



Scoping Study on Sustainable Public Private Dialogue at Local Governments for Improving Local Economic Development: Kahama Town Council and Ushetu District Council in Shinyanga Region



HiLINE

By

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LIST OF ABBREVIATIONS

AMCOS	Agricultural Marketing Cooperative Societies
BEST	Business Environment Strengthening in Tanzania
BRELA	Business Registration and Licensing Agency
DRC	Democratic Republic of Congo
KTC	Kahama Town Council
KACU	Kahama Cooperative Union
HiLINE	Higher Learning Institutions Networking
LGAs	Local Government Authorities
LED	Local Economic Development
NGOs	Non-Governmental Organizations
NEMC	National Environment Management Council
OSHA	Occupational Safety and Health Authority
PPDs	Public Private Dialogues
PSOs	Private State Organizations
PPP	Public Private Partnership
SIPS-LED	Stakeholder Issue Policy Scoping for Local Economic Development
SIDO	Small Industries Development Cooperation
SACCOS	Savings and Credit Co-operative Society
TORs	Terms of References
TCCIA	Tanzania Chamber of Commerce, Industry, and Agriculture
TRA	Tanzania Revenue Authority
TFDA	Tanzania Food and Drug Authority
TTO	Town Trade Officer
TAICO	Town Agriculture, Irrigation & Cooperative Officer
DAICO	District Agriculture, Irrigation & Cooperative Officer
TMO	Town Mining Officer
TBS	Tanzania Bureau of Standards
TFS	Tanzania Forest Services
TANESCO	Tanzania Electric Supply Company Limited
VICOBA	Village Community Banks

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EXECUTIVE SUMMARY

“Dialogues” between the public and the private sector is not a new concept in Tanzania. It has been a feature of public life for many years in the country. However, in recent years, there has been a surge in the interest on the Public Private Dialogue (PPD) between the government, the private sector and international organizations as a means of promoting Local Economic Development (LED). Consequently, Public Private Dialogues for Local Economic Development involves the process of engaging local stakeholders and local authorities in partnership with national planning agencies and economic development partners to jointly identify, design and implement initiatives (i.e. exploiting the opportunities and resolving the challenges) aimed at stimulating the local economy. This approach is supposed to mark a paradigm shift from the traditional top down approaches to the all-inclusive bottom up approach for effective local development.

To achieve this, the TCCIA-Shinyanga in collaboration with BEST-Dialogue engaged consultants to identify the opportunities and challenges of doing business and growing the local economy which can be tackled by both the private and public sector at the local level through the PPD process for the Kahama Town Council and Ushetu District Council in Shinyanga region.

Collecting data for this scoping study was mainly structured around two approaches: primary data collection through interviews and focus group discussions with the different stakeholders in the public and private sectors as well as secondary data desk reviews. Face to face interviews were administered between the 18th and 23rd October 2018. Qualitative data was analyzed thematically while quantitative data was analyzed descriptively. Financial and non financial information was triangulated from the literature reviews, the interviews as well as from the focus group discussions. Apart from that, a data validation workshop was held in Kahama on 6th December 2018 involving participants from both the public and the private sectors.

The results from the study show that agriculture (paddy for Kahama TC and tobacco for Ushetu DC) is the main business activity for the local people in both districts followed by livestock keeping, bee keeping, mining, small scale processing industries, and tourism.

The major economic challenges facing doing businesses in the Councils revolve around taxes and levies charged on the businesses as well as a lack of a conducive business infrastructure.

Despite a successful launching of the business councils in the two councils, certain gaps were identified in the current PPD practices. First, there are some key stakeholders such as the District Commissioner, the immigration officer, and TCCIA officers who are not in Ushetu DC. As a result, they participate in both councils. Second, the private sector at Ushetu is only represented by only one hamlet (Ulowa) while the District has 20 hamlets with different concentration of economic activities. When only one hamlet is represented in the business council, the local challenges of other hamlets maynot be properly addressed.

The main recommendation of the study is for the two business councils of Kahama TC and Ushetu DC to be merged to form one council and in situations where there are similar members, then there should be a rotation in participating in the council meetings. Moreover, forming one business council for both districts will be advantageous for Ushetu because its major trade Partner is Kahama TC. Therefore, with one council the traders in Ushetu will be able to adequately address their major business challenges with the stakeholders of the Kahama TC.

SECTION 1: INTRODUCTION

1.1 Background

“Dialogues” between the public and the private sector is not a new concept in Tanzania. It has been a feature of public life for many years in the country. However, in recent years, there has been a surge in the interest on the Public Private Dialogue (PPD) between the government, the private sector and international organizations as a means of promoting Local Economic Development (LED). Consequently, Public Private Dialogues for Local Economic Development involves the process of engaging local stakeholders and local authorities in partnership with national planning agencies and economic development partners to jointly identify, design and impliment initiatives (i.e. exploiting the opportunities and resolving the challenges) aimed at stimulating the local economy. In essence this approach is supposed to mark a paradigm shift from the traditional top down approaches to the all-inclusive bottom up approaches for effective local development.

To achieve this, the TCCIA-Shinyanga in collaboration with BEST-Dialogue engaged consultants to identify the opportunities and challenges of doing business and in growing the economy which can be tackled by both the private and public sector at the local level through the process of PPD for the Kahama Town Council and Ushetu District Council in Shinyanga region.

1.2 Objectives of the Assignment

The specific terms of reference (TORs)/objectives for the assignment were as follows:

- 1) To map/identify the main business/economic activities carried out at Kahama Town Council and Ushetu District Council in Shinyanga region.
- 2) To map/identify the potential for economic growth at Kahama Town Council and Ushetu District Council in Shinyanga region.
- 3) To map/identify key stakeholders at Kahama Town Council and Ushetu District Council in Shinyanga region.
- 4) To map/identify gaps in the current Private Public Dialogue (PPD) practices at Kahama Town Council and Ushetu District Council in Shinyanga region.

1.3 Report Outline

The report is divided into five sections covering the following aspects: Section 1 presents the background to the study while section 2 briefly provides the economic profiles of Kahama and Ushetu LGAs. Section 3 discusses the methodology used in this study and section 4 discusses the study findings whereas section 5 presents the main implications for the PPDs for Kahama and Ushetu LGAs.

SECTION 2: GENERAL PROFILES OF KAHAMA AND USHETU DISTRICTS

2.1 Kahama Town Council

Kahama Town Council is strategically located between latitudes 30 15” and 40 30” South of the Equator and Longitudes 310 30” and 330 00” East of Greenwich on the main road to neighboring countries of DRC Congo, Uganda, Burundi and Rwanda. It was established in 2012 and it has an area of 1520 km² (152,016.1 *ha*) of which 30% is used for residential purposes and the remaining 70% of the area is used for diverse economic activities such as farming, livestock keeping and mining. By 2012 the population of Kahama Town Council was 242,208 (117,498 males and 124,710 females) with annual growth rate of 3.7% according to the 2012 national census. However, gold deposits in the district have attracted migrants from both within and outside of Shinyanga region and as a result, it is estimated that the current population of the area covered by Kahama Town Council stands at about 900,000. The predominant indigenous ethnic groups in KTC are the Sukuma, Sumbwa and Nyamwezi as well as the Ha and Hangaza.

2.2 Ushetu District Council

Ushetu District Council was established in 2013 after a split of the Great Kahama District to form Kahama Town Council, Msalala District Council and Ushetu District Council. The Ushetu District Council covers an area of 5311 km² with two divisions, 20 wards, 105 villages and 500 hamlets. The district is located in North-Western Tanzania bordering Kahama Town Council and Nzega District to the East; Msalala District to the North; Mbogwe district to the West and Tabora District to the South. The local inhabitants are mainly of the Sukuma, Sumbwa and Nyamwezi ethnic groups. The other ethnic groups (though not predominant) are the Ha, Hangaza and Dakama. The 2012 population census showed that Ushetu’s population was 273,075 consisting of 51% females and 49% males with about 67% of the total population contributing to the labor work force towards economic growth of the district.

SECTION 3: METHODOLOGY

Choosing the appropriate methodology for a study is said to be one of the most important decisions that a researcher performs in his/her undertaking. It is, however, recognised that despite its importance this task is complex and has to be undertaken with due care and diligence while also recognising the limitations existing that might make some approaches more palatable than others. As a trade off between the most appropriate method and resource limitations imposed by the circumstances and in order not to compromise its credibility this study was designed based on the type of limitations that have been identified by previous researches dealing with the public and private sectors.

Data was collected from both primary and secondary sources. Primary data was obtained through interviews and focus group discussions (with the different stakeholders within both the government - RAS, DC, DEDs, DTOs, DAICO, DPO and the private - TCCIA, farmers, livestock keepers, bee keepers, food processors, businessmen/women) as well as and secondary data desk reviews. The desk review encompassed a review of all documents provided by the respective LGAs and additional information that were obtained through online resources.

Primary data was collected from information-richest members of the desired population, who were selected purposively in order to generate reliable data. Face to face interviews were administered between the 18th and 23rd October 2018). The exact number of the respondents was determined based on data saturation (i.e. the state in which additional data collected provided few, if any, new insights) within a particular strata of interviewees. The interviews lasted between one and two hours depending on the data and information each interviewee had. Interviews were accompanied by transect walks in selected areas to witness first hand how businesses take place. All interviews were conducted in Kiswahili and were spontaneously recorded with the translation and transcription done later. This was done in order to ensure that no important information was lost in the course of the discussions. Qualitative data was analyzed thematically while quantitative data was analyzed descriptively. Financial and non financial information was triangulated from the literature reviews, the interviews as well as from the focus group discussions.

