,000					35,000	35,000					
Jumla ya Fedha inayotoka(C)	50,000	221,000	15,000	-	135,000	60,000	30,000	725,000	35,000	-	-	-	-	750,000
Salio la Fedha Tasimu(A-B-C)	-	179,000	164,000	164,000	29,000	(31,000)	(61,000)	(36,000)	(71,000)	(71,000)	(71,000)	(71,000)	(71,000)	779,000

Kipi ni bora? Kuongeza deni hadi sh 1,150,000 Juni ili uuze Dec kwa bei ya juu au ubaki na deni la sh. 400,000 na uuze mazao yako mwezi Juni

4.2. Gharama za Mkopo.

Ni vyema mkopaji akauliza kwenye chombo/asasi anayokopa kuhusu gharama za mkopo kabla ya kukopa. Ni muhimu gharama hizi zikaingizwa katika mchanganuo wa gharama

wakati wa Mipango na kubainisha uwezo wa biashara yako kulipa deni. Gharama za mkopo katika Asasi nyingi za Fedha ni pamoja na;

- Riba – Gharama unayolipa kwa sababu unatumia fedha ya mwingine.
- Ada ya Mkopo – Taasisi nyingi za fedha zina ada mbalimbali za mkopo anazolipa mkopaji kama vile, ada ya kushughulikia maombi yako, fomu ya mikopo, nk.
- Bima ya Mkopo – Taasisi nyingi za Mikopo zinatoza bima ili kuulinda na hatari ya mkopaji kufariki au kupata kilema cha maisha.
- Faini – hii inatozwa kwa mkopaji anapokuwa amecheleweshwa marejesho ya mkopo.
- Gharama zinginezo kama usafiri

Mkopaji ni vyema akaelewa viwango kamili vya gharama hizi kwa kila Taasisi kwa kuwa nyingi zinatofautiana toka Asasi moja ya fedha hadi nyingine.

4.3. Muda wa Kupata Mkopo.

Kwa kuzingatia jedwali la gharama za uzalishaji za kwa kila mwezi (hapo juu), Mkopaji anapashwa kukubaliana na Asasi ya Fedha kuhusu wakati anaohitaji kupata mkopo kwa kuzingatia muda wa mahitaji ya fedha/vitu kwenye biashara (***Rejea Mtiririko wa fedha***). Kwa kujua unahitaji lini fedha unatakiwa kuomba mkopo mapema. Ukikopa kwa wakati (wa mahitaji) utakuwa na uwezo wa kupata faida kwa kuuza mazao kwa wakati sahihi. Ukipata hiyo fedha na kuiwekeza katika biashara utapata fedha zaidi na biashara yako kukua.

4.4. Muda wa Kurejesha Mkopo.

Hili ni eneo muhimu la Mkopo kwa kuwa lisipochukuliwa kwa makini wakati wa kukopa linaweza kusababisha madhara makubwa kwenye biashara. Mkopaji na Mkopeshaji wanatakiwa kukubaliana muda wa marejesho kwa;

- kulinganisha mtiririko wa kuingiza fedha kwenye biashara na muda wa marejesho. Mfano; Mkopo wa kilimo kulipwa baada ya mavuno, Mkopo wa biashara ya Duka kulipwa kila wiki au mwezi.
- Kuwianisha kiwango cha fedha inayoingia kwa wakati na kiwango cha marejesho ili biashara iwe na uwezo wa kulipa deni na ikaendelea kuwa na desha za uendeshaji.

(Rejea Mtiririko wa Fedha)

4.5. Muda kabla ya Kuanza Marejesho (Grace period)

Mkopaji anapashwa kujielimisha kama aina ya mkopo unaotolewa na Asasi ya Fedha unakipindi cha kusubiri kabla ya kuanza kulipa au unaanza kulipa mara baada ya kukopa. Muda huu ni kutoa nafasi ya kutumia fedha ya mkopeshaji kwa kipindi husika na ndipo apate uhalali wa kulipia gharama/riba.

4.6. Kotorejesha Mkopo kwa Wakati;

Washiriki wataje sababu mbalimbali zinazoweza kuwasababisha kushindwa kulipa Mikopo.

Baadhi ya Sababu ni pamoja na;

- Kutoitumia fedha/mkopo katika malengo yaliyokuwa yamekusudiwa.
- Kutokuwa na elumu ya kutosha ya biashara unayoifanya.
- Kutokuwa na mpango wa biashara.
- Kutokuwa na taarifa za biashara kama taarifa za masoko.
- Kutokuwa na nidhamu ya masuala ya fedha.

Madhara ya Kutorejesha kwa wakati;

- Kuongeza gharama kwa kulipa faini kwa kila kiasi cha fedha kilichocheleweshwa.
- Kuuzwa kwa dhamana zako kama Ardhi, Nyumba, Samani, nk.
- Hatari ya Kufa kwa biashara.
- Kupoteza heshima Kijijini.

Kulima mazao mengine ya Muda mfupi au biashara nyingine kunapunguza hatari kwa biashara na kuongeza mapato kwa ajili ya kulipa mikopo na kukuza biashara(usiweke mayai yako yote kwenye kikapu kimoja)

5.0. KULINGANISHA ASASI ZA FEDHA.

Na	Maelezo	VSLA mfano;VIKOBWA, CARE	SACCOS	ASASI NDOGO ZINAZOSIMAMIWA NA BOT mfano;FINCA, YOSEFO	BENKI mfano;CRDB, NMB
1.	Usajili	Havina/Vinatambuliwa na Halmashauri	Sheria ya Ushirika	Sheria ya Asasi ndogo za Fedha na Benki kuu	Sheria ya Mabenki na Benki kuu
2.	Usimamizi	Wanachama	Wanachama/Tume	Benki kuu	Benki Kuu
3.	Maeneo ya huduma	Vijijini na Mjini	Vijijini na Mjini	Mjini na Kijijini	Mjini
4.	Masharti	Rahisi	Rahisi	Magumu	Magumu sana
5.	Akiba	Wanajiwekea kwa hiari	Wanajiwekea kwa hiari	Wanajiwekea kwa hiari	Kwa hiari
6.	Kiwango cha Mkopo	Midogo midogo/Mijini ipo mikubwa	Midogo na zinaweza kutoa mikubwa zinaposhirikiana na Benki	Midogo na Mikubwa	Mikubwa na Midogo
7.	Mahitaji ya Teknolojia	Hakuna	Kidogo	Inahitaji	Inahitaji sana

- Wakulima wanaweza kuchagua Asasi ya huduma za Kifedha kwa kuzingatia/kulinganisha taarifa tofauti za Mabenki na Taasisi za fedha.

Wakulima wanahamasishwa kuanza kutumia VSLA kwa ajili ya huduma za Kifedha rahisi, zenye masharti rahisi na pia inawapa fursa ya kugawana faida ya shughuli za Kikundi mwisho wa mwaka.

Jedwal la Kumbukumbu za Gharama za Uzalishaji wa Zao/Bidhaa _____

Mwaka/Msimu

Na.	Maelezo ya Gharama	Lini ulilipa	Idadi	Kila moja shilingi ngapi?	Jumla ya Gharama	
					Kiasi ulicholipa (cash)	Garama za kazi ulizofanya (in kind)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
JUMLA YA GHARAMA KWA MWAKA HUU						

Jedwali la Makadirio/ Mahitaji ya Gharama za Uzalishaji

Mwaka/Msimu _____

Na.	Maelezo ya Gharama	Itahitajika Lini?	Idadi	Kila moja shilingi ngapi?	Jumla ya Gharama kwa mwaka ujao	
					Kiasi ulicholipa (cash)	Garama za kazi ulizofanya (in kind)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
<i>Jumla ya Gharama kwa Mwaka Ujao</i>						

Namna ya Kukokotoa Gharama za Uzalishaji kwa Gunia/ Debe/ Kilo kwa Hekta

Jumla ya gharama za uzalishaji kwa hekta = (A)

Pato gunia ngapi = (B)

Thamani ya uzalishaji kwa gunia ni (A) / (B) = (C)

Gunia moja lina debe ngapi = (D)

Gharama za uzalishaji kwa debe ni (C) / (D) = (E)

Debe moja lina kilo ngapi = (F)

Gharama za uzalishaji kwa kilo ni (E) / (F) = (G)

Warehouse Management Manual

1. Receiving a paddy bag

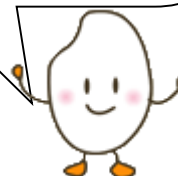
1.1 Important points when receiving a paddy bag:

- Check quality of paddy properly
- Weight per a bag should not vary
- When the paddy bag is received, collect fee and record properly: Note that the minimum amount of the fee should be identified, e.g. to facilitate the activities of MM.

1.2 Steps to take when receiving a paddy bag:

- A) Open the paddy bag and pour paddy onto clean plastic sheet
- Before pouring the paddy on the plastic sheet, make sure that the plastic sheet is clean and has no holes.
- B) Measure the moisture content of the produce per bag
- Range of acceptable moisture content is 12%-15%¹
 - If the moisture content is higher than 15%, ensure further drying or do not accept the paddy bag.
 - If the moisture content is less than 12%, refuse to accept the paddy bag because it is overdried and low quality rice.
- Checking Quality of Paddy
- C) Check the degree of impurity and decrease it as much as possible.
- If the degree of impurity is too high², have the produce cleaned or do not accept the paddy bag. Impurity is examined by taking samples for sieving (chekecheke).
 - In case of heavy infestation, do not accept the paddy bag.
- D) Repack paddy into another bag and weight it
- The standard weight³ per bag is 75 kg if there is no prior agreement of the weight.
 - If weight of paddy is more than 75 kg or the agreed weight, the remaining amount of the paddy over the weight should be returned to the owner.
- E) Check the variety of the paddy for separation of storage

Make sure that weight per bag is the same so as to count the total amount of paddy stored easily!



