

# ***Linking Local Learners for Improved Market Linkages.***

*Final Report.  
First Mile Project,  
Tanzania.*

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## **CONTENTS**

<b>Section</b>	<b>Page</b>
<b>1. Introduction</b>	
1.1. What is the 'First Mile' project all about?	2
1.2. Why the project came about?	2
1.3 What was to be achieved?	2
<b>2. Impact on the Ground</b>	
2.1. Increased production due to better marketing	3
2.2. Nearly two million USD more earned in just nine months	4
2.3. Increased access to markets for small farmers	6
<b>3. How Was the Impact Achieved?</b>	
3.1. District core groups and cross district learning	7
3.2. Local networks and market chains, and the role of the core groups	8
3.3. Capacity building and mentoring	9
<b>4. Factors Underlying the Success Stories</b>	
4.1. Core groups organize themselves to promote marketing	14
4.2. Sharing across districts	14
4.3. Key institutions to develop	14
4.4. Rapidly changing picture of ICTs mobiles internet radio	15
4.5. Market chain as a cooperative effort instead of everybody cheating	16
<b>5. Recommendations</b>	16
<b>Acknowledgements</b>	18
<b>Reports of First Mile Project</b>	19
<b>Annex: Interviews with Firstmile Project Participants on Impact</b>	20
<b>Annex: Short Stories of Improved Access to Markets for Small Farmers</b>	22
<b>Annex: Photo Record of the Capacity Building Events</b>	26

## 1. Introduction

### 1.1. What is the ‘First Mile’ project all about?

The First Mile project<sup>1</sup> is all about local people, small farmers, traders, processors, and others from rural villages and towns learning how to build a marketing chain from producers to consumers. Key to their learning is the development and exchange of their local experiences and good practices. Local learners separated by large distances are linked in a learning network. So the project explicitly encourages the emergence of people capable of linking remote rural producers with no electricity or telephones to the internet for making the links that they need. Indeed, the project takes its name – the first mile – from this challenge to give rural people access to the internet. Meeting this challenge the project:

- facilitates ‘local group-to-local group’ learning to improve market linkages;
- generates locally developed good practices in building markets; and
- empowers smallholder farmers to enable them to achieve for themselves greater access to ICT, as their needs evolve.

### 1.2. Why the project came about?

The First Mile project was seen as a novel way of developing locally adapted practices that could improve small holder farmers’ access to markets and market information. The project would provide AMSDP and IFAD an opportunity to explore and assess the effectiveness of a learning system ‘Linking Local Learners’ which combines face-to-face action learning with online peer-to-peer sharing of ideas. Linking Local Learners enables groups of some ten to twenty people who live and work in the same place to engage in a virtual knowledge network to improve their own activities and realize their future visions. Local groups exchange their ideas and experiences with similar groups in other places online at [www.linkinglearners.net](http://www.linkinglearners.net). They also coach and advise each other as peers on how they can be more successful in their activities. Linked local learning groups make progress because they pool their ‘doledge,’ or competencies to do things, with so many other like minded groups. IFAD and AMSDP wanted to test whether the LLL learning system would help their field-staff and beneficiaries learn how to improve market linkages and how to improve rural peoples’ access to modern information and communication technologies, especially the internet. If effective the learning system should result in small holder farmers increasing their crop production and household incomes through better access to markets.

### 1.3 What was to be achieved?

A successful network for peer exchange between dispersed learning groups of service providers, farmers and other key players in a market chain operating in remote areas, will result in the spreading of locally developed and tested best practices. Because these groups share the same learning network, dissemination of best-practices was expected to happen across institutional boundaries and without significant time lag.

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<sup>1</sup> The First Mile project is a one year pilot initiative of the Agricultural Marketing Systems Development Programme (AMSDP) of the Government of Tanzania, supported by IFAD and the Government of Switzerland and with technical assistance provided by the International Support Group (ISG).

The expected impacts of rapid uptake of best practices generated were as follows:

- An increase in production and marketing skills and higher incomes at the household level.
- Programme staff and beneficiaries capable of making connections so that farmers can exchange information through the Internet.
- Demand for improved marketing, communications networks to access the Internet, and peer-to-peer learning processes.
- Programme staff and beneficiaries capable of facilitating peer-to-peer learning processes for improved access to markets and market information.
- Programme staff able to exchange information and experiences across geographical and institutional boundaries.
- Online learning support facility provides a print-out that farmer groups can use to engage with the Internet.

## **2. Impact on the Ground**

### **2.1. Increased production due to better marketing**

Work on improving small holder farmers' access to markets started in August 2005 following training courses for AMSDP staff and beneficiaries in: a) how to facilitate face-to-face action learning; and b) how to share local experiences using the LLL online learning support service. In March 2006, after eight months of learning-by-doing, those involved came together and assessed the impact of their work on market chain development. In what was in effect just one season they reported very significant increases in the volume of marketed crops due to better market access as shown in Table One below.

The increases in volume of crops marketed were achieved through various means. In some cases farmers planted more area while in others better husbandry and more inputs resulted in increase on yield per acre. This was certainly the case for new or recent crops like Safflower, Mushrooms, Sunflower, Paprika, Peas and Beans in Mufindi. Even more remarkable are the increases in marketed volumes of maize and wheat in Songea, Mbeya, Mbinga and Rungwe where droughts were experienced. These increases are due to a combination of greater areas planted and more of the harvest share going to market than before. The doubling and sometimes quadrupling of marketed volumes that producers achieved in just one season demonstrates how responsive small holder farmers can be when they are assured of a market and a fair price. Not reported in this table is the experience of coffee growers in Songea who uprooted their coffee to plant pigeon pea for which they had a contracted buyer. Previously coffee, potato, bananas and pineapple have been left to rot because markets had not been found for them or prices had been unacceptably low.

Interviews and stories that highlight this impact can be found in the Annex at the end of this report. More data on marketed volumes can be examined in the 'Firstmile' team at [www.linkinglearners.net](http://www.linkinglearners.net).

Table 1. Changes in Marketed Volume of Various Commodities by Producer Groups in Eight AMSDP Districts During the Period August 05 to March 06.

COMMODITY	DISTRICT	MEMBER NOS	MARKET VOLUME tons			
			BEFORE	AFTER	DIFF	+ %
Rice	Mbozi	103	44	100	56	127%
Rice	Songea	909	1,438	2,979	1,541	107%
Coffee	Mbozi	161	176	267	91	51%
Wheat	Mbinga	73	82	105	23	28%
Mushrooms	Hai	108	0.002	0.008	0.006	300%
Safflower	Hai	156	0.0	19.2	19.2	
Sunflower	Hai	146	2.8	11.2	8.4	300%
Beans	Mufindi	30	0	15.6	15.6	
Beans	Rungwe	84	19.0	43.0	24	126%
Paprika	Mufindi	30	0	2.2	2.2	
Potatoes	Rungwe	165	42.1	127.1	85.0	201%
Bananas	Rungwe	79	79.0	453.0	374.0	473%
Pineapple	Rungwe	80	63.0	160.0	97	153%
Maize	Songea	119	357	494	137	38%
Maize	Mbeya	67	2,000	3,450	1,450	72%
Maize	Rungwe	30	4.0	23.0	19	475%
Peas	Rungwe	23	4.0	13.0	9	225%

Source: Presentations by core groups at assessment workshop in Morogoro March 06

## 2.2. Nearly two million USD more earned in just nine months

Increases in the volumes of commodities going to market have resulted in dramatic increases in gross income for producers and other key players in the market chain as shown in Table Two below. It is important to acknowledge here the role of other factors that contributed to the increase in crop prices and hence incomes. These include the shortage in supply of many commodities due to drought conditions during the previous year and the introduction of warehouse receipt system in some of the districts. Producers got better prices because the warehouse receipt system and formation of SACCOS enabled them to store their crops and sell directly to bigger players in the market chain like processors and wholesalers when prices were higher than those offered at harvest time. Producers in Songea were able to sell much larger quantities of rice directly to Dodoma Transport Company at the slightly higher price of 685/= per kilo rather than 635/= per kilo. They sold their maize at 173/= per kilo compared to their old price of 119/= per kilo. In Hai district producers got higher gross incomes because they were marketing commodities they had not sold before. In the case of Safflower 156 producers earned thirty two thousand US dollars alone selling directly to the processor/exporter Quality Food Products Ltd. More data on income changes as well as individual stories on improved marketing can be examined in the 'Firstmile' team at [www.linkinglearners.net](http://www.linkinglearners.net).

