

SOUTHERN NEW HAMPSHIRE UNIVERSITY

AND THE

OPEN UNIVERSITY OF TANZANIA

MASTER OF SCIENCE IN COMMUNITY ECONOMIC DEVELOPMENT

(2007)

CAPACITY BUILDING OF THE UWAMALE FARMERS' GROUP AT

LEKITATU VILLAGE

WALTER ERNEST SWAI

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***“A PROJECT REPORT SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE MASTER OF SCIENCE IN COMMUNITY
ECONOMIC DEVELOPMENT IN THE SOUTHERN NEW HAMPSHIRE
UNIVERSITY AT THE OPEN UNIVERSITY OF TANZANIA”***

WALTER ERNEST SWAI

SUPERVISOR'S CERTIFICATION

I, FELICIAN MUTASA, have read and hereby recommend for acceptance a project report titled "Capacity Building for the UWAMALE Farmers' Group at Lekitatu Village".

.....
F Mutasa

Signature

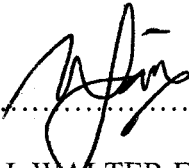
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DECLARATION BY THE CANDIDATE

I declare that this is my own original work, and that it has not been submitted for a similar degree in any other University



.....

SWAI, WALTER E.

JANUARY 2007

DEDICATION

This work is dedicated to my wife (Rhoda), my sons (Rodney and Brian), my mother (Ufoo) and to all those who strive for the development of the poor communities around the world.

ACKNOWLEDGEMENT

- I would like to acknowledge the host organization TIP, for accepting my proposal and include it in their work plan and budget for implementation. Specifically, my sincere thanks go to Dr I.H. Kawa (Executive Director), Ms Loyce Kaitira and Ms Asha Muya for their valuable assistance throughout the course of implementation.
- UWAMALE group members and their leaders have been very instrumental in planning and implementing this project. The degree of acceptance was immense and to me this was their work.
- The effort by my Supervisor, Mr Felician Mutasa, is highly appreciated. Critical comments and constructive suggestions made this output possible. In the same tune, my profound gratitude is extended to the Program Director - Michel Adjibodou, Program Coordinator – Ms Rukia Masasi and the entire CED staff at the Open University of Tanzania for their tireless efforts in making the CED Program a great success.
- The Management of the Agricultural Marketing Systems Development Programme (AMSDP), particularly the Programme Coordinator Mr Nathaniel Katinila (late) will always be remembered for allowing me to participate in the CED Program despite the ever demanding work schedules.
- My classmates (CED 2005-07, Arusha Center), your criticisms and suggestions helped improve this work and to all of you I am greatly indebted.
- Lastly, my work colleague and classmate – Musa Mohamed Msakamali. You brought the CED Program idea to me. I highly appreciate your convincing power. Thank you.

ABSTRACT

UWAMALE Farmers' Group constitutes a force of 30 members (9 women, 21 men) with the potential of reaching a membership base of 300 in the very near future. The Group is located at Lekitatu Village, Usa Ward, Poli Division in Arumeru District. It was formed with the aim of combining individual efforts to penetrate the market and also to try and reduce some transactions costs with the objective of increasing productivity and income.

During the community needs assessment carried out in December 2005, it was revealed that low income is the main problem among the members. Further analysis attributed this problem to lack of marketing skills. The Group has received assistance through the River Basin Management and Smallholder Irrigation Improvement Project (RBM-SIIP)¹, which carried out a substantial rehabilitation of their irrigation infrastructure. The Group is also benefiting through training provided by the Traditional Irrigation and Environmental Development Organization (host organization).

This project aimed at strengthening the UWAMALE group through selected areas of capacity building (training) in order to hasten achievement of the desired benefits, which are primarily vested in increased income and food security.

¹ A World Bank funded Project which was implemented under the Ministry of Agriculture, Food and Co-operatives

ABBREVIATIONS AND ACRONYMS

AGOA	African Growth and Opportunities Agreement
AGSF	Management, marketing and Finance Service
AMSDP	Agricultural Marketing Systems Development Programme
BoT	Bank of Tanzania
CBO	Community Based Organization
CED	Community Economic Development
CEDPA	Center for Development and Population Activities
CIAT	Centro Internacional de Agricultura Tropical (International Center for Tropical Agriculture)
CNA	Community Needs Assessment
EBA	Everything But Arms
FAO	Food and Agriculture Organization
FPMR	Farmer Participatory Market Research
GATT	General Agreement on Tariff and Trade
GDP	Gross Domestic Product
IFAD	International Fund for Agricultural Development
ILD	Institute of Liberty and Democracy
Kg	Kilogram
LCDs	Least Developed Countries
M&E	Monitoring and Evaluation
MDGs	Millennium Development Goals
MKUKUTA	Mkakati wa Kukuza Uchumi na Kuondoa Umasikini Tanzania

MKURABITA	Mpango wa Kurasimisha Rasilimali na Biashara za Wanyonge Tanzania
MT	Metric Tons
NSGRP	National Strategy for Growth and Reduction of Poverty
PADEP	Participatory Agricultural Development and Empowerment Project
PBFP	Property and Business Formalization Programme
PRA	Participatory Rural Appraisal
RBM-SIIP	River basin Management and Smallholder Irrigation Improvement Project
SACCOS	Savings and Credit Cooperative Society
SNV	SYNOVUS FINL CP (Netherlands Development Organization)
TASAF	Tanzania Social Action Fund
TIP	Traditional Irrigation and Environmental development Organization
Tsh	Tanzanian Shillings
TTL	Task Team Leader
UNCTAD	United Nations Conference on Trade and Development
URT	United Republic of Tanzania
US\$	United States of America Dollar
UWAMALE	Umoja wa Wamwagiliaji Maji Lekitatu
VEO	Village Executive Officer
WTO	World Trade Organization

EXECUTIVE SUMMARY

This report looks at the Capacity Building Project for the UWAMALE farmers group at Lekitatu Village, Usa ward, Arumeru District in Arusha region. This is a group of 30 people (9 women, 21men) who are basically rice growers. The objective of the group is to increase paddy production and ensure profitable market for the produce.

A Community Needs Assessment was carried out in November 2005. This was done on realization that the group had been experiencing a downward trend in profitability over time which led to deterioration of the living standards of the group members (and the entire Lekitatu village community). Farming is done at subsistence level although the farmers have been striving to produce surplus for sale. A project was identified in collaboration with the host organization (TIP) to address the issue of profitability through provision of training on entrepreneurial knowledge and skills to the farmers.

Literature review reflecting on promotion of agro-enterprises was done. This entailed reviewing of theoretical literature on the subject, empirical literature (selected case studies of similar interventions), as well as local and global policies and strategies. Literature reveals that there is untapped potential particularly in the informal sector that needs to be looked into in order to improve the living standards of the rural poor.

The goal of the capacity building project is to increase income and food security of the Lekitatu community. The project seeks to improve knowledge and skills in entrepreneurship of the group members. Specifically, the project aimed at training

members in group dynamics, market research, business skills (bargaining, quality control, market information), and selection, design, implementation and management of agro-enterprises (comparative advantage through Gross margin Analysis). The expected output is a market-oriented group i.e. a group that produces for the market.

Implementation and monitoring and evaluation of the project were done from September 2005 to December 2006 in collaboration with the host organization. This was done in a participatory manner. Although the timing of the scheduled activities was interfered with other undertakings, eventually the plan was accomplished successfully.

Results of the project are very positive with regard to beneficiary perception and understanding of the entrepreneurship concept. It was revealed that production had increased and so was the profit from the surplus sales. The group members confessed to have changed their way of doing things i.e. from business as usual to business unusual. The group members are now applying gross margin analysis, can negotiate and where necessary sale collectively, a practice that has seen a sharp rise in profit.

The project ensured a built-in sustainability strategy of the observed early effects. This considered financial, technical and socio-cultural dimensions. Sustenance of the observed growth will ensure achievement of the desired economic development for the members.

It is concluded that if farmers are equipped with the necessary knowledge and skills, they can make a remarkable change in the lives. No handouts are required if real community

economic development is to be realized. Problems of the rural poor cannot be solved by anyone but themselves. All efforts should be aimed at strengthening their capacity for independent action.

It is recommended to train the rural poor particularly the producers to operate as entrepreneurs. This entails understanding of their environment and available resources to operate profitably

Local Government Authorities should strive to improve access to market information services by the small-holder rural producers. This will enhance their capacity in avoiding cartels of traders who are relatively well informed.

Achievement of the Tanzania Vision 2025 calls for deliberate multi-sectoral interventions. This will ensure a win-win situation in the pursuit of various local, regional and global policies and strategies e.g. the National Strategy for Growth and Reduction of Poverty and the Millennium Development Goals.

Local study tours/visits should be planned for the group members to enhance their knowledge and skills in selecting, designing and managing agro-enterprises. This should be coupled with efforts to increase membership and initiate formation of a SACCOS for expanding the group's capital base.

The observed successes require an in-depth impact study to correctly attribute the changes to the various on-going interventions. The study report should provide area specific recommendations for concentration of efforts directed towards improving living standards of the rural poor.

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CHAPTER ONE

1.0 COMMUNITY NEEDS ASSESSMENT (CNA)

Community needs assessment has long been an important community development tool. It identifies unmet needs in the community; provide evidence for support through various interventions. It is both a process and a method. As a process, it can build leadership, group cohesion, and a sense of local involvement in the community (Israel et al, 1995). As a method, needs assessment is a tool that helps a community plan for and implements strategies in development interventions. In this study, CNA was thus used to answer the question “why this community” and hence provides a snapshot of the prevailing problem and possible solution.

1.1 RESEARCH DESIGN

The CNA design was based on a group of 30 members. The design was pegged on the principals of longitudinal (cohort) survey to enable a repeater assessment after approximately one year of implementation. The design would thus portray the expected changes within the same section of beneficiaries after developing their knowledge and skills on selected areas.

1.1.1 VALIDITY

The validity of data/information to be generated is based on triangulation consistency in secondary and primary data collection methods. It was important to ensure that the data or information generated referred to the truth rather than a mere representation of wishes and expectations.

1.1.2 RELIABILITY

Reliability was ensured through authentic participation of the group members in the discussions and ultimate decision making for collective benefits. Ranking of identified problems was a good method to ensure that the decision reached will address the root problem.

1.2 METHODOLOGIES

1.2.1 IDENTIFICATION OF THE COMMUNITY BASED ORGANIZATION

The CBO was identified through a local NGO that works with several CBOs in enabling them to achieve their objectives. The selection of the UWAMALE farmers' group was based on a visit to the area of operation after consultation with the host organization management. The visit revealed that the CBO is suitable for the intended objective of this research.

1.2.2 SECONDARY DATA COLLECTION

This was done with as an exploratory phase of the Community Needs Assessment. It assisted in getting initial ideas of the existing situation and hence formed the foundation of the CAN checklist. It supplemented the concept and ideas behind the expected areas of intervention for the UWAMALE group and the Lekitatu village at large. Secondary data revealed a number of opportunities that the researcher would make use of in the course of implementing the project. Secondary data collection looked at the following selected documentation:

- Constitution of the UWAMALE farmers' group:
- Work plan and Budget of the host organization (Traditional Irrigation & Environmental Management Organization - TIP):

- A report on ‘Impact Assessment of the River Basin Management and Smallholder Irrigation Improvement Project (RBM-SIIP) (Ministry of Agriculture and Food Security)

1.2.3 PRIMARY DATA COLLECTION

This entailed the actual field work for data collection. During the primary data collection, the researcher and field officers from the host organization visited the UWAMALE group at Lekitatu village aiming at putting together ideas from the secondary data with the actual situation on the ground for a more complete scenario to enable rational informed decisions.

This involved:

1.2.3.1 Interviews/Discussions

The assessment was carried out in a form of a group PRA which was guided by a checklist (Appendix 6). This group PRA was essentially a mixed-method design. The qualitative segment (focus group discussion) was selected to provide the researcher with the relevant issues to be explored and addressed. The choice of the focus group discussion took into consideration the fact that the group members have a defined common objective and share similar challenges in the production and marketing of their produce. Guiding qualitative information (Table 1) was obtained and formed the basis of the training package.

