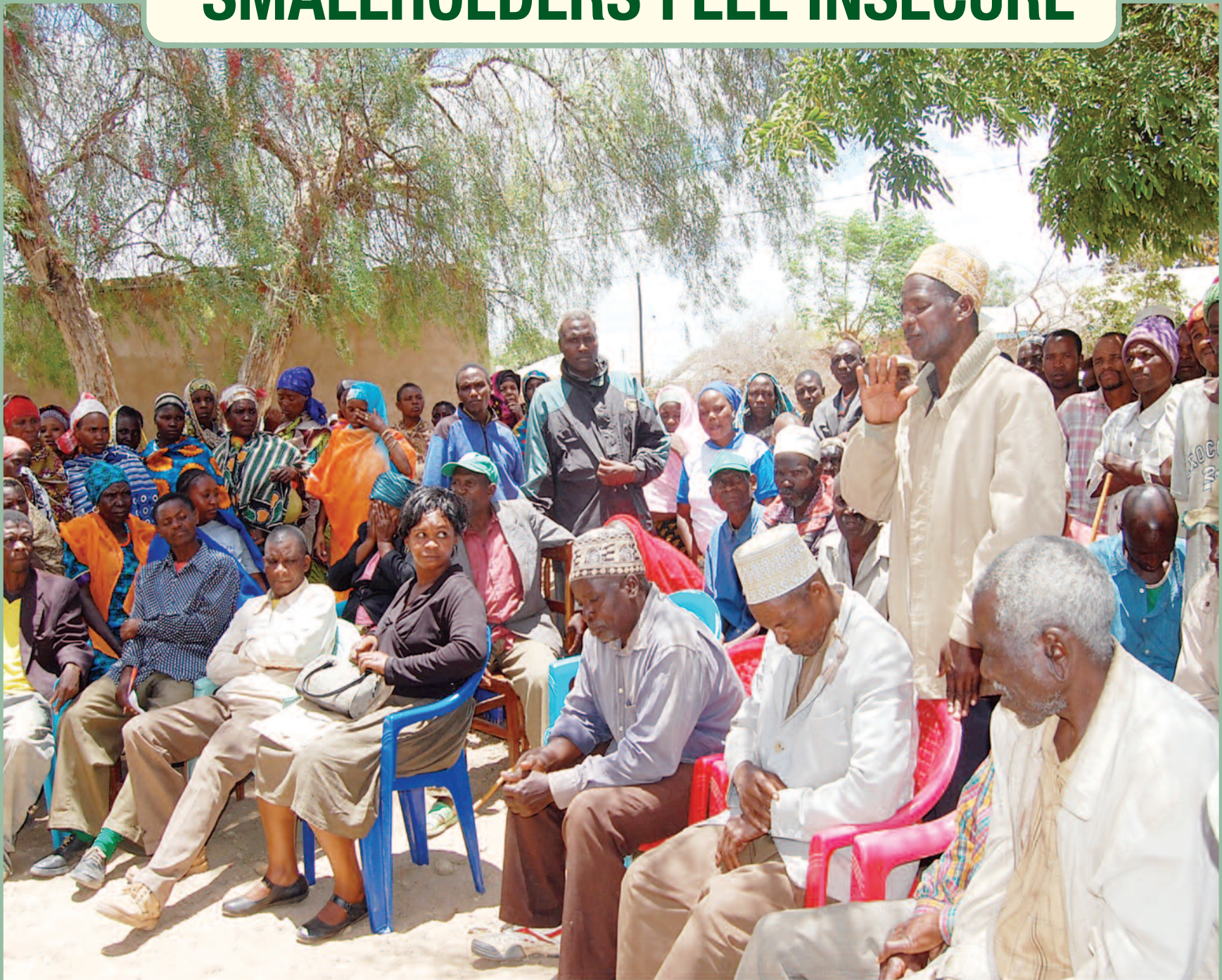


LAND: WHY MILLIONS OF POOR SMALLHOLDERS FEEL INSECURE



“One may ask whether land scarcity and insecurity in Tanzania is real. If it’s just ‘imaginary’ as some claim, then what is causing the apprehension? The root cause of insecurity is lack of the right of occupancy amongst the vast majority. Unfortunately, small farmers are the main victims of the situation.