Table 2. Changes in Producer Gross Incomes for Various Commodities During the Period August 05 to March 06.

COMMODITY	DISTRICT	MEMBER NOS	GROSS INCOME million Tsh			
			BEFORE	AFTER	DIFF	+ %
Rice	Mbozi	103	6.7	20.0	13.3	198%
Rice	Songea	909	914.4	2,040.6	1,126.2	123%
Rice	Nkasi	67	0.45	1.20	0.75	167%
Coffee	Mbozi	161	297.5	464.0	166.5	56%
Wheat	Mbinga	73	12.30	18.90	6.60	54%
Mushrooms	Hai	108	0	0.31	0.31	
Safflower	Hai	156	0	38.4	38.4	
Sunflower	Hai	146	5.6	22.4	16.8	300%
Maize	Songea	119	42.8	85.7	42.9	100%
Maize	Mbeya	67	702.4	1,331.7	629.3	90%
Maize	Nkasi	75	0.18	0.45	0.27	150%

Source: Presentations by core groups at assessment workshop in Morogoro March 06

Taken together the core groups from seven districts, shown in Table Three below, managed to increase, in just one season, the gross income of the producer groups they support by 1.8 million US dollars. Net incomes are likely to have increased proportionately as input use did not increase dramatically. Selling much larger volumes of grain, like rice and maize, to big wholesalers, as has happened in Songea, brought the biggest absolute gross income increases. Producers in Hai showed that new niche crops like mushrooms, safflower and sunflower can also give sizeable income increases.

Table 3. Reported Increase of Turnover of District Core-Group Customers

District	Million TSH
Mbozi	186.0
Mbinga	8.51
Hai	80.3
Songea	1,169.1
Mbeya	734.1
Arumeru	0.565
Nkasi	1.02
<b>Total of Districts =</b>	<b>2,179.6</b>
<i>(exchange rate 1\$ = 1,200Tsh)</i> <b>USD =</b>	<b>1,816,329</b>

Source: Computed from data from presentations by core groups at assessment workshop in Morogoro March 2006

These figures only show the income increases received by producers and not the incomes of other key players in the market chain. We expect that further analysis would reveal that wholesalers, like Mohamed Enterprises and Dodoma Transport, and processors, have increased their incomes too through savings in transaction costs.

### 2.3. Increased access to markets for small farmers

Small farmers' access to markets has increased substantially over the last nine months. Arumeru district core group estimate that there has been a 54% increase in farmers with access to markets. Babati core group estimate an increase of 35%. Several districts report specific instances of access to new markets as the examples below show.

- Four groups have managed to access the market in baby corn with the MIM project Gomba Estate, Arumeru District.
- Endavukai and Olkokola groups have marketed Artimisia to Techno Serve, Arumeru District.
- Five farmer groups in Mudio village have identified markets for tomato variety Tanya, Hai District.
- Thirty six group members of Magadini village are linked to produce Mushrooms for Shoprite super market, a link that will benefit other 120 mushroom producers from Shrimugungani, Wanri and Mungushi villages, Hai District.
- Nineteen farmers from Shirinmugungani village are linked to produce Flower Seeds for Mauwa Arusha Company, Hai District.
- Forty six farmers from Magadini groups are linked to produce safflower for Quality Food Company, Hai District.
- Producers of rice, beans, groundnuts and beef cattle are linked to the market by big buyers like Fida Hussein from Mbeya town, Mbarali District

Greater access to markets usually starts with better access to market information. District core groups and the producer groups they support have invented many different ways to increase farmers' access to market information as the examples below show.

- Many groups get market information by visiting markets and using mobiles or they use nearby farmers who visit market for them. Arumeru District.
- Eighteen groups improved access to market information through use of billboards built in the village. They use mobile phones to get updated information from the district market monitor and put it up on the billboards in the villages. These data enable them to have more bargaining power with buyers coming to the village. Hai District.
- Many members 100+ have better access to markets and have improved market information by using SMS and cell phone. Formation of market research committee with wide spread of knowledge of market information from village to District and Regional level. Babati District.
- Farmers increase their access to market through provision of group-owned mobiles which are used to communicate with buyers and transporters like Fida Hussein from Mbeya town, Mbarali District.
- Twenty groups attended 8/8 shows, printed their own leaflets, use Radio, read magazines and use market information centers at the following Wards: Tembela, Utengule, Iwindi, Inyala, and Iyunga Mapinduzi, Mbeya District.
- Some farmer group members have bought their own cell phones to communicate with potential markets like Kariakoo and Tandale in Dar es Salaam to get the marketing information of their products, Rungwe District.
- Eleven billboards have been distributed to Information centers in the area, Songea District.
- Twenty two groups now use information boards to increase farmers' access to markets, Sumbawanga District.

The pioneering district core groups that have invented new ways for producers to access markets and market information have documented their ‘good practice’. The following practices have been developed and shared with all the AMSDP district core groups:

- How to negotiate deals with big traders or processors; by Muheza and Songea District Core Groups
- How to organize or start a Warehouse Receipt System and SACCOS; by Mbarali and Hai District core groups.
- How to establish and operate a network of market centres in the District; by Babati District core group.
- How to start marketing new commodities; by Arumeru and Hai District Core Groups
- How to operate a system with Mkulima Shushushu (=market scout); by Mufindi District Core Group
- How to form and strengthen District core groups and networks; by Babati District Core Group

All these good practices will help other AMSDP districts assist small holder producers enjoy the benefits of increased market efficiency by removing cheating and lowering transaction costs. Access to warehouses and savings and credit societies provide small holders with foundations on which they can build market chains with greater potentials for added values and higher quality products. A selection of interviews and short stories illustrating the impact of the ‘Firstmile’ project can be found in the Annex at the end of this report.

### **3. How Was the Impact Achieved?**

#### **3.1. District core groups and cross district learning**

Producer groups increased their access to markets largely through the efforts of the AMSDP district core groups. These district core groups comprise of the AMSDP District Focal Person (DFP) and Partner Agency (PA) contracted by the programme to support its implementation. DFP’s and PA’s provide leadership to the core groups which also include a District Market Monitor and representatives from producers and processors or traders. In order to implement the firstmile project these core groups had to become much more tightly organized. Learning how to develop market chains and exchange experiences with their peers in other districts required not only collective action, but also improved access to the internet and the wider use of mobile phones. Learning across Districts was often initiated at workshops, and then continued through email and exchanges using the internet learning support tools at [www.linkinglearners.net](http://www.linkinglearners.net). For instance, the considerable efforts in getting core groups organized can be seen in the intensive discussion the core groups had on this subject on the ‘firstmile’ team at [www.linkinglearners.net](http://www.linkinglearners.net).