A data validation workshop was held at Kahama on the 6th December 2018. Participants included the District Commissioner, the District Executive Directors, LGA officials, farmers, traders, representatives of different AMCOs, financial institutions, and representatives from BEST-D and HiLINE. The validation workshop enabled the researchers to share study findings for stakeholders' validation and to obtain additional inputs from the participants on areas of focus and advocacy (value chain, PPD compositions).

SECTION 4: FINDINGS OF THE STUDY

4.1 KAHAMA TOWN COUNCIL

4.1.1 Economic/ Business Activities

The main economic activities which most local people are engaged in within the Kahama Town Council are agricultural activities, livestock keeping, mining activities, and timber business. Other significant business activities in the area include hotel and accommodation related business as well as boda boda (scooter transport) business.

4.1.1.1 Agricultural Activities

Despite the presence of significant mining activities within the Kahama Town Council area, agriculture



has continued to dominate the livelihood and economic performance of the council. The sector contributes more than 50% of the district's economy and employs about 40% of the working population. Most of the local people are engaged in the cultivation of cash and food crops including paddy, maize, millet, cassava, sweet potatoes, ground nuts, beans, cotton, sunflower, peas, grams, and horticulture. Out of those, the crops with a high annual production include paddy, maize, cassava, and sweet potatoes (table 4.1).

Paddy alone accounts for about 35% of the council's total revenue per annum and therefore it's the one whose value chain is given the highest priority by the LGA.

Table 4.1 Annual production for Agricultural Crops (2016/2017)

	Crop	Tons	Percentage
1	Paddy	121,664	38.5
2	Cassava	75,450	23.9
3	Sweet Potatoes	61,380	19.4
4	Maize	57,680	18.2
	Total	316,174	100

Source: Kahama Town Council: Socio-Economic Profile (2017)

Paddy/Rice Production

Paddy is the most important subsistence and cash crop within the Kahama Town Council area. The total cultivated acreage is 15,208 *ha*. Paddy production is dominated by smallholder peasants with very diminutive commercial inclinations. Hand hoe accounts for 90% of the implements used by the paddy. There are only a few large scale commercial farmers for paddy such as D4N LTD. Paddy production is basically erratic depending on seasonal rains whereby there are two major rainfall seasons, with the long rains between March and May and short rains between October and December. Irrigation schemes are negligibly practiced by only 0.008% of the farmers.

55% of farmers use direct seeding while 30% of the farmers use transplanting and the remaining 15% use both methods as a means of paddy establishment. The demand for agricultural inputs (like fertilizers) is very high although very expensive relative to the revenue collected from the sale of agricultural products. DAP, UREA, CAN and Agro folia are the most used chemical fertilizers for planting and growing paddy with an average farmer requiring about Tshs. 170,000 worth of fertilizers per hectare.

Besides the seemingly high cost of the inputs most farmers argue that these fertilizers are not effective resulting in stifling their production capacity. This could be caused by either inadequate technical knowledge on the right usage of the inputs or it could be a result of a wide proliferation of the supply of fake/substandard agro-inputs in the region. These two problems are exasperated by the existence of very few extension officers in the district who cannot suffice to cater for the technical support needs of all farmers. Currently KTC only has 37 agricultural extension officers which is about 50% of the actual demand.

There are no AMCOs or producer groups in the paddy/rice value chain within the Kahama TC. The paddy market structure is informal and under developed whereby 95% of famers sell their produce to middlemen who offer very low prices who end up earning about Tshs. 300 per kg. Once paddy is harvested, it is sold to local traders who either trade it as paddy or send it to a mill for processing. The milled rice is then sold at the whole sale level to traders from the local markets/retail shops. In other instances the paddy might be sold to large millers who then export large quantities of processed rice.

Kahama Town Council is the centre for rice milling in Shinyanga region. It is estimated that 95% of the processing facilities in the district are milling machines mostly situated at Kagongwa township and Malunga. 80% of the rice millers in the district are of a medium scale who process about 600 sacks of paddy per day. Processing is done using both modern and traditional machines.

Rice grading is also done at small, medium and large scales. There are basically three grades of rice produced in the district (i.e. grade 1, grade 2 and grade 3). Around half of the processed rice is exported to Rwanda, Uganda and Burundi. Other by products from paddy processing includes rice bran and maneuvering rice. On average, a medium scale rice miller obtains a profit of about Tshs. 300,000 from 30 tons.

Generally, the value chain for paddy/rice is faced with several challenges such as low productivity of small holder farmers and price fluctuations. Moreover, most small scale producers do not have access to formal credit support. Impliedely therefore, the most pressing challenge currently involves weak linkages of market information from the farm level to the main consumer markets coupled with bureaucracy in rice export licensing, increased import charges on Tanzanian rice by neighboring countries such as Rwanda, Uganda and Burundi, and the decrease of the number of employees at the Buzwagi mine which has greatly decreased the demand for rice in the area.

LICENSE LEVY! LICENSE LEVY! LICENSE LEVY!

The splitting of the Great Kahama D.C into three districts of Kahama Town Council (KTC), Ushetu and Msalala has greatly affected the revenue collection for KTC. The split has brought about conflicts in levy collection from forest and agricultural products as most of these products are from rural areas. After the split Kahama TC was left with little sources of revenue. As a result, the council has designed what are seemingly unfair bylaws against businessmen to maximize revenue collection from local traders. For example, there are some rice millers (they requested that their names be kept anonymous) who claim that they are charged two to three licenses for the same business as the LGA issues business licenses to rice millers based on a number of doors the processing premise has even if the business activity is the same! Therefore, if a miller has (for example) two front doors at his/her business premises, he/she is regarded as owning two businesses and so on! In this regard, he/she will be required to pay for two hauling licenses each at Tshs. 100,000 per annum. Section 4(2) of the Business Licensing Act, 1972 (No. 25) provides a clear definition of an auxiliary business for which a second license should be charged and this definition does not include the number of doors as one of the the criteria implying that this bylaw contradicts that Act.

A Special Case of D4N Co. LTD



D4N is a potential large scale producer of rice with 1,100 acres at Marunga in Kahama TC. So far, the company has invested about Tshs. 1 billion to construct an agricultural infrastructure including irrigation schemes, wells and dams for rice production. Unfortunately, despite such a huge investment, the company has no reliable power and uses a generator to obtain power for pumping machines which is not only very expensive to operate but also very inconvenient. Running a generator to power such a huge investment makes the project inefficient and will compel the promoters to sell their produce at high gate prices which may curtail market penetration.

4.1.1.2 Mining Activities

Mining within the Kahama Town Council is also a very popular activity with a significant economic contribution to the council's economy. The main mineral deposits available in the district is gold which is being mined on small, medium and large scale although there are also diamond deposits at Nyang'hwale also mined in small scales where large mining companies were operating in the past. Nevertheless, with Buzwagi Mine heading for a closure in 2020, small scale gold miners are crucial stakeholders in the local economy of Kahama Town Council.

Small Scale/Artisanal Mining

Despite its name, this is not a small scale sector. It supplies an estimated 10% of the district's



gold/revenue and provides around 20,000 jobs in the district. Small scale mining in Kahama TC is carried out at Mwanzilo, Mwime, Bumbiti, Kalole, and Nyangalata. Small scale miners usually operate in groups. An example of the producer groups is Isalenge Iyenze Gold Mine (PML 56). This group has 7 people owning 56 primary mining licenses at

Mwanzilo with 1,400 acres of land.

Gold production is mainly of ‘hard rock gold’ type where gold occurs in veins of rocks (quartz) that must be crushed and pulverized. This activity requires heavy initial investment curtailing the small miners in their quest to expand and grow. For example, a typical initial cost of setting up a single mine pit would involve the following costs (table 4.2):

Table 4.2 Estimated Initial Investment Costs For a Single Gold Pit

	Item	Cost (Tshs)
1	Hut construction	1,600,000
2	Wooden logs	6,000,000
3	Extraction equipment (e.g. pickaxes)	50,000
4	Ropes	100,000
5	Pillars for ropes	50,000
	Total	7,800,000

Source: Field data

Besides the above costs the miners are also required to hire at least 10 people per pit paying their wages as well as catering for their food on a daily basis until the rocks with gold are found. On average, it takes between 3 months to 12 months of daily extraction before gold bearing rocks can be struck. Often times, these small scale miners end up not getting any gold despite having incurred such huge costs. Moreover, the small scale miners rarely get credit facilities by financial institutions as they are deemed to be engaged in risky businesses and they don’t meet the borrowing conditions as set by the lending institutions. The major sources of credit used by the small scale miners are the “pit financiers” who are informal rich middle men who lend to the miners for a promise of sharing in the proceeds once gold is found, an arrangement which ends up ripping the small scale miners of their hard earned resources.