Land, land, land everywhere, but none to earn loans from

PROVERBIAL tales of sailors marooned in remote islands in the middle of the seas often have them struggling to get much needed drinking water in the midst of an abundance of unpalatable, salty sea water. Sadly, much the same can be said of a majority Tanzanian farmers who are surrounded by an abundance of arable land but are often unable to use the land a collateral to get the much needed bank loans and financing to meet their goals. As such, many small holder farmers still find themselves trapped in a vicious poverty cycle.

To take you back to the commencement of Kilimo Kwanza, the Tanzania National Business Council (TNBC) under its Chairperson, H.E Jakaya Mrisho Kikwete, President of the United Republic of Tanzania held a two day meeting on 2nd and 3rd June 2009 at Kunduchi Beach Hotel, Dar es Salaam, to discuss the policies and strategies for the transformation of Tanzania's agriculture under the theme "KILIMO KWANZA" and its implementation.

The meeting was convened in cognizance of the fact that eighty per cent of Tanzanians depend on agriculture for their livelihood. The TNBC recognized that the greatest challenge facing Tanzania is to combat poverty, and posited that this will be possible mainly through enhanced agricultural productivity.

The high level meeting took into consideration Tanzania's endowment of agricultural land, livestock and marine resources of which a large proportion was, and still is currently under utilized. The members realized that Tanzania has the second largest volume of inland fresh water resources in Africa that can be utilized for irrigation, and were made conscious of the fact that so far considerable efforts have been made towards the transformation of agriculture without much success.

In light of these facts, the meeting resolved to embark on Kilimo Kwanza (Agriculture First) as Tanzania's Green Revolution to transform its agriculture into a modern and commercial sector, integrate Kilimo Kwanza into the Government machinery to ensure its successful implementation, mobilize increased quantum of resources towards the realization of Kilimo Kwanza, mobilize the private sector to substantially increase its investment and shoulder its rightful role in the implementation of Kilimo Kwanza and declare that the implementation of

Kilimo Kwanza would comprise implementation of ten actionable pillars.

To quickly jog the memories of those who may have forgotten the Ten Pillars of Kilimo Kwanza, these were (I) Political will to push our agricultural transformation (II) Enhanced financing for agriculture (III) Institutional reorganization and management of agriculture

(IV) A paradigm shift to strategic agricultural production (V) Land availability for agriculture

(VI) Incentives to stimulate investments in agriculture (VII) Industrialization for agricultural transformation (VIII) Science, technology and human resources to support agricultural transformation (IX) Infrastructure development to support agricultural transforma-

tion and (X)

Mobilization of Tanzanians to support and participate in the implementation of Kilimo Kwanza.

It was in cognizance of the important role that land and financing play in the commercialization of agriculture that the originators of the Kilimo Kwanza rallying call found it fit to address these two issues under the second and fifth Pillars of Kilimo Kwanza.

To highlight some of the actions that were to be undertaken under the Pillar Number 5- Land for Kilimo Kwanza, the government committed to amend the Village Land Act No. 5 of 1999 to facilitate equitable access to village land for Kilimo Kwanza investments, enforce laws on rural land use planning and town planning to include processes leading to issuance of title deeds, demarcate separate land for crops and livestock and gazette such land demarcation, re-examine land surveying costs for provisioning of Certificates of Registration, establish systems for expeditious dispute resolution, establish Land Banks for commercial production and investments, legislate measures to enable villages and villagers to use their land as equity in joint ventures with investors.