Table 1: Summary of Qualitative Segment (Focus Group Discussions) Results

S/NO.	CHECKLIST ITEM	RESPONSE	NARRATION
1	Participatory market research techniques	NEVER PRACTISED	"We have not been exposed to this approach. We are not sure how it works but since our problem is marketing; there is no harm in trying all possible means to make it better".
2	Market Outlets	UNPREDICTABLE	It was unanimously concurred that there are no "known and assured" markets for the produce. "We have buyers from various places who normally come with fixed prices for our produce"
3	Profit Margins	NO FORMAL WAYS OF PROFIT AND LOSS CALCULATIONS	"We normally shy away from keeping records as sometimes they discourage us", lamented an elder member of the group.
4.	Bargaining (individually, collectively)	YES, BUT NOT STRONG	"Some of us cannot sell together because our produce differs in quality and even quantity. We just have to sell as individuals. In fact, this has been a problem as some of us felt that being in a group is not that important".
5.	Participatory monitoring and evaluation	NOT PRACTISED	There are no formal ways of doing monitoring of their production and marketing activities. There are no targets or focused plans for follow-up and improving on results.
6.	Other concerns	YES, VARIOUS	<ul style="list-style-type: none"> • lack of capital • poor health and educational facilities • HIV/AIDS pandemic • Inadequate inputs

Source: Community Needs Assessment Results

1.2.3.2 Physical Observation

A rapid transect walk was done to confirm the results of the previous more detailed transect walk by the host organization PRA team. This revealed the dominant farming system (mixed farming) in the area, housing conditions and land use patterns. It is characterized by agricultural practices including crop as well as animal husbandry. 90% of the population practice agro-pastoralism, while the remaining 10% is engaged in other income generating activities. The village has a gentle slope, sloping towards the riverbanks. A big portion of the village is a flat terrain, where paddy is grown in blocks. There are two distinct soil types viz. clay boons (Black and cracking Soils) which are used to grow paddy and sand clay loams used to grow maize, beans, bananas and vegetables

1.2.3.3 Stakeholders' Analysis

The group is working with various stakeholders. These include: -

- i) The RBM -SIIP (a World Bank funded Project)
- ii) The Village Government (Lekitatu)
- iii) The Agricultural Marketing Systems Development Programme (AMSDP)
- iv) The Lekitatu Village Community

It was evident that the group had previously been exposed to various interventions which basically aimed at improving production. The farmers were left to identify potential market outlets, an approach which could not effectively bring the desired improvement in income generation.

Table 2: Roles of the Different Stakeholders

Stakeholder	Participation	Evaluation	Impact of Participation	Rate	Plan
RBM-SIIP	Rehabilitation and construction of irrigation infrastructure	High	Increased productivity/yield per unit area	Positive	Maintenance plan and its sustainability by the community
Village Government	Institutionalization and enforcement of by-laws	High	Sustainability of the system	Positive	Ensure the by-laws are observed
AMSDP	Training and provision of knowledge and skills on agricultural produce marketing	High	Increased profitability	Positive	Revisit the training needs assessment for the group members
Lekitatu Village Community	Market outlet (Primary)	Medium	Improved food security and nutritional status	Positive	Community sensitization to participate in economic group activities

Source: Community Needs Assessment Results

1.2.4 DEMOGRAPHICS

1.2.4.1 Location

UWAMALE² is a Community Based Organization at Lekitatu village, Usa Ward, Poli Division, Arumeru District in Arusha Region. Lekitatu is one of the three villages in Usa River Ward. Other villages are Usa River and Manyata. It is 28 km from Arusha town. It boards Old Arusha-Moshi road to the North, Makumira river to the West, Ngaresero river to the East and the confluence of the two rivers to the South.

1.1.4.2 Group/Community Profile

Currently the group has 30 members (9 women, 21 men). The group is intending to grow to a total potential membership of 300 in the next five years. The number of households at Lekitatu village is standing at 260 whereas the closest marketing co-operative society is at a distance of 15-km i.e. Poli Rural Cooperative Society. The main objective of the group is to

² Umoja wa WAmwagiliaji MAji LEkitatu

increase paddy production and ensure profitable market for the produce. This is expected to improve and sustain the livelihoods of members and their families through increased income. The strategy of achieving the objective is vested in the multiplication of efforts in combating various problems facing the individual rice growers. The assumption is that collective efforts and responsibilities would ensure a sustained strategy towards optimum use of water and good prices of resulting produce in both local and external markets. This will enable the group to achieve its objective of increasing productivity and profitability.

1.2.4.3 Other Relevant Data

Population: There are 3450 people at the village (1450 men, 2000 women)

Income: Generally characterized by low income levels (less than a dollar a day)

Arable land: 600 ha (rainfed is approximately 400 ha while 200 ha is under irrigation). Total village area is 826.58 ha.

1.2.4.4 Major agricultural crops production and prices

Major crops grown in this village include paddy, maize, and beans. Yields and prices recorded are as follows:

Table 3: Yields of Major Crops

Crop	Production (Bags/acre)	
	Baseline (Average)	Potential
Paddy	15	40
Maize	10	30
Beans	12	30

Source: Community Needs Assessment Results

Table 4: Baseline Prices

Crop	Price (Tsh/Bag)
	Baseline (Average)
Paddy	20,000
Maize	12,500
Beans	20,000

Source: Community Needs Assessment Results

Table 3 reveals that there is a very big potential to be tapped in production. It was also realized that, the prices being offered for the available produce are very unstable and on the lower side (Table 4).

1.2.4.5 Social Factors

1.2.4.5.1 Beliefs, customs, traditions and habits

The normal cultural beliefs that prevail in many such rural settings also prevail in Lekitatu. These include such issues like gender discrimination where men are prevailing in all economic ventures. Moreover, educational levels are low since formal education is not given much consideration as a tool in bringing about positive changes.

1.2.4.5.2 Family and Social Structures

Families are characterized by the traditional hierarchy where fathers are heads (patriarchal). Family sizes are bigger than what gets into the family as income. This imbalance brings about a number of problems when it comes to access to education as well as health facilities. The village does not have good social structures (roads, houses, health facilities, electricity) and hence the villagers have to rely mostly on traditional ways to alleviate their social problems (use of donkeys for transport, firewood for fuel, traditional medicines etc).

1.2.4.5.3 Ways of addressing problems

The village is governed through the Village Government where the Village Executive Officer (VEO) is in charge. This is an employee of the Local Government. The VEO works in close collaboration with the village chairman who is elected by the community members. There are different levels where problems are considered. At household level, these are sorted out among family members. At the group level, group members have their own arrangement

based on a group constitution. Group problems are channeled through responsible committees; otherwise they are discussed at the general meeting.

1.2.4.5.4 Relationships

People who come together to form a group have some common vision and problems. They share a number of interests that have been developed over the years. Other members were schoolmates, go to the same church/mosque, neighbors (household and/or field neighbors).

1.2.4.5.5 Power Structure

This is a male dominated community. The structure is such that women are involved in decision-making but the final decision rests in the hands of men. This is the case at household levels, which are not female headed. Where female-headed households are found, then the woman is a widow or a divorcee or else has never been married. Otherwise, following the Village Government Structure, the Village Chairman is in control of the Village Government Committee with assistance from the VEO who is a Government employee.

1.2.4.5.6 Information Gathering and Transmission

- Mostly through informal meeting (bars, religious meetings)
- Other information gathering/transmission methods include church/mosque announcements
- As for the Village Government, information is gathered through formal meetings and transmission is done through the Village Government Notice Board or by convening meetings (village or sub-village/hamlet meetings).

1.2.4.5.7 People With Special Skills

There are very few people in the village that can be considered as having special skills. These include mainly retired civil servants (13), teachers (9) and nurses (2).

1.2.4.6 Institutional Capacities

Market: There were no market places in the village

Transport: There were 5 major roads, which are all seasonal

Communication: There were no landline telephone lines connected to the village. Only about 1% of the population had access to mobile phones.

Schools: There was no primary school or secondary school available in the village

Health facilities: There were no dispensaries/health centers in the village

1.2.4.7 Group Bio-Data

The UWAMALE farmers' group has a total of 30 members with 9 women and 21 men. It is a combination of different age groups and educational levels which make it heterogeneous and hence relatively challenging in management.

1.2.4.7.1 Age Distribution

The age range is 18 to 56 years. Figure 1 shows the age distribution of members in five categories as depicted in Table 5.

Table 5: Age distribution of the UWAMALE group members

S/NO	AGE RANGE	NUMBER OF MEMBERS
1	18 - 25	4
2.	26 – 32	8
3.	33 – 40	10
4.	41 – 48	5
5.	49 – 56	3

Source: Community Needs Assessment Results

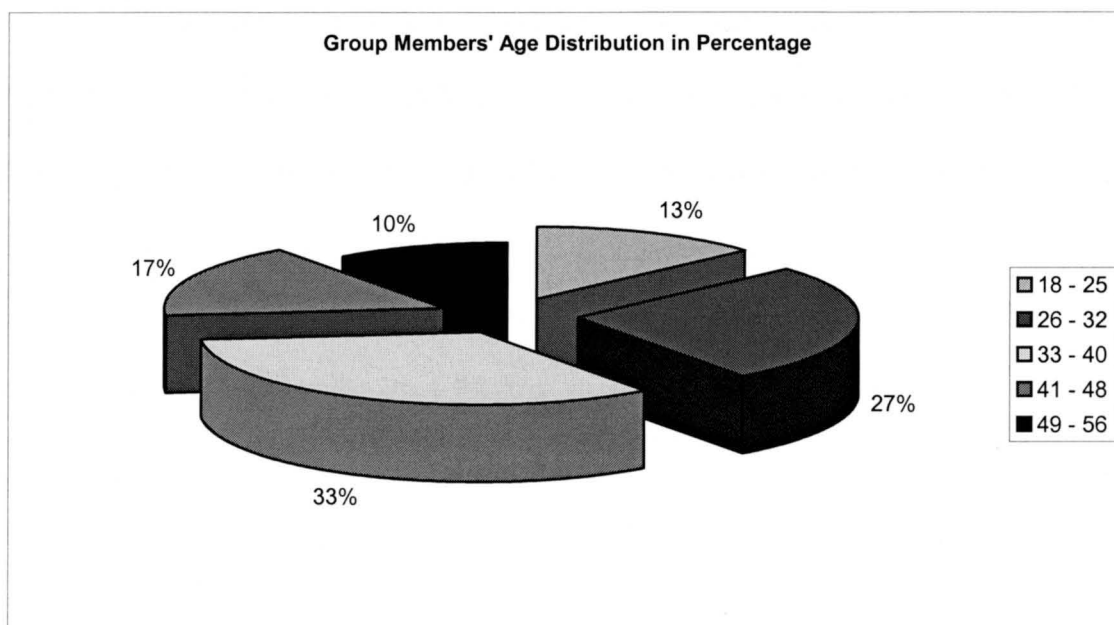
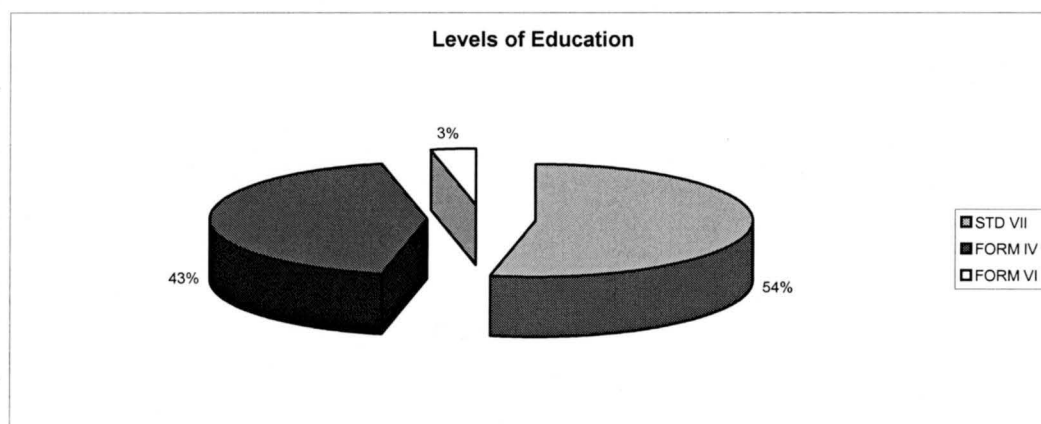


Figure 1: Age Distribution of the UWAMALE group members

1.2.4.7.2 Levels of Education

The predominant level of education is primary school with sixteen people representing 54% of the group members. There is one form six leaver (3%) and thirteen (43%) form four leavers (Figure 2).



Source: Community Needs Assessment

Figure 2: Educational levels of the UWAMALE group members

The significance of age and education disparities is found in the selection of suitable training approaches as well as understanding of the common objective. The UWAMALE group is heterogeneous in this respect and required a more interactive training approach.

CHAPTER TWO

2.0 PROBLEM IDENTIFICATION

2.1 THE APPROACH

A Community Needs Assessment (Group PRA) was carried out in November 2005. Problem analysis revealed that lack of appropriate marketing skills underlies the poor living conditions of the group members. During the assessment, problems were analyzed through a group participatory rural appraisal guided by a checklist (Appendix 6).

In the group PRA, there were four main problems that were shared among the members. These included lack/poor of implements (use of hand hoe), inadequate and expensive inputs (fertilizers, pesticides), low prices and crop diseases. Using pair-wise ranking technique, it was found that the basic problem was low prices fetched on selling their produce (Table 6). It was unanimously agreed that if prices will reflect the effort and cost put in the production process, members could afford better implements, fertilizer, pesticides and other requirements.