Generally, the productivity per miner is extremely low (about 0.12 grams of gold per day) due to the usage of crude tools and poor technology. Extraction involves breaking and digging the rock by men using pickaxes and sledge hammers. Once rocks are broken from the rock walls, they are hauled to the surface where (for each 100 sacks extracted) the miners are required to immediately pay 6% of royalty fees; 1% as examination fee; and 5% as income tax regardless of whether they contain gold or not. The

value for the charges depends on the auction price during that particular day. After the gold has been extracted from grounded fine sand the miners are required to again pay for the second time 6% royalty fees, 1% examination fees and 5% income tax based on the value of gold extracted. The residue after gold has been extracted (i.e. the “makinikia”) are then processed into cyanide solution whereby any remaining gold will be extracted using ‘Carbon In Pulp’ (CIP) in illusion plants. The gold obtained from such process is charged for the third time 6% royalty fees, 1% examination fee and 5% income tax. Before July 2018, the processing of “makinikia” was done in illusion plants located in Mwanza because there were no illusion plants in Kahama. This posed a few challenges. Not only were the traders carrying carbon (containing gold liquid) often hijacked on their way to Mwanza (a security challenge) but also Mwanza was benefiting more than Kahama in terms of levy (revenue challenge) and employment (labour challenge). As a solution to these challenges the Minister for Natural Resources ordered the establishment of illusion plants in Kahama and so far 15 illusion plants have been constructed.

Levies! Levies! Levies!

The Local Government Finance Act, 1982, gives the LGA the mandate to charge and collect 0.3% of the turnover as service levy. However, In 2017, without involving key stakeholders of the mining sector, the LGA enacted a bylaw which requires mining processing plants to pay service levy at a flat rate of Tshs 7,500,000 per annum. The miners made efforts to meet the LGA in order to find a solution to this challenge, but they were not successful. Instead, the LGA allowed them to pay Tshs. 7,500,000 on installment basis. As a result of this service levy several plants have closed down because they have failed to pay this amount.

4.1.1.3 Timber Business

Timber business is an important economic activity which generates revenue to the district. Unfortunately, the scourge of deforestation has been the most serious environmental problem within the Kahama TC. As a result, most of the timber sold within Kahama TC comes from the neighboring forest reserves in Kahama rural which has forest reserves occupying an area of 2,110 square kilometers (Mkwani, 1,070 km²; Ukamba, 370 km²; Ushetu and Ubagwe, 310 km²; Usumbwa, 360 km²; and Mpunze, 38 km²; and Kigosi game reserve (930 km²). Some timber comes from as far as Tabora.

Wood extraction in the natural forests is informal and illegal. Most of the timber is pit sawn whereby pit sawyers are usually local farmers who want to earn additional money in between agricultural seasons. They work either individually or with timber dealers and operate deep in the forest where the chance of being caught is low. They cut the logs into planks using hand saws. The planks are transported out of the forest to a collection point by carriers on foot or by bicycles, often at night via back roads to avoid police and forest officers. The LGA has demarcated an area at Seke (a.k.a. Dodoma) for businesses dealing with timber and timber products. Most of the timber and timber products sold at this site is illegally

obtained because of the challenges associated with taxes, charges and levies in the value chain which makes this business to be unprofitable if legal channels are followed (see Annex 2).

4.1.1.4 Livestock Keeping

Livestock keeping is the second important economic activity for the residents of Kahama Town Council. To a large extent, livestock keeping is predominantly in the traditional way rearing the following indigenous animals (table 4.3).

Table 4.3 Livestock kept within the Kahama TC

	Type of animal	Number	Percentage
1	Chicken	389,724	72.1
2	Cattle	114,076	21.1
3	Goats	25,606	4.7
4	Sheep	6,177	1.1
5	Pigs	4,693	0.9
	Total	540,276	100

Source: Veterinary Department-Kahama Town Council

Poultry rearing is the most significant livestock farming in the Kahama Town Council area. Unlike other districts in Shinyanga region, cattle rearing is not very significant in the area because on the one hand, the Sumbwa, who are the dominant indigenous people of Kahama are traditionally not agro-pastoralists while on the other hand Kahama TC being an urban area, animal husbandry is practised by zero grazing whereby each household is allowed to keep a maximum of 6 cows.

Poultry Farming

90% of the poultry businesses are by small to medium scale producers who own between 200 and 2,000 chickens. Most of these farmers keep poultry both for sale and for home consumption. Although both traditional and exotic breeds of layers and broilers are kept by the local farmers 75% of the chickens are of the traditional breed which is the main cause of the low productivity of poultry products. It is estimated that the eggs output is about 41,417,554 trays per annum. Chicken feeds are obtained from home grown excesses or grains purchased from local producers.

Most chickens receive little or no animal treatments (such as antibiotics, wormers, vitamins and vaccines) which increases the mortality rates amongst the animals kept exhibited by immature deaths of a significant number of chickens. Hatching of eggs is the primary means of replenishing and increasing flocks' size. Although there are several available technologies, they are hardly used by producers due to the inadequacy in the availability of agricultural extension services and the low level of technical knowledge among most of the livestock keepers. There is only 16 qualified veterinary officers instead of the actual demand of 45 (the available veterinary officers are just 36% of the requirement). 70% of the

producers sell their chicken through intermediaries whereby poultry are sold as live chickens in designated areas in local markets such as Namanga, Sango, and Nyahenga. This chain of business necessitates additional costs incurred by the traders which include transport costs from the collection points to the cages and costs of feeding the poultry while waiting for sale.

4.1.1.5 Beekeeping



Though beekeeping practice is still done in traditional ways it is another subsector which earns income to Kahama Town Council. Production of honey within Kahama TC is done at low, medium, and large scales. There are 7 producer groups such as VIBISHY and 1 processing industry. Generally, there has been an apparent increase in the number of beekeepers within the district compared to past. In 2013 there were only

60 known beekeepers while five years later (2018) the number has increased to 92 (an increase of 53%). Traditionally, making of hives, baiting and harvesting (cropping) are mainly male roles. Women can only participate in processing and transporting. Popular places for beekeeping activities include Wendele (Ngogwa) with 110 hives and Mwendakulima with 150 beehives.

For quite sometime now, many attempts have been made to introduce modern beek keeping technologies but adoption rate is still very low. 80% of beehives are traditional low production hives, traditional processing resulting in low/poor quality products. For example, currently average annual honey production in the council is 2,670 kgs earning about Tshs. 10,680,000 and 186 kgs of beeswax earning about Tshs. 612,000. The main reason for preference of traditional beehives is because of lack of financing mechanism to support beek keepers since the price of the moden beehives is higher for normal rural people to afford.

Apart from that, most of the promotion efforts seem to be centred more on apiculture as a way to conserve forestry and biodiversity. Unfortunately, deforestation is the most serious environmental problem in Kahama TC. A business approach to beek keeping at a producer level is extremely low. In adition, small scale beek keepers access to finanancial services is lacking. Other hallenges to the beekeeping activity include reduction of bee population due to loss of forests as well as conflicts over land use with herders and farmers.

Generally, the district has not been able to tap the full potential of this economic activity which has a ready-made market whereby a kg of processed honey is sold at Tshs. 15,000. Thus, there is great opportunity for large scale beekeeping at Kahama TC as it is demonstrated in annex 1 of this report.

4.1.1.6 Other Trading Activities

Apart from the economic activities discussed above, other business activities that are carried out include small scale industries such as oil mills, retail and wholesale shops, hardware shops, pharmacies, butchers, clothes, black smith, tailoring and so on. In addition, side shops, kiosks, tea rooms, salons and groceries provide services to people on essential products while earning the operators their upkeep income. Also, hotel and accommodation business has flourished because Kahama TC, is strategically positioned and hosts visitors who are on transit in and out of the country from places like Dar es Salaam, Mwanza, Rwanda, and Uganda. It is estimated that the district has about 400 hotels and guest houses. Another significant business activity is the scooter (boda boda and bajaj) business. Kahama TC has more than 300 scooters making it the third district in the country for the concentration of scooter business.

4.1.2 Potential for Economic Growth

Kahama TC has a great potential for economic growth as shown in table 4.4 below.

Table 4.4 Assessing the Potential for Economic Growth for Kahama TC

Criteria	Economic Potential
Availability of raw materials/local resources	Abundant availability of raw materials especially in agriculture and mining (gold mining and rice production).
Economic linkages (Backward & Forward linkages)	<ul style="list-style-type: none"> - Fresh produce demanded inside and outside the country - The district produces agricultural, fishing and natural resources inputs - 473 small scale industries of which 5 are Food processing industries and 467 milling machines and 1 is a honey processing industry (2012 census).
Market trends (ability to know the current market trends)	The district has managed to determine market trends with respect to crop products but it has not yet been able to fully identify trends in other sectors
Agglomeration advantages	There are 8 constructed markets for crops, livestock and other trading items. Also an existence of abattoirs at Busoka and Kagongwa and several product clusters.
Logistics/Nodal point function (can the local area serve as a distribution centre for specific products?)	<p>Its location on the highway to Rwanda, Burundi, the DRC, Uganda, and South Sudan has made Kahama Town Council a corridor for the transportation, telecommunication and hydropower supply system connecting regions with high populations of Kagera, Mwanza, Dodoma, Dar es Salaam, Arusha and other regions in Tanzania.</p> <p>There is an airstrip in the district for air transport.</p>
Local service delivery function (ability/capability to produce both for internal and external requirements)	The district can provide sufficient produce for both internal and external consumption
Availability of Labor (in terms of quantity and quality)	There is sufficient availability of labor in terms of quantity and quality
Technological Change (flexibility in changing ways of production to capture market needs)	There is no flexibility in technology

Imports and Exports (availability of import and export data)	Import and export data with respect to the district is easily available.
Policy Environment	The district provides great policy environment

Source: Field data

4.1.3 Key Stakeholders

The key stakeholder dynamics have been mapped by identifying formal and informal relationships between the actors, potential conflict situations, political patronage, collusions, brokers, and intermediaries that might help or derail intended economic reforms within the Kahama Town Council. Annex 3 provides details of the key stakeholders for each economic activity and the main roles they play in the local economy of Kahama TC.