Under the second pillar of the green revolution – financing for Kilimo Kwanza, the government again committed to allocate not less than 10% of National budget to agriculture in 2010/11 and progressively increase thereafter. The government was to also orient the budgets of all other Ministries to support Kilimo Kwanza, establish the Tanzania Agricultural Development Bank (TADB) with initial capitalization of US \$500 million, undertake consultations with Commercial Banks and other stakeholders towards holding of TADB Bonds, have a special window for concessionary lending for agricultural production and establish a special fund for Kilimo Kwanza to mobilise adequate resources for the special fund to address land survey costs, investment, capacity building and guarantees to complement the requirements of Kilimo Kwanza and negotiate with commercial banks and other stakeholders on concessionary lending for agricultural production.

It is questionable what exactly has been achieved so far under these Ten Pillars of Kilimo Kwanza and how much of these and other promises made at the launch of Kilimo Kwanza have been fulfilled. But in this issue of Kilimo Kwanza we highlight how activists from a wide variety of institutions have come together to address the issues of land ownership by small-scale farmers in Tanzania, land insecurity, registration and certification processes of customary land holdings and other issues related to land ownership, registration and financing for Kilimo Kwanza.

Find out more about the activities of the Land Policy Action Node in this issue. Have an insightful reading.

Wallace Maugo
Editor

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Engaging young people in vegetable farming



By **Likati Thomas, Taha**

Promising future

In the small village of Matufa at Magugu ward in Babati district, Manyara region, young people are turning to horticultural farming as a cash earning activity. Although, the number of these young people who have decided to engage in the vegetable farming in this area is not that big, there is a promising future for more of them to turn in.

Yusuf Yasin is a 26 years-old young vegetable farmer. Over the last three years, he has been growing rice in one of the paddy fields available in the village and merely grows vegetables for consumption.

This season he decided to fully diversify his three quarters plot into horticultural production with tomato, sweet pepper and cabbage. With an investment of around 500,000/- on his plot, there is no doubt that he has built for himself a promising future.

But why a young farmer like him decided to diversify into vegetable farming? The answer is very simple as

he explains. "We, young farmers, are more willing to accept new ideas than our elders who normally tend to be conservative... and from that perspective, that's why I have seen the potential of the vegetable farming and decided to hook up with the Tanzania Horticultural Association (Taha) agronomist who gave me new ideas that I accepted and implemented them on my farm. As a result I have started to see transformation in my farming life."

Veg pays a lot

According to Yusuf, vegetable farming pays more compared to other agriculture activities. With vegetable farming you don't need to have huge amount of money as an initial investment. What you actually need is willingness, land, water for irrigation, technical know-how and a small amount of money for buying seeds, fertilizers and agro-chemicals.

"You know most young people think that you need to have millions of money to start farming, but I advise them to think outside the box...for ex-

ample, you find a youngman owning a mobile phone worth 500,000/- and won-



"There is another good side of the story to tell you about him. Recently, this young man just made another bingo out of his tomato after bagging about 6.72m/- from the sale of 224 crates at a price of 30,000/- each.

derful enough you will even find the same person put on clothes and stuffs worth more than 200,000T/-...by simple analysis, that money is enough capital to invest in a small garden like quarter of an acre or so..." he says, adding:

"To one's surprise you may find that the same person complains about unemployment...I say, it is not right, I urge them to think critically. This country is full of vast fertile land and fresh flowing rivers and streams to help invest into vegetable farming."

Yusuf has already begun harvesting his sweet peppers, and every week he gets a minimum of 12 packs which he sells at a market price of 504,000/-, equivalent to \$305 USD. However, if the harvesting will carry on for up to twelve or thirteen weeks depending on the care that is given to the crops he will be able to earn not less than 6.5m/- which is translated to \$3939 USD.

Interesting part of the story

There is another good side of the story to tell you about him. Recently, this young man just made another bin-

go out of his tomato after bagging about 6.72m/- from the sale of 224 crates at a price of 30,000/- each.

However, as you are still thinking about that surprise, this one probably will completely bring you to your knees because at the end of September he is going to get not less than 4m/- out from cabbage he has planted adjacent to his sweet pepper plot.

Unquestionably, young man Yusuf is among a few young people in Babati who are not failing to kick out poverty through vegetable farming. He is extremely happy with the results that he is getting out of his small plot. As the reason behind,

Behind Yusuf's success

Yusuf commends Taha for the industry's support that it provides to the farmers. "I was like other guys who were thinking that vegetable farming is simply some kind of farming that cannot be aimed for commercial purposes.