Table 6: Pair-wise Ranking of the Prioritized Problems

PROBLEM	FI	II	LP	CD	SCORE	RANKING
FI		FI	LP	FI	2	2
II			LP	II	1	3
LP				LP	3	1
CD					0	4

Source: Community Needs Assessment Results

FI = Farm implements, II = Inadequate Inputs, LP = Low Prices, CD = Crop diseases

It was from these results that the group members concurred that they lack entrepreneurial skills since they were not even keeping records of the costs of production. The prices were being dictated by buyers who capitalized on the poor knowledge of the producers to exploit them. It was agreed that there is a need to impart appropriate techniques/skills on the members to alleviate the situation.

2.1.1 PROBLEM STATEMENT

Lekitatu village community is entirely depending on agriculture for its livelihood. Notwithstanding this fact, farming is mostly done at subsistence level. The intention by this farming community is to produce surplus for sale in order to have cash to meet costs for other obligations. Prices of farm produce have been increasing at a decreasing rate as farmers sell their produce individually to the middlemen who come to the village and buy their produce at farm gate prices. The middlemen offer minimum market prices to the farmers i.e. compelling them to sell at a throw away prices. Once past the threshold of family food self sufficiency, a farmer is faced with a problem of disposing surplus produce.

The UWAMALE group members, as a section of this community, have been experiencing a downward trend in profitability over time. This has led to deterioration of their living standards which is evidenced by poor housing, limited access to basic needs such as health, clean water, and education. If this situation is left unattended, the entire Lekitatu community will continue to live in adverse poverty thus defeating the objectives of the country's efforts addressed in the Tanzania Vision 2025.

2.1.2 TARGET COMMUNITY

The target group consists of members of the UWAMALE Farmers' Group at Lekitatu village. The group members are the implementers of the Project. This was a group-driven initiative and members' participation in the identification, design, implementation and monitoring added ownership dimensions and in-built sustainability parameters.

2.1.3 STAKEHOLDERS

(i) RBM-SIIP (World Bank funded project) (ii) TIP (Host Organization) (iii) Lekitatu Village Government (iv) Lekitatu Village Community

Table 7: Stakeholders Impact Analysis

Stakeholder	Potential benefits/costs	Project discussed with this group/organization?	What is their opinion of the project & goals?	What is their opinion of the project design?
UWAMALE farmers' group	(+): Capacity building through training	YES. This is the target group for the intervention	The project will help solve their production and marketing problems	The design is in accordance with their ideas
RBM-SIIP	(-): Rehabilitation and construction of irrigation infrastructure	The rehabilitation project is completed. The Water Users Association was consulted as owners of the irrigation infrastructure	It is inline with the objectives of rehabilitating the irrigation infrastructure	The design encourages participation of producers and can guarantee good results
Village Government	(+): Institutionalization and enforcement of by-laws	YES. All interventions within the village should be discussed and given a go ahead by the Village Government	The goal fits the poverty reduction framework and the MKUKUTA objectives	The design will yield good results if there are no delays in implementing planned activities
TIP/AMSDP	(-): Training and provision of knowledge and skills on agricultural produce marketing	YES. This will be the leading facilitator of the project in terms of funding and provision of training	It fits the organizational context of the NGO in addressing poverty related issues	The design is focused on empowering the producers to face agricultural produce marketing challenges
Lekitatu Village Community	(+): Market outlet (Primary)	YES, but in the sense of Lekitatu Village Community as part of the ward	The goal is ideal for increased production and income levels	It is a good design since the community is involved in all stages

Source: Community Needs Assessment Results

2.2 PROJECT GOAL

The UWAMALE group capacity building project goal is *to increase income and food security of the Lekitatu Village Community.*

2.2.1 PROJECT OBJECTIVES

The main objective of the Project was to improve entrepreneurial skills of the UWAMALE group members by December 2006. Specifically the project sought to train members in:

- i. Group dynamics
- ii. Leadership skills
- iii. Business skills (bargaining, quality control, use of market information, packaging)
- iv. Farmer Participatory Market Research (FPMR) and
- v. Selection, design, implementation and management of agro-enterprises

2.3 EXPECTED PROJECT ACHIEVEMENTS

The project aimed at ensuring that the UWAMALE members acquire and apply entrepreneurial skills in their production and marketing operations i.e. producing for the market. This is an attitude change which is imperative if any improvements are to be made with respect to income and food security.

2.4 HOST ORGANIZATION

The host organization was the Traditional Irrigational and Environmental Development Organization (TIP). This was a former SNV funded Traditional Irrigation Project, hence the abbreviation TIP.

2.5 PRE-REQUISITES TO ACHIEVE THE OBJECTIVES

The project was implemented within a framework where TIP facilitated the training for the group members. It was important to ensure that participation of the group members was an integral part of the whole capacity building process (authentic participation). This considered participation of the members in problem identification and planning of the training program.

CHAPTER THREE

3.0 LITERATURE REVIEW

3.1 THEORETICAL LITERATURE REVIEW

Agriculture plays a major role in the livelihoods of the majority of the population in the world. More than two-thirds of the world's poor population live in rural areas, most of them making a living from agriculture. Increasing income expectations of the younger generation speed up structural change in agriculture. All over the world people are on the move to have access to cash income. It is understood that off-farm employment is a basic condition to economic development. Food security can only be reached if adequate purchasing power is available to rural people. Farmers need to interlink more efficiently with those who trade, process or consume their products and they need access to a competitive market to buy the inputs required.

During the last decade the political conditions of public intervention in development have changed dramatically. The focus on poverty reduction has been complemented by the objective to promote and stabilize political change processes towards more democracy and decentralization. Sustained economic growth and income distribution are the gateway to reduce poverty and to assure an adequate supply of food for all. Changing market trends create new demands for food crops, for exotic fruits and organic raw materials produced in labor-intensive production systems.

Globalization poses a challenge, as the market becomes more and more competitive offering chances to those who act fast and efficiently. Agro-enterprise promotion is considered as a

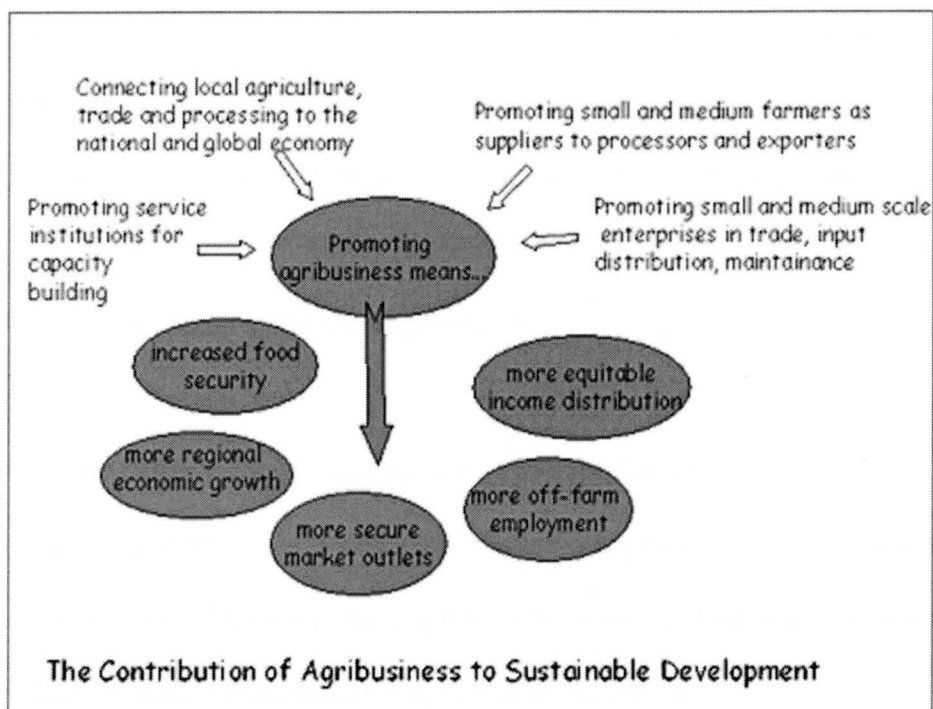
conceptual answer to these challenges and new chances for the mostly rural population. It covers the entire gamut of activities concerning supply of inputs, production, processing, transporting and marketing of agricultural related produce. It cuts across various sectors and encompasses the institutions and businesses serving the agriculture, forestry and fisheries sectors.

3.1.1 A SHIFT IN PERSPECTIVE

Agro-enterprise is not a new concept but a shift in the approach to the development of rural areas. It proposes that development planners and managers take a more holistic perspective on sustainable economic development in agriculture-based regions.

3.1.1.1 Based on the principles of sustainable development

Agro-enterprise promotion contributes to poverty reduction by facilitating the development of income-generating activities and the creation of on-farm and off-farm employment to make sustainable agricultural production systems economically feasible by improving market opportunities for food and non-food products to sustainable economic growth in regions where agriculture is a predominant sector to increased food security.



Source: CIAT Papers

Illustration 1: Sustainable development in the context of agro-enterprise promotion

The Agro-enterprise approach provides a concept for the promotion of rural development. In a systems approach, it combines classical tools of technical cooperation on national, regional and local level with new and innovative elements such as the Private-Public-Partnership approach.

3.1.1.2 How to promote agro-enterprise

To make maximum use of potentials to add value to products, intervention in agro-enterprise focuses on frame conditions such as import-export policies, price policy, credit and banking regulations, access to market information systems, legislation with regard to capital assets, land etc. Substantial investments in agro-enterprise can be expected once they are

economically reasonable. Therefore, frame conditions in national economies and on regional and world market level have to be improved. This means to support Government and business representatives to actively defend their cause in rule-setting mechanisms in national and international decision-making bodies. New markets outlets for farm produce are essential for creating jobs to the rural non-agricultural population.

3.1.1.3 Efficient and effective linkage of groups of private actors

Different groups of private actors (producers, traders and processors of agricultural products and inputs, service providers) in the regional economic system have to interlink more efficiently. Their co-operation is to be strengthened by promoting

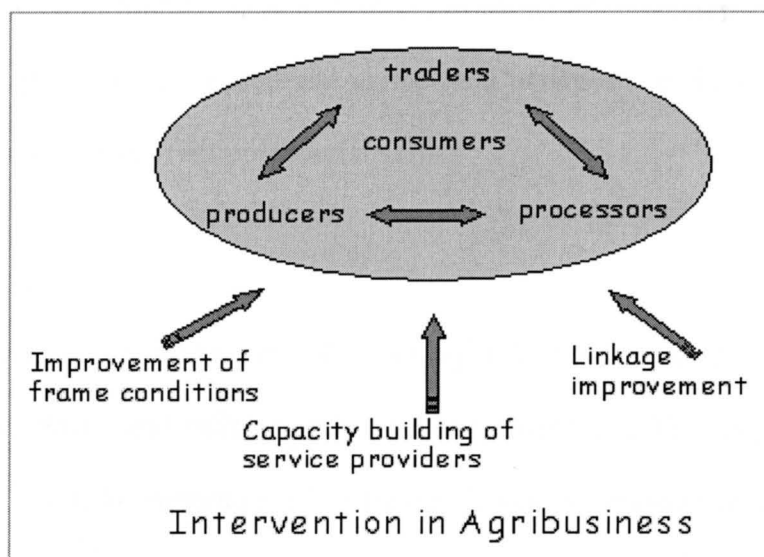
- i. adequate communication channels for rapid information exchange
- ii. analysis of chain performance and development of organizational and technical innovations to open up bottlenecks, based on joint learning processes and self-organization.

3.1.1.4 Efficiency and effectiveness of each group of actors

Technical aspects of food production, post-harvest management, processing and distribution are important to increase quantities and to assure the requested qualities of agricultural products. To add more value to products, options have to be identified

- i. to improve processes of production, handling and collection of produce on farm, village and local level and the distribution of produce within the market system

- ii. to support farmers, rural traders and other partners to co-operate efficiently and organize themselves in professional associations
- iii. to increase the competitiveness of markets by developing market information systems accessible to farmers and traders in rural areas.



Source: CIAT Papers

Illustration 2: Essentials in agro-enterprise promotion

Technical co-operation in agro-enterprise follows the general principles of participatory innovation development and client-centered consultancy. Participatory learning processes, improvement of communication and feed back channels and capacity building for self-organization and self-evaluation are the methodological cornerstones of cooperation with agricultural producers, traders and processors. Professional associations and private or state-owned service providers are partners in the process of agro-enterprise promotion.

3.2 EMPIRICAL LITERATURE

Improvement of marketing systems for both farm produce and inputs in developing countries and the emerging economies necessitates a strong private sector backed up by appropriate policy frameworks and effective government support services. Such services can include provision or improvement of market infrastructure, increased access to market information, and provision of appropriate agricultural extension services that are able to advise farmers on marketing (entrepreneurial skills).

In addition, governments need to ensure that the legislative and regulatory environment is suitable for competitive and efficient private-sector marketing. Training in agriculture marketing at all levels is important; from farmer groups to students at higher learning institutions.

New marketing links between agribusinesses, large retailers and farmers require to be developed, e.g. through contract farming or group/collective marketing, with those working in marketing and agribusiness being assisted to join together in associations (or apex organizations) to promote their common goals. Financing of marketing is another important issue, as is the whole question of the development of improved food supply chains to supply the rapidly growing populations in the cities. The following selected examples provide a clue to success in agro-enterprise initiatives.