¹ This range of moisture content is for storage period within 1 year. For WRS, it is recommended to keep it between 8-10% for longer storage.

² If a bag of paddy contains more than 2% of foreign objects, it is considered too high in impurity.

³ As indicated in the main text (p. 17), the standard weight for paddy under WRS is 75kg per bag and for rice is 50kg per bag (Weights and Measures Act, 2008).

- F) Receive storage fee
- G) Record information in the form
- H) The owner must sign the form and thereafter, a receipt shall be given to the owner.

2. How to stack paddy bags

2.1 Stacking bags

(1) Pallets

Always stack bags on pallets. Place the pallets in a way that enables a free current of air under the stack. The pallets should stand 10 cm high from the ground in order to facilitate aeration. As an additional advantage, this structure allows easy identification of rodent infestation. Figure 1 shows three base beams and cross beams with a thickness of at least 2.5 cm.

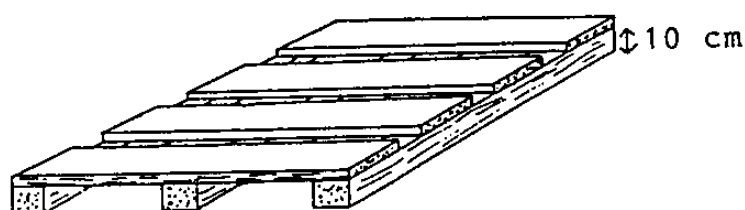


Figure 1: Model pallet

The surface area of the supporting bars should not be less than 40% of the overall surface area of the pallet in order to prevent the bottom bags being damaged due to too much pressure.

(2) Paddy bags

The objective of stacking paddy bags is to build a safe and durable stack, which will not collapse. In practice, overlapping the bags in the different layers is essential as seen in Figure 2. Three to five paddy bags, depending on their size, have proved to be most effective.

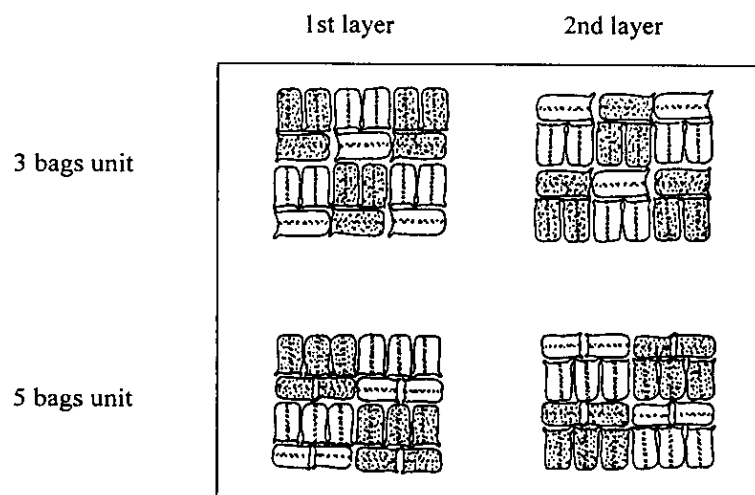


Figure 2: Methods of stacking bags

Important points when stacking paddy bags:

- Start exactly at the edge of the pallet (Figure 3).
- Ears of bags (side where the bag is sewn) should be pointing inwards towards the stack in

order to prevent grain spilling (Figure 4).

- Stack the bottom layers with larger intervals than the top ones in order to obtain a slightly conical form of the stack as this provides stability (Figure 5).
- On every layer, work inwards from all four sides. If this results in gaps occurring in the middle of the upper layers, the stability of the stack will not be affected.

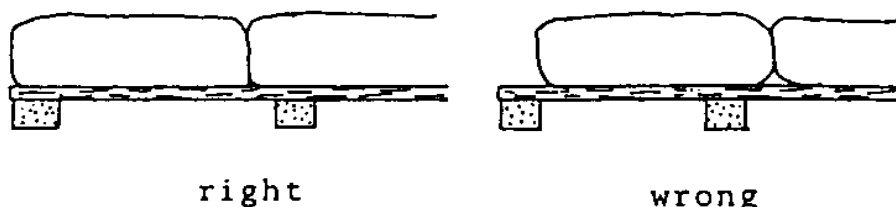


Figure 3: Starting at the edge of the pallet

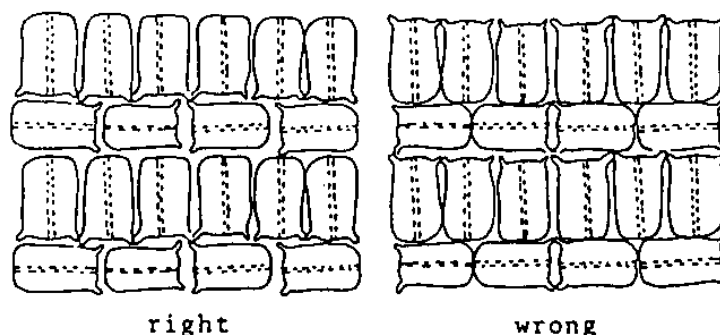


Figure 4: Pointing bag ears inwards the stack

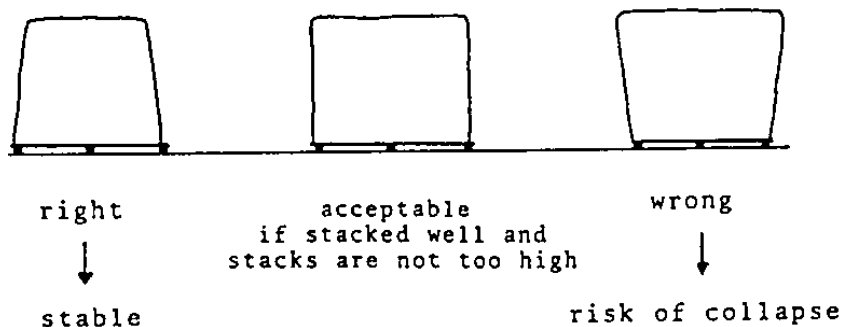


Figure 5: Making a slightly conical form of the stack for stability

(3) Size of stacks

When determining the appropriate size of stacks, take into account the store's capacity, the ratio of its length to its width and its height, the position of the doors and the size of the fumigation sheets available. Set the dimensions of the stacks to facilitate sealing with a single fumigation sheet. If the stacks are too large, they can no longer be effectively controlled, and if they are too small, space is wasted. Do not exceed stack sizes of approximately 250t.

Leave a space between the top of the stacks and the roof of a least 1.5 metres in order to be able to carry out control measures. Standardized stack sizes should be prescribed for all stores. This

has the following advantage.

- It enables optimum use of space.
- It permits standardized procedures for treatments and fumigation as well as for taking samples.
- It simplifies controls.
- It enables the purchase of perfectly-sized fumigation sheets.

Do not stack jute bags any higher than **4 m** and plastic bags no higher than **3 m**. Plastic bags are more slippery and the stacks thus becomes less stable. Watch out!



(4) Positioning of stacks

All stacks of bags must be freely accessible at all times in order to carry out controls, surface treatment and fumigation. Leave a minimum space of 1 m between stacks and between the stacks and the walls (Figure 6).

Mark the positions of the stacks by painting a line on the warehouse floor (Figure 7a). If the sizes of the stacks are not fixed, paint a line at a distance of 1 m from the walls all around the floor (Figure 7b).

Provide a site plan before storage.

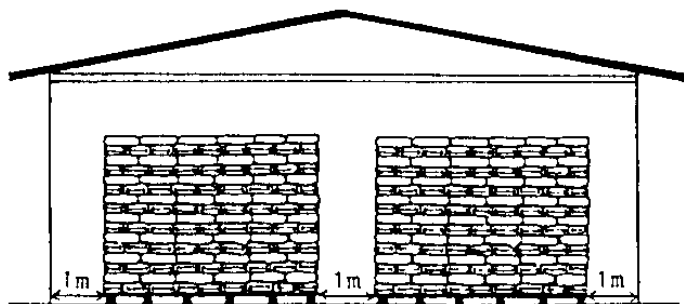


Figure 6: Positioning of stacks

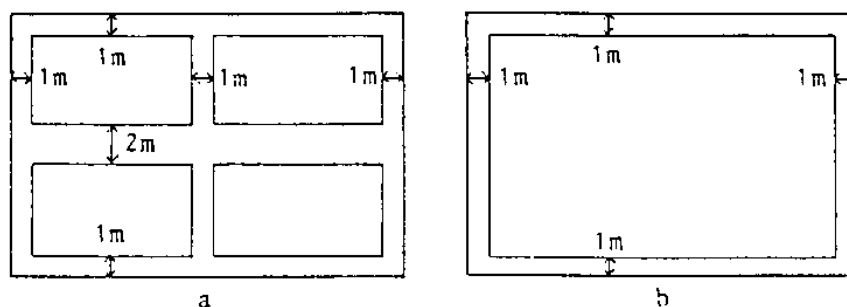


Figure 7: Marking the positions of stacks

(5) Marking the stacks

Book-keeping and routine work is made considerably easier if the individual stacks are marked with numbers or letters for easy identification. These markings may be made on the walls, the floor or the roof pillars, as long as they are always clearly visible. They should also be entered on

the stack card.