"With the help from Taha I have come to realise the potential that horticulture industry can provide and from now on I can see, The Sky is the limit," he says.

The young man's success is just an example out of many young people in Babati who are receiving Taha's technical support. With simple farming techniques such as land preparation, the use of the raised beds, proper seedling preparation, proper spacing, integrated pest management, irrigation and correct use of fertilizers to increase both yields and quantity of crops with significant increase to income.

For that case, most young people have started to anticipate the promising future through their engagement in the vegetable farming. With Taha's technical support, they are more confident that farming efforts will be rewarded accordingly.

Of the late, Taha has reached 400 farmers in Babati with 80 per cent being the youth. So far, the villages that have benefited from Taha services in Babati are Magugu, Matufa, Mawemairo, Kiongozi, Kirusix, Ayasanda, Bonga, Sangara and Mandi.

In Hanang, Taha has reached horticultural farmers in the villages of Endasaki, Endagaw as well as Endashiol.

Taha is an apex private sector member based organisation that has participated effectively in transforming the horticulture industry since 2004. At the moment, Taha is among the fastest growing farmers' organisations in the region with enormous support from various partners such as the government of Tanzania, USAID, BEST-AC, Royal Netherlands Embassy and Finnish Government.

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Land: Why millions of poor smallholders

One may ask whether land scarcity and insecurity in Tanzania is real. If it's just 'imaginary' as some claim, then what is causing the apprehension? The root cause of insecurity is lack of the right of occupancy amongst the vast majority. And small farmers are the main victims. This first part of a special report addressed 'Enhancing land tenure security and agro-productivity for smallholders,' by ACT gives you some key highlights on the issue.

By Cleophas Rwechungura, ACT

Is land scarcity, insecurity real?

Many pundits have attempted to define a small farmer, but there is no consensus regarding the definition. In most African countries, smallholders own plots of between 0.5 and 5.0 hectares (approximately 1 to 12 acres). They also keep a few animals and birds for home consumption.

Typically, smallholders engage in subsistence production of staple crops for home use and cash. In most cases, family members do all the field operations themselves using hand tools.

However, Tanzanian smallholders encounter a number of obstacles that by-and-large are beyond their control. The most outstanding feature is land security. As a matter of fact, land in Tanzania should not be an issue. It is very abundant.

We boast of having a land mass of 94,500,000 hectares, out of which 44,000,000 ha are classified as suitable for agricultural activities, that is, crop farming, livestock keeping and forestry. The statistics show that currently, only 11,000,000 hectares, roughly a quarter of the arable land, has been put under agriculture.

Systems encroached

One may ask whether land scarcity and insecurity in Tanzania is real. If it is imaginary, what is causing the apprehension? The root cause of insecurity is non possession of the right of occupancy as most of the land owned by small farmers is not titled. Land tenure systems in Tanzania are anchored on the traditional customs and practices, and they are diverse. In principle, all the land should be surveyed, mapped, demarcated and allocated with diligence for various uses. However, in practice, this is not the case.

There are several explanations that aggravate land insecurity. The obvious ones include: un-surveyed and unmapped land, poor land planning and allocation, unprofessional utilisation, greediness of land grabbers, uneven distribution of the population, and absence of amenities in some areas.

These scenarios that are everywhere in Tanzania are the cause of artificial land scarcity and apprehension among citizens. The situation is so tense to the extent of inciting clashes among land users. We are also witnessing a fray of land purchases by medium and large scale farmers or mere speculators. Huge chunks of land are on lease for periods ranging from 33 to 99 years.

Farmers feel insecure

Tanzania is largely an agrarian society. Agriculture is crucial to the livelihood of approximately 70 per cent of the rural population. Land is pivotal to their economic and social development.



“One may ask whether land scarcity and insecurity in Tanzania is real. If it is imaginary, what is causing the apprehension? The root cause of insecurity is non possession of the right of occupancy as most of the land owned by small farmers is not titled.