3.2.1 CAPE GOOSEBERRIES IN CUNDINAMARCA (COLOMBIA)

3.2.1.1 *The farmers*

There are 250 cape gooseberry growers in the Municipalities of Silvania and Granada, Cundinamarca³. Of these, about 10 percent cultivate more than 10 000 plants, while the majority (70 percent) have fewer than 5 000 plants. Seventy percent of the producers are regular suppliers of exporters.

3.2.1.2 *The markets*

The cape gooseberry has a very small domestic market. Recently, demand has strengthened, and countries such as Canada, Germany, Israel, Japan and the US have shown interest in the fruit. At present there about 300 producers of gooseberries in Colombia, two large exporters, ten small-scale exporters, about ten intermediaries who buy for the domestic market, and at least 30 small-scale retail traders (some of whom are producers) who take the fruit to markets. The producing area is well-placed near Bogotá airport and the Corabastos wholesale market, and transport to other cities is easy along the Pan-American Highway.

3.2.1.3 *The linkages*

Large exporters handle about 95 percent of the production in the area. At first, the export companies formed societies with the land-owning producers but changed their strategy

³ Source: "Alternatives to improve negotiation and market access capabilities of small-scale rural entrepreneurs in Latin America" - AGSF (Agricultural Management, Marketing and Finance Service) Working Document (FAO, 2004)

after realizing that it is risky to participate directly in a business where production is subject to weather, pests and diseases.

As a result, exporters have developed informal mechanisms that allow them to link farmers to their businesses in order to ensure a permanent supply of fruit according to market requirements. Agreements are not written, but everyone understands and accepts them. Farmers wishing to supply a major exporting company must sell them all of their production during the year, starting in the high season.

The exporters emphasize quality and recommend that their suppliers plant less, so that they will have enough money to take care of all crop requirements and obtain a greater percentage of export-quality fruit. The exporters are committed to pay in cash or by cheque 15 days after delivery. Additionally, they buy the entire yearly production according to the pre-established parameters of quality and quantity. In recent years, small and medium-scale producers have begun forming partnerships with sources of capital for inputs. The cost of rent is shared, and the production is divided equally. The investing partners are usually landowners, traders, exporters or simply farmers who want to share the responsibility of the business with a working partner.

3.2.1.4 The results

Currently, the production of cape gooseberries generates 250 direct jobs in the production area and numerous direct and indirect jobs in commercialisation.

3.2.1.5 Lessons and distinct features

Owing to the increase in agricultural and commercial activity, rural workers, attracted by the good prices obtained for fruit in the high season, form societies with other farmers in order to participate in the business.

3.2.2 CASSAVA PROCESSING, MANABI PROVINCE (ECUADOR)

The processors: Some 230 starch factories in Manabí Province are engaged in cassava starch production, using mainly semi-mechanized or traditional processing systems. Cassava is grown in marginal areas, where other crops do not grow, and most cassava producers are small-scale farmers who plant on hillsides without irrigation⁴.

3.2.2.1 The markets

About 80 percent of starch produced in Manabi is sold in neighbouring Colombia. A smaller part of production is sold to national traders, who sell it wholesale to agro-industrial warehouses in the cities of Quito, Guayaquil and Cuenca, and to bakeries, confectioner's shops and agro-enterprises in the province.

3.2.2.2 The linkages

Farmers make verbal agreements with the starch factories and deliver their production in situ. Sometimes the factories pay farmers in cash at the moment of sale, and other times the producer must wait until the processor sells the starch. Colombian intermediaries go to

the area with their own transport, contact agents familiar with the zone and negotiate with the different starch factories. Verbal agreements are made and in many cases the intermediary pays an advance, either in money or raw materials before the cassava is processed.

The export process is not formal - rather, it crosses the border unofficially. The verbal agreement between these two agents of the chain is based on trust. The intermediary buys all or part of the cassava starch production from the processor in exchange for the processor's commitment to deliver a quality product. This agreement is made before the starch is processed, which enables the processor to plan production.

3.2.2.3 Training and support services

Since aid institutions have largely abandoned the zones where cassava is produced and processed, no public or private institution has supported or promoted this activity. The dynamics of this production have developed spontaneously due to market demand, particularly in Colombia.

3.2.2.4 The results

It is estimated that the Manabí starch factories provide permanent employment to 1 380 individuals. Starch processors have acquired negotiation skills and are capable of negotiating prices owing to the linkages they maintain with the different actors in the

⁴ Source: "Alternatives to improve negotiation and market access capabilities of small-scale rural entrepreneurs in Latin America" – AGSF (Agricultural Management, Marketing and Finance Service) Working Document (FAO, 2004)

chain. Processors' earnings have increased and a large number have improved their processing infrastructure.

3.2.2.5 Lessons and distinct features

A factor of success in business linkages between the cassava processors and intermediaries is the generation of mutual trust through the fulfilment of verbal agreements.

3.2.3 SUCCESS STORY IN AGRI-BUSINESS (ZAMBIA)

In an effort to capitalize on the fact that 80% of women in Africa work on the land to produce food, a company provided female small-scale farmers who were organized into clubs with inputs to grow both maize and sorghum into its program. As this was not found as profitable, a value-added product was considered. A mill was contracted to process maize into “mealie” meal, which had a good local market. The company then integrated production, processing and marketing, which guaranteed farmers an assured market and competitive prices⁵.

The company next planned to diversify into natural colorants from paprika and marigold, for which there is a market as artificial colors have been banned in many countries. It developed a model in which small farmers who are provided with seeds, fertilizers,

⁵ From a paper presented in a CTA (Technical Center for Agricultural and Rural Cooperation – European Union) seminar on “The economic role of women in rural and agricultural development: the promotion of income generating activities”, 1999, Athens Greece

technical assistance and extension handle production. Processing, super-processing and marketing are handled by the company.

An association of out growers, 50% of whom are women, produces maize and paprika. In addition to maize seeds, farmers were given 4000kg of paprika seeds, US\$ 300,000 as loans and US\$ 170,000 in technical assistance. In the first season, 2,000MT of paprika and 14,000MT of maize were harvested. The volumes were expected to double from the second season onwards.

The Program has had some significant impact on those involved in the rural areas. For example, civil servants (teachers, nurses, etc) have become involved in the program because they are able to earn money to sustain them instead of waiting for their salaries from the capital city. Some farmers under the paprika project have been able to build better houses, others have bought bicycles, and others have been able to purchase second-hand cars (vans).

3.2.3.1 Lessons Learnt

Organized groups of farmers can be easily accessed for assistance in various forms. Once capacitated to understand the market forces and requirements, organized farmers are able to prioritize and make profitable agro-enterprise selection. This can then build trust for financial institutions to extend loans to farmers for diversification of their activities hence assurance of increased income and food security.

3.2.4 MUFINDI DISTRICT MARKETING GROUPS (TANZANIA)

The objective of the initiative is to develop producer groups through training in various business skills. The groups have been trained for one year and have now devised mechanisms to improve their income. The groups are now making good use of market information obtained through a trained group member (market spy). This is a farmer who searches for good deals in far away markets on behalf of farmer groups. Communication through mobile phones allows him to check and countercheck before arranging for most profitable deals. Costs of ensuring that the market spy operates efficiently and effectively are borne by the group⁶.

As of December 2005, this approach had brought back to the farmer groups an increase in the selling price of beans from 3,500/= per tin of 20kg to 8,000/= per tin. Price for potatoes has doubled from 1,000/= to 2,000/= per tin while that of green peas has gone up from 40/= per kg to 70/= per kilo and the price obtained by dairy farmers for their milk from 200/= to 300/= per liter. This trend is expected to continue as the farmers are also considering producing in the required standards and quantities.

3.2.4.1 *Lessons learnt*

Small-scale farmers can be transformed into large-scale farmers through provision of appropriate knowledge and skills in their field of operation. Collective marketing serves the continuity of supply when production is low.

⁶ These groups are facilitated by the Agricultural Marketing Systems Development Programme through a private sector service provider i.e. Consultancy for Development Projects – East Africa

3.3 POLICY REVIEW

3.3.1 TANZANIA VISION 2025

The Tanzania Development Vision 2025 projects that by the year 2025 the Tanzanian Society will be free from poverty and will have graduated from the group of least developed countries (LDCs) to that of middle income countries with a high level of human development. This Vision is a long-term development philosophy that is the articulation of a desirable future condition and of the plausible course of action to be taken for its achievement. It seeks to actively mobilize the people and other resources the achievement of shared goals. It has five major attributes:

(i) High quality livelihood

Development of the nation should be people centered, based on sustainable and shared growth and be free from abject poverty. This entails the creation of wealth and its equitable distribution. Society must be free from inequalities and all forms of social and political relations that inhibit empowerment and effective democratic and popular participation of all social groups. These will be achieved through the following targets:

- Food self-sufficiency and food security
- Universal primary education
- Gender equality
- Access to quality primary health care for all
- Access to reproductive health services for all individuals of appropriate age
- Reduction in infant and maternal mortality rates by three quarters of current levels
- Universal access to safe water

- Life expectancy comparable to the level attained by typical middle-income countries
- Absence of abject poverty

(ii) Peace, stability and unity

A nation should enjoy peace, political stability, national unity and social cohesion in an environment of democracy and political and social tolerance.

(iii) Good governance

Tanzania cherishes good governance and the rule of law in the process of creating wealth and the sharing of benefits in society and seeks to ensure that its people are empowered with the capacity to make their leaders and public servants accountable. It is envisaged that by the year 2025, good governance should have permeated the national socio-economic structure thereby ensuring a culture of accountability, rewarding good performance and effectively curbing corruption and other vices in the society.

(iv) A well-educated and learning society

This looks at Tanzania as a nation whose people are well educated with developmental mindsets and competitive spirit. These attributes are critical for the nation to effectively mobilize domestic resources to assure the provision of people's basic needs and to attain competitiveness in the regional and global economy.

(v) A competitive economy capable of producing sustainable growth and shared benefits

Tanzania should have created a strong, diversified, resilient and competitive economy which can effectively cope with the challenges of development and which can also easily and confidently adapt to the changing market and technological conditions.

The vision provides for multi-sectoral efforts in combating poverty. These are to be translated into development initiatives towards improving the living standards of the majority of Tanzanians who are in the rural areas. The vision therefore provides an overall policy framework to guide macro as well as micro plans in the development sector.

3.3.2 NATIONAL STRATEGY FOR GROWTH AND REDUCTION OF POVERTY - NSGRP - (MKUKUTA)

Tanzania has now developed the successor to its first Poverty Reduction Strategy Paper. This Strategy is very different and is named the National Strategy for Growth and Reduction of Poverty (NSGRP) and is better known by its Kiswahili acronym of MKUKUTA (Mkakati wa Kukuza Uchumi na Kuondoa Umaskini Tanzania). It is strongly outcome focused and has deliberately set out to mainstream cross-cutting issues as integral to the strategy and not as "an add on". A very important feature of the development of the review leading to MKUKUTA has been national ownership and the implementation of extensive consultation with a wide range of stakeholders on the content and focus of the strategy with the aim to make it a national strategy. The MKUKUTA is based on the achievement of three major clusters of broad outcomes for poverty reduction, namely: (i) growth and reduction of income poverty; (ii) improved quality of life and social well being and (iii) good governance and accountability

3.3.2.1 Growth and Reduction of Income Poverty

This cluster is meant to address issues which are aimed at;

- Ensuring sound economic management.
- Promoting sustainable and broad-based growth.
- Improved food availability and accessibility at household level in urban and rural areas.
- Reducing income poverty of both men and women in rural areas.
- Reducing income poverty of both men and women in urban areas.
- Provision of reliable and affordable energy to consumers.

3.3.2.2 Improvement of quality of life and social well being

This cluster focuses on;

- Ensuring equitable access to quality primary and secondary education for boys and girls, universal literacy among men and women, and expansion of higher, technical and vocational education.
- Improved survival, health and well-being of all children and women and of especially vulnerable groups.

- Increased access to clean, affordable and safe water and sanitation, decent shelter and a safe and sustainable environment and thereby reduced vulnerability from environmental risk.
- Adequate social protection and rights of the vulnerable and needy groups with basic needs and services.
- Systems in place to ensure effective universal access to quality public services that are affordable and available.

3.3.2.3 Governance and accountability

This cluster has seven goals which are;

- Structures and systems of governance as well as the rule of law are democratic, participatory, representative, accountable and inclusive.
- Equitable allocation of public resources with corruption effectively addressed.
- Effective public service framework in place to provide foundation for service delivery improvements and poverty reductions.
- Rights of the poor and vulnerable groups are protected and promoted in the justice system.
- Reduction of political and social exclusion and intolerance.
- Improved personal and material security, reduced crime, eliminate sexual abuse and domestic violence.

- National cultural identities enhanced and promoted.