4.2 USHETU DISTRICT COUNCIL

4.2.1 Economic/ Business Activities

Agriculture is the main economic activity. Livestock, beekeeping, mining and processing industries only supplement farming. There is no formal mine in operation although there is small scale gold mining at Mwabomba village in Idahina. Out of the total district area of 5311 km², arable land for agriculture is 50% while 25% of the area is suitable for livestock grazing and the remaining area covers forests, shrubs, hills and rocks.

4.2.1.1 Agricultural Activities

Ushetu's economy is pre-dominantly based on substance agriculture. Geographically, Ushetu has a fairly fertile land undulating into hills and plains covered by forests with 50% of the land suitable for agriculture. The major crops include tobacco, cotton, sunflower, groundnuts, maize, paddy, millet, sweet potatoes, cassava, and beans and the district started the farming of cashew nuts in 2016/2017. Crop cultivation accounts for about 60% of the LGA's total revenue with tobacco being the leading crop accounting for more than 50% of the total revenue collection. Thus, it is the tobacco's value chain which is given high priority in the district.

Tobacco Production

Ushetu DC is a hub for tobacco production in the lake region. Tobacco accounts for about 30% of the total cultivated area. Most of the tobacco growers are small holder farmers whose average farm size is less than a hectare. Clearing of land for tobacco cultivation is done using hand hoe with only few farmers that can afford hiring of tractors which costs about Tshs. 25,000 per ¼ of a hectare. The crop requires maximum attention from the time the seeds are in the seedbeds to the time of packing leaves into bales

ready for sale in order to have an assurance of quality for the output which would then earn a good price in the market. The curing process in the barns is also a laborious activity which takes 3 full days (i.e. days and nights non-stop). The barns are of different sizes with the most common ones used by small holder farmers being of the following sizes (length, width, and height): (i) 2.7m×2.7m×3.6m; (ii) 4.6m×4.8m×4.35m; and (iii) 4.8m×4.8m×4.35m. The last two are the ones that commonly used.

Low Bargaining Power of AMCOs – A huge challenge!

The sale of tobacco is controlled by the government through SACCOs such as KACU who purchase the required tobacco from the farmers and sell it to tobacco companies such as GTI. The prices for tobacco depends on the grades. For example, in 2016/2017 there were 72 grades each with its own price with the highest grade (LIOF) being sold at Tshs. 6,900 and the lowest (X6) at Tshs. 834. Based on production challenges, it is not easy for the farmer to have higher grades and hence most of them sell the last grade tobacco (at Tshs. 834). Given the operational inputs required a farmer selling the last grade tobacco incurs a loss of about Tshs. 3,774 (See Annex 13 for cost analysis)

Maize Production

Maize is one of the most important crops in Ushetu as both a food and cash crop which accounts for 38% of the total planted area and is the leading crop in production accounting for about 51% of the total crop production. Most of the maize production is carried out on small scale although there is also a limited medium scale production practiced mostly by local businessmen.

The most important inputs in the value chain of maize include seeds, fertilizers and agro-chemicals. The main modern seed varieties used for maize production in the district are DK and chapa Simba supplied by SEEDCO though the local people prefer traditional seeds (such as katumbili) which have lower yield levels but is less vulnerable to disease. The main fertilizers used in maize production are UREA and DAP costing about Tshs. 100,000 per hectare. Poor usage of the agro-inputs have led to disease resistant seeds contributing to low productivity which is one of the main challenges in maize production in the district. For example, currently an acre produces about 60 kgs of maize while the ideal production is supposed to be 300 kgs (a 20% production level). This challenge is worsened due to poor extension services provided by the LGA whereby currently the LGA has the capacity to provide only 39% of the required extension services.

There is no organized marketing system for maize products implying that the farmers mainly depend on middlemen to sell their produce. It is the middlemen who determine the prices and amounts to be purchased making them the controllers of the downstream value chain for the maize market. Currently, a tin of maize (about 20 kgs) is sold at Tshs. 5,000. This price gives the farmer a profit of only Tshs. 150 per tin (see table 4.5 below) which is extremely low. Therefore, the low bargaining power is another potential challenge for the farmer.

Table 4.5 Breakdown of average maize production costs

	Item	Amount (Tshs)
1	Production costs	3,750
2	Purchase of packing material (a sack)	133.30
3	Crop cess	166.70
4	Transport cost	800
	Total	4,850
	Average price	5,000
	Profit	150

Source: Field data

The processing of maize is on small scale due to lack of electricity which is a deterrent for medium and large scale production and forces the processors to use diesel machines which are inefficient and expensive to run. Therefore, most traders depend on millers in Kahama TC for the medium and large scale processing of maize. In Ushetu, maize end use is primarily for home consumption and is also sold as animal feeds mostly to the neighboring regions such as Mwanza and Kagera. However, traders don't sell as much to the neighbouring regions because when they do they are charged extra crop cess whenever the product crosses over into another LGA during transportation.

4.2.1.2 Livestock Keeping

Livestock keeping is an important activity for the majority of the households in Ushetu which supplements agriculture as an economic undertaking. Although the local inhabitants (the Sumbus) are traditionally not livestock keepers, with the increasing migration of the Sukuma and Maasai people into the district, livestock has become an important economic activity and the number of livestock has increased substantially over the last 10 to 15 years. The main livestock are shown in table 4.6 below.

Table 4.6 Break down of major livestock in Ushetu

	Type	Number	Percentage
1	Chicken	480,000	61.00
2	Cattle	214,000	27.2
3	Goats	76,000	9.7
4	Sheep	17,000	2.1
	Total	787,000	100

Source: Veterinary Department- Ushetu District Council

99% of the cattle in the district are of the traditional breed whose milk and meat productivity is low with low body weight of between 150 kgs and 170 kgs while a modern hybrid cow weighs between 600 kgs and 1,000 kgs. Animal health and nutrition inputs are available at small private outlets in the district but they lack qualified veterinary officers. Extension services are weak as are most other services due to limited human resource and funding.

Animal feeds are derived almost entirely from natural unimproved rangeland and crop residues. The LGA has provided grazing land of 200 acres at Kibalanswa. There are no formal markets for live animals in the district while informal markets are at Uyogo, Chona, Ksingiri, and Bugomba. Most animals are slaughtered at informal rural slaughter slabs because there are no formal abattoirs in the district and the meat is ferried to small butchers' shops in the villages and neighboring towns without any further value added.

4.2.1.3 Beekeeping

There are three forest reserves for beekeeping activities (Ushetu-Ubagwa forest reserve, Usumbwi forest reserve, and Mpunze forest reserve). The annual honey production is about 600,000 kgs. The high production of bee products is mainly due to the presence of a high population of bee colonies due to the prevalence of a high number of vegetation (e.g. miombo trees such as *Brachystegia* and *Terminalia*) that are preferred by bees in many areas of the district. There are 40,000 traditional beehives and 3,000 modern beehives. Most indigenous people prefer traditional beehives because they are cheaper. However, these are disadvantageous as they significantly contribute to environmental degradation/deforestation and have got a low honey productivity capacity.

Ushetu honey is popular due to its natural/organic nature and it receives high demand from as far as Zanzibar and Pemba, Rwanda and Uganda. The traders buy honey which has been traditionally processed in villages or harvesting camps before transporting it to urban centres for further processing and packaging. Most of the honey is sold locally directly to consumers in shops and kiosks. A bucket of processed honey fetches between Tshs. 90,000 and Tshs. 100,000.

The threats to beekeeping activity include reduction of bee population due to loss of forests as well as conflicts over land use between herders and crop farmers. Generally, beekeeping is extremely potential in Ushetu whereby the current productivity is not optimal in fulfilling the current honey/bee wax demand.

4.2.1.4 Tourism

Ushetu District is endowed with abundant tourist attractions. Despite that, the tourism sector is least developed. However, the local authority is currently putting in a lot of efforts to make these tourist attractions known to the World and thus make tourism one of the major district economic activities. Ushetu is the only district in Shinyanga region that possesses a vast area of game reserves. There are numerous species of wildlife found in these game reserves which provide opportunities for photo-tourism and hunting safaris. The Ushetu/Ubagwe game controlled area (90,000 ha or 10.6% of the total district area) is a buffer zone around the Kigosi game reserve where trophy hunting is the mainstream business. The district moreover hosts a number of cultural tourism and historical sites such as at Iboja

which is a site where the famous Mtemi Mirambo of Urambo was assassinated while on a military expedition to annex the Usumbwa area to his kingdom. There are a number of other interesting historical sites, such as the royal graveyards, that could be money spinners as cultural tourist sites.

If the tourism attractions can be properly harnessed they can significantly boost the local economy with its value chain (e.g. tour guides, tour operators, travel agencies, hotels, etc) .

4.2.2 Potential for Economic Growth

Ushetu DC has a great potential for economic growth as shown in table 4.7 below.