Cross district learning using the internet occurred in many other areas and not just in getting core groups organized. Table Four shows that core groups exchanged experiences in: a) how to get market chains started; b) how to operate the warehouse receipt system; and c) how to improve market linkages in a range of commodities, particularly maize and oranges. A total of two hundred and thirty contributions were made in a six month period. Just over one hundred people from the fourteen AMSDP districts used the online learning service. The majority were core group members but some were leaders of producer groups and other key players in the market chain. Learners not only exchanged experiences and practices but also information about market key players as well. For instance, once Babati district reported their successful negotiations with Dodoma Transport, Sumbawanga and Songea districts immediately requested the contact details



and were soon able to make their own successful negotiations. Cross district learning was further enhanced at the face to face capacity building workshops and assessment workshops discussed in section 3.3 below.

Table 4. Contributions to the First Mile Internet Learning Service from August '05 to March '06.

Library	#	Discussion	#
Training	9	Training	4
Information	9	Org of District Groups	53
Organization	15	Internet Access	7
Market Chains	17	Getting Market Chains Started	55
ICT access	1	Maize Market Chain	15
		Paddy Market Chain	9
		Wheat Market Chain	7
		Cheese Market Chain	4
		Oranges Market Chain	12
		Tomato Market Chain	9
		Warehouse Receipt System	7
		Group Descriptions	15
		How to get credit	9
		Market Information System	1
		Soyabean Market Chain	1
		Simsim Market Chain	2
		Impact Assessment	13
		Business Plans	2
		Rural Service Company	2
		Market Chain Business Platforms	3
<b>Total library contributions =</b>	<b>61</b>	<b>Total discussion contributions =</b>	<b>230</b>
			<b>Total Contributions on First Mile =</b>
			<b>291</b>
			<b>Total number of Contact Persons =</b>
			<b>104</b>

### 3.2. Local networks and market chains, and the role of the core groups

The most successful District core groups quickly established strong local networks of producer groups and other key players in the market chain. Once the core groups had decided which commodities they were going to concentrate on the successful ones made contact with a large number of producer groups and farmer associations. Figure One shows that Songea core group, for the rice commodity alone, made contact with twelve producer groups or farmer associations including the four hundred plus members of the Nakahuga Irrigation Scheme. Songea's network is strong not only because it contains many producer groups but also a number of key players in the market chain like traders and processors. This network of 'customers' brings a great deal of business to the core group.

Successful core groups undertake market research tracing each transaction as the commodity moves from producer to consumer before moving on to the job of improving the market linkages. As a result they may put producers in touch with larger traders or wholesalers. They may put the producers in touch with processors for their sunflower oil, milk or wheat. Core groups may bring together in one workshop as many of the key players as possible to vision better market chains in which each player benefits more. The Mbinga core group assisted wheat

producers build a market chain that included a large trader to bulk their production to such a level that they could negotiate the use of a wheat mill owned by the Diocese. The chain went on to include the same trader who sold the wheat flour to retailers and large consumers like the local bakery. The complete chain can be seen in Figure Two below.

### 3.3. Capacity building and mentoring

Capacity building<sup>2</sup> for the staff, Partner Agencies, Market Monitors, producers and other key players in marketing involved in the AMSDP started with a “Key Players Exploratory Workshop on Market Linkages” in Arusha, Tanzania in early June 2005. This exploratory workshop helped the forty five participants of the AMSDP programme understand the different challenges people face in marketing and develop future visions of improved market linkages. Participants also explored the concept of linked local learning and the communication required for linking learners between districts.

The exploration into marketing linkages was coupled with a diagnosis of the access programme beneficiaries had to modern information and communication technology, especially the internet. The diagnosis was conducted through a combination of review of existing reports on use of ICTs in Tanzania and interviews with key organisations in Tanzania. The diagnosis concentrated on AMSDP district staff and households in Hai and Babati districts in the North of the country. The diagnosis provided the basis on which district core groups could improve their access to the internet. It also helped farmer groups plan their own use of intermediaries to get access to the internet and mobile phones.

Following the exploratory workshop AMSDP selected thirty seven people drawn from their District Focal Persons, Partner Agencies and Market Monitors in fourteen districts to be trained as facilitators in the Linking Local Learners methodology of action learning and peer-to-peer exchange. These facilitators would not only facilitate LLL in their districts but also train others as new districts would join the ‘firstmile’ project. The “Training-of-Trainers Course” ran from the 15<sup>th</sup> to 18<sup>th</sup> June 2005 in Arusha. The course produced facilitators capable of: a) planning, managing and facilitating a local action learning process; and b) organising district core groups and setting up a communication network linking them together.

Once the district core groups were up and running with their access to the internet sorted out twenty one participants from their ranks were trained in how to use the LLL Internet Learning Support Service. The training took place in Arusha from the 25<sup>th</sup> to 28<sup>th</sup> July 2005. It provided the district core groups with at least one member each who could teach the others how to share their experiences and engage in peer-to-peer exchange with other districts. From August to February 2006 they trained most of the one hundred and four information contact persons who now use the LLL internet learning support service. These information contact persons, who may be District Focal Persons, Partner Agencies, Market Monitors, Producer group leaders or traders or processors, perform the job of sharing their experiences and practices with their peers in other districts. They are the ones who have made the two hundred and ninety contributions to the discussions and library in the first mile learning team shown in Table Four above.

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<sup>2</sup> *Capacity building and mentoring in the First Mile Project was provided by the LLL consortium a group that includes members from the International Support Group (ISG), Agridea (formerly LBL), and Ideso, Switzerland.*

From August to March these information contact persons were mentored in their use of the LLL internet learning support service. Mentors guide, encourage and make suggestions to learners, they make links to others who can help, and they enable the documentation of outcomes to build a knowledge pool of experiences, good practice and impact stories. They do this through direct emails to the learners as well as through the LLL learning support service. Mentors prepare syntheses of discussions and help draft contributions to the library. Mentors also maintain the data base of contact persons registering new members and changing member contact details. Over this thirty two week period the level of effort for mentoring was about one person days per week. The mentoring work is not, however, evenly spread as flurries of activity appear around face-to-face events. Much of the mentoring work happens as direct emails to individuals of groups needing help rather than on the 'firstmile' learning team itself. Feedback received from the learners asks mentors to spend more time hunting up relevant information especially useful websites.

From March 22<sup>nd</sup> to 24<sup>th</sup> sixty one participants of the AMSDP who had been involved in the 'First Mile' Project came together in Morogoro to assess the project. The participants, who were mainly members of the district core groups, were asked to assess how face-to-face action learning and peer-to-peer internet exchanges implemented in the First Mile Project improved small holder farmers access to markets and market information. What impact this improved access had on farmers' production and incomes was assessed by each district. Participants determined the extent to which these activities opened up new opportunities, reduced transaction costs; and increased use of modern ICT's for marketing. They also identified innovations and wrote up the practices they had developed over the last six months.

At the end of the assessment workshop the core group members discussed what they needed to learn to ensure that the impact they had achieved would be sustained in the long run. They agreed that sustaining the impact beyond the life of the AMSDP would require the establishment of commercial rural services companies. They realized that their network of clients or customers would have to grow significantly. New skills in how to prepare business plans and how to access loans would also have to be learned. How they proposed to go about learning these things is explained in the action plans shown in Table Five below.