3.3.2.4 MKUKUTA in view of agro-enterprise promotion

It is clearly observed that agro-enterprises are contained in the MKUKUTA clusters. Food availability, income poverty in rural settings are emphasized. It is therefore important to see how these goals within the MKUKUTA clusters can be achieved through promotion of subsistence farming at the smallholder producers' level.

3.3.3 PROPERTY AND BUSINESS FORMALIZATION PROGRAM (MKURABITA)

The MKURABITA⁷ is one of the strategies initiated by the former President of Tanzania Benjamin Mkapa to review the existing practices concerning extralegal economy. The review work was commissioned to the Institute of Liberty and Democracy (ILD) to learn about the local informal rules with a hope to bring understanding on the kind of legal system required to build prosperous modern economy. The aim of MKURABITA is to strengthen the extralegal economy and hence contribute to the eradication of poverty in Tanzania.

3.3.3.1 Situational analysis

- The extralegal economy was the result of the local interactions of millions of Tanzanians who, in spite of only being able to deal among themselves at local levels, have nevertheless created an abstract order to govern the way they relate to each other.

⁷ Mkakati wa Kurasimisha Rasilimali na Biashara za Wanyonge Tanzania

- Extralegal Tanzanians live in at least two levels of reality: first, the reality made up of things, both tangible (land, businesses, cattle) and intangible (ideas); and secondly, the reality of structures of relationships, physically captured in written documents that are the natural habitat of advanced economic and social relationships.
- According to the report, the situation found on ground was that productivity in the extralegal economy is extremely low; enterprises operate way below their potential. Their capacity to reap the rewards of organized large scale production in an expanded market is practically nil, and their chances of using property efficiently and obtaining credit and capital in competitive conditions was very minimal due to lack of rule of law.
- Assets are not liquid and cannot be used to create credit or capital. In most cases, people involved were not interconnected, and transactions cannot be tracked from owner to owner. Business organizations do not have statutes that allow members to work under one control, means to divide labor and control risks through limited liability and asset partitioning, or associate in standard forms such as corporations, cooperatives, and other collectives.
- Women who are said to be the backbone of the economy were not empowered and youth are missing in the said system.

It was against this background that President Mkapa decided to commission ILD to find out what obstacles and tools were available among the Tanzanians extralegal economy that could be used to assist the nation to overcome poverty. The underlying assumption is

that you cannot build a modern economy without including most of the nation's economic activities.

3.3.3.2 ILD Report Findings

- It was noted in the report presented that despite advancement in the legal system concerning access to rights over land and buildings which has been achieved mostly in urban setting in the rural areas where 90% majority of its citizens are found legal tools to assist them to create wealth do not exist. The report indicated that 98% of all businesses operate through extralegal system.
- The Tanzanian poor know how to create value on their own their extralegal economy. It is estimated that extralegal economy has assets worth US\$29 billion, which is more than what is brought through foreign investment. What Tanzanians are generally not aware of, is that in the process of creating solutions for operating outside the law, they have built their own economic model. This model according to the report is fundamental to the creation of a legal economic order that is rooted in Tanzania's indigenous culture.
- The report pointed that it is virtually impossible for 90% of Tanzanians to enter the legal economy due to existence of number of obstacles in accessing the legal system and organization structures. As a result the locals miss the low cost legal connecting devices that would allow them to use their property to access credit, capital, services, and insurance, as well as to secure inheritance.
- The research found out that Tanzanians in the extralegal economy have actually created a self-organized system of documented institutions that allows them to govern

their actions. Currently more use of documentation is being widely used in keeping record among them though they are impoverished, lack legal professionalism, and have little or no appropriate infrastructure.

- In addition, the extralegal economy set up is only local validity. Rights are held in the context of local arrangements; the legitimacy of these rights is still too politicized accountable to the local context than to the principles of law.
- It was observed that the legal tools available created were not being used: assets cannot be fixed in such a way to be economically useful or be pulled together, thoroughly modernized legal means, wealth thus continues to elude the majority of the people.
- The extralegal system operating was said that it does not fully separate the legal personality of the enterprise from its owners. The system also lacks the legal provisions that can give entrepreneurs limited liability to reduce risks and increase information about property that is committed to transactions. Moreover, give means to demonstrate cash flow and financial statements to outsiders using official accounting standards; allow them to issue shares to raise capital and guarantees to obtain credit outside their local circles.
- It was noted that the system does not protect trading names and the trademarks of the individual products, protect their imports and exports at national and international levels; allow them to freely advertise.

The report indicated that lack the standards, systems, information management, and basic infrastructure to allow property to create good credit and capital, business organizations to divide labor productively, and identification and contractual systems to enable Tanzanians

to operate all throughout national territory is a major barrier. Thus, the following reforms were proposed to improve the situation:

- (i) Reforms geared to improving the current legal system until it fits the needs of the great majority of Tanzanians (top-down)
 - Reforms to improve public administration and to defend user rights
 - Reforms to improve the property system
 - Reforms to improve business organizational forms
 - Reforms to facilitate operation in expanded market
- (ii) Reforms geared to improving the archetypes of Tanzania's extralegal economy
 - Reforms to improve Property Archetypes

3.3.3.3 Summary on MKURABITA

MKURABITA touches on the majority of the Tanzanians who are operating in the informal sector. As reported by ILD, only 2% of the Tanzanian population operates legal businesses while a mere 11% possess legal properties. The indication here is that Tanzania is having a lot of potential to tap from the informal sector. It is therefore justifiable to change our subsistence farming systems into commercial systems to register a change in the lifestyles of the majority of Tanzanians who are basically smallholder subsistence producers.

3.3.4 THE AGRICULTURAL SECTOR: TANZANIAN PERSPECTIVE

Since the 1960s the agriculture sector has remained the mainstay of Tanzania's economy. The agricultural sector is still dominated by subsistence farming which produces a large proportion of the agricultural output. The sector accounts for about 48 per cent of the country's Gross Domestic Product (GDP) and about 75 per cent of Tanzania's total export earnings. In the 2004, the economy registered a robust growth of 6.7% marking an improvement from 5.7% growth registered in 2003. Following this performance, the per capita GDP grew by 3.8% compared to 2.8% in 2003. The agricultural growth rate in 2004 was 6.0% compared to 4% in 2003 (BoT Report 2004/05).

High growth of agricultural output was a result of good weather conditions experienced in most parts of the country during the 2004 cropping season as well as timely availability and distribution of agricultural inputs. The agricultural growth accounted for 46.4% of the GDP in 2004. Other sectors with their contributions in brackets are: Mining (3.2%), Manufacturing (8.8%), Construction (5.5%), Trade Hotel and Restaurants (17%), Transport and Communication (5.4%) and Other services (13.7%). However, it is worth noting that the percentage contribution of agriculture to the country's GDP has been in the decline. Available statistics (BoT 2004/05 report) show that the contribution has declined from 49.1% (1998) to 46.4% (2004).

3.3.4.1 Agricultural and Livestock Policy 1997

The Agricultural Policy (1997) was necessitated by four major reasons. First, there was a need to merge and consolidate into one document the agricultural and livestock policies of

1983. This was the case since prior to that; agriculture and livestock were under two separate Ministries⁸. The second reason given for the revision of the policy was the change in the economic scene of the country that had taken place from the mid-80s. The third reason was the formulation of the national land policy, which required a new approach in land use for crops and livestock. The fourth reason was tied to environment and natural resource management. This called for improved systems for sustainable agriculture for proper protection of the delicate natural environment.

The general goal of the policy is to improve the well being of the people whose principal occupation and way of life is based on agriculture. It is worth noting that most of these people are smallholder farmers and livestock keepers who produce for subsistence. It is therefore deemed important to commercialize agriculture in order to stimulate an increase in production and income.

3.3.4.2 Policy objectives

The general policy goal is further described in terms of objectives. There are nine general objectives that define the policy vision. These are:

- (i) To assure basic food security for the nation and to improve national standards of nutrition by increasing output, quality and availability of food commodities
- (ii) To improve standards of living in the rural areas through increased income generation from agricultural and livestock production, processing and marketing

⁸ In the ministerial restructuring done in 2000, the Ministry of Agriculture was split into three separate ministries i.e Agriculture and Food Security, Cooperatives and Marketing, and Water and Livestock. In 2006, the Ministry of Cooperatives and Marketing was dissolved such that the Cooperative Mandate was shifted to the Ministry of Agriculture and Food Security (now Ministry of Agriculture, Food and Cooperatives) while that of Marketing moved to the Ministry of Industry and Trade (now Ministry of Industry, Trade and Marketing)

- (iii) To increase foreign exchange earnings by encouraging the production and increased exportation of cash crops, livestock products, other agricultural surpluses including food crops, by-products and residues
- (iv) To produce and supply raw materials, including industrial crops, livestock by-products and residues for local industries, while also expanding the role of the sector as market for industrial outputs through the application of improved production, marketing and processing technologies
- (v) To develop and introduce new technologies which increase labor and land productivity
- (vi) To promote integrated and sustainable use and management of natural resources such as land, soil, water and vegetation in order to conserve the environment
- (vii) To develop human resources within the sector in order to increase the productivity of labor and to improve ability, awareness and morale
- (viii) To provide support services to the agricultural sector which cannot be provided efficiently by the private sector
- (ix) To promote specifically the access of women and youth to land, credit, education and information.

The policy shows clearly the need to promote agriculture at the grassroots. The majority of the Tanzanian (over 80%) are employed in the agricultural sector. It is therefore necessary to build the agricultural sector foundation by strengthening the small-scale producers and processors.

3.4 WORLD TRADE ORGANIZATION (2000): THE AGRICULTURE AGREEMENT - NEW RULES AND COMMITMENTS

The objective of the Agriculture Agreement is to reform trade in the sector and to make policies more market-oriented. This would improve predictability and security for importing and exporting countries alike. This calls for new rules and commitments to guide the change process.

These new rules and commitments apply to:

market access — various trade restrictions confronting imports

domestic support — subsidies and other programs, including those that raise or guarantee farm gate prices and farmers' incomes

export subsidies and other methods used to make exports artificially competitive.

The agreement does allow governments to support their rural economies, but preferably through policies that cause less distortion to trade. It also allows some flexibility in the way commitments are implemented. Developing countries do not have to cut their subsidies or lower their tariffs as much as developed countries, and they are given extra time to complete their obligations. Least-developed countries do not have to do this at all. Special provisions deal with the interests of countries that rely on imports for their food supplies, and the concerns of least-developed economies.

3.4.1 MARKET ACCESS: 'TARIFFS ONLY'

The new rule for market access in agricultural products is "tariffs only". Before the Uruguay Round, some agricultural imports were restricted by quotas and other non-tariff measures. These have been replaced by tariffs that provide more-or-less equivalent levels

of protection — if the previous policy meant domestic prices were 75% higher than world prices, then the new tariff could be around 75%. (Converting the quotas and other types of measures to tariffs in this way was called “tariffication”.)

The tariffication package contained more. It ensured that quantities imported before the agreement took effect could continue to be imported, and it guaranteed that some new quantities were charged duty rates that were not prohibitive. This was achieved by a system of “tariff-quotas” — lower tariff rates for specified quantities, higher (sometimes much higher) rates for quantities that exceed the quota.

The newly committed tariffs and tariff quotas, covering all agricultural products, took effect in 1995. Uruguay Round participants agreed that developed countries would cut the tariffs (the higher out-of-quota rates in the case of tariff-quotas) by an average of 36%, in equal steps over six years. Developing countries would make 24% cuts over 10 years. Several developing countries also used the option of offering ceiling tariff rates in cases where duties were not “bound” (i.e. committed under GATT - General Agreement on Tariff and Trade - or WTO regulations) before the Uruguay Round. Least-developed countries do not have to cut their tariffs.

For products whose non-tariff restrictions have been converted to tariffs, governments are allowed to take special emergency actions (“special safeguards”) in order to prevent swiftly falling prices or surges in imports from hurting their farmers. But the agreement

specifies when and how those emergency actions can be introduced (for example, they cannot be used on imports within a tariff-quota).

3.4.2 DOMESTIC SUPPORT: SOME YOU CAN, SOME YOU CAN'T

The main complaint about policies that support domestic prices, or subsidize production in some other way, is that they encourage over-production. This squeezes out imports or leads to export subsidies and low-priced dumping on world markets. The Agriculture Agreement distinguishes between support programmes that stimulate production directly, and those that are considered to have no direct effect. Domestic policies that do have a direct effect on production and trade have to be cut back.

Measures with minimal impact on trade can be used freely. They include government services such as research, disease control, infrastructure and food security. They also include payments made directly to farmers that do not stimulate production, such as certain forms of direct income support, assistance to help farmers restructure agriculture, and direct payments under environmental and regional assistance programmes.

3.4.3 EXPORT SUBSIDIES: LIMITS ON SPENDING AND QUANTITIES

The Agriculture Agreement prohibits export subsidies on agricultural products unless the subsidies are specified in a member's lists of commitments. Where they are listed, the agreement requires WTO members to cut both the amount of money they spend on export subsidies and the quantities of exports that receive subsidies. Taking averages for 1986-90 as the base level, developed countries agreed to cut the value of export subsidies by 36%

over the six years starting in 1995 (24% over 10 years for developing countries). Developed countries also agreed to reduce the quantities of subsidized exports by 21% over the six years (14% over 10 years for developing countries). Least-developed countries do not need to make any cuts.