(6) Stack cards (in case of a large warehouse)

Attach a stack card (sometimes referred to as a “bin card”) in a clearly visible position to every stack of bags, containing the most important information. All controls and treatments should also be entered on the card.

(7) Summary of bag stacking

Bags should be stacked as shown in Figure 8, not like Figure 9.

- A space of 1 m is left between stack and wall.
- The stacks are on pallets.
- The pallets are set up allowing an optimum airflow beneath the stacks.
- The bags are stacked in units of three.

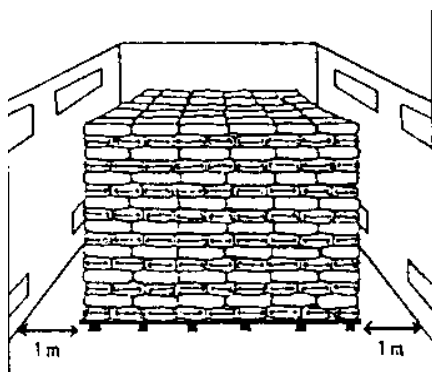


Figure 8: Right bag stacking

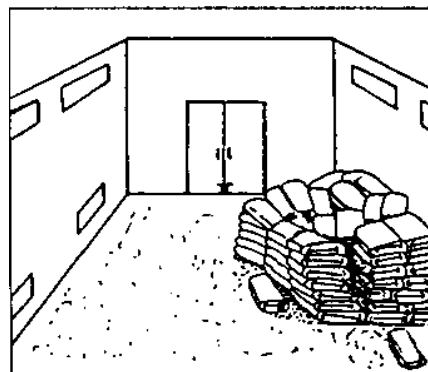


Figure 9: Wrong bag stacking

This is prepared by joint efforts of Ministry of Agriculture, Food Security and Cooperatives, Morogoro Region, Kilombero District and JICA. To prepare this manual, following documents are referred.

- 1) Gwinner, Joost, Rüdiger Harnisch and Otto Mück. 1996. Manual of the Prevention of Post-harvest Grain Losses. Post-Harvest Project. Eschborn: Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH.
(http://www.fastonline.org/CD3WD_40/INPHO/VLIBRARY/GTZHTML/X0065E/EN/X0065E00.HTM)
- 2) Food and Agriculture Organization of the United Nations (FAO) and World Food Programme (WFP). 1985. Prevention of Post-harvest Food Losses: a Training Manual. Rome: FAO.
(<http://www.fao.org/docrep/x0039e/x0039e00.htm>)
- 3) Hodges, Rick and Tanya Stathers. 2012. Training Manual for Improving Grain Postharvest Handling and Storage. Rome: WFP and Kent: Natural Resources Institute (NRI), University of Greenwich
(<http://documents.wfp.org/stellent/groups/public/documents/reports/wfp250916>)
- 4) Tanzania Warehouse Licensing Board: The Warehouse Receipt System Operational Manual made under Section 6 of Warehouse Receipt Act No. 10 of 2005, Dar es Salaam.
(<http://www.wrs.go.tz/downloads/resources/OPERATIONA%20MANUAL.pdf>)

Mwongozo Wa Usimamizi Wa Ghala

1. Kupokea gunia la mpunga

1.1 Mambo muhimu ya kuzingatia kwenye kupokea gunia la mpunga

- Angalia ubora wa mpunga vizuri.
- Uzito kwa kila gunia haupaswi kutofautiana.
- Gunia linapo pokelewa, kusanya ada na weka kumbukumbu vizuri. Zingatia kwambakiwango cha chini cha ada kinapaswa kujulikana kwa mfano, kuwezesha shughuli za MM

1.2 Hatua zinazochukuliwa katika kupokea gunia la mpunga

A) Fungua gunia la mpunga na mwaga mpunga kwenye tandiko la plastiki safi

- Kabla ya kumwaga mpunga kwenye tandiko la plastiki, hakikisha tandiko hilo ni safi na halina matundu wala mchaniko.

B) Pima kiwango cha unyevu wa zao kwa kila gunia.

- Kiwango cha unyevu kinachokubalika ni asilimia 12 hadi 15
- Kama kiwango cha unyevu ni kikubwa kuliko asilimia 15, hakikisha unakaushwa zaidi au kataa kupokea mzigo.
- Kama unyevu ni mdogo chini ya asilimia 12, kataa kupokea mzigo.

Kuangalia ubora wa mpunga

C) Angalia kiwango cha uchafu na kuuondoa kwa wingi iwezekanavyo.

- Kama kiwango cha uchafu ni kikubwa sana, mazao yasafishwe au kataa kupokea mzigo, kwa kuchukua sampuli kwenye chekecheke
- Ikiwa uharibifu ni mkubwa kataa kupokea mzigo.

D) Pakia mpunga katika gunia jingine na upime uzito wake tena.

- Uzito sahihi kwa kila gunia ni kilo 75 kama hakukuwa na makubaliano mengine kabla.
- Kama uzito wa mpunga ni zaidi ya kilo 75 au uzito uliokubalika, kiasi cha mpunga kilichozi lazima kirudishwe kwa mkulima/mwenye mpunga.

(E) Angalia aina ya mpunga.

(F) Pokea ada ya uhifadhi

(G) Andika taarifa katika fomu husika.

(H) Mmiliki lazima atie sahihi kwenye fomu, kasha apatiwe risiti.

Hakikisha uzito wa kila gunia unafanana

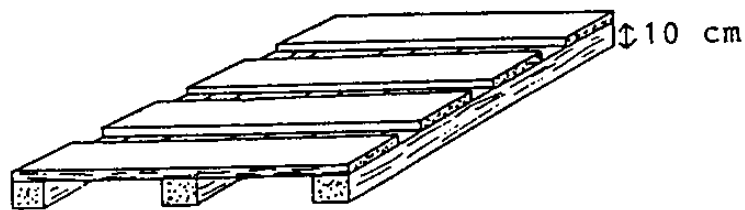


2. Jinsi ya kupanga magunia ya mpunga

2.1 Kupanga magunia

(1) Chaga

Daima panga magunia kwenye chaga. Weka chaga kwa njia ambayo itawezesha hewa kupita chini ya magunia. Chaga ni lazima ziwe sentimita 10 toka sakafuni kwenda juu ili kuwezesha hewa kupita kutoka chini. Hii Pia inasaidia kuona kwa urahisi kama kuna uharibifu wowote wa panya. Kielelezo 1 kinaonyesha mfano wa mihimili mitatu ya chini na mihimili iliyokatisha juu yenye unene wa angalau sentimita 2.5.

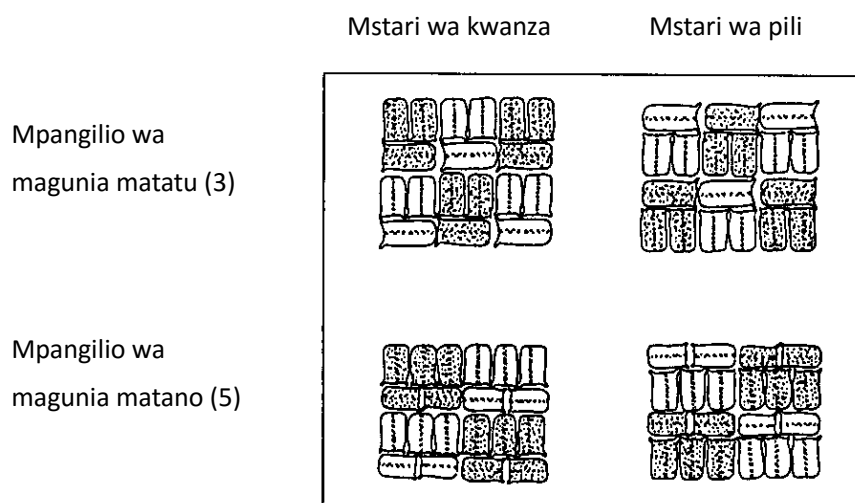


Kielelezo 1: Mfano wa chaga

Eneo la ukubwa wa baa saidizi unapaswa kuwa si chini ya asilimia 40 ya jumla ya eneo la uso wa chaga ili kuzuia magunia ya chini kuharibiwa kwa sababu ya mgandamizo uliozidi.

(2) Magunia ya mpunga

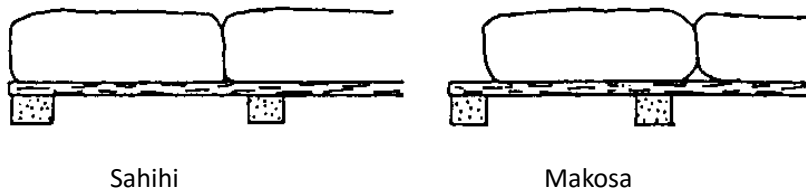
Lengo la kupanga magunia ni kujenga usalama wa mizigo ili isianguke. Kiuhalisia, kupishanisha magunia katika ulalo tofauti ni muhimu sana kama inavyoonekana katika kielelezo namba 2. Imethibitika kuwa, magunia matatu mpaka matano kulingana na ukubwa, huleta ufanisi zaidi.