Table 5. Action Plans Developed by District Core Group for Meeting their Learning Needs to Sustain the Impact of AMSDP

Learning Topics	Activity Steps	Persons*	Time Table
How to Prepare Market Information for Sharing Using Mobile Phones and Internet	Identify sources of information through meetings	CG, KP, TCCIA	April
	Identify information types	KP, CG	May June
	Document key information	Shushushu, MC	July Aug
	Sharing, dissemination of information	CG, KP	Sept
How to Prepare a Business Plan for a Rural Services Company	Search for information on how to prepare business plans	CG	April
	Prepare a business plan for interested key players in a market chain.	PA, DFP, CG	May
	Sharing of business plan experiences and results with other districts	CG	Sept
How to Get Loans from Microfinance Institutions for Developing Market Chains	Contact microfinance bodies to know their working procedures and policies	CG	April
	Organize workshop for all stakeholders working on microfinance and market chains	KP, CG	May
	Exchange experience among the districts concerning microfinance assistance	CG	May-Sept
How to Organise and Run Effective Warehouse Receipt Systems and SACCOS	Gather information from areas which have experienced and achieved the warehouse system	PA	April-June
	Find out conditions for running strong SACCOS in consultation with ACE and AMSDP	PA	May-June
	Study tour to places which have successful warehouse receipt systems and SACCOS	PA	July-Sept
How to Set up Business Platform to Sustain and Grow Chains	Undertake rapid market analysis to identify key market chain actors	CG	April
	To convene one business platform meeting involving all concerned stakeholders	CG, KP	April-June
	Follow up and monitoring	CG	April-June
	Evaluation of performance of business platforms	CG, KP	Aug
How to Extend the Network in the District	Identify stakeholders in the district through questionnaire, face to face meetings	PA, DFP	April
	Identify means of communication between network members ie. cell phones, billboards, etc	CG	May
	Documenting and sharing information between network members using mobile and internet	CG	June
	Monitoring and evaluation of network performance	CG	July
How to Organise and Run a Rural Service Company	Conduct survey on ICT providers/existing ICT business to identify viable partners	CG	April
	Identify interested people/individuals to start up a services company	CG	April May
	Convene stakeholders meeting in the district	CG	June
	Discuss the possibility of partnership or other form for the company	CG	June
	Form a common board working group to establish a rural services company	CG	July
	Consult and register the business and acquisition of a TIN number, tax clearance, licence, etc	Board	Aug

\*NOTE: CG = district core group, KP key players in market chain, DFP district focal person, MM = district market monitor, PA = partner agency, MC = market centre committees.

Figure 1. The Strong 'Client' Network of Songea District Core Group

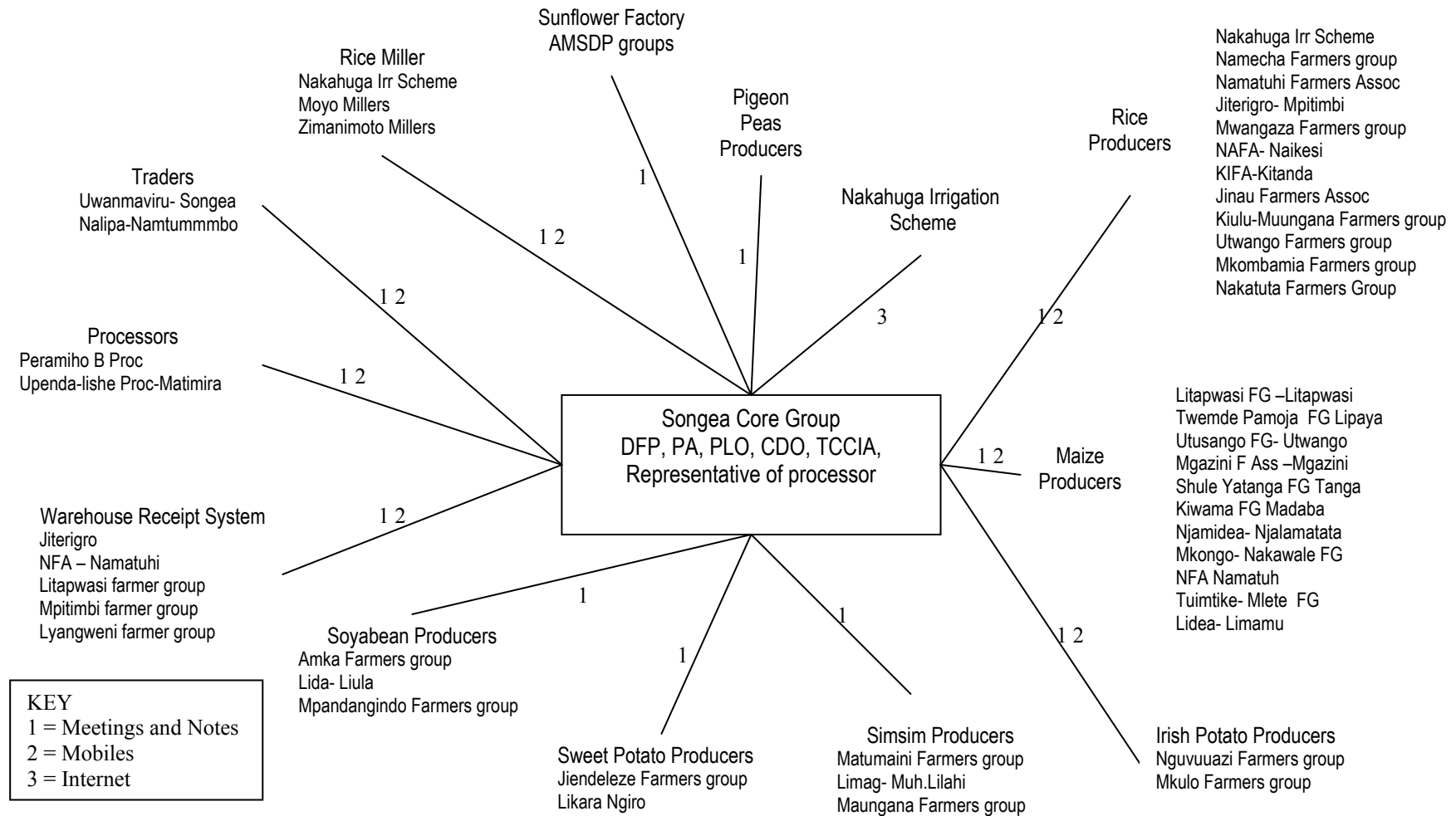
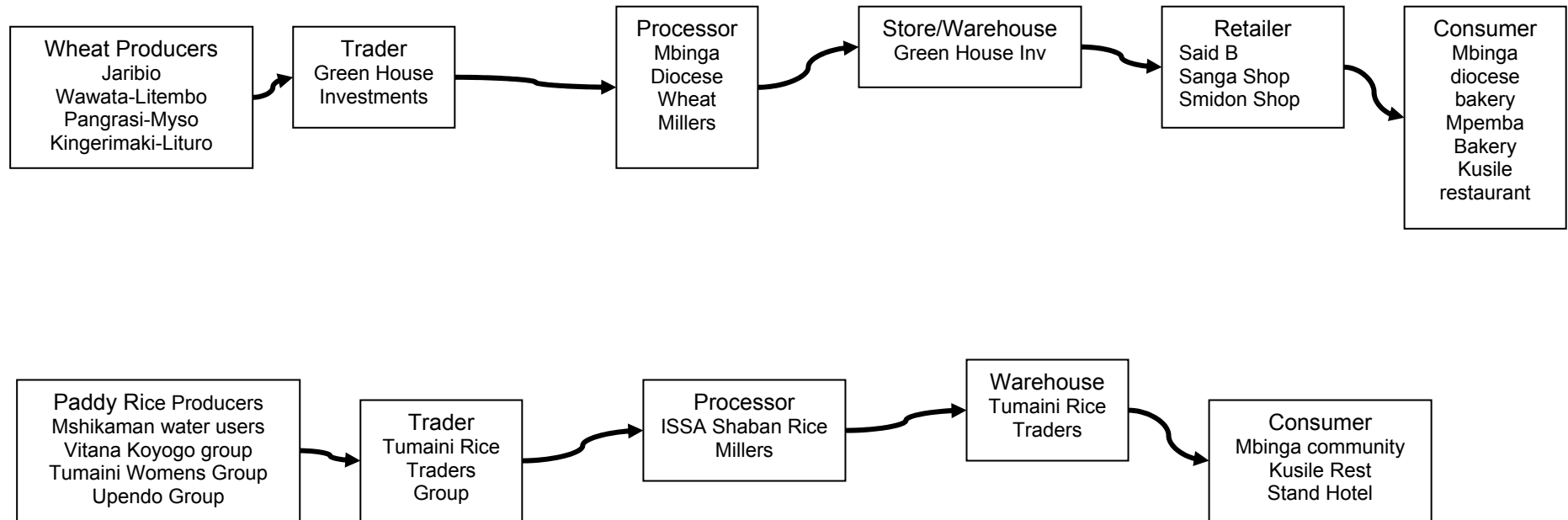