During the six-year implementation period, developing countries are allowed under certain conditions to use subsidies to reduce the costs of marketing and transporting exports.

3.4.4 THE LEAST-DEVELOPED AND THOSE DEPENDING ON FOOD IMPORTS

Under the Agriculture Agreement, WTO members have to reduce their subsidized exports. But some importing countries depend on supplies of cheap, subsidized food from the major industrialized nations. They include some of the poorest countries, and although their farming sectors might receive a boost from higher prices caused by reduced export subsidies, they might need temporary assistance to make the necessary adjustments to deal with higher priced imports, and eventually to export.

However, World Trade negotiations have shown that GATT⁹ and the WTO have done little to improve the prospects for rural producers in the developing world, in terms of opening new markets and reducing tariffs to value added markets in the developed world (Lundy, M. et al). Trade talks have been unable to redress the imbalance in subsidies provided to farmers in developing countries, although developing countries have been persuaded into removing subsidies for their farming sectors.

⁹ General Agreement on Tariff and Trade

Attempts in the 1980s to develop commodity agreements through UNCTAD¹⁰ failed when importing countries opted out of these protocols. Alternative channels such as Fair Trade have been slow to emerge and some attempts have transformed into mainstream businesses. New initiatives such as EBA¹¹ and AGOA¹² are attempts to redress the tariff issue for the least developed countries, although most of these countries lack the finances to access these new market options.

3.5 SUMMARY ON LITERATURE REVIEW

The literature review reveals that there is a lot of potential yet to be tapped at the small-scale producer/processor/trader level particularly in the least developed countries. It is arguably noted that in these countries, small-scale entrepreneurs operate within the informal sector thus eliminating their efforts in the national perspectives. This has led to very low records of Gross Domestic/National Products hence portraying a false image of the respective countries' welfare. It is indeed important to formalize the subsistence dwellers (mostly found in the agriculture sector) to enable registration of their contribution in improvement of the national economies.

¹⁰ United Nations Conference on Trade and Development

¹¹ Everything But Arms initiative, waives tariffs for virtually all products for least developed countries

¹² African Growth and Opportunities Agreement, offers tax exemption for fiber products into US markets

CHAPTER FOUR

4.0 IMPLEMENTATION

4.1 PRODUCTS AND OUTPUTS

The Project's main output is the strengthened UWAMALE farmers' group i.e. a market-oriented group of producers. This means a group with the following indicators of maturity:

(i) Improved skills to Bargain/Negotiate

This is a necessary ingredient in the strategy to increase income. It is expected that after the training, the farmers will have the power to bargain/negotiate prices with a focus on prevailing market trends. They will have the capacity to initiate and apply collective bargaining skills to capture a larger section of potential markets.

(ii) Improved Capacity to Ensure Quality Standards

In a competitive market, the farmers used to develop, apply and sustain acceptable production, processing, storage and packaging standards. The training to be provided geared towards improving the awareness of the existing national and international standards for effective participation in a competitive market.

(iii) Improved Skills to Conduct Market Research/ Access Market Information

Information is power. Farmers/producers in the rural areas have been exploited by the existence of middlemen who sell the produce on their behalf. This is considered to be partly caused by lack of market information on the part of the farmers. It is a very basic assumption that by empowering farmers/producers through availing them with necessary

skills to access and use market information, they will positively change their market outlook. In addition, knowledge of prevailing market trends will enable the producers to adjust their production activities to suit market demands

(iv) Improved Skills in Agro-enterprise Selection

This is an important aspect for a subsistence producer to turn commercial. It entails the ability to compute production costs and understand the whole concept behind comparative advantages. It is through this knowledge that the producers will cease to produce in a business-as-usual manner. Training was expected to enable producers to weigh out benefits of what they are producing in view of prevailing market conditions. Moreover, they will be able to identify the most profitable diversification and/or intensification whenever necessary.

4.2 IMPLEMENTATION PLAN

The Project Implementation Plan was prepared based on the time allotted for the CED Program (identification of the CBO to presentation of results) and the group's log-frame (Appendix 3) which was developed after problem identification, analysis and prioritization. Training activities were implemented in collaboration with TIP field officers. Table 8 outlines the planned activities, people responsible and corresponding timeframes.

Budget of the planned activities fell within the overall work plan and budget of the host organization to avoid parallelism. This underlines the fact that some of host organization's

activities within the same area shared resources (allowances for driver, field officers and fuel) thus eliminating the possibility of considering this initiative as a parallel effort.

Table 8: Implementation Plan

ACTIVITY	RESPONSIBLE	INPUTS REQUIRED	TIMEFRAME
Identification of the CBO	CED Student	Transport, Communication (telephone)	September - October 2005
Community Needs Assessment	CED Student Field Officers (Host Organization)	Transport, Funds (field allowances for field officers), Communication	October – November 2005
Preparation and appraisal of the Project Proposal	CED Student Field Officers (Host Organization) Group members	Transport, Funds (field allowances for field officers), Communication	November – December 2005
Presentation of the Project Proposal	CED Student	Laptop/Desktop Computer, PowerPoint projector	January 2006
Implementation of the Project <ul style="list-style-type: none"> • Training activities • Monitoring • Evaluation 	CED Student Field Officers (Host Organization) Group members	Transport, Funds (field allowances for field officers), Communication, Training materials, stationeries (flip charts, stands, note books, pens), venue	January 2006 – December 2006
Presentation of results	CED Student	Laptop/Desktop Computer, PowerPoint projector	January 2007
Final report writing and submission	CED Student	Laptop/Desktop Computer, stationeries (various)	January – March 2007

4.2.1 STAFFING PATTERN

The CED student was assisted by two field officers from the host organization. Since the intervention was not considered as a stand alone intervention within the organization, its corresponding budget was part and parcel of the Organization's Annual Work Plan and Budget. The placement of the field officers and the CED student in the organizational chart is as depicted in Appendix 2.

4.2.2 TRAINING OF GROUP MEMBERS

Training activities started in January 2006. Training was carried out in Kiswahili for a better understanding as the majority of the members have primary school education. The main objective was to improve entrepreneurial skills of the UWAMALE group members by December 2006. During the training sessions, it was agreed to use interactive teaching methods where the farmers have to actively participate and contribute in the training. This was considered an important approach as the basic principle in adult learning. Training materials were prepared at the office (host organization). The organization also provided a vehicle and field allowances to the field officers.

Since there was no school at the village, training was carried out at the village government premises. Training was a challenging task in terms of logistical arrangements i.e. timing and availability of trainees in the agreed days. The training program encompassed the following core areas:

- Group dynamics
- Leadership skills
- Business skills (bargaining, quality control, use of market information, packaging)

- Farmer Participatory Market Research (FPMR) and
- Selection, design, implementation and management of agro-enterprises

4.2.2 JOB DESCRIPTION FOR THE TRAINERS

The CED student (Researcher) was the lead facilitator of the training program. Roles and responsibilities of the trainers included:

- To initiate the training intervention and associated requirements
- To facilitate implementation of the training program
- To observe the trend of the intervention and suggest necessary alterations (if any)
- To participate in the whole process of identifying and suggesting possible solutions to existing problems
- To share varying expertise and experiences

4.2.3 MONITORING AND EVALUATION

Monitoring was an in-built process in the training activities. Basically activity and input monitoring was done as a follow-up on the plan to ensure effectiveness. Monitoring assisted in keeping alive the thinking and desires to accomplish the planned tasks and achieve the outputs and expected results. A beneficiary assessment was carried out in December 2006 to ascertain the understanding/perception of the beneficiaries on the training provided. This is explained in detail in the next chapter.

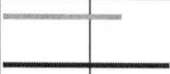


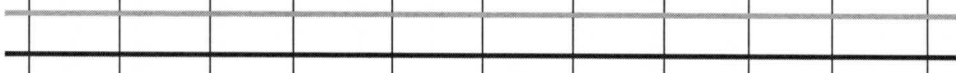

4.3 SUMMARY ON IMPLEMENTATION

Implementation of the planned activities fell within the specified period. However, it was not exactly according to the original plan particularly with regard to timing (Table 9). Also, it was not possible to get all the group members in all the planned training sessions

although the number did not fall short of 67% (Group's attendance register). However, this did not affect the expected output of the project as depicted in the beneficiary assessment.

Implementation of the capacity building project (training of group members) was not treated as a stand-alone activity but rather as an integral part of the capacity building activities within the host organization's annual and strategic plans.

Table 9: Project Implementation Plan (Planned Vs Actual)

ACTIVITY	OCT 05	NOV 05	DEC 05	JAN 06	FEB 06	MAR 06	APR 06	MAY 06	JUN 06	JUL 06	AUG 06	SEP 06	OCT 06	NOV 06	DEC 06	JAN 07
Identification of the CBO Community Needs Assessment																
Preparation and appraisal of the Project proposal (Preparation of the Logical Framework)																
Presentation of the Project Proposal																
Project Implementation, Monitoring and Evaluation																
Presentation of results, final report writing and submission																

CHAPTER FIVE

5.0 MONITORING, EVALUATION AND SUSTAINABILITY

The Project Monitoring and Evaluation Framework was built upon three pillars (IFAD M&E Guide). These are:

- (i) **To guide the Project strategy:** this maintains the intervention logic so that the planned activities will deliver the expected outputs, and the outputs will be the basis to achieve the intended project objectives and goals.
- (ii) **To ensure effective operations:** The M&E is essentially looking at the availability of required inputs (physical, human and financial) at the right time to enable carrying out of planned activities within the required time and space.
- (iii) **To create a learning environment:** This part of the M&E Framework distinguishes monitoring from auditing. It provides for the results from M&E to contribute in making necessary adjustments to keep the Project in track. It is an early warning mechanism that allows implementers to learn and implement concurrently.

The M&E framework was pegged on the Group Log-frame (Appendix 3).

5.1 MONITORING

Monitoring was an in-built process in the training activities. It was done in relation to the planned activities (activity monitoring) and the required input viz. trainers, trainees, funds, transport and training materials. The basic monitoring tools included group meetings, seasonal calendar and the group attendance register.

5.1.1 GROUP MEETINGS

The group constitution provides for regular meetings to discuss progress and agree on next step as a means of monitoring. The office bearers take the lead in the monitoring process by ensuring that most of the members (if not all) participate in the meetings and contribute in the decision-making process. Minutes of the meetings and matters arising thereof were the means of keeping track on agreed actions. It was through these meetings that it was agreed to drop the mid-term evaluation (which was planned for August 2006) as most of the issues were already addressed in the meetings.

5.1.2 SEASONAL CALENDAR

A seasonal calendar that was previously prepared by the Ministry of Agriculture through the RBM-SIIP was adopted to assist farmers in keeping individual records including production and price data. Initially, this was only used to determine the timing of production activities viz. ploughing, harrowing, planting, weeding, bird scaring, and harvesting. These activities are now coupled with record keeping. This proved to be a useful monitoring tool for the farmers as it acts as an operational diary in their production and marketing activities.

5.1.3 ATTENDANCE REGISTER

This was a monitoring tool that was used to keep track of the attendance of group members in the training sessions. This assisted in ensuring continuity as well as commitment of the members in the training. A monitoring matrix (Table 10) was prepared to provide to guide the monitoring process.

Table 10: Monitoring Matrix

	INDICATORS	TRACKING QUESTIONS	RESPONSIBILITY	FREQUENCY
Goal: Increased income and food security	<ul style="list-style-type: none"> Improved houses Reduced malnutrition for under fives 	<ul style="list-style-type: none"> What type of houses dominates the village? What is the percentage of malnourished children recorded? 	National Bureau of Statistics (Household surveys)	Recommended after every three years
Objective: To improve entrepreneurial skills of the group members	<ul style="list-style-type: none"> Increased volume of sales by at least 50% by December 2008 Increased profit margins by at least 30% December 2008 Increased production of other crops other than paddy by 20% by December 2008 	<ul style="list-style-type: none"> What is the volume of produce sold this season? What is the total cost of production? What is the total revenue accrued? What other crops are grown apart from paddy? 	Group members (keeping production and marketing data) CED student/Field officers (facilitating record keeping)	Throughout the season
Output: Group members have knowledge and skills in entrepreneurship	<ul style="list-style-type: none"> Reduced seasonal price fluctuations by 50% More buyers from outside Arumeru district Improved access to and use of market information (cell phones, radios, newspapers) New agro-enterprises selected and functioning 	<ul style="list-style-type: none"> What is the price at harvest? What is the price at the beginning of the season? How is pricing done? Who are the buyers? Is there a comparative advantage of growing other crops? 	Group members (keeping production and marketing data) CED student/Field officers (facilitating record keeping)	Throughout the season
Activities	30 group members trained on entrepreneurship	<ul style="list-style-type: none"> How many trainees are available for training in each session? Are the training materials ready and adequate? Are the trainers/trainees adequately prepared? Is the timing being adhered to? 	Group members (keeping records) CED student/Field officers (facilitating record keeping)	Before and during every training session i.e. at least one session per month
Input: Human Physical Financial		<ul style="list-style-type: none"> Are trainers available? Is the vehicle available? Are the funds for materials and field allowances available? Is the venue available? 	CED student Field officers	Before and during every training session i.e. at least one session per month

Source: Project preparation results

5.2 ASSESSMENT OF THE PROJECT (EVALUATION)

The terminal evaluation was carried out in mid-December 2006. It was done through a beneficiary assessment to ascertain the perception and understanding of the group members in relation to the training provided. The design of the beneficiary assessment was based on the fact that it was meant for a small group of respondents (only 30 people) that can easily be administered through meetings or other formal forums within the group's constitution. This simplified the features of the assessment and the recommended data/information collection instruments/tools, sampling procedures, and reporting of the results.