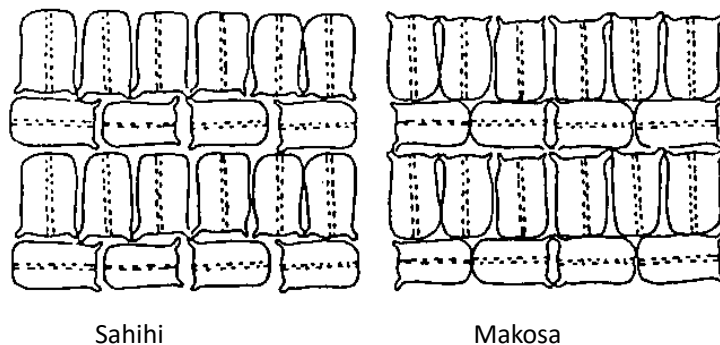
Kielelezo 2: Njia ya kupanga magunia

Mambo ya kuzingatia katika kupanga magunia ya mpunga

- Weka gunia mwanzoni kabisa mwa chaga (Kielelezo 3).
- Masikio ya magunia (upande ambapo gunia limeshonwa) ni lazima uangalie kwa ndani (matumbo) ya mizigo ili kuzuia nafaka isimwagike (Kielelezo 4).
- Panga tabaka la chini kwa kuachana zaidi kuliko tabaka la juu ili kupata aina ya mpangilio wa koni inayosaidia utulivu wa mizigo (Kielelezo 5).
- Kwa kila safu, panga kwa ndani (matumbo) kutoka pande zote nne. Kama hii itasababisha mapengo kutokea katikati ya tabaka la juu, uimara wa mizigo hautaathirika.



Kielelezo 3: Kuanzia mwanzo wa chaga



Kielelezo 4: Kuelekeza masikio ya magunia kwa ndani (matumbo)



Kielelezo 5: Kupanga mzigo katika umbo la koni kwa uimara.

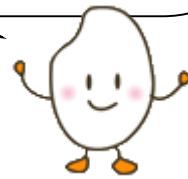
(3) Ukubwa wa mizigo

Wakati wa kuamua ukubwa sahihi wa mizigo, zingatia uwezo wa ghala, uwiano wa urefu wake kwa upana wake na urefu wake kwenda juu, uelekeo wa milango na ukubwa wa shiti za mafusho (fumigation sheets) zilizopo. Weka vipimo vya mizigo ili kuweza kuifunga kwa kutumia shiti moja ya mafusho (fumigation sheet). Kama mizigo ni mikubwa sana haitoweza kudhibitiwa kwa ufanisi, na kama ni midogo sana, nafasi itapotea bure. Usizidishe ukubwa wa mizigo wa takriban 250t.

Acha nafasi kati ya kilele cha mizigo na paa kwa angalau mita 1.5 ili kuwa na uwezo wa kutekeleza hatua za udhibiti. Ukubwa sanifu wa mizigo ni lazima uainishwe kwenye maghala yote. Hii ina faida zifuatazo.

- Inawezesha matumizi mazuri ya nafasi.
- Inaruhusu taratibu sanifu kwa ajili ya matibabu na mafusho na pia kwa ajili ya kuchukua sampuli.
- Inarahisisha udhibiti.
- Inawezesha ununuzi wa shiti za mafusho (fumigation sheets) kwa umakini Zaidi kuzingatia ukubwa.

Usipange magunia zaidi ya **mita 4** na kwa magunia ya plastiki yasiwe zaidi ya **mita 3**. Magunia ya plastiki yanateleza sana hiyo mizigo unakua hauko imara. Kuwa muangalifu!

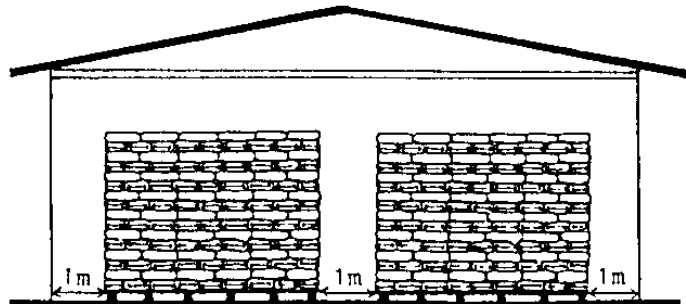


(4) Uwekaji wa mizigo

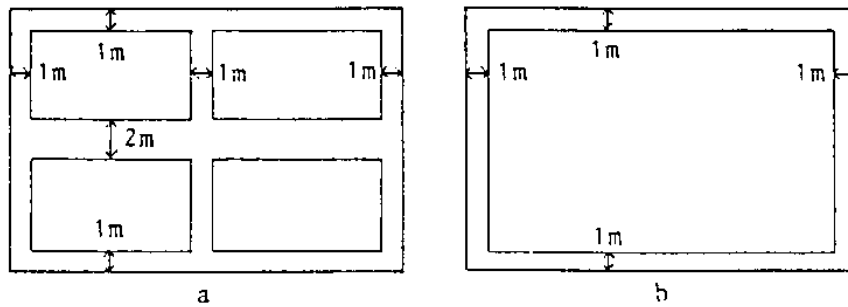
Mizigo yote ni lazima iwe rahisi kufikiwa kwa muda wote ili kutekeleza udhibiti, matibabu na mafusho. Acha nafasi kuanzia mita 1 kati ya mizigo na kati ya mizigo na kuta (Kielelezo 6).

Weka alama ya nafasi za mizigo kwa kuchora mstari juu ya sakafu ya ghala (Kielelezo 7a). Kama ukubwa wa mizigo sio wa kudumu, chora mstari katika umbali wa mita 1 kutoka kwenye kuta kwenye pande zote za sakafu (Kielelezo 7b).

Onyesha mpango/ramani ya ghala kabla ya kuhifadhi.



Kielelezo 6: Uwekaji/upangaji wa mizigo



Kielelezo 7: Kuweka alama nafasi za mizigo

(5) Kuweka alama kwenye mizigo

Utunzaji wa vitabu vya mahesabu na kazi za kawaida hufanyika kwa urahisi mno endapo mzigo mmojammoja umewekwa alama ya namba au herufi kwa ajili ya utambulisho rahisi. Alama hizi zinaweza kufanywa juu ya kuta, sakafuni, au kwenye nguzo za paa, ilimradi tu ziwe zinaonekana wazi. Zinapaswa pia kuingizwa kwenye kadi ya mzigo.

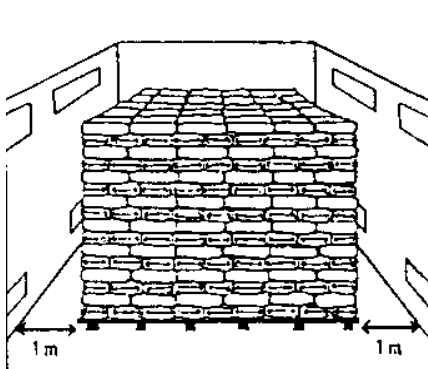
(6) Kadi ya mzigo (Endapo ghala ni kubwa)

Ambatisha kadi ya mzigo (wakati mwingine hujulikana kama "bin kadi") katika nafasi ya wazi kwa kila mzigo, yenye taarifa muhimu, ikiwemo ya udhibiti na matibabu.

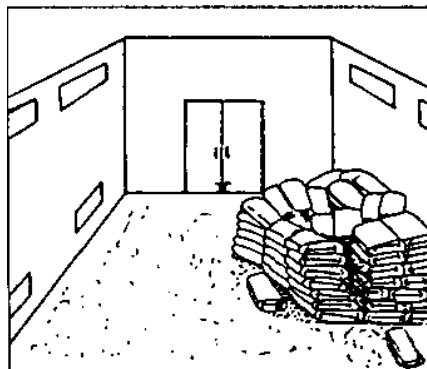
(7) Muhtasari wa upangaji wa magunia

Magunia ni lazima yapangwe kama inavyoonekana katika Kielelezo 8, na si kama Kielelezo 9.

- Nafasi ya mita 1 imeachwa kati ya gunia na ukuta.
- Mizigo iko juu ya chaga.
- Chaga zimepangwa kuruhusu hewa ya kutosha ipite chini ya mizigo
- Mizigo imepangwa kwa vitengo vitatu.



Kielelezo 8: Upangaji mzuri wa magunia



Kielelezo 9: Upangaji mbaya wa magunia

Kijitabu hiki kimeandaliwa kwa ushirikiano wa wizara ya kilimo chakula na ushirika, ofisi ya mkoa wa morogoro, halimashauri ya wilaya ya Kilombero na jica. Makala zifuatazo zilitumika kuandaa kijitabu hiki.

Mwongozo huu umeandaliwa kwa kutumia msingi wa nyaraka zifuatazo.

1) GWINNER, Joost, Rüdiger Harnisch na Otto muck. 1996. Mwongozo wa Kuzuia Hasara za nafaka baada ya mavuno. Post-Harvest Project. Eschborn: Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH.