Figure 2. Well Developed Market Chains of Mbinga District Core Group



## **4. Factors Underlying the Success Stories**

### **4.1. Core groups organize themselves to promote marketing**

Core groups capable of gathering market intelligence on market demands, market chains and who the key players are were central to the successes reported here. Successful core groups went beyond information gathering to actually bringing the key players round the table where they could help broker deals and enhance the efficiency of market linkages. The successful core groups built special business platforms to promote fair trade along the market chain from producer to consumer.

### **4.2. Sharing across districts**

Immediate 'as it happens' sharing of locally relevant ideas and experiences across the districts enabled everyone to quickly invent practices that improved farmers' access to markets. Successful sharing is not just about swapping ideas. It is not just about internet exchanges either. Successful sharing over the internet starts with a face-to-face meeting. Successful sharing is about having district core groups capable of acting on the ideas they get. Core groups must be capable of trying out those ideas and inventing their own successful practices. Successful sharing is also about core groups adopting new codes of conduct or behaviour. The district core groups involved in developing the action plans reported in Table Five above decided to adopt a learning contract between them. The contract included the following commitments:

- Aim for monthly and weekly exchange over the internet
- Share any information that you find useful for other districts
- Share your plans for making trials
- Respond to the questions from other groups
- Sharing information on achievements of each activity step
- Make sure that you make real experience in the learning area on a small scale at first
- Make "wake up" call to Districts who are not responding on the exchange schedules
- Organise a reflection process by the end of the action period in September 2006.

Successful sharing also requires mentoring. Mentors are needed not just to remind core groups of their learning contract, but also, to coach the trials of new ways of working.

### **4.3. Key institutions to develop**

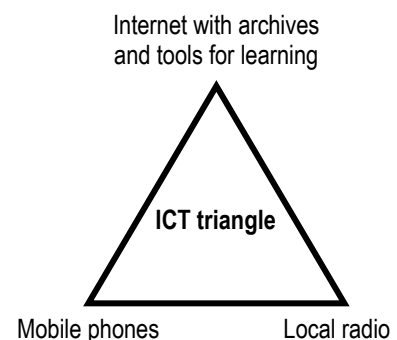
Today, many small holders in Babati District will tell of the bad old days when middle men visited their farms and bought their rice before harvest time at very low prices. They will tell of how they were forced to sell because they needed cash to buy food, or for a sick child, or some other emergency. Two key institutions supported by AMSDP have put an end to this form of exploitation: The warehouse receipt system; and the savings and credit cooperative societies. Now those small holders have joined a savings society and take their rice to a warehouse operating a receipt system. This means that they not only get a much better price for their rice when it is sold, but also can borrow cash if they have a family emergency. Being able to bulk up your crop with other farmers and sell at the right time always gives you better bargaining power in the market chain. Indeed it is often a requirement for producers to deal with bigger buyers and processors.

#### 4.4. Rapidly changing picture of mobiles, internet and radio

The communication environment is rapidly changing in rural Tanzania. The reach of mobile phone coverage is growing fast and has already outstripped by far the coverage of land lines and power grid. Rural people are already using mobiles in innovative ways, mainly for purposes of marketing and for saving transaction costs in their dealings with urban areas. For instance, Mufindi District has very successfully spearheaded the use of Wakulima Shushushus the farmer market spy. Spies remain in close contact with home village using mobiles to negotiating deals from far-away markets. Without mobiles, this would be impossible. District core groups invite key players to sit around the table and negotiate the arrangements and agreements on improved market linkages. But then the time-sensitive micromanagement to make sure that produce is at the right place at the right time in the right quantities to be picked up by the right trucks, etc., depends on fast and reliable communications over mobiles in a network that encompasses village groups and large national trading companies. Otherwise the successes of Babati, Songea and Sumbawanga would not have been possible. This happens at the local level as well. For instance in Mbeya the bulking of maize for transport to Malawi is so much more efficient when the local 'Mbalizi' trader group can stay in touch with farmer groups throughout the District through their mobiles and arrange for the pulling together of the produce at the right time. No wonder mobiles are showing up everywhere in rural areas, even when the signal can only be received on a hill a few kilometres from the village. This very recent phenomenon is fundamentally reconfiguring the links of the traditional market chains. In the course of this pilot effort it became clear that it is mostly mobiles that cover the 'first mile'.

However, mobiles only allow one-on-one communication. For learning in a network of peer-exchange an archiving function needs to be established for their ideas, good practices and success stories. The need for such internet-based platforms is now well established as witnessed by the intensive discussions among District core groups and farmer groups on [www.linkinglearners.net](http://www.linkinglearners.net). Enlarging the one-to-many communication possibilities of an internet archive is also possible using local radio. Our experiences suggest that local radio could have a major impact on marketing efforts provided the information is locally relevant and always up-to-date. Local radios can achieve this links to local learners with internet archives of locally relevant ideas, practices and stories. Using local learners in call-ins is another way to make the one-to-many connection between people living in remote areas. How to make this a powerful tool for marketing and learning remains to be learnt.

Based on the experiences so far we expect an "ICT-Triangle" to emerge for rural communication. With this in mind, the established concept of "Rural Telecenter" needs to be reviewed and updated. A crucial aspect emerging from this pilot effort is that the income increases farmers and other key players make through using ICTs for marketing suggest that the operations of these ICTs could be commercially viable. Key players such as processors and wholesalers could be approached as sponsors for helping finance ICTs in rural areas. This all suggests that market information and brokering services based on reliable ICTs will be commercially viable. Several District core groups have decided to learn how to do this.