Table 4.7 Assessing the Potential for Economic Growth for Ushetu

Criteria	Economic Potential
Availability of raw materials/local resources	Abundant availability of raw materials for different sectors such as agriculture, fishing and extraction industries.
Economic linkages (Backward & Forward linkages)	The district produces fresh produce demanded inside and outside the country The district produces agricultural, fishing and natural resources inputs Value addition of the products is low
Market trends (ability to know the current market trends)	The district has managed to determine market trend with respect to crop products but has not yet been able to fully identify trends in other sectors
Agglomeration advantages	No formal constructed market centres or product clusters.
Logistics/Nodal point function (can the local area serve as a distribution centre for specific products?)	Due to lack of essential business services, Ushetu currently cannot serve as nodal point.
Local service delivery function (ability/ capability to produce in both for local and outside requirements)	Can provide sufficient produce for internal and external consumption
Availability of Labour (in terms of quantity and quality)	There is sufficient availability of labour in terms of quantity but not quality
Technological Change (flexibility in changing ways of production to capture market needs)	There is no flexibility in technology
Imports and Exports (availability of import and export data)	Import and export data is not easily available because most trading is conducted at small scale and informally.
Policy Environment	There policy environment is not well established.

Ushetu district is blessed with vast of natural resources. In order for these resources to benefit the local people a lot of efforts are still needed in order to turn Ushetu into an economic power house. Such efforts include establishment of formal markets and distribution centres; availability of business/financial services; value addition of goods with modern technology, and availability of data to market participants.

4.2.3 Key Stakeholders

The key stakeholders include the government, NGOs, PSOs etc. These have been mapped and presented as Annex 3.

SECTION 5: PPDs – IMPLICATIONS AND RECOMMENDATIONS

5.1 Current PPD Practices

Before September 2018, there were no formal platforms which could allow the public and the private sectors to meet and address local economic challenges. To resolve whatever challenges faced the local traders basically relied on informal meetings with the LGAs. However, these informal meetings were not effective in providing solutions to the issues addressed because of low political will and sometimes a lack of a formal mandate to make decisions. These informal meetings lacked a clear purpose, scope, and objectives and therefore, right from the outset, they had failed to build confidence and commitment from both sides of the stakeholders in the process.

District Business Councils for both districts were formed in 2018 whereby on 22nd September 2018 the first meeting of the Ushetu Business Council met for the first time. This was followed by another meeting of the Kahama Town Council Business Council on 29th September 2018. Each business council has 40 permanent members with equal representation from the public and the private sectors (i.e. 20 members from each side) chaired by the District Commissioner.

5.2 Gaps in the Current PPD Practices: Implications and Recommendations

Table 5.1 below provides a summary of the main gaps in the current PPD practices and the appropriate recommendations to improve the PPD process at both Kahama TC and Ushetu DC.

Table 5.1 Gaps and implications on the current PPD platform

Main Gaps	Implications	Recommendations
The DC of Kahama TC is the chairman of both business councils (i.e. Ushetu DC and Kahama TC).	Since there is a huge trade dependency between the two districts, the model may not be effective.	<ul style="list-style-type: none"> - Stakeholders at Ushetu recommend and request the two business councils to be merged to form one council, and in situations where there are similar members, then there should be a rotation in participating in the council meetings. - Moreover, forming one business council for both districts will be advantageous for Ushetu because it trades mainly with Kahama TC; therefore, traders in Ushetu will be able to adequately address their major business challenges with the stakeholders of KTC. - Further discussions between the two districts are required to address the pros and cons of merging the two councils.
There are some key stakeholders of the public sector such as the immigration officer who are not at Ushetu. Therefore, similar to the DC, they participate in both councils.		
Ushetu DC does not have a representative of the TCCIA.	In the absence of a TCCIA representative the district misses out on the requisite regular guidance and interventions that are provided by the TCCIA. This may curtail the operations of the private sector.	
Some important stakeholders have not been included in the business council at Kahama TC	Local challenges of important sectors in the district may not be addressed.	<ul style="list-style-type: none"> - These key stakeholders such as representatives from the small scale mining sectors should be included. - Annex 7 provides the list of key stakeholders left out and the proposed members to be included.
The private sector at Ushetu has been represented by only one hamlet of Ulowa.	Ushetu has 20 hamlets with different concentration of economic activities. When only one hamlet is represented in the business council, the local challenges of other hamlets may not be properly addressed.	<ul style="list-style-type: none"> - Key stakeholders from key hamlets should also have a representation in the business council. - The recommended new members are shown in annex 7.

Distrust and selfishness exist among stakeholders in the private sector.	If traders and other stakeholders in the private sector fail to unite and have one voice, it will pose a challenge in addressing their challenges as one in the PPDs as the representatives of the private sector in the business council may end up addressing their individual challenges instead of those of the private sector as a whole.	TCCIA should initiate forums for members/ stakeholders of the private sector to meet (i.e. Private-Private Dialogues)
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SECTION 6: Conclusion/ Way Forward

A draft report was presented to key stakeholders of Kahama TC and Ushetu DC in a validation workshop that was held on 6th and 7th December 2018. A validation workshop helped the consultants to share study findings for stakeholders’ validation and to obtain additional inputs from stakeholders on areas of focus and advocacy (value chain, PPD compositions).

At the workshop the key stakeholders agreed to form a task force of 10 people to work on the recommendations made by the consultants. The task force is made up of LGA officers, the regional TCCIA chairman, and representatives from the private sector for the three councils of Kahama TC, Msalala DC and Ushetu DC.

This task force will be a pioneer in implementing the action plan for the economic challenges that were identified in the study. Apart from that, the task force’s role will be to see how to utilize the economic opportunities identified by the study. Also, the task force aims at sensitizing traders to utilize an Economic Empowerment Centre which was launched on 18th November 2018. The centre is a branch of the Economic Empowerment Council headquartered in Dodoma. This will act as a one stop centre for all the required empowerment services needed by the main actors of the local economy such as lending facilities, business incubation offices, education institution and so on.

To begin with, TCCIA will organize a PPD on 21st December which will involve around 300 traders. The forum will be officiated by the DC and will involve a presentation and a discussion of the local opportunities and challenges and the way forward.

ANNEX I: INVESTMENT OPPORTUNITIES

A. Kahama Town Council

Economic/Business Activity	Opportunity	Current Efforts to Tap the Opportunity
Agriculture	<p>Land Kahama TC comprises a total area of 152,016.1 Ha (1,520.2 km²) of which available arable land for cultivation is 71,873 Ha (47.3%) of the total land. This provides a great opportunity for crop farming especially on a large scale for rice, maize, sunflower, beans, and horticulture.</p>	The LGA has demarcated areas ideal for specific type of production/investment.
	<p>Irrigation Schemes 4000 Ha of the area is suitable for irrigation. However, only 3.2 Ha. (0.08 %) of total suitable land for irrigation is currently being utilized. Thus there is a great opportunity for farming using irrigation schemes.</p>	The LGA has demarcated areas ideal for irrigation schemes for prospective investors.
	<p>Milling and Grading - The Great Kahama is a hub for rice production in the lake zone. Almost all paddy produced in Kahama is processed at Kahama TC. Many millers are of a small scale. - The demand for rice grading is very high.</p>	<ul style="list-style-type: none"> - The LGA encourages prospective investors to invest in milling especially through TIC licenses. - The LGA has allocated 2,500 acres as Potential Investment Area for small and heavy Industries at Zongomera ward
Livestock	<p>Poultry Industry - 73% of the animal husbandry by local people at KTC relates to chickens (389,000 chickens). This provides a great opportunity for an establishment of a processing plant. - In addition, there is a huge gap for a chicks production facility as well as inputs for chickens.</p> <p>Dairy Industry - Availability of 190,827 livestock with estimated daily milk production of 71,559 liter during high season and 47,706 liters in the low season provides great opportunity for investing in the dairy processing industry and cattle fattening. - Despite the presence a lot of livestock, an investment in modern cattle would triple productivity because currently the livestock kept at KTC are traditional which have low production.</p>	<ul style="list-style-type: none"> - The LGA in collaboration with World Vision and KKKT have opened a small processing plant for yoghurt at Kagongwa. However, the current milk production is not enough. - The project needs a collection centre which will help to control the quality of milk collected.
Beekeeping	Bee keeping has great potential at Kahama TC. The LGA has reserved 9450 ha for bee keeping at Segese with the capacity of holding 20,000 beehives while so far beekeeping is carried at small scale in that forest with only 50 beehives. There is a potential for large scale beekeeping because the market for bees' products is available in and outside of Tanzania.	Producer groups have prepared several proposals to obtain finance from different development partners such as TRED (Under VSIO)
Fishing	<ul style="list-style-type: none"> - Investment could be on fishery multiplication with a view of improving the indigenous herd. - Also investment could be geared towards promoting fish farming and aquaculture. - Improvement of research and training activities in fisheries subsector. - Increasing availability and utilization of fisheries inputs and implements or providing extension services. 	Kahama Town council has identified fishery sub sector as one of the potential areas for investment and it has earmarked places ideal for fishery investment including ideal places for fish ponds.

B. Ushetu District Council

Economic/Business Activity	Opportunity	Current Efforts to Tap the Opportunity
Agriculture	<p>Land - 80% of Ushetu's land is arable for cultivation of different crops; however, only 50% of land is currently utilized for agricultural activities. Ushetu's land is ideal for sunflower</p>	The LGA has demarcated areas ideal for specific type of production/investment.