(http://www.fastonline.org/CD3WD_40/INPHO/VLIBRARY/GTZHTML/X0065E/EN/X0065E00.HTM)

2) Shirika la Chakula na Kilimo la Umoja wa Mataifa (FAO) na Shirika la Mpango wa Chakula Duniani (WFP). 1985. Kuzuia hasara ya chakula baada ya mavuno: Mwongozo wa Mafunzo. Rome: FAO.

(<http://www.fao.org/docrep/x0039e/x0039e00.htm>).

3) Hodges, Rick na Tanya Stathers. 2012. Mwongozo wa Mafunzo kwa ajili Kuboresha nafaka Ushughulikiaji na Uhifadhi wa mazao. Roma: WFP na Kent: Chuo cha Maliasili (NRI), Chuo Kikuu cha Greenwich

(<http://documents.wfp.org/stellent/groups/public/documents/reports/wfp250916>).

4) Tanzania Warehouse Licensing Board: The Warehouse Receipt System Operational Manual made under Section 6 of Warehouse Receipt Act No. 10 of 2005, Dar es Salaam.

(<http://www.wrs.go.tz/downloads/resources/OPERATIONA%20MANUAL.pdf>)

EXAMPLE

TEMPLATE OF BY-LAW

FOR

A GROUP OF FARMERS

WHO STORE AND SELL PADDY IN

WAREHOUSE

..... -

Note

This Constitution on warehouse management was prepared by the Kilombero DFT under the support of JICA Project (Phase2) for Strengthening the Backstopping Capacities for the DADP Planning and Implementation under the ASDP.

This Constitution serves as a basis of warehouse management in the supported villages. Raising awareness of warehouse management through transparent and inclusive discussions will facilitate the formulation of a clear and practical guide for operation and eventually grow to Warehouse Receipts System.

This Constitution has two assumptions:

1. If the supported farmers' group has an existing constitution, this serves as a bylaw under the existing Constitution.
2. The marketing management structure will differ according to the number of members, as this is crucial in establishing a timely and efficient decision-making process. Two management structures are prescribed below depending on the size of membership:
 - (1) For a small number of members: the marketing management structure should allow for direct communication between the sales leader and members. Given the small membership, farmers can meet easily. Frequent meetings and direct feedback from the sales leader will enable farmers to effectively decide the timing of sales.
 - (2) For a large number of members: Unlike the case of a small group, a large membership makes it difficult to meet frequently. As such, the transmission of information from the sales leader to the farmers will not be as prompt and efficient. This results in delayed decision-making and ultimately, loss of sales opportunities. Therefore, a flexible marketing management structure is recommended through the creation of a marketing committee, which has the authority, among others, to decide the timing of sales. It is important to set a target price among group members, as this will enable the authorized committee and the sales leader to effectively decide the timing of sale.

NFT, Morogoro RAS, Kilombero DFT and JICA
March, 2015

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PART ONE

1.0. DEFINITION OF TERMS

Warehouse: A storage facility where raw materials or manufactured goods may be kept before distribution or sale, which may be the facility to store paddy (Hereinafter called the “Warehouse”).

Farmers’ Group: A group of farmers who work together to manage and develop activities of storing, marketing, and selling paddy. (Hereinafter called the “group”).

Constitution: A set of principles and rules on warehouse management to guide day to day operations.

A Member: A person who has joined the farmers’ group by paying the required entry fee and various contributions, with various duties and responsibilities, as set forth in Part Five.

Warehouse Management Committee: A committee with the composition and functions as set forth in Section 8.1. (Hereinafter called the “Warehouse Management Committee”).

Leader: A member who has been elected by members of the group with the duties, among others, to supervise, implement, and coordinate the activities and assets of the group and its members properly, as set forth in Section 7.2.

Registration fee: Money paid by a member for admission to the group, as set forth in Section 5.3.

Fees: Money paid by a member for operations of activities of the group, as set forth in Section 5.3.

Penalty: Payment provided as punishment after a member or anyone commits an offence in relation to the constitution, as set forth in Section 5.5.

Environment: All areas surrounding the village oftogether with the location of the Warehouse.



Part one defines a term utilized in a by-law. You need to adjust some specific terms regarding the objective and activity of your FO. Here, there are example terms such as “Warehouse” and “Warehouse Management Committee” which are applicable only for the FO of warehouse management. These terms will be replaced by e.g. “Quality Improvement Committee” if your FO deals with Coffee.

PART TWO

2.0. NAME, ADDRESS, AND LOCATION

Name of the Farmers’ Group:

Address: P.O.BOX,

PART THREE

3.0. PURPOSE OF THE GROUP

The general purpose of the group is to improve the livelihood of its members by, among others:

- (i) providing assistance in the sale of high quality paddy at a high price;
- (ii) sharing information on paddy storage to the members in order to improve processes and enhance sales performance;
- (iii) facilitating access to markets to its members by providing market information and proposing the opportunities of collective sales;
- (iv) managing the efficient use of the Warehouse and the surrounding areas;
- (v) managing and maintaining infrastructure the Warehouse and [around the] the Warehouse.



Different types of FO will have other different purposes and activities. In Part Three and Part Four, please rephrase the highlighted parts to relevant term according to your FO purposes and activities.

PART FOUR

4.0. OPERATIONS OF THE GROUP

This group will be operated according to the principles of democracy regardless of circumstances, gender, tribe, color or nature of man. In order to achieve the above objectives, the group shall, on a best efforts basis, do the following: -

- (i) conduct its functions through good faith coordination among its members and manage all activities of the Warehouse and other available resources within the areas of the group such as construction, management, operation, and maintenance of the Warehouse;
- (ii) properly manage all of the group's finances;
- (iii) supervise storage, Warehouse handling, setting target sale price;
- (iv) develop various sources of revenue for the progress of the group;
- (v) purchase, operate, and responsibly store, for use of its members, small and large equipment to be used for testing, processing, and storage of raw materials and products of its members;
- (vi) collect, prepare, and sell its members' products, as well as other products for the benefit of the group.
- (vii) encourage savings and credit schemes among its members; and
- (viii) conduct other activities that will further the objectives of the group as outlined in this constitution.

PART FIVE

5.0. MEMBERSHIP OF THE GROUP

Membership will be compulsory for anyone who will store paddy or any other material or product in the Warehouse.

5.1. QUALITIES OF A MEMBER OF THE GROUP

Anyone can become a member of the group, provided that the following qualities are present: -

- (i) The applicant must be of sound mind;
- (ii) The applicant must be cultivating paddy;
- (iii) The applicant must utilize the Warehouse by storing paddy therein;
- (iv) The applicant must not be harsh or unestablished;
- (v) The applicant must be a farmer within or in a nearby village;
- (vi) The applicant must agree with the constitution of the group;
- (vii) The applicant must pay registration fee, storing fee and other necessary contributions and;
- (viii) The applicant must be development-oriented.



In Part Five, it should be clearly indicated what criteria is required as a member of your FO, so that your FO can keep its products high quality or all members can have common understanding for working together. For example, coffee AMCOS is better to have a qualification that *“the applicant must have enough knowledge of coffee quality and acquire skills how to improve coffee quality”*.

5.2. JOINING INSTRUCTION

- (i) Anyone who wants to join the group and has fulfilled all the condition above will be required to send their application to the Warehouse Management Committee. The leaders will receive, discuss, and pass it to the general members’ meeting for approval.
- (ii) Each member will acquire full membership by paying the Registration fee, as set forth in Section 5.3 (i), and a storing fee when the member stores paddy for one season, as set forth in Section 5.3 (ii), and such other contributions that may be required. Then, a member will sigh or set thumb print in the members register book in front of tow members of the Warehouse Management Committee.

5.3. ADMISSION FEES AND OTHER CONTRIBUTIONS

- (i) Each member shall pay a [one time/ annual] registration fee of Tsh/= (.....) ;

- (ii) Fees of Tsh/= (.....) per bag (Kilombero case is 105 kg) when a member stores paddy for one season. The collected fees will be used for warehouse operation and maintenande.



Here, it is necessary for FOs to collect fees for operation and maintenance (O&M) for not only the warehouse but also any other facilities (e.g. irrigation scheme, market infrastructure, processing machines etc.) owned/ used by FO.

5.4. MEMBERSHIP TERMINATION

Membership will terminate upon the occurrence of any of the following:

- (i) Death and unavailability of a successor who will accept the conditions of the consitution;
- (ii) Shift from the location;
- (iii) Resignation in writing;
- (iv) Dismissal of membership;
- (v) Insanity upon written proof from a physician;
- (vi) Lack of membership qualifications;
- (vii) Absence in three (3) consecutive regular meeting without notice.

A member may be suspended or his/her membership terminated due to the reasons mentioned in this constitution or upon his/her wilful failure to comply with the decisions set by the general meeting.

- Upon termination of membership for any reason whatsoever, no fees or various contributions shall be refunded.
- For a member who is expelled from membership, ownership of his/her paddy shall be shift to the leadership of the group tentatively for further procedures.

5.5. RIGHTS AND DUTIES OF A MEMBER

5.5.1. Rights of a Member

Each member shall have the following rights within the bounds of law:

- (i) to attend membership meetings;
- (ii) to express his/her thoughts and to be respected;
- (iii) to vote for a leader and to be voted for leadership;
- (iv) to utilize all services provided by the group; and
- (v) to access information about development and market information of the group.