#### 4.5. Market chain as a cooperative effort instead of everybody cheats everybody.

The far higher prices producers are getting for their crops today are not because consumers are paying more. No, they are coming from the huge savings in transaction costs being made by key players along the market chain. First of all avoiding the 'middleman' saves on all the 'commissions' as crops pass from hand to hand before they arrive at the processor or wholesaler. But more importantly producing, grading, bulking and packaging a crop of the right quality generally reduces wastage and the costs of sorting later in the chain: For instance processors and wholesalers can save the money it costs to employ their own people to go through bags of grain just to remove the stones. The Kalungu fishing group in Nkazi doubled the price of their sardines by drying them on tables rather than on the sand. Consumers prefer their sardines without grains of sand. The full story can be found at the end of this report. Farmers in Hai changed to the 'Tanya' variety of tomato to get a better price. Producers in Babati, Sumbawanga and Songea all sold more grain and got better prices because they could deliver in the required quantities to Dodoma Transport Company. The right quality and quantity of wheat was key to Mbinga core groups successful brokering of a market chain between producers, wholesaler and processor as illustrated in Figure Two above. It is only key players that want to cooperate that can enjoy the costs savings that come from trust and transparency. Giving a fair price to producers allows key players in the chain to cut costs and add value in ways that lead to win-win situations for all.

### 5. Recommendations

The first mile project ran from June 2005 to March 2006 just a little under ten months. While significant improvements have been made in the market access of some small holder producers the experience so far has been focussed and short. Only fourteen of the twenty districts have been covered. Among the fourteen only half of them have well developed networks of producer groups and key players. A number of districts in the southern zone still have great difficulty in getting adequate access to the internet. Very few if any core groups are servicing more than fifteen percent of the farmer population in their districts. The potential to expand the number of commodity chains and their volume is therefore huge. AMSDP is challenged to develop the potential of all the districts covered by the project. However, the project faces an even bigger challenge. By the time the project ends in 2009 AMSDP must have established commercially viable entities in each district that can continue to improve market linkages for small holder farmers. The commitment of the District core groups to meet these challenges can be seen clearly in the action plans they have developed in Table Five above. They want to learn how to set up a rural service company. They want to learn how to extend their networks in the district to cover more farmers and more commodities. They want to prepare business plans, get loans, set up business platforms to grow and sustain market chains, and run effective warehouses and savings societies.

Recognizing that we have a long way to go and that our experience has been short our recommendations focus how AMSDP can meet the two challenges outlined above.

1. Ensure that there is adequate follow up on the learning agenda set by the district core groups and key players in their networks as shown in Table Five above.
2. Launch a programme of capacity building for the new districts and some of the weaker old districts to catch up with the leaders especially the capacities of partner agencies to support the formation of commercially oriented core groups capable of developing market chains and engaging in internet supported peer-to-peer exchanges.

3. Ensure that core groups maintain their use of the internet learning support tools of the ‘firstmile’ team at [www.linkinglearners.net](http://www.linkinglearners.net) as part of an R&D-strategy for the future Rural Service Companies.
4. Assist core groups secure adequate access to modern ICT’s including the internet either by setting up an internet cafe or by partnering up with existing or new ICT providers in their districts.
5. Enable core groups to build large, strong networks of producers and key players in market chains as they are the clients for their future commercial services.
6. Ensure core groups develop a strong advertising concept for their services using local radio, websites, trade fairs, and village shows.
7. Allow core groups to operate as commercial entities as soon as possible through the development of income streams from other key players like processors and wholesalers and not just producers. Support SACCOS to help producers become effective clients to a rural service company.
8. Engage in a number of experiments in “Local Public-Private-Partnerships” for incubating the emergence of commercially viable core-groups as rural service companies.
9. Arrange for the establishment of backup services from the national level for district level rural service companies for: a) ensuring a stable platform of learning exchange among the Districts, b) spreading the costs of R&D to explore and establish the most useful procedures in technology, operations and financing, and c) ensuring quality standards and a measure of self regulation in the private sector of agricultural services.

The First Mile project has been a pilot effort in which AMSDP staff engaged as a mechanism to ‘operationalize’ their work on market linkages. Market linkages is just one part of a project component on producer empowerment and market linkages among five components making up the AMSDP. Those involved in firstmile had many other tasks and duties to attend to. Furthermore even in the best of Districts, there has not been a consistent drive to include as many producers and key players as possible. And yet this pilot effort has achieved surprising and in some instances even stunning success in creating income among farmer producers. What savings the large trading companies and the processors are achieving we do not know but suspect they are similarly surprising. This means that the chances are very good, that this effort has stumbled upon a possibly huge potential for creating income in rural areas in a way that is commercially viable and therefore sustainable. Add to this the fact that the ICT explosion in rural East Africa is being used by rural people to make the connections for earning income, and we have the makings of a creative environment that could help to break out of rural isolation and poverty. This pilot effort also shows a broad range of achievement from one District to the next, suggesting there is a lot to be gained through peer-exchange. Finally, the fact that most District core groups are seriously considering going commercial through the launching of Rural Service Companies gives a further indication that AMSDP could produce commercially viable market information and brokering service operations at the District level. However, a lot of operational, financial and technical R&D remains to be done within a learning environment of exciting peer-exchange. This would have to include how these district level companies can be backed by service operations at provincial or national level. These, we feel, are the challenges for any follow-up of this initial First Mile effort.

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Clive Lightfoot, Anne Dennig and Ueli Scheuermeier. March 2006.

*Copies of all reports are available on [www.linkinglearners.net](http://www.linkinglearners.net) 'firstmile' team*

## **ANNEX: Interviews<sup>3</sup> with Firstmile Project Participants on Impact**

### **Impact on Access to Markets**

“Yes the farmers have better access to the markets because they use the mobile phone. Some are trying or have already opened an email address and will use this for the next season because they will see that a mobile phone limits them when finding a market outside that area. So when you use the mobile phone you have to know who you are going to contact but when you use the email you can spread more information without knowing who are going to, especially with the LLL system.”

*Michael Matambe, District Focal Person Mbeya District.*

“We have achieved access through giving the farmers hand sets they can use to communicate with the market places and the traders. Also we have introduced the market centres in our local areas we have five groups which have thirty members each. So from there we have 150 members who are in this programme. The income has increased because they sold more and this income also goes to the particular households in the groups.”

*Seme Anyubatile, District Focal Person Mbarali District.*

“The farmers now see the importance of having bulking centres instead of everyone selling on his own and fortunately this coincides with the introduction of the warehouse receipt system which in conjunction with bulking centres will assist very much in increasing the price and increasing the earning of our farmers. Our farmers have also seen the importance of working in groups; previously everyone was working on their own. We have seen the importance of coordinating the information within their groups and also seeking for market information from outside. They have seen the importance also of using the Internet. Therefore one of our groups has an e mail Internet address, which will be used assisted by myself because it is a new address and the person is not yet very competent of using the Internet. So I will be assisting him in opening the internet and conveying information to the Nakahogo group which is a paddy group in Songea. The information received from the Internet is printed out and taken to the groups and then the reaction is sent back to me and put again into the Internet.”

*Job Eliushi Mushi, Partner Agency in Songea District.*

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<sup>3</sup> Interviewed by Anne Dennig made at the First Mile Assessment Workshop. Morogoro, Tanzania, March 22<sup>nd</sup> - 24<sup>th</sup> 2006.

## **ANNEX: Interviews with Firstmile Project Participants on Impact**

### **Impact on Crop Production and Incomes**

There has been change especially for maize. The farmers, they have used a warehouse system to store their produce so that they can gain more profit than when they were not using the warehouse system. For example this year about 15 producers stored their maize in the warehouse about 22.5 tons. After six months they gained a profit as they sold this for 5.2 million shillings. This is a profit because before they were selling their produce at a farm gate price to the middleman and getting less than 2.1 million shillings for the same amount of produce. So they are getting more than twice the amount. They have gained a profit and they have gained an increase in their household income.