	<p>production which was a significant crop product before productivity declined some years ago.</p> <ul style="list-style-type: none"> - 95% of the land at Ushetu has not been formalized. This provides potential opportunity for companies dealing with land formalization. <p><u>Agricultural Inputs</u> There are very few suppliers of agricultural inputs who cannot cater the needs of the farmers. This offers an opportunity for the supply of quality agricultural inputs.</p> <p><u>Processing</u></p> <ul style="list-style-type: none"> - There is an opportunity for processing of tobacco which is the leading crop product Ushetu but it is sold without being processed. - There is a great opportunity for grading of maize and rice because so far there is no any grading machine at Ushetu. - There are processing plants for sunflowers which have been abandoned. The business for sunflower processing went down because every producer wants to control the whole value chain of sunflower including producing, processing and distributing. 	
Livestock	<p><u>Poultry Industry</u></p> <ul style="list-style-type: none"> - 50% of the animal husbandry by local people at Ushetu relates to chickens. This provides a great opportunity for an establishment of a processing plant. - In addition to that, there is a huge gap for chicks' production facilities as well as inputs for chickens. <p><u>Dairy Industry</u></p> <ul style="list-style-type: none"> - Availability of 214,000 heads of cattle provides great opportunity for investing in the dairy processing industry, cattle fattening business. - Despite the presence a lot of livestock, an investment in modern cattle would triple productivity because currently the livestock kept at Ushetu are traditional which have a very low productivity rate. 	The LGA has demarcated 200 acres at Libelanswa for dairy industry investment
Tourism	Ushetu has several touristic attractions which have not been properly documented and advertized. Also, there are several game reserves at Kigosi-Muyowosi.	The LGA has prepared a proposal on how to harness the tourist potential in the district.. It also continues to document all historical tourist attraction and it has brought in experts from the ministry of tourism to identify more historical sites that qualify as tourist attractions .
Fishing	Existence of valleys with very a very high water tables making the valleys ideal for fish farming.	No efforts have been done so far

ANNEX 2: LOCAL CHALLENGES IN DOING BUSINESS

A. Kahama Town Council

Economic/Business Activity	Challenge	Efforts Done So far to Address the Challenge(s)
Agriculture	<ul style="list-style-type: none"> - There is unfair competition from unfaithful and informal traders, most of them being Ugandans and Rwandans who mill, grade the rice, pack, label with locally known rice trademarks and export them. These traders do not have official offices thus do not pay the requisite fees and other levies (license - Tshs. 200,000; TBS fee - Tshs. 3,800,000; income tax - Tshs. 5,000,000; TFDA charges - Tshs. 180,000; property taxes - Tshs. 480,000; OSHA charges - Tshs. 300,000; etc). Thus, these informal traders can afford to sell rice at a cheaper price of Tshs. 1,600-1,650 per kg relative to formal traders who sell a kg of rice 	The LGA is aware of the problem and has started making follow up on the issue.

	<p>at Tshs 1,700-Tshs 1,750. Due to such unfair competition some formal traders have been forced to stop selling rice, instead they are now involved in providing only grading services to these foreign informal traders.</p> <p>The LGA's bylaws which requires rice millers and other businessmen to payfor more than one license for one business provided it passes through several processes (e.g. rice hulling and grading)</p> <p>There are a lot of LGA charges in the value chain of Paddy/Rice. When paddy has been produced, crop cess of Tshs. 12 per kg is paid, then once it is hauled, Tshs. 12 per kg is paid again. Other products of rice such as rice bran is charged Tshs. 40,000 for every 30 tons.</p> <p>Tax/Levy collectors should work 24 hours instead of only 12 hours for centres with rice milling plants such as Malunga and Kagongwa. This implies that if the van has finished packing at 7.00 p.m at night, it can not leave and the owner has to wait till next morning to be charged levy. Currently, packing at night attracts a fine of Tshs. 3,000,000. Levy collection t night will also help to reduce illegal packing which goes on right now.</p> <p>Millers from Kahama TC are required to pay crop cess of Tshs. 12 per kg. However, when they transport rice to other districts, they are forced to pay crop cess for the second time.</p>	<p>They have got to pay in accordance with the requirements of the LGA's bylaws.</p> <p>They have got to pay in accordance with the requirements of the LGA's bylaws.</p> <p>In the past, traders were allowed to pack rice at night, but unfaithful traders took advantage of that to evade levy payments.</p> <p>The LGA is aware of the problem and is trying to resolve the issue with counterpart LGSa</p>
	<p><u>Sensitization</u></p> <p>The market trends for rice have changed in the past two years whereby exports of rice have declined. Traders need to be sensitized to look for alternative markets and seek market information. With the interaction that Kahama TC has, it is easier to obtain market information.</p>	<p>Sensitization is still very low</p>
	<p><u>Taxpayer Education</u></p> <ul style="list-style-type: none"> - TRA is required to provide more tax payer education in order to promote voluntary tax compliance. For example, small scale traders are complaining that they are being charged income tax on the percentage of turnover without deducting allowable expenses. - However, Paragraph 1(2) charges tax on presumptive system to help the small scale trader to pay a lower tax liability. - Traders should be educated also on the importance of paying tax for the national development. There is inherent hatred towards paying tax in the district. 	<p>Although the TRA conducts tax payer education sessions they are not yet at the required rate. Moreover most businessmen do not attend these sessions but usually send assistants to represent them.</p>
	<p><u>Leasers of Rice Godowns</u></p> <ul style="list-style-type: none"> - Rice businessmen who have rented godowns at Malunga(which has a very limited infrastructure) would like to shift from that place to their demarcated area at Manzese but facilitation of the process has been very slow on the part of the LGA.. - Owners of the godowns are evading taxes/charges by forcing leasees to pay higher rental charges while the documented receipt will show a lesser amount. 	<p>The LGA has already demarcated the land for these traders at Manzese, but the required infrastructure is not yet in place</p>
Livestock keeping	<ul style="list-style-type: none"> - Kahama Town Council with its respective wards has not established areas that can be used for feeding animals. Specifying grazing land through land use planning is important as it reduces conflicts among livestock keepers and farmers. - Kahama Town Council pastures are being utilized as communal grazing lands. However, only 100 acres at Seeke are under preparation of being registered and offered to livestock keepers to be under their Land Use Plans. 	<p>The LGA has already demarcated an area for animal grazing but it has not yet implimented the plan.</p>
Mining	<p><u>Levies</u></p> <ul style="list-style-type: none"> - Small scale miners are forced to pay royalty (6%), examination fee (1%) and income tax (5%) three times for the same product/ gold when the rocks have been removed from the pits, when rocks have been processed to obtain gold, and when 'makinikia' have been processed. - Processing plants in the mining sector are forced to pay a flat rate of Tshs. 7,500,000 instead of 0.3% on the value of turnover. 	<p>Miners have had several meetings with the LGA but the outcomes of those meetings have not been fruitful.</p>
Timber	<p><u>Levies</u></p>	<p>No efforts have materialized so far.</p>

	<p>A timber trader has a lot of charges and levies that is required to pay to the extent that it becomes impossible to obtain profit if a formal process of obtaining timber is followed. The following is the list of important all taxes and charges</p> <ul style="list-style-type: none"> - Business license (Tshs. 517,000) - Permit for cutting logs (Tshs. 33,000 per log) - Examination (Tshs. 11,000 per log) - Transportation permit (Tshs. 33,000 per log) - Plot Permit (Tshs. 200,000) - Income tax (Tshs. 400,000) 	
	<p>Levies LGA charges business license for timber traders at DODOMA based on number of benches a trader has! For example, hardwood trader is required to pay Tshs. 517,000 per annum, if he has four benches in his business, then LGA will issue four licenses and force him to pay Tshs. 2,068,000 (i.e. Tshs. 517,000 ×4). A carpenter is forced to pay Tshs. 55,000 per bench; while the timber process pays Tshs. 384,000 per bench! Even if the bench is used to put non-business items.</p>	No efforts have materialized so far.
	<p>The LGA authority moved all timber businessmen from different areas within Kahama town to a central location locally known as Dodoma. However, the new place is very far from the town centre and has no proper infrastructure such as electricity, roads, and toilets. As a result, some of the traders have refused to shift to Dodoma. When some traders remain in town most, customers refuse to Dodoma for business and it becomes unfair to traders who have accepted to shift because they lose customers.</p>	The LGA conducts a special operation to force remaining traders to go to Dodoma from time to time.
Other Trading Activities (Hotel Business & Scooters)	Hotels are forced to pay hotel levy to LGA while it was removed after the introduction of VAT.	No efforts have materialized so far.
	There are 300 scooter owners/bajaji each paying Tshs. 30,000 to LGA, but to date, LGA has not been able to construct/demarcated parking places for their business.	No efforts have materialized so far.

B. Ushetu District Council

Economic/Business Activity	Challenge	Efforts Done So far to Address the Challenge(s)
Agriculture	<p><u>Low Bargaining Power</u> AMCOs and SACCOs who are required to represent farmers do not have adequate bargaining power in determining the right price for the farmer.</p>	Farmers asked to establish forums with the LGA to explore means of reducing levies. Issues related to payment of higher prices to the farmer yet to be addressed.
	<p><u>The Presence of Middlemen</u> Tobacco production is controlled and regulated and has got to be sold using vouchers. When the farmers produce more than the requisite amount of tobacco they fail to sell their produce.</p>	Efforts done so far have not materialized.
	<p><u>Paying Crop Cess in other LGA</u> Traders from Ushetu pay crop cess for maize bran of Tshs. 1,000 per sack. But when they reach other regions, they are forced to pay again crop cess for the same product of Tshs. 1,000 per sack.</p>	No efforts have been done so far.
Livestock-Keeping	<p><u>Traders are not formalized</u> Many farmers and processors in Ushetu are not formalized.</p>	Efforts done so far have not materialized.
	<p>Livestock keepers do not have enough areas that can be used for feeding animals, There are no formal markets for selling livestock, no formal abattoirs for slaughtering animals.</p>	A land for grazing is located for livestock keepers but they are not enough.