5.5.2. Duties of a Member

Each member shall have the following duties:

- (i) To respect the Constitution of the group;

- (ii) To respect the duly-elected leaders;
- (iii) To pay the Registration fee, storing fees, and all other contributions which were scheduled by the general meeting of the group;
- (iv) To use the Warehouse solely in accordance with its function, with utmost respect and care, and with due consideration to the other members and respect for the environment;
- (v) To participate in all activities of the group;
- (vi) To disclose information about damaged properties of the group to the Warehouse Management Committee of the group within a reasonable period upon discovery;
- (vii) To protect the assets of the group;
- (viii) To store paddy every season;
- (ix) To attend the meetings organized in accordance with the constitution and to participate in all activities of the group.



In 5.5.2, for example, a FO of vegetable producers should have a duty that “to follow the annual production plan which is agreed and developed based on the peak demand of the market” so that FO can consistently make shipment throughout the season.

PART SIX

6.0. FUNDS OF THE GROUP

The funds will be derived from: -

- (i) Registration fees, storing fees, and other contributions from members;
- (ii) Loans from other financial institutions;
- (iii) Arrears;
- (iv) Savings funds of the group (Option); and
- (v) Various penalties paid by members.

PART SEVEN

7.0. MANAGEMENT AND ADMINISTRATION OF THE GROUP

Great powers will be held by the general meeting of the group.

7.1. MEMBERS OF THE GENERAL MEETING

There will be three general meetings. All substantial decisions of the group may only be concurred during said general meetings..Each member shall be entitled to attend, participate in discussions, and vote during said general meetings. Such meetings are as follows:-

7.1.1. Annual general meeting

The Annual General Meeting will be held in the end of the 4th Quarter of each calendar year and the delay should not exceed one month or thirty days.

Issues to be discussed at this meeting shall include the following: -

- (i) reading and approval of the minutes of the previous general meeting;
- (ii) discussion and approval of long and short term plans of the group;
- (iii) discussion and approval of the estimates of the revenue and expenditure of the group for the next year;
- (iv) discussion of the closing year's financial report;
- (v) discussion and approval of disciplinary measures to impose sanctions such as suspension or termination of membership;
- (vi) discussion and approval of new applications;
- (vii) discussion and approval of fees and contributions;
- (viii) nomination and election of leaders;
- (ix) amendment of the constitution;
- (x) discussion and approval of all other matters pertaining to the development of the group;
- (xi) discussion and approval of the delegation of specific powers to leaders and the Marketing Committee such as the decision on the sales price and the appropriate time for paddy sales.



This article is applicable for the FO that has large number of members more than 80 people for quicker decision making.

7.1.2. Regular General Meeting

Regular meeting will be held twice a year in June and December of every season.

Issues to be discussed in this meeting shall include the following: -

- (i) To review and verify minutes of the previous meeting.
- (ii) To receive and discuss the financial statements and implementation information from the Warehouse Management Committee.
- (iii) To perform any other matters relating to the development of the group.
- (iv) To discuss new applications.
- (v) To decide delegation of power to leaders and Marketing Committee for decision of the sales price and appropriate time for paddy sales.

This article is applicable for the FO that has large number of members more than 80 people for quicker decision making.

7.1.3. Emergency General Meeting

There will be an emergency general meeting which will be held at any time as deemed necessary by the group, and should meet the following requirements: -

- (i) This meeting will be convened by the Chairperson,
- (ii) On the written request of members signed by one-third ($\frac{1}{3}$) of all members of the group. The request must explain what to be discussed and must be signed or thumb printed by all members.
- (iii) Higher ranking Responsible Leaders
- (iv) To discuss and agree the suggestion of sales from the Marketing Committee.



This article is applicable for the FO that has small number of members less than 79 people so that all members can agree.

The emergency meeting will only discuss what is called by the session.

7.1.4. Announcement of the Meetings

All announcements should be displayed on the board of the office, bulletin boards, or other methods agreed to convene meetings in the group. They must clearly indicate the date, time, and venue of the the meeting, together with the agenda for the said meeting.

7.1.5. Time of Announcing General Meeting

- (i) The Annual General Meeting should be announced not less than.....days from the date of the meeting.
- (ii) The Regular General Meeting should be announced not less than.....days from the date of the meeting.
- (iii) Emergency General Meeting should be announced at any time.

7.1.6. Compulsory Attendance of General Meetings

At all general meetings the attendance of members must be half of all members for the meeting to be valid. And if attendance is not enough after of starting time, the chairperson shall postpone the meeting fordays.

When the meeting will convene again, the agenda of the meeting shall be the same. If attendance is also not enough, declarations will be made by two thirds (2/3) of the attended and those decisions will be valid. For emergency general meeting convened on the request of the members, the meeting will be cancelled completely if the attendance is poor after.....minutes from the starting time. (the following sentence is for smaller number of the group) In the case that the Emergency General Meeting will discuss the issue of when to sell paddy stored in the Warehouse, half of members who stored paddy will be required for valid decisions).

7.1.7. General Meeting Operation and Quorum

The Chairperson of the group will conduct all general meetings. If the Chairperson is absent, any leader will conduct the meetings. If both are absent or do not want to conduct the meeting, any among the members will be elected to act as chairman of the meeting. Quorum for all meetings shall be majority of the members.

7.1.8. Voting

- (i) Voting shall be done secretly.
- (ii) Each member shall have one(1) vote .
- (iii) All resolutions will be made by a vote through raising hands, unless a secret vote is required.
- (iv) In the committee meetings, the chairman shall have an additional vote to resolve a tie.

- (v) Resolutions and decisions accepted at the general meetings shall be recorded in the general meetings book which after being confirmed, will be signed by the chairman and secretary of the group

7.2. LEADERSHIP OF THE GROUP

7.2.1. Requirements of Leaders

- (i) Should have a sound mind.
- (ii) Should be cultivating paddy.
- (iii) Should not be harsh or unestablished
- (iv) Should be a farmer within or nearby the village
- (v) Should agree with the constitution of the group.
- (vi) Should be development oriented
- (vii) Should have paid registration fee, storing fee and other contributions.

7.2.2. Term of the Leadership

The term of leadership is for a period of three years, with possibility to be re elected in accordance with the constitution, however, leadership should not exceed two terms (six years).

7.2.3. Eligibility for Being a Candidate

- (i) Anyone who is a member of the group and has fulfilled all the conditions above will be required to send their application to the Warehouse Management Committee. The leaders will receive, discuss and pass it to General Meeting for approval.
- (ii) Complete education of
- (iii) Be able to read and write
- (iv) Have ability to implement roles of the leader in charge
- (v) Willing to work as volunteer
- (vi) Be good person as a good example
- (vii) Be afford to admit if the person is wrong
- (viii) Have willingness to use his/her knowledge for members

7.2.4. Termination of Leaders

- (i) Death and unavailability of successor who accepted the conditions of the group.
- (ii) Shift from the location.
- (iii) Resignation in writing
- (iv) Dismissal of leadership
- (v) Insanity approved by the Doctor
- (vi) Loss of leadership qualifications.
- (vii) Absence in three (3) consecutive regular meetings without notice.

A Leader may be suspended or terminated due to the reasons mentioned in this constitution or failure to comply with the decisions set by the general meeting.

- A leader who is terminated from membership, voluntary leaving or cease of membership for any reason shall not be refunded his fees and various contributions.
- For a leader who is expelled from membership, ownership of his/her paddy shall be shift to the leadership of the group tentatively for further procedures.

7.2.5. Right of Leaders

- The right to attend meetings.
- The right to express his/her thoughts, to be respected and to be listened in various forums without breaking the law.
- The right to vote for a leader and to be voted for leadership
- The right to get all services provided by the group
- The right to information about development and market information of the group

7.2.6. Role of Chairperson

- To call all meetings.
- To be Signatory of the bank account.
- To Supervise and manage all activities of the team. **When the buyer with agreement of a sale come to the warehouse to purchase and receive paddy bags, the Chairperson should make sure all the arrangement is proper. For example, the arrangement includes agreed unit price and amount of money received from the buyer.**
- To approve payment



The role of leaders is divided into two types: one is common roles which are applicable for all types of FO, and the other is specific roles which are specified according to the purpose and activities of each FO. For example, the highlited sentences are only applicable for FO dealing with warehouse management and collective sales. You can rephrase and adjust them according to your FO's activity.

7.2.7. Role of Secretary

- To do Record keeping,
- To receive and answer letters,
- To arrange all meetings,
- To facilitate all communications of the Union for the benefit of it according to constitution,
- To be Signatory of the bank account.
- To receive and store paddy bags according to procedure described in the manual of warehouse management.
- To make sure that the the agreed number of paddy bags are shipped properly and record it when buyer with agreement of a sale come to the warehouse and the stored paddy are sold.**

7.2.8. Role of Treasurer

- (i) To Keep financial record,
- (ii) To make all payment after approval of the Warehouse Management Committee,
- (iii) To receive and keep all money properly, prepare all debit and credit report.

When the stored paddy bags are sold to a buyer, the treasurer should be there and receive the money from the buyer.

- (iv) To be responsible of all financial management issues
- (v) To be signatories of the bank account.



Here, Sales Leader is applicable only if FO deals with collective sales of a commodity. Different FO has different type of leaders e.g. water use association has gate keeper and his role will be open/close gate of a canal.