5.2.1 MAJOR FEATURES OF THE ASSESSMENT

The objective of the assessment was to highlight the change that has occurred in relation to the training provided to the group. The assessment was longitudinal (Fink et al, 1985) in nature (used the same checklist that was used during the CNA, Appendix 6).

5.2.2 WHY LONGITUDINAL?

A longitudinal survey (assessment) is a survey that is repeated over time. Conducting a survey over a period of time (re-interviewing) not only provides the necessary information about changes that occur, but also shows the effect or impact of these changes.

5.2.3 WHY IS IT NECESSARY TO RE-INTERVIEW PEOPLE?

Re-interviewing the same people over a period of time provides valuable information on the process by which the change occurs. It helps us to understand the change in their way of doing things.

5.2.4 BENEFICIARY ASSESSMENT INSTRUMENTS USED

A checklist was administered during the group meeting convened for the assessment

This assessment was based on the assumption that the knowledge and skills provided are essential in increasing production and income of subsistence farmers and hence improve their living standards. The questions to be answered therefore focused on applied entrepreneurial knowledge and skills in production and marketing aspects for agricultural produce (Appendix 6)

5.2.5 CONTENTS OF THE ASSESSMENT

The checklist contained basic related items describing the effects/impact of the applied knowledge and skills. The questions/items were open-ended to allow capturing of lessons from “unintended” effects (if any).

5.2.6 PSYCHOMETRIC CHARACTERISTICS

The responses were mostly based on the understanding or perception of the intended beneficiaries i.e. simple “YES” or “NO” answers with explanation for their justification. This type of responses can easily be shared among the beneficiaries whose level of education is largely limited to primary school (Table 11)

5.2.7 RELIABILITY

The reliability of the assessment was ensured through “Test-Reset”. This looked at the stability of the responses over time for the group as a whole (Fink and Kosecoff, 1985).

5.2.8 VALIDITY

The contents of the assessment reflected the extent to which the checklist and responses described the change (intended or unintended) attributed to the training provided.

5.2.9 ANALYSIS OF THE FINDINGS

Analysis was done using a simple spreadsheet (ms-excel) for the few quantitative data. Selection of the package was based on the quantity of data to be handled as well as the illustrative adequacy for the intended purpose. A matrix was prepared to provide details of the qualitative answers for a common understanding (Table 11)

5.3 RESULTS OF THE ASSESSMENT

5.3.1 QUALITATIVE RESULTS

Determination of the level of achievement was based on the views of the beneficiaries. In line with the checklist items (Appendix 6), summarizes the responses and corresponding narrations.

Table 11: Qualitative Responses and Narrations

S/NO.	CHECKLIST ITEM	RESPONSE	NARRATION
1	Participatory market research techniques	VERY USEFUL	“This has created trust among ourselves and has helped to ensure that even big buyers can be accessed through collective marketing. These could not be done in the past since selling was done at farm gate and hence poor prices”.
2	Market Outlets	MORE OUTLETS	The number of market outlets has increased since the members are now sharing information which was previously a secret. “We share information from market research. Sometimes we refuse to sell if we find that the price being offered does not give a good profit margin”
3	Market reliability	VARYING	Market conditions fluctuate as sometimes the buyers may decide to buy from other places where prices are low. This is still a challenge to us.
4	Profit Margins	INCREASED	“You know what? We didn’t know that even this kind of small-scale farming requires ‘mahesabu (calculations)’. Indeed, we are now able to see through the mist. We are not going to produce if there is no profit, however small it may be”
5	Bargaining (individually, collectively)	YES, STRONG IN COLLECTIVE	“We have now proved that ‘umoja ni nguvu, utengano ni udhaifu’. We now consider ourselves as a family. There is no more divide and rule” confessed the farmers. The literal translation of the Swahili proverb is ‘unity is strength’.
6	Crop diversification (knowledge on agro-enterprise selection and management)	YES, VERY USEFUL	From the discussions, it appeared that these farmers opted to grow paddy as a traditional practice. They never thought of it as an enterprise. “We want to try other crops that we are told have more profit. We have formed a market committee to look into other crops required by the market. However, we do not have knowledge on growing some of these.”
7	Participatory monitoring and evaluation	YES, VERY GOOD PRACTICE	One of the group members made us laugh when he said, “I am applying this at home. My wife and I have agreed to always look at our plans for food and other things. If things do not work out fine, we find an alternative together. There is no more ‘ask your father’ from her to the children”.
8	Contract Farming	NO, NOT YET	It is a good practice but requires a careful plan and legal backing which is currently not very well defined among producers. “We were once approached by a company that wanted us to produce paprika. We negotiated and agreed on terms but they never came back”
9	Sustainability • Socio-cultural	YES, ASSURED	“This is our group, and it will always be. We want to grow big so that we can realize more

	<ul style="list-style-type: none"> • Financial • Technical 		benefits from the market. We cannot access some services if we stay individually. A training like these could not possible if we were not in a group.”
10	Emerging issues (unintended effects)	YES, VARIOUS	<p>The group came up with a number of issues of concern resulting from the knowledge and skills obtained. These include (i) storage facilities. There are no storage facilities in the village. It is a concern particularly for those whose houses cannot accommodate surplus harvest.</p> <p>(ii) small capital base to expand their activities. The group has decided to mobilize more members (to a potential membership of 300) and register a savings and credit cooperative society (SACCOS).</p>

Source: Beneficiary Assessment Results

5.3.2 QUANTITATIVE RESULTS

All the data being used in this analysis are from the last season i.e. October – December 2006 when the prices were at the peak. The baseline data refers to the situation during the needs assessment in November 2005.

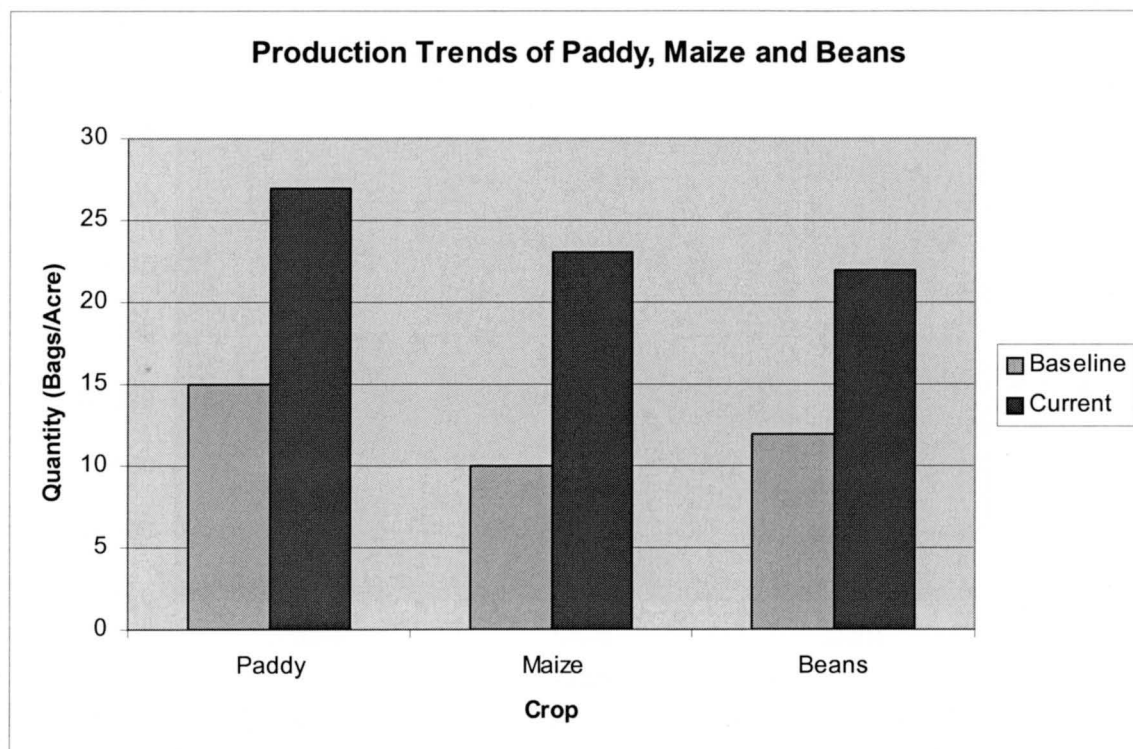
5.3.2.1 Production trends

Table 12: Production of Paddy, Maize and Beans at Lekitatu

Crop	Production (Bags/acre)		%age increase
	Baseline (Average)	Current (Average)	
Paddy	15	27	80
Maize	10	23	130
Beans	12	22	83

Source: Beneficiary assessment results

The group acknowledged an increase in production of paddy, maize and beans by 80%, 130% and 83% respectively. However, it was not easy to attribute this huge increase to the training intervention alone as there are other factors of production that could contribute to the same. The group admitted to have applied fertilizers and better varieties of the crops in question.



Source: Beneficiary Assessment Results

Figure 3: Production Trends of Paddy, Maize and Beans at Lekitatu

5.3.2.2 Price Trends

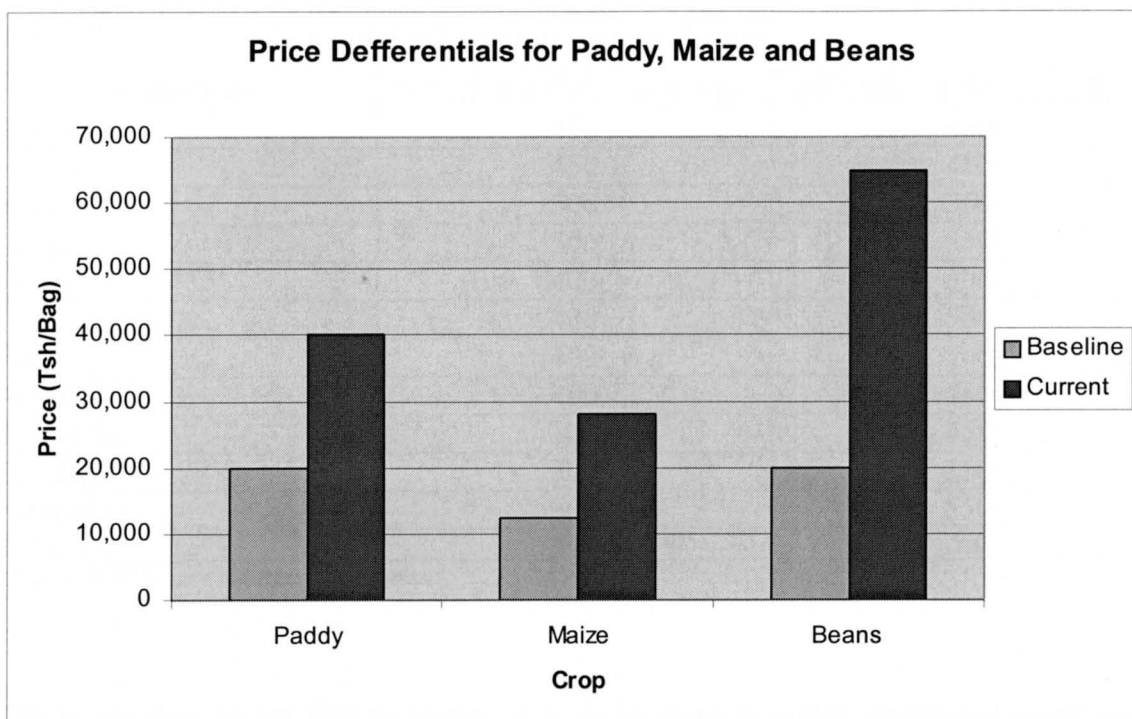
There were remarkable price differentials for paddy, maize and beans. The beneficiary assessment results show that farmers were able to record on average increases of 100%, 124% and 225% for paddy, maize and beans respectively.

Table 13: Price Differentials for Paddy, Maize and Beans at Lekitatu

Crop	Price (Tsh/Bag)		%age increase
	Baseline (Average)	Current (Average)	
Paddy	20,000	40,000	100
Maize	12,500	28,000	124
Beans	20,000	65,000	225

Source: Beneficiary Assessment Results

These huge proportions were attributed to better bargaining power (collective as opposed to individual), and access to buyers from neighboring countries.