ANNEX 3: THE PPD MATRIX

A. KAHAMA TOWN COUNCIL

Business Activity	Local Challenge	Implementers/Stakeholders for PPD	Expected policy outcome	Time frame
Agriculture	Paying more than one business license for one hauling business.	Rice millers, DED, lawyers of the LGAs, TTOS, TAICOs, TCCIA	<ul style="list-style-type: none"> - Proper interpretation of the Business License Act, 1972 - Payment of the license fee should be in accordance with the requirements of main law. - The bylaws should not be in contrast with the main law. 	Within six months after the PPD.
	Unfair competition from unfaithful businessmen	DC, DED, TISS, OCD, TTO, TBS, TFDA, rice millers, TRA, Immigration, TAICO, TCCIA	<ul style="list-style-type: none"> - To unveil these traders and their network. - To ensure that these traders are entering a formal trade system. - To black list all culprits so that the problem does not arise again. 	Within one year after the PPD.
	Presence of many levies in the paddy/rice value chain.	DED, TTO, LGA Lawyer, rice farmers, AMCOs, Producer groups, rice millers, rice/paddy distributors, TAICO, TCCIA	To find way to reach a compromise for a win-win situation for both sides.	Within six months after the PPD.
	Charging levy during the day only.	DED, TTO, rice millers, rice/paddy distributors, TAICO, TCCIA	<ul style="list-style-type: none"> - LGA officers to be available even during the night for collection of levies. - To find ways which will reduce the problem of levy evasion by unfaithful traders during the night 	Within three months after the PPD.
	Special areas for leasers of godowns	TPO, TTO, Owners of godowns, TCCIA	Basic infrastructure to be instituted at Manzese, a place demarcated for these traders, so that they can be removed ASAP.	Within six months after the PPD.
	Tax evasion by owners of the godowns	Owner of the godowns, TRA, Leasers, TTO, TCCIA	<ul style="list-style-type: none"> - To unveil the truth - To stop this problem 	Within six months after the PPD.
	Sensitization	TTO, rice millers, rice/paddy distributors, middlemen, TAICO, Development partner, TCCIA	<ul style="list-style-type: none"> - To design strategies to look for new market opportunities. - To train traders, farmers and millers on ways of looking for new markets 	Within one month after the PPD.
	Taxpayer education	TRA, TTO, TAICO, rice millers, rice/paddy distributors, TCCIA	To promote voluntary tax compliance.	Within one month after the PPD.
	Paying crop cess in more than one LGA	DC, DED, TTO, rice farmers, AMCOs, Producer groups rice millers, TAICO, rice/paddy distributors, middlemen, TCCIA	<ul style="list-style-type: none"> - To obtain a picture on the depth of the problem. - To make appropriate communications to respective LGA involved. 	Within six months after the PPD.
Livestock	Livestock keepers do not have grazing land.	livestock keepers, Producer groups, DVO, TPO, TCCIA	To quicken the process of providing the already demarcated area of livestock grazing	Within six months after the PPD.
Mining	Small scale miners are paying royalty, assessment charge and income tax three times	Miners, producer groups, DED, lawyers of the LGAs, Officers from the district mining office, TTOS, LGA mining officer, TRA, TCCIA	<ul style="list-style-type: none"> - Proper interpretation of the minig Act, 2010, Income Tax Act, 2015 - Payment of the license fee should be in accordance of the requirements of main laws 	Within six months after the PPD.

			- The bylaws and tax regulations should not be in contrast with the main law.	
	Processing plants are required to pay service levy at a flat rate of Tshs. 7,500,000.	Miners, producer groups, DED, lawyers of the LGAs, Officers from the district mining office, TTOs, LGA mining officer, TCCIA	- Proper interpretation of the Local Government Public Finance Act, 1982. - payment of the service fee should be in accordance of the requirements of main laws - The bylaws should not be in contrast with the main law.	Within six months after the PPD.
Timber	Timber traders have many charges/levies/taxes in the value chain	Timber traders, Producer Groups, TTO, Legal Officer, TRA, TFS, DED, Afisa misitu, TCCIA	- Proper interpretation of the Tax Laws, Business License Act, etc. - Payment of the service fee should be in accordance of the requirements of main laws - The bylaws should not be in contrast with the main law.	Within six months after the PPD.
	Paying more than one business license for one timber business.	Timber traders/Producer Groups, DED, lawyers of the LGAs, TTOs, Afisa msitu, TCCIA	- Proper interpretation of the Business License Act, 1972 - Payment of the license fee should be in accordance of the requirements of main law - The bylaws should not be in contrast with the main law.	Within six months after the PPD.
	Some traders have refused to shift to Dodoma	Timber traders/Producer Groups, TPO, TTO, Afisa Misitu, TCCIA	To find a sustainable means of ensuring all timber traders are operating in the same demarcated area.	Within three months after the PPD.
Other Businesses	Paying hotel Levy to LGA while the levy was removed after the introduction of VAT.	Hotel Owners, Guest House Owners/ Groups, DED, lawyers of the LGAs, TCCIA, TRA	- Proper interpretation of the VAT Act, etc - Payment of the license fee should be in accordance of the requirements of main law - The bylaws should not be in contrast with the main law.	Within six months after the PPD.
	Scooters have no parking places	Scooter owners, TPO, TTO, TCCIA	To demarcate an area for scooters	Within three months after the PPD.

B. USHETU DISTRICT COUNCIL

Business Activity	Local Challenge	Implementers/Stakeholders for PPD	Expected Policy Outcome	Timeframe
Agriculture	Sensitization	DTO, farmers, millers, distributors, middlemen, DAICO, Development partner, TCCIA	- To design strategies to look for new market opportunities. - To train traders, farmers and millers on ways of looking for new markets	Within one month after the PPD.
	Taxpayer education	TRA, DTO, DAICO, farmers, millers, distributors, middlemen, TCCIA	To promote voluntary tax compliance.	Within one month after the PPD.
	Paying crop cess in more than one LGA	DC, DED, DTO, farmers/AMCOS/Producer groups, millers, DAICO, distributors, middlemen, TCCIA	- To obtain a picture on the depth of the problem. - To make appropriate communications to respective LGA involved.	Within six months after the PPD.

Livestock	Livestock keepers do not have grazing land.	livestock keepers/Producer groups, DVO, DPO, TCCIA	To quicken the process of providing grazing land.	Within three months after the PPD.
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ANNEX 4: LIST OF MEMBERS OF THE DISTRICT BUSINESS COUNCILS

A. KAHAMA TOWN COUNCIL

S/N	Public Sector	Private Sector
1	Head of Department – Planning	Jeremiah Ndassa – Hotel
2	Head of Department – Community Development	Christina Kimashi Masha –TWCC
3	Head of Department – Trade	Daniel Nchenga – Elimu
4	Head of Department – Agriculture	Samba Tohana – Livestock Keeper
5	Head of Department – Veterinary	Edson Muzipila – Youth
6	Head of Department – Forestry	Salum Seleman – Posho Miller
7	Head of Department – Beekeeping	Moses Mwanakulya – Exports
8	Head of Department – Treasury	Julius Machage – Guest House
9	District Lawyer	Johari Msangi – Ufugaji Kuku
10	District Procurement Officer	Hossea Kenyison – Bajaj Operator
11	District Engineer – Water	Lake Oil Kahama – Petrol Station
12	District Engineer – Ujenzi	Dr. Shija – Kituo Cha Afya
13	OCDD	Mzee Nkuli – Kilimo
14	TISS-KTC	Rehema Maharage Mwangao – Viwanda
15	Immigration – KTC	Range Chacha Nyasanya – Viwanda
16	DMO	Renatus Numbi – Dodoma Zongomela
17	TRA	Aron Kaunga – Kahama Oil Mill
18	District SACCOS, AMCOS Officer	Meneja NBC – Banker
19	District Education Officer – Primary	Venance Mzuka – NGO
20	District Education Office – Secondary	Simon P. Cheyo – TCCI Kahama

B. USHETU DISTRICT COUNCIL

s/n	Public Sector	Private Sector
1	Head of Department – Planning	Hussein Kasseya – Butcher
2	Head of Department – Community Development	Marcelina Saulo – TCCIA
3	Head of Department – Trade	Martha Itarajo – Bar
4	Head of Department – Agriculture	Deoniz Edward – Guest House
5	Head of Department – Veterinary	Safara Manjara – Kilimo
6	Head of Department – Forestry	Mhoja Masanilo – Kilimo
7	Head of Department – Beekeeping	Gerad Kagurukila – Viwanda
8	Head of Department – Treasury	Dotto Masanilo – Viwanda