7.2.9. Role of Sales Leader

- (i) To collect market price information of paddy and rice, put it on the board and share it with users of Warehouse
- (ii) To establish network with buyers and other information sources to have more sales opportunities
- (iii) To negotiate with buyers on sales price **(The Sales Leader should NOT do sales operation alone including receiving payment etc.)**
- (iv) To propose timing and price of sales after collecting information and finding buyers
- (v) To report what buyers requested, provoke discussion in the regular general meeting on whether the group could satisfy the requests and agree on what should be improved next season
- (vi) To make advice and propose on collective sales
- (vii) To advise chairperson to hold emergency general meeting in order to discuss issues of selling stored paddy

7.2.10. Role of 4 Ordinary Members

- (i) Assist secretary when he/she receive paddy in the Warehouse.



In Part Eight, different FOs may have different committees based on its purpose/ activities e.g;
- coffee AMCOS may have Quality Control Committee.

PART EIGHT

8.0. COMMITTEES

There are two committees: Warehouse Management Committee and Marketing Committee.

8.1. WAREHOUSE MANAGEMENT COMMITTEE

8.1.1. Membership of the Warehouse Management Committee

Warehouse Management Committee will consist of 8 members including:

- (i) Chairperson of the group;
- (ii) Secretary of the group;
- (iii) Treasurer of the group;
- (iv) Sales Leader (s) of the group (1 or 2); and
- (v) Other members of the group who are able to undertake quality control (3 or 4 members)

Members will be elected every year.

8.1.2. Role of the Warehouse Management Committee

Role of Warehouse Management Committee is to supervise and implement day to day activities of warehouse.

The day to day activities include:

- (i) Receiving paddy from members of the group and non-members;
- (ii) Store them in good quality;
- (iii) Check quality and control weight of paddy bag when the team receive paddy;
- (iv) Manage income and expense properly and report them to members;
- (v) Make sure that members respect the constitution;
- (vi) Keep Warehouse clean; and
- (vii) Management of Warehouse facilities.

8.1.3. Meetings of the Warehouse Management Committee

Committee will have four meetings in a year after every three months. In addition, emergency meetings will be held if need arises. All meetings will be led by the chairperson of the group. In the absence of the Chairman any leader shall lead the meeting.

8.1.3.1. Validity of the Warehouse Management Committee Meetings

The meetings will be valid if participants will be half of all leaders.

8.1.3.2. Ceasing to be a Member of Warehouse Management Committee

Membership shall cease if: -

- (i) Dismissed from membership.
- (ii) Death.
- (iii) He/She resigns with a written resignation notice within thirty days.
- (vi) Lose of qualifications.
- (vii) Failure to attend three consecutive meetings without acceptable reasons

8.1.3.3. Call and Operating of the Warehouse Management Committee Meetings

- (i) The Warehouse Management Committee meetings will be convened by the secretary in consultation with the chairman of the group.
- (ii) Each member shall have one vote.
- (iii) All matters discussed shall be written in book of Warehouse Management Committee and signed by Chairman and secretary.

8.2. MARKETING COMMITTEE

8.2.1. Membership and Officers of the Marketing Committee

The Marketing Committee consists of following:

- A Sales Leader; and
- 4 ordinary members.

[The 4 members at the first regular general meeting in the year.]

All the members will be elected during the first regular meeting of each year.

8.2.2. Role of the Marketing Committee

- To prepare a marketing plan and submit it to the regular general committee for approval. Contents of the marketing plan as follows
 - Analysis of current situation
 - ✓ market demand: what variety buyers prefer, current price
 - ✓ status in Msalise (price of paddy, what the group sell (paddy or milled rice), where the milling machine is available, variety of seeds, production cost per acre)
 - Marketing strategy
 - ✓ Goal of off-season sales (target sale price¹ per bag and per kg)
 - ✓ Sales Strategy
 - ✓ Activities towards the goal (Where does sales leader do collect information of market price and how often in a week or where does sales leader do buyers survey and how often in a week. These should be financed by own funds of the group)
 - ✓ How to sell and when to sell paddy or othe product (e. g. sell collectively in December)
- To advice the leadership regarding timing and price of paddy sales based on the proposal by the sales leader. (This item is for the group with large number of members more than 80.)
- To participate in actual sales operation including weighing, loading and unloading, etc.

¹ Target sale price should be calculated from production cost of produce

PART NINE

9.0. FINANCIAL MANAGEMENT

9.1. KEEPING BOOKS OF ACCOUNTS

The group will be required to keep accounting books to have accurate records of assets, income and expenditure.

- (i) The group shall keep accounts in accordance with the laws.
- (ii) All records of projects can be joined together to get financial report
- (iii) Records that will need to be stamped will be signed by Chairperson together with other two members who shall be elected by the general meeting.
- (iv) Signatories to the bank account of the group are chairman, secretary and Treasurer.
Only two signatories will sign the check to withdraw money from the Bank.

9.2. AUDITING

Books of accounts and assets will be audited by the following inspectors:-

- (i) Internal audit will be carried out. The internal auditor will be selected from members of the group in the annual general meeting.
- (ii) External auditing will be conducted by an expert from the District Council Finance Department.

PART TEN

10.0. RESOLVING CONFLICTS

All conflicts will be resolved by its subcommittee, channelled to general committee of the group, ward, division and ultimately the court. If a dispute involves the interpretation of this Constitution, that dispute would be referred to a district magistrate for clarification.

PART ELEVEN

11.0. COLLAPSE OF THE GROUP

If the group collapses legal procedures will apply. It will also involve the registrar of the group, after the group express willingness to dissolve the group before taking any action. Procedures and instructions by registrar will be taken in breaking the group.

- (i) The concern of two-thirds (~~2/3~~) of the members, can break the group
- (ii) Laws and regulations of the Country
- (iii) By order of the Registrar of the group

PART TWELVE

12.0. FINANCIAL YEAR OF THE GROUP

The financial year of the Union shall be commenced on until every year.

PART THIRTEEN

13.0. CHANGES TO THE CONSTITUTION

Any section or part of the constitution can be changed at any time when members see the need to do so. Changes will be done by an annual or regular general meeting where the agenda of constitutional amendments will be read, discussed and approved by two-thirds ($\frac{2}{3}$) of all members.

Format of Accounting Book

Date	Expenditure	Income	Balance	Note (purpose/ source of the item)
06/08/2015		2,000	2,000	Storing fee from Haule
07/08/2015		2,000	4,000	Storing fee from Mlokozi
08/08/2015		2,000	6,000	Storing fee from Nakase
10/08/2015	5,000		1,000	Watchman

One line, one item!
Don't put multiple
expenditure/ income in the
same line.



Example of Income and Expenditure for Warehouse Management

Example 1: Msalise AMCOS in FY 2014/15

Expenditure (Tsh)	Income (Tsh)	Note (usage etc)
	411,000	Storing fees
100,000		Watchman
137,000		Rent fees
40,000		Sales Leader
9,000		Stationary
	125,000	Balance (saved in the bank account)

Source: Review report on the pilot activities for WAREHOUSE MANAGEMENT and MM, Kilombero DC, February 2015

Example 2: Mkangawalo Farmers Association in FY 2014/15

Expenditure (Tsh)	Income (Tsh)	Note (usage etc)
	130,000	Storing fee (65 bags x @Tsh 2,000)
130,000		Rent of warehouse
	0	Balance

Source: Review report on the pilot activities for WAREHOUSE MANAGEMENT and MM, Kilombero DC, February 2015

Monitoring Format for VAEO

Name of Village:

Name of VAEO:

Contact No.:

Reporting month:

	DATE of Report (DD/MM/YYYY)					
1. Warehouse Management	1-1. Moisture Content (Once in a two weeks) (Sampling would be done several locations within a warehouse)	Max.				
		Min.				
	1-2. No. of Stored Bags Check the reason if No. changed.					
	1-3. Whether farmers properly RECEIVED paddy bags					
	1-4. Whether farmers properly STACK paddy bags					
	1-5. Whether farmers properly RECORDED in and out of paddy bags using our format.					
1-6. Any other follow-up issue						
2. Sales Leader	2-1. Whether MM visit places and collect information about market price and buyers according to the agreed marketing plan?					
	2-2. Does the MM report these information to the group?					
	2-3. Any other follow-up issue					


Note: A VAEO should check 1-2, 1-3 and 1-4 by visiting the warehouse in his targeted village.

Market Information Sheet for Sales Leader's Activity in Kilombero

(EXAMPLE)

Place	e.g. Ruaha (Gate), Kilombero District
Number of Millers or Spots where buyers gather	e.g. There are 15-20 millers and MM can easily meet buyers everyday
Business Areas from the place	e.g. Coming from DSM, Morogoro, and occasionally from other countries
Buyers' preference	e.g. Certain local varieties such as A and B are preferred to HYV.
Transaction Features	e.g. Both rice and paddy are transacted. Weight and moisture level are carefully measured.
Advantage/Disadvantage for marketing managers' visit	e.g. Ruaha must be a key spot for Village A, while ifakara can be more informative for Village B


DFT needs to know the key-market places accessible to the targeted villages!