In spite of this fact, most smallholders feel insecure because their right to possess land is not well articulated and understood.

Most of the land rights hinge on the customary tenure systems. To a certain extent, these systems have been streamlined to have a formal and legal legitimacy. The acquisition of land in the country is governed by two land laws: The general Land Act No. 4 of 1999,

and Village Land Act No. 5 of 1999.

These laws specify three categories of land. The village land is a land within the demarcated or agreed boundaries of a village. This one is managed by the village council. The customary land rights of occupancy are legally equivalent to any deemed or granted right of occupancy.



On the other hand, which is neither a reserved one, a large sum and large scale. All conservation reserves, game sanctuaries about 40 per cent.

Conflicts

As mentioned, land tenure is not a clear-cut land allocation. However, there is a distribution in the country.

In places with high population density, such as Kilimanjaro, a phenomenon of poverty among family members is evident.

Another factor is land management. This is a serious issue and deserves attention.

When land tends to shift to the old guards, the ease is exacerbated by the expanding expanse of

The land

The reason for the loss of land by small farmers is the lack of security. Furthermore, the ease with which land is transferred contributes to the loss of customary land rights.

Moreover, the customary land rights are not well protected.

Smallholders feel insecure



tivists from a wide variety of institutions decided to take action. This led to the creation of the land policy action node.

This node is formed by experts in agriculture, land tenure, physical planning, policy advocacy, agro-economics and knowledge dissemination. The team is coordinated by the Economic and Social Research Foundation (ESRF). Other actors are: Agricultural Council of Tanzania, Haki-Ardhi, Ardh University, National Land Use Planning Commission, and the Ministry of Agriculture, Food and Cooperatives. It is a desirable mix indeed. The funding partner is Alliance for a Green Revolution in Africa (Agra).

Women at a glance

This node is addressing two policy gaps: securing land rights and improving access to land by smallholders. The goal is to improve awareness regarding provisions of the Village Land Act, and recommend strategies to land titling for small farmers, especially women.

This initiative necessitated the creation of a project with a mission to instill understanding of various approaches and processes for land titling in the bread-basket areas of the country, which are Morogoro, Iringa, Njombe, Ruvuma, Mbeya and Rukwa, and ultimately promote the formulation and implementation of land titling by-laws at the district level.

The Mbozi experience

A team of experts was commissioned to undertake the task of convening community workshops to collect information regarding land titling process as stipulated in the legal documents. This task was preceded by two exercises: A baseline study to benchmark status of some of the project's key performance indicators, and the actual study on experiences of land titling in three pilot districts.

The pilot districts are Mbozi in Mbeya region, Wanging'ombe in Njombe region and Kilombero in Morogoro region. The ultimate goal is to enhance land tenure security which is a major factor for increasing productivity and boosting farmers' incomes.

In Mbozi, the team conducted afore-planned workshops in four divisions of Vwawa, Ndalambo, Kasamba and Iyula. The participants were farmers selected from 26 villages. The target of the project was to reach 1,200 farmers in the three districts, out of whom at least 300 should be women.

Specific objectives of the projects include, establishing criteria for setting and adopting minimum farm-size for economic viability of small farms in the selected agro-ecological zones. The concept was to establish a threshold at which farm sizes will enhance Kilimo Kwanza objectives in different agro-economic zones, given the basic agricultural inputs.

Another objective was, identifying key policies for enhancing the process of Village Land Use Planning by learning from the pilot districts, thereafter upscale success stories. And the third objective was suggesting policy and legal reforms to enable things to work better.

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"Agriculture is crucial to the livelihood of approximately 70 per cent of the rural population. Land is pivotal to their economic and social development. In spite of this fact, most smallholders feel insecure because their right to possess land is not well articulated and understood.

...From the horse's mouth

By Cleophas Rwechungura, ACT

During six days of interaction with farmers in Mbozi district, many issues related to land rights surfaced. Quoted below are just a few examples of reactions on land availability, ownership as well as rights. Excerpts:

Dr Michael Kadeghe – DC

"Arable land in Mbozi district is an issue. Land available for agricultural activities is 255,300 hectares which is approximately 75 per cent of the entire area. If you take into account the population which is around 560,000; this district is relatively densely populated.