Source: Beneficiary Assessment Results

Figure 4: Price Differentials for Paddy, Maize and Beans at Lekitatu

5.3.2.3 Paddy Seasonal Price Fluctuations

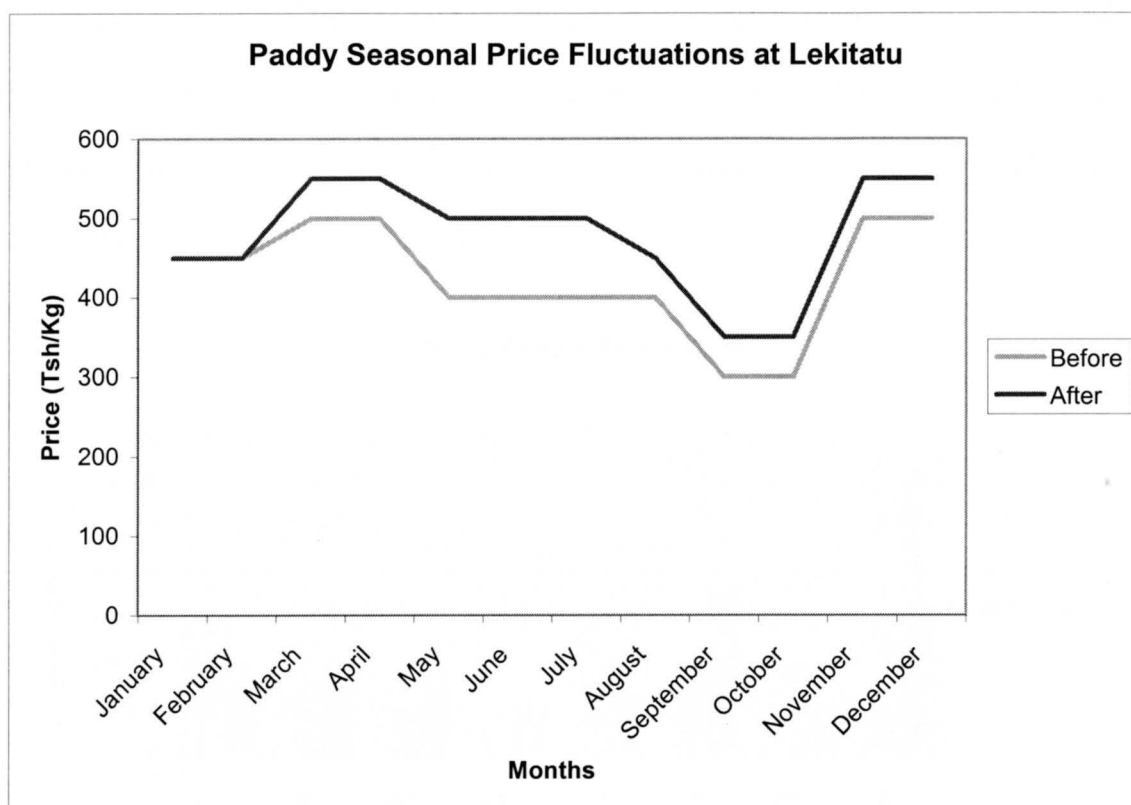
Prices are observed to fluctuate seasonally. These seasonal price fluctuations are related to availability of the produce. Prices are low at the end of the season (during harvesting) and high in the beginning of the season. Lekitatu experiences two seasons in one year, one relying on rain (March – May) and the other relying completely on irrigation (October – December).

Table 14: Seasonal Paddy Price Fluctuations at Lekitatu

MONTH	SEASON ONE (Tsh/Kg)	SEASON TWO (Tsh/Kg)
January	450	450
February	450	450
March	500	550
April	500	550
May	400	500
June	400	500
July	400	500
August	400	450
September	300	350
October	300	350
November	500	550
December	500	550

Source: Beneficiary Assessment Results

The group data reveal that there has been an increase in paddy prices in the last two seasons. Although the fluctuations were maintained, prices in the second season were relatively higher. This is attributed to an increase in the prices of input as well as an increased demand for the produce.



Source: Beneficiary Assessment Results

Figure 5: Paddy Seasonal Price Fluctuations at Lekitatu

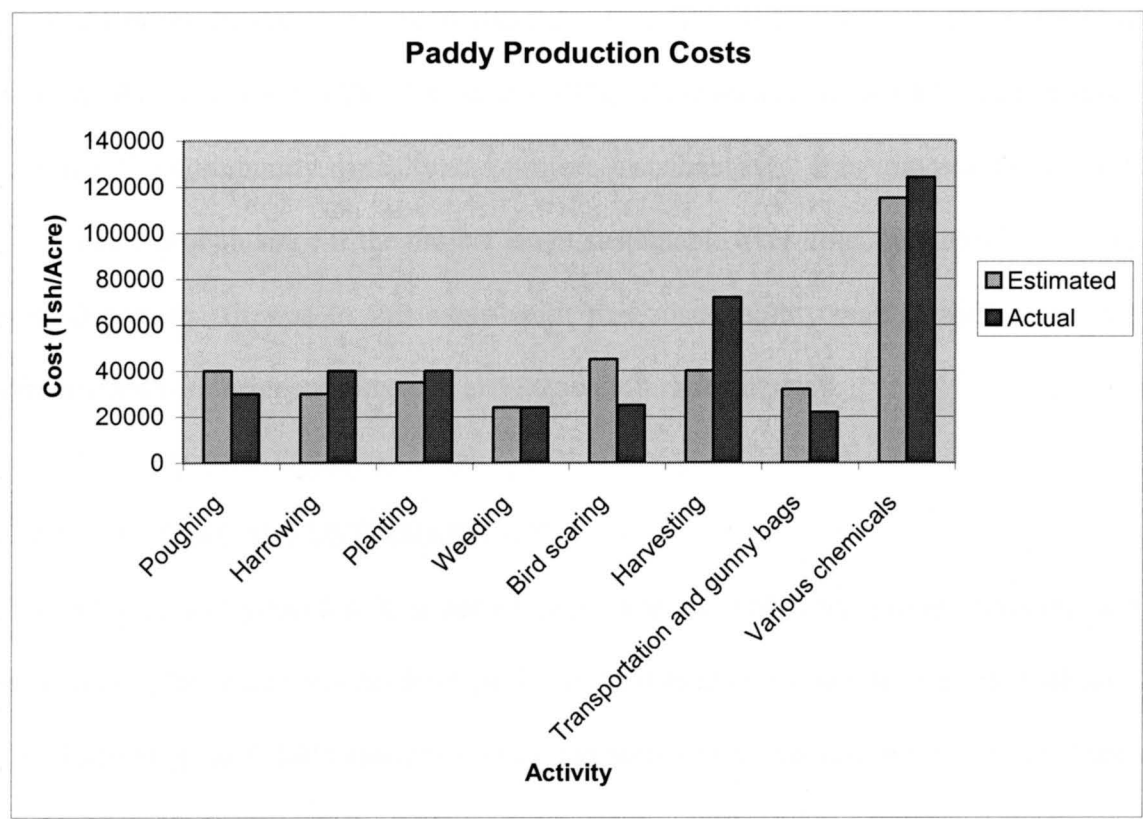
5.3.2.4 Paddy Production Costs

Table 15: Paddy Production Costs

Activity	Estimated Cost (Tsh/Acre)	Actual Cost (Tsh/Acre)	Variation (Tsh/Acre) (Actual – Estimated)
Ploughing	40000	30000	- 10000
Harrowing	30000	40000	+ 10000
Planting	35000	40000	+5000
Weeding	24000	24000	0
Bird scaring	45000	25000	- 20000
Harvesting	40000	72000	+ 32000
Transportation and gunny bags	32000	22000	- 10000
Chemicals (including fertilizers)	115000	124000	+ 9000
Total	361000	377000	+16000

Source: Beneficiary Assessment Results

On average, actual production costs were higher than estimated costs. Table 15 shows that while some of the costs were overestimated and others underestimated, the overall difference was an increase of the costs by 4.4%. This was not a big difference although it had implications in the price of paddy.



Source: Beneficiary Assessment Results

Figure 6: Paddy Production Costs Variations

It is observed that fertilizer and other chemicals draw the biggest percentage (33%) of the total cost of production while transportation and gunny bags draw the least (6%).

5.4 SUSTAINABILITY

The sustainability of this intervention considered the ability of the group to continue with marketing of their produce in an organized manner i.e. Z-A approach as opposed to the traditional A-Z approach. This is to emphasize that farmers should start looking at what is required in the market in terms of time, quantity and quality. As detailed in Professor Camayd-Freixas' paper (Yes, but is it CED), "development in a CED project entails building the community capacity and project sustainability." It is important to consider sustainable growth since if the project is not sustainable over time, then development did not take place. It was in this same spirit that sustainability was considered in three dimensions viz. technical, financial and socio-cultural/ownership.

5.4.1 TECHNICAL SUSTAINABILITY

The training was provided in a participatory way in which the group members were involved in the whole process from problem identification to monitoring and evaluation. The knowledge and skills and acquired by the members do not require any external input to apply. These include;

- (i) to conduct market research
- (ii) to evaluate different options identified in the market research
- (iii) to select profitable agro-enterprises
- (iv) to manage market links
- (v) to access and use market information and
- (vi) to plan and manage selected agro-enterprises

5.4.2 FINANCIAL SUSTAINABILITY

Transformation of the mindsets of the farmers from purely subsistence production and selling to thinking of farming as an enterprise was the basis of the training. This will ensure they operate profitably and be able to manage. By considering this fact, the group has already initiated a process to register as a Savings and Credit Cooperative Society in order to expand their capital base. This will enhance their financial sustainability as they will be able to access credit for diversification of their enterprises.

5.4.3 SOCIO-CULTURAL AND OWNERSHIP SUSTAINABILITY

The approach that was introduced for agro-enterprise selection and development build on the available local knowledge. This creates an enabling environment for the group members to learn and act using their own skills and resources. If this is coupled with goodwill of the group, it will inculcate a sense of ownership and commitment of the members to achieve their intended objectives. The training in group dynamics also underscores the stability of the group over time.

CHAPTER SIX

6.0 CONCLUSION AND RECOMMENDATIONS

6.1 CONCLUSION

Failure of many of the past initiatives aimed at improving the lives of the rural poor was mainly attributed to sustainability. Provision of handouts created a dependence syndrome that saw the falling of life standards of intended beneficiaries over time. This project has come up with good lessons through participatory planning and implementation of a community based initiatives. It has been realized that even smallholder subsistence producers can manage their operations profitably if equipped with the necessary entrepreneurial knowledge and skills.

It is important to ensure that the producers know their environment and also the outside environment in order to make better use of the available opportunities in a bid to improve their lives. Information is power; adequately informed rural poor can make a big difference in their lives. What they need is professional guidance and not financial or material assistance as they have very strong social cohesion and other untapped potentials viz. land, water, labor force and most important, the desire for development. Sethi (1983) asserted that “the problems of the rural poor, in the final instance, cannot be solved by anyone but themselves, and all solidarity efforts must be aimed at strengthening their own capacity for independent action”.

6.2 RECOMMENDATIONS

6.2.1 GENERAL RECOMMENDATIONS

- (i) Training of farmers/small-scale producers in entrepreneurship is an essential element in raising their awareness on selection of profitable enterprises
- (ii) The rural poor should be made to understand the environment within which they operate. This will ensure that they will be operating with a vision that encompasses profit making and sustainability dimensions
- (iii) The Local Government Authorities should endeavor to strengthen market information services so that producers (primary beneficiaries) can easily access and make use of it. The current trend favors those who have access to media (newspapers and radios). These are in the city or town centers and are mostly traders (not producers).
- (iv) Multi-sectoral rural development interventions should be advocated by the Government to create a win-win situation in the pursuit of the Tanzania Vision 2025 and the corresponding local, regional and global policies and strategies. These include the NSGRP (MKUKUTA), PBFP (MKURABITA), and MDGs. It is therefore imperative that the Sector Wide Approaches being advocated by the Government and Donor community take into consideration a smooth transition from the current practice to avoid potential paradoxes.

6.2.2 SPECIFIC RECOMMENDATIONS

- (i) The host organization should assist the Group to organize local study tours/visits to enable learning by seeing. This will enhance the knowledge and skills in agro-enterprise design, implementation and management

- (ii) The Village Government should look into possibilities of constructing cost-effective storage facilities to accommodate surplus harvest. This could be done in a cost sharing basis with the farmers. Assistance could also be sought from other ongoing Programmes like TASAF and PADEP.
- (iii) For a long term financial sustainability, the group should strive to extend its membership to a current potential of 300 (or more) and form a SACCOS. This will boost access to credit and hence a possibility of expanding the enterprises.
- (iv) An in-depth impact study will be necessary in order to ascertain attributions of various interventions in improving living standards of the intended beneficiaries in terms of increased income and food security. This will provide a desired destination in which efforts could be re-directed or sustained.

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