Karatasi ya habari ya masoko ya shughuli za Meneja Masoko wilayani Kilombero
(MFANO)

Mahali	Mfano. Ruaha (Gate), wilaya ya Kilombero
Idadi ya wakoboaji au eneo ambalo wanunuzi wanakusanyika	Mfano. Kuna wakoboaji 15-20 na MM anaweza kukutana na wanunuzi kila siku
Eneo la biashara lililopo	Mfano. Kutokea DSM, Morogoro, na pia kwenye nchi nyingine
Mapendekezo ya wanunuzi	Mfano. Maeneo mengine kama A na B yanajulikana kama HYV.
Vitu vinavyouzwa na kununuliwa	Mfano. Mchele na mpunga vinauzwa na kununuliwa. Uzito na kiwango cha unyevu vinapimwa kwa umakini.
Faida na hasara za kutembelea kwa meneja masoko	Mfano. Ruaha ni lazima iwe eneo muhimu kwa kijiji A, ambapo ifakara itakuwa inatoa taarifa kwa kijiji B


DFT inabidi kujua maeneo muhimu yanayoweza kufikiwa na vijiji lengwa



MARKETING PLAN

(EXAMPLE)

1. Analysis of Current Market Situation

Market demand	Status in Msalise
1) They prefer qualified paddy without impurities 2) "Two wing" variety of paddy is needed 3) They need paddy near the market place 4) Transport cost will be charged 5) Rice is more preferred to paddy 6) Current price of Rice: 900 -1000tsh/kg 7) Current price of Paddy: 70,000Tsh/bag	1) Farmers sell only paddy 2) Paddy milling is available in ... 3) Seed varieties available in... -Grey, Saro, Zambia, Sengo, Sukuma 4) Recent sales price was 65,000 Tsh/Bag/135 kg. <div style="text-align: right;">  </div>

You can compare market demand and status of the village so that you can find challenge here.

2. Marketing Strategy

2.1 Goal of off-season sales

Selling price more than Tsh.... per bag
(35 % higher than the price in June)

This is an important part. Calculate annual average sales price or average sales price in a specific year. **Calculate price per KG by checking kg per bag!**

2.2 Sales Strategy (Promotion points)

- 1) Our activity are supported by the District Council
- 2) Our paddy is stored under high quality conditions; moisture level is controlled and weighed equally and kept in clean environment.
- 3) We have a well-trained sales leader
- 4) Our paddy is stored collectively in the warehouse
- 5) Our paddy is produced by highly trained farmers
- 6) We have good record keeping for easy tracking of paddy

3. Activities toward the goal

- 3.1 Sales Leader visits markets every week and collect more than 10 buyers' information
- 3.2. MM selects 3-5 buyers who are willing to purchase paddy/rice from our village

3.3. MM share information of 3.1 and 3.2 with members and all discuss and decide a sales price and a buyer(s).

3.4. Selling in December and January

- Sell collectively if buyers prefer (need further discussion after the above activities) .

4. Budget to support the activities

- Every member will contribute Tsh.500/= to cover transport cost for the sales leader.

It is crucial to facilitate farmers to finance their activities by themselves! One of the ideas is to collect Tsh 500/person monthly for some month so that the group can raise fund.

For example, if the group has 40 members and collect the payment for 6 month, the amount will be


$Tsh\ 500 \times 40\ members \times 6\ month = Tsh\ 120,000!$



MPANGO WA MASOKO

(MFANO)

1. Uchambuzi wa hali ya sasa ya masoko

Mahitaji wa masoko	Hali ya Msalise
1) Wao wanapendelea mchele / mpunga wenye ubora na usio na uchafu 2) "Mbawa Mbili" aina ya mpunga inayohitajika 3) Wanahitaji mpunga ulioko karibu na soko 4) gharama ya Usafiri itachajiwa 5) Mchele unatakiwa zaidi ya mpunga 6) Bei ya mchele ya sasa: 900 -1000tsh / kilo 7) Bei ya mpunga ya Sasa: 70,000Tsh / gunia	1) Wakulima wanaauza mpunga tu 2) Mashine ya kusaga inapatikana katika ... 3) Mbegu aina mbalimbali zinapatikana katika ... -Grey, Saro, Zambia, Sengo, Sukuma 4) Hivi karibuni bei ya mauzo ilikuwa 65,000 Tsh / gunia /135 kg <div style="border: 1px solid black; border-radius: 15px; padding: 10px; width: fit-content; margin: 10px auto;"> <p>Unaweza kulinganisha mahitaji ya soko na hali ya kijiji ili uweze kumudu changamoto hizo</p> </div> 

2. Mkakati wa Masoko

2.1 Lengo la mauzo nje ya msimu

Bei ya kuuzia zaidi ya Tsh kwa gunia (35% ya juu kuliko bei ya Juni)

Hii ni sehemu muhimu. Kokotoa wastani wa bei ya mauzo au wastani wa bei ya mauzo katika mwaka maalum. Mahesabu ya bei kwa kila KG, kwa kuangalia kilo za gunia!

2.2 Mkakati wa Mauzo (Utangazaji)

- 1) Shughuli zetu zinasaidiwa na Halmashauri ya Wilaya
- 2) Mpunga wetu unahifadhiwa katika hali ya ubora; kiwango cha unyevu kinadhhibitiwa na uzito sawa na kuwekwa katika mazingira safi.
- 3) Tuna meneja masoko aliyefuzu vizuri mafunzo
- 4) Mpunga wetu unahifadhiwa kwa pamoja katika ghala
- 5) Mpunga wetu unazalishwa na wakulima wenye mafunzo
- 6) Tunatunza rekodi vizuri kwa ajili ya kufuatilia mpunga kwa urahisi



3. Shughuli kuelekea lengo

3.1 Meneja Masoko hutembelea masoko kila wiki na kukusanya taarifa kwa wanunuzi zaidi ya 10 '

3.2. MM huchagua wanunuzi 3-5 ambao wako tayari kununua mpunga / mchele kutoka kijiji chetu

3.3. MM hupasha habari kuhusu 3.1 na 3.2 kwa wanachama na wote kujadili na kuamua bei ya mauzo na mnunuzi

3.4. Kuuza Desemba na Januari

-Kuuza kwa pamoja kama wanunuzi wanapendelea (kuna haja ya majadiliano zaidi baada ya shughuli hapo juu).

4. Bajeti ya kusaidia shughuli

-Kila mwanakikundi atachangia Tsh.500/= kwa ajili ya uafiri wa meneja masoko.



Ni muhimu kuwezesha wakulima kugharamia shughuli zao peke yao! Moja ya mawazo ni kukusanya Tsh 500 / mtu kila mwezi kwa baadhi ya miezi ili kikundi kiweze kuinua mfuko huo.

Kwa mfano, kama kikundi kina wanachama 40 na hukusanya malipo kwa miezi 6, kiasi itakuwa

$Tsh\ 500 \times \text{wanachama } 40 \times \text{miezi } 6 = Tsh\ 120,000!$

Buyer's Information Sheet

Date: 11/11/2014

Name of Sales Leader: XXXXXXXX

Village Name: XXXXXXXXXXXXXXXXXXXX

0	Price offered	Tsh 100,000 / bag
1	Buyer's Name	Mr. Rice Paddy Seller
2	Address	Paddy street, DSM
3	Telephone Number	0765-XXXX
4	Business Areas	Kilombero, Morogoro, Ifakara
5	Required Quality of Paddy	13-15% moisture content and clean enough (no impurities)
6	Required Quantity of Paddy	10-15 bags
7	Required Volume of Paddy	135 kg per bag
8	Preferred Time of Buying	Once a week. Prefer a good volume in January
9	Transportation Cost to be charged	1000 per bag but negotiable (depends on the number of bags)
10	Other Requirements for Transaction	Prefer non-rough road. If rough-road, transportation cost will be increased up to 1500 per bag

Comment

Any other information. For instance, the buyer is willing to buy off-season paddy. MM needs to contact with him three days before the transaction.

Karatasi ya taarifa ya mnunuzi (MFANO)

Tarehe: 11/11/2014

Jina la Meneja Masoko: XXXXXXXX

Jina la Kijiji: XXXXXXXXXXXXXXXXXXXX

0	Bei	Tsh 100,000 / gunia
1	Jina la mnunuzi	Mheshimiwa muuzaji mchele/ mpunga
2	Mtaa	Mtaa wa mpunga, DSM
3	Namba ya Simu	0765-XXXX
4	Maeneo ya Biashara	Kilombero, Morogoro, Ifakara
5	Ubora wa mpunga unaotakiwa	Kiwango cha unyevu 13-15% na msafi (hakuna uchafu)
6	Kiasi cha mpunga kinacho hitajika	Magunia 10-15
7	Kiasi cha mpunga kinacho hitajika	Kilo 135 kwa gunia
8	Muda wa kununua	Mara moja kwa wiki. Kupendelea kiasi kizuri mwezi Januari
9	Gharama ya usafiri itakayotozwa	1,000 kwa gunia lakini mazungumzo yapo (inategemea idadi ya magunia)
10	Mahitaji mengine	Inapendekeswa hali nzuri ya barabara. Kama mbaya, gharama za usafirishaji zitaongezeka hadi 1500 kwa gunia

Maoni

Taarifa nyingine yoyote. Kwa mfano, mnunuzi ana nia ya kununua nje ya msimu wa mpunga. MM anahitaji kuwasiliana naye siku tatu kabla ya shughuli.