9	District Lawyer	Lambert Sibiyanka – Afya
10	District Procurement Officer	Majinge Jeremia – Ufugaji
11	District Engineer – Water	Michael Mateo – Butcher
12	District Engineer – Ujenzi	John German – Ufugaji
13	OCD	Gerad Ibrahim – Umeme Binafsi
14	TISS – KTC	Mayunga William – Afya
15	Immigration – KTC	Valeutina John – Mama Lishe
16	DMO	Richard Stephano – Elimu
17	TRA	Juma Elias – Boda Boda
18	District SACCOSS, AMCOS officer	Hamisi Mshindo – Biashara
19	District Education Officer – Primary	Jephason Ezekia – TATEDO
20	District Education Office – Secondary	Yona Seni – Biashara

ANNEX 5: RECOMMENDED STAKEHOLDERS OF THE DISTRICT BUSINESS COUNCILS

A. KAHAMA TOWN COUNCIL

s/n	Private Sector – The Current Members	Private Sector – Recommended Members
1	Jeremiah Ndassa – Hotel	Jeremiah Ndassa – Hotel
2	Christina Kimashi Masha – TWCC	Christina Kimashi Masha – TWCC
3	Daniel Nchenga – Elimu	Daniel Nchenga – Elimu
4	Samba Tohana – Livestock Keeper	Samba Tohana – Livestock Keeper
5	Edson Muzipila – Youth	Joseph Tabu John – Producer Group (Small Scale Mining)
6	Salum Seleman – Posho Miller	Salum Seleman – Posho Miller
7	Moses Mwanakulya – Exports	Moses Mwanakulya – Exports
8	Julius Machage – Guest House	Julius Machage – Guest House
9	Johari Msangi – Ufugaji Kuku	Johari Msangi – Ufugaji Kuku
10	Hossea Kenyison – Bajaj Operator	Hossea Kenyison – Bajaj Operator
11	Lake Oil Kahama – Petrol Station	Lake Oil Kahama – Petrol Station
12	Dr. Shija – Kituo Cha Afya	Dr. Shija – Kituo Cha Afya
13	Mzee Nkuli – Kilimo	Mzee Nkuli – Kilimo
14	Rehema Maharage Mwangao – Viwanda	Rehema Maharage Mwangao – Viwanda
15	Range Chacha Nyasanya – Viwanda	Augustine Sangawe – Rice Producer
16	Renatus Numbi – Dodoma Zongomela	Renatus Numbi – Dodoma Zongomela
17	Aron Kaunga – Kahama Oil Mill	Aron Kaunga – Kahama Oil Mill
18	Meneja NBC – Banker	Meneja NBC – Banker
19	Venance Mzuka – NGO	Venance Mzuka – NGO
20	Simon P. Cheyo – TCCIA Kahama	Simon P. Cheyo – TCCIA Kahama

B. USHETU DISTRICT COUNCIL

S/N	Private Sector-Current Members	Private Sector-Recommended Members
1	Hussein Kasseya – Butcher (Ulowa)	Representation from Uyogo
2	Marcelina Saulo – TCCIA (Shinyanga Region)	Marcelina Saulo – TCCIA (Shinyanga Region)
3	Martha Itarajo – Bar (Ulowa)	Representation from Sabasabini
4	Deoniz Edward – Guest House (Ulowa)	Deoniz Edward – Guest House (Ulowa)
5	Safara Manjara – Kilimo (Ulowa)	Safara Manjara – Kilimo (Ulowa)
6	Mhoja Masanilo – Kilimo (Ulowa)	Representation from Chambo
7	Gerad Kagurukila – Viwanda (Ulowa)	Gerad Kagurukila – Viwanda (Ulowa)
8	Dotto Masanilo – Viwanda (Ulowa)	Representation from Bulungwa
9	Lambert Sibiyanka – Afya (Ulowa)	Lambert Sibiyanka – Afya (Ulowa)
10	Majinge Jeremia – Ufugaji (Ulowa)	Majinge Jeremia – Ufugaji (Ulowa)
11	Michael Mateo – Butcher (Ulowa)	Representation from Idahina
12	John German – Ufugaji (Ulowa)	Representation from Ushetu
13	Gerad Ibrahim – Umeme Binafsi (Ulowa)	Representation from Nyankende
14	Mayunga William – Afya (Ulowa)	Representation from Ukune
15	Valeutina John – Mama Lishe (Ulowa)	Representation from Mpunze
16	Richard Stephano – Elimu (Ulowa)	Richard Stephano – Elimu (Ulowa)
17	Juma Elias – Boda Boda (Ulowa)	Juma Elias – Boda Boda (Ulowa)
18	Hamisi Mshindo – Biashara (Ulowa)	Representation from Ulewe
19	Jephason Ezekia – Tatedo (Ulowa)	Representation from Chona
20	Yona Seni – Biashara (Ulowa)	Yona Seni – Biashara (Ulowa)

ANNEX 6: RECOMMENDED STAKEHOLDERS FOR PPD TRAINING

A. KAHAMA TOWN COUNCIL

s/n	Public sector	Private Sector
1	District Legal Officer	Rice Producer – Augustine Sangawe
2	Town Trade Officer	Rice Miller
3	Town Agricultural, Irrigation, and Cooperative Officer	Producer Group (Timber) – Renatus Clement Numbi
4	Town Planning Officer	Producer Group (Small Scale Mining) – Joseph Tabu John
5	District Veterinary Officer	Leaser of the Godown
6	Town Forestry Officer	Hotel Owner – Jeremiah Ndassa
7	Town Mining Officer	Boda boda (Scooter) Operator – Hossea Kenyison
8	TRA Officer	TCCIA – Simon John Cheyo

9	Officer from the District Mining Office	Livestock keeper – Joseph Simba Tohana
10	Officer from Tanzania Bureau Standards (TBS)	Owner of a Godown – Hamis Mazao

B. USHETU DISTRICT COUNCIL

s/n	Public sector	Private Sector
1	District Trade Officer	Producer Group (Tobacco)
2	District Agricultural, Irrigation, and Cooperative Officer	Middleman (Tobacco)
3	District Planning Officer	TCCIA
4	District Veterinary Officer	Maize Miller
5	TRA officer	Livestock keeper

ANNEX 7: LIST OF INTERVIEWEES

	Name	Organization	Council	Contact
1		RAS	Shinyanga Region	
2	Marcelina Saulo	Shinyanga Regional Executive Officer - TCCIA	Shinyanga Region	0766 541 921
3		Ag. DED	Kahama TC	
4	Samson Sumuni	TAICO	Kahama TC	0684 073 413
5	Dr. Damian Kilyenyi	DVO	Kahama TC	0764 916 364
6	Flora Sangiwa	HOD - Planning Department	Kahama TC	0755 002 364
7	Daniel E.	TAICO	Kahama TC	0755 716 666
8	Agustino Sangawe	Manager - D4N LTD	Kahama TC	0754 334 042
9	Deogratius Kurwa Ncheye	Owner - D4N LTD	Kahama TC	0767 398 879
10	Herald Tarimo	Agricultural Officer - D4N LTD	Kahama TC	0759 225378
11	Joel Edward	Agricultural Officer - D4N LTD	Kahama TC	-
12	Kinai Kilulu	Agricultural Officer - D4N LTD	Kahama TC	-
13	Kashindye James	Agricultural Officer - D4N LTD	Kahama TC	-
14	Petro Tambo	Transport Officer - D4N LTD	Kahama TC	-
15	Isaya James	Transport Officer - D4N LTD	Kahama TC	-
16	Rehema Mwangao	Rice grading & Processing	Kahama TC	
17	Mama Muzina	Rice Grading and Processin	Kahama TC	
18	Gerald Egwaga	Beek keeper, poultry business, secretary - DODOMA	Kahama TC	0765 777 784
19	Renatus C. Numbi	Timber business & chairman - DODOMA	Kahama TC	0786 850 580
20	Moses Mwanakulya	Rice grading & Processing	Kahama TC	0767 761 556
21	Nicholaua A.	Manager - Pine Ridge Hotel	Kahama TC	0759 343 533
22	Julius Machege	Guest House owner chairman of UWAGEBA	Kahama TC	
23	Joseph S. Tohana	Livestock keeper	Kahama TC	0784 382 246
24	Joseph T. John	Small scale miner	Kahama TC	0754 520 076
25	John Hango	Farmer	Kahama TC	
26		Bajaji Owner	Kahama TC	
27	John Cheyo	Administrative Secretary - TCCIA	Kahama TC	
28	Michael Matomola	DED	Ushetu DC	0757 625 882

29	Celestine Lufundisha	DTO	Ushetu DC	0758 381 287
30	Anna Ngogi	DAICO	Ushetu DC	0754 442 459
31	Andrew Emil	DPO	Ushetu DC	0762 358 915
32	Deus kakulima	DVO	Ushetu DC	0759 888 848
33	Jovitus George	Ag. HOD - Community Development	Ushetu DC	0763 262 273
34	Lucas Honest	DBO	Ushetu DC	0767 141 362
35	Elijay H. Thadeo	Chairman of Ushetu business council	Ushetu DC	0788 379 191
36	Lambert S. Sabianka	Secretary of Ushetu business council	Ushetu DC	0682 478 400
37	Juma elias	Boda boda businessman	Ushetu DC	0683 752 287
38	Safari Manjala	farmer	Ushetu DC	0787 903 663
39	Marko M. Mwilolezi	Owner of butcher	Ushetu DC	0782 716 728
40	Martha Itarajo	Farmer, bar owner	Ushetu DC	0767 813 173
41	Magida Pambe	Livestock keeper, bodi ya maziwa	Ushetu DC	0787 547 475
42	Mabula Sumbuke	Maize processor	Ushetu DC	0786 280 992