*Michael Matambe, District Focal Person Mbeya District.*

Yes because farmers when they sell for their profit they increase the size of their farms and they can get farm input easily. So there are changes in production. We have not so much changed the type of crops but the quantity has increased.

*Seme Anyubatile, District Focal Person Mbarali District*

Through the Core group we managed to communicate to a buyer of pigeon peas in Arusha who gave us some seed which was used by the Songea farmers groups, who then managed to produce them. Eleven tons were sold and farmer groups for the first time from this new cash crop realised 2.9 million shillings which is something that was different from previous experiences. This experience has increased the morale for producing this new crop as an alternative cash crop to tobacco which was previously a cash crop in Songea. Also our farmers have realised more money because the production cost of these pigeon peas is around 68 -70 shillings per kg, compared to maize which is almost 100-120/= per kg. Therefore the difference makes more earning for a farmer who produces pigeon peas than that farmer who produces maize. Last crop season our farmers realised about 200,000/= income compared to the previous years when they just depended on maize and tobacco which was less.

*Job Eliushi Mushi, Partner Agency in Songea District.*

## ANNEX: Short Stories of Improved Access to Markets for Small Farmers

### Improving Producer Prices with Contract Farming: Soyabean in Sumbwanga. By Wilbrod Kansapa and Hosea Mwaisaka, Sumbawanga District Core Group

The Sumbawanga core group brokered a contract between two soyabean producer groups Kiwasoka and Nautipa and a large trader Farm Com (T) Ltd. Before the contract each group was producing every year a total of 1.2 tons or ten 120kg bags of soyabeans. Both groups have around thirty members of which one third are women. Last season the farmers sold their soyabeans for 350Tsh per kilo earning 420,000 Tsh. In their contract with Farm Com the price for this 2005/06 season's crop will be Tsh 450/kg. Their contract also calls for a large increase in soyabean production. In total the two farmer groups have planted some nineteen hectares of soyabeans from which they are under contract to sell 28.5 tons to Farm Com. According to the price stated in the contract of Tsh.450/kg, farmers expect to earn Tsh 12,8 million. When they deduct the cost of seed given to them on credit by Farm Com they will have a gross income of Tsh 12.4 million.

How did this contact come about? Farm Com (T) Ltd, is a new company operating in Tanzania, Kenya and Uganda. Farm Com met with representatives from some of producer groups in Mbeya during the 2004 'Nane Nane' show. During their conversation Farm Com showed an interest on buying soy bean from Sumbawanga. RUDECT, the Partner Agency in the Sumbawanga core group, assisted the communication between Farm Com and the farmer groups. When the company came to Sumbawanga and met with soyabean producer groups the core group assisted them enter a preliminary contract with Kiwasoka and Nautipa producer groups.

In the contract producers in the two groups were given improved soy bean seeds on credit as well as free technical assistance from the Farm Com agricultural extension officer. This officer provides assistance on improved crop husbandry to the groups in order to make sure that a high quality crop will be produced. Before signing the contract, members of the groups also were given knowledge on the contract farming such as: mutual understanding of terms of reference, and sharing of common interest of product output.

### A Market Spy (Shushushu) Can Improve Market Access: Mufindi Experience By Nuswe Nanzali and Joha Kamballah, Mufindi District Core Group

Mwawama group is a group of some thirty farmers at Magunguli village in Mufindi District dealing with production of beans, paprika and potato. Before 'Firstmile' farmers were selling these crops individually to middlemen traders and therefore could not enjoy the economy of size. During that time, farmers had little bargaining skills and were not aware on gross margin calculations for various crops, hence, they were obliged to accept any price set by traders and run in loss without knowing. After 'Firstmile', market investigators (Wakulima shushushu) were empowered through trainings on marketing skills, such as bargaining skills, gross margin calculation, cultivation of high value crops eg paprika and selling together in order to enjoy economy of size.

In 2004, before the market spies were trained, the Mwawama group earned six million Tsh from the sale of their beans, potato and paprika. The market spies obtained in the September to December 2005 season the following sales for these crops:

Crop	Quantity	Price	Income (Tsh)
Beans	15,620 kgs	617/= per kg	9,637,540/=
Potato	140 bags	27,229/= per bag	3,812,060/=
Paprika	2,213 kgs	966.23/= per kg	2,138,266/=

Mwawama group farmers received a gross income of fifteen and a half million Tsh from the sale of their crops. The market spy increased their incomes by just over nine and a half million Tsh!

In doing their work they found that access to markets is reduced because most farmers produce does not meet market requirements in quality, quantity and efficiency. Also farmers do not have enough capital of their own for inputs like fertilizer and good seed. The Mufindi core group are now helping the Mwawama group establish a saving and credit union or association based on rotational savings and credit. The core group is also challenged to change farmers' altitude towards commercial farming to meet marketing need which cannot be done within a short period. Lastly, the core group will bring together potato producers, transporters and traders in a potato marketing chain to discuss together a better way for profitable business in a market chain.

**Warehouse Receipt Systems Can Increase Farmers Income: Iwindi Farmers Experience**

*By Michael Matambi and Nicolous Malema, Mbeya District Core Group*

With the assistance of the Mbeya core group Iwindi farmers used Iwindi warehouse to store the maize and wait for a good selling price in the 2005/06 season. The core group brokered a link with a trader from Malawi (Kasumulu) brought the maize. A total of 22.55 tons produced by thirteen farmers was stored for six months from August 2005 to January 2006. During harvesting the farm gate price was Tshs. 107/= per kg and after six months the price increased by over one hundred percent to Tshs. 233/= per kg. By selling later at a higher price farmers got an income of 5,2 million Tsh instead of 2.4 million an increase of 2.8 million Tsh!

This was a considerable achievement since had the farmers sold their maize at harvest they would have made a loss of Tsh 15/= per kilo because it costs the farmer Tsh 122/= to produce maize and the buying price was Tsh 107/= per kilo. At the higher prices of Tsh 233/= per kilo six months later farmers were able to make a profit of Tsh 111/= per kilo. In addition the possibilities of crop theft were reduced since all their maize was stored in a warehouse. A spin off benefit to three producers who stored their product in warehouse was to become members of the Jiendeze SACCOS. The SACCOS now has an email address [jiendeze1998@yahoo.co.uk](mailto:jiendeze1998@yahoo.co.uk) to link with other traders. With the extra income farmers have improved their standard of living by:

- Buying Dairy cattle
- Establishing paddy cultivation
- Rehabilitating their houses
- Increasing their shares, deposits in the SACCOS.

While using the Warehouse receipt system increased their incomes their experiences were not all positive. The delayed implementation of the warehouse system led to few people to using it (only thirteen members of this SACCOS). Failure of the Jiendeze SACCOS to get a loan from the financial institution contributed to low membership of the warehouse system. Delayed provision of insecticide to the warehouse resulted in a second treatment with insecticides so doubling the costs. To overcome these problems farmers recommend that: 1) the warehouse system start early in June during the harvesting period; 2) arrangements for SACCOS to get Loan from financial Institution should be made early; 3) bags for storing maize to be standard; 4) proper space be made for treating maize before storing; 5) repetition of awareness meeting to farmer about importance of warehouse be made; and 6) SACCOS to fetch the buyers using modern way by advocating through their email address.

**Starting New Enterprises Can Increase Incomes: Experiences in Hai**

*By Kain Mvanda and Matilda Foi, Hai District Core Group*

Flower Seeds: Hai core group assisted farmer groups from Shirimugungani Village enter into contractual agreement with exporter 'Maua Arusha' to produce flower seeds this season. A total of 19 farmers committed to engage in the production of flower seeds. They were given seeds to be sown in 8 acres. From the eight acres they produced 1,600 kilos of flower seed. The contracted price per kg was Ts 3,000, therefore the gross income per acre was Tsh 600,000. The actual cost to be incurred in one acre from the period of cultivation up to the harvest was Tsh 30,000 in average. So, farmers made a



gross profit of Tsh 570,000. If we compare with the maize farmers grew on this land the farmer can produce 8 to 10 sacks in one acre. The cost of production per acre is Ts 170,000 but his sales per acre range from Tsh 96,000 in high season to Tsh 240,000 in low season. This means that the same farmer makes a loss when he/she opts to sell in the high season and only a small profit Tsh 70,000 in the low season. Most of farmers sell their maize in high season when the price is low. Moving from maize to flower seed the farmers made an additional half million shillings per acre.

Mushrooms: Hai core group arranged for 151 farmers from 14 groups to be trained on technical aspects of producing mushrooms. On December 2004 the production was 20kgs per week. To date the production d raised to 64 kg per week. The core group brokered a deal for 36 farmers to sell 20 kgs per week to Shoprite Supermarket in Arusha for Tsh 4,000 per kg. There were other Markets found in Hotels and other supermarkets in Moshi. The major constraint is the packing materials, equipments and high cost of transport when targeting the Supermarket markets. By March 2005 108 farmers from Umui, Mungushi and Shiri Women's groups had sold eight tons of mushrooms for Tsh 310,000.

Safflower production: In this season 156 farmers from the Uumi, Kawaya, Ngusero and Langoi farmer groups from Magadini village entered into contractual agreement with Quality Food Company Limited to produce Safflower. The expected yield per acre is about two 100kg sacks. The contracted price this year is Tsh 2000 per kg which leads to expected income of Tsh 400,000 per acre. This is drought resistance crop which planted during short rains in March and the total cost of production for one acre is Tsh 35,000 only. The crop does not occupy the plot the whole season so the farmer can grow other crops such as beans from September to February. The farmers committed themselves to cultivate 100 acres this season and expect to produce around 19 tons for which the will earn roughly thirty eight million shillings.

**Larger Marketing Associations Can Improve Market Access: Mbeya AMCOS**  
By Michael Matambi and Nicolous Malema, Mbeya District Core Group

Mbonzo Agricultural Marketing Cooperative Society (AMCOS) is among the AMSDP groups that the Mbeya District core group has managed to help improve access to larger markets. Mbonzo AMCOS collected and sold for its members a total of 3,100 tons of maize and 350 tons of beans from November 2005 to February 2006 from Mbeya, Rukwa and Iringa. The details of these transactions in the form of quarterly sales reports for maize and beans are as follows:

Product	Month	Amount	Price/ton	Total Sales	Market
Maize	November 05	300 tons	225,000/=	67,500,000/=	Kasumulu to Malawi
	December 05	500 tons	300,000/=	150,000,000/=	Tunduma to Zambia
	January 06	1,500 tons	360,000/=	540,000,000/=	Kasumulu to Malawi
	February 06	800 tons	350,000/=	280,000,000/=	Kasumulu to Malawi
Beans	November 05	100 tons	700,000/=	70,000,000/=	Tandale, DSM
	December 05	120 tons	850,000/=	102,000,000/=	Buguruni, DSM
	January 06	80 tons	900,000/=	72,000,000/=	Tunduma to Zambia
	February 06	50 tons	900,000/=	45,000,000/=	Tandale, DSM

Mbeya core group help the members of Mbonzo AMCOS register with Ministry of Industry and Marketing. Also they helped improve their linking with markets by using e-mail instead of only mobile phones. The Cooperative society has now increased it members from twenty six to fifty four producer groups. They now have their Reg. Number 615 and have an email address: [mbonzo.amcos@yahoo.co.uk](mailto:mbonzo.amcos@yahoo.co.uk) . The marketing cooperative uses it size to export their commodities to Zambia and Malawi.

**Higher Quality Brings Higher Prices –  
Nkasi Sardine Story**  
*By Salvatory Mayoka and Pirmim Matumizi, Nkasi  
District Core Group.*

The Nkasi district core group have been working on improving market linkages in their area. Our core group includes the District Focal Person, District Trading Officer, Partner Agency, traders, producers and transporters. At our first meeting we selected the commodities for starting the market chain activities. Maize and sunflower were the crops selected for the Ufipa plateau while for Lake Tanganyika shores paddy rice and sardines were selected. This story concerns our work with improving the marketing of sardines.



We selected to start with the improvement of the quality of sardines because it can attract cross-border traders and higher prices. A team from the AMSDP core group accompanied project coordinator Mr A Majollo in visiting fishing camps in the islands of Lake Tanganyika. Along Tanganyika shores we visited three groups: Akiba Haiizi, Mzalendo and Ufipa, dealing with sardines. Each of the groups had about thirty members half of whom were women.



The marketing situation before starting marketing linkages was bad. Fisherman had no access to market information. The price was very low and the fishermen were not well organized. They were simply drying and selling sardines (dagaa) directly to the middlemen who visited their village. The middlemen then ferried the dried sardines to

buyers in Sumbawanga for sale in Rukwa, Mbeya, Ruvuma and Dar es Salaam. Some of the sardines were also sold in Congo DRC, Zambia and Burundi



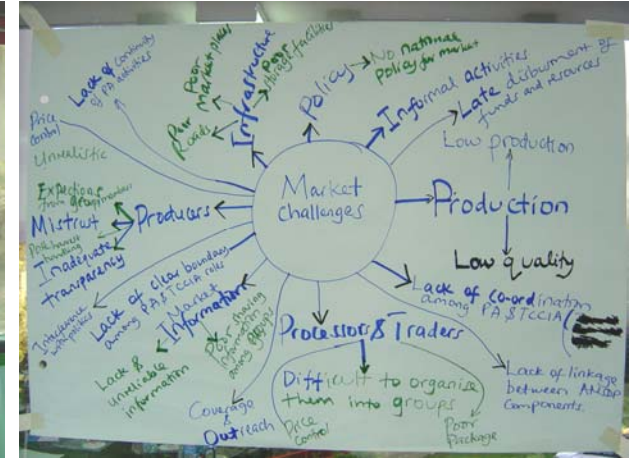
Traditionally the fishermen dry their sardine catch on the sands in the open air on the lake shore (as seen in the photo above). Fish dried in this way adhere with the sand and because consumers do not like sand dried fish they fetch a very low price. The core group trained the fishing groups in how drying fish on tables off the sand would increase the quality and value of their dried sardines. The fishing groups saw how this technology could add value to their sardines and immediately started constructing drying tables (as shown in the photo below)



The improved method of drying (seen in the photo above) has improved the value of the fish. The result of drying the fish on these driers instead of on the sand led to the sardine prices shooting up from 600/ shillings per kg to 1500/ shillings per kg; more than a doubling in price.

**ANNEX: Photo Record of the Capacity Building Events**

Exploratory Workshop, Arusha June 2005



Training of Trainers Course, Arusha, June 2005.



Training Course on Using the LLL Internet Learning Support Service, Arusha, July 2005



First Mile Assessment Workshop, Morogoro, March 2006



First Mile Assessment Workshop, Morogoro, March 2006