Moreover, land scarcity is aggravated by land grabbers. For instance, Mbeya Cement Factory is in conflict with the residents over acquisition of a good chunk of land which is not utilized. This grabbing has rubbed salt into the wound.

Another problem is government officials who fail in their responsibility to survey and demarcate land. There are also elements of negligence and incompetence among the functionaries. In some cases, those entrusted to manage land issuing succumb to temptations such as bribery, nepotism and double allocation.

David Simbeye – council official

"Land allocation and titling is a nightmare in Mbozi district. We are very often incapacitated by inadequate funding. The annual budget allocated by the District Council for land surveying and demarcation is dismally small.

Moreover, land owners are adamant to contribute to the cost for land surveying. This cripples the exercise. The spirit of cost sharing is the best way to mitigate this problem. Another constraint is caused by lack of education among smallholders.

Most farmers do not adhere to best practices in land management. The outcome of mismanagement is land degradation in the form of soil erosion, loss of fertility, and desertification processes. Under such disastrous conditions, farmers abandon the unproductive land and shift to other places. This is another potential source of conflicts between the new comers and the old-guard.

Daniel Ringia – CRDB branch manager

"The Bank is very eager to do business with farmers. The problem is that most of them do not have land titles as a security for obtaining bank loans. In order for a farmer to be credit worthy, he must have a land title: a Certificate of Customary Rights of Occupancy - CCRO. Unfortunately, most of small farmers do not have this important document.

We have been pleading with district officials to hasten the land titling process. Our effort is yet to bear fruits. Between 2008 and 2014, CRDB - Mbozi Branch availed farmers with loans to the tune of 16bn/-. Still, there are some 164 mort-

gage applications that were submitted to the district office a long time ago, we are still waiting for their endorsement. Moreover, the delay in processing these applications has crippled our ambition to reach greater heights.

Agnes Semwenda – farmer

"As far as I am concerned, land titling is irrelevant because going by our tradition women are not entitled to own a family land. According to local customs and practices, land is passed over to the male kids based on the patriarchal lineage.

Women folks can only exercise farming to produce food crops for domestic use. I wanted to know if women can double-inherit land from their parents and from their husband's kin. The response was that according to laws, men and women have equal rights to own property. This also applies to land.

Margreth Mwalimu – farmer

"I strongly advise that in future workshop planners should take on board the fact that women hesitate to speak their mind in front of men. We have many issues to present, but the presence of our husbands is a stumbling block.

I wish to talk about the family land which my spouse sold without my consent. I am hesitating to do so because of the backlash.

Joseph Lwenje – farmer

"Many farmers in my location do not understand anything about the Village Land Act. I urge respective authorities to propagate the knowledge regarding land rights. Issues to address should include: definition of the village land, land demarcation, its custodian, and who is empowered to settle land disputes.

Samson Simkoko – Halungu councilor

"I want to know which authority has legal powers to demarcate the village land, and which authority has prerogative to change the village land to general land, for instance by expanding the township area. I am asking these questions because we have fallen victims of such changes. [The discussion that followed was contentious. Finally, the explanations given to him were understood].

Bathromayo Mwayala – Lukululu chair

"The process to acquire land titles is tedious and costly. Very often farmers are demanded money which is not receipted. Apart from paying the rightful charge [35,000/-] to survey the land, farmers are asked to meet extra costs, including transport and upkeep of surveyors.

These charges are quite substantial and are beyond our reach.

I suggest that, in order to minimise costs, villagers' land should be surveyed at the same time, rather than attending to one person separately as they currently practice.

The biofuel paradox: Producing for people or cars?

By Elias Mtinda, ActionAid Tanzania

Biofuel introduction

Tanzania is still new in the biofuel industry. Biofuel production started in the country following a study on liquid biofuel for transportation commissioned by the government in 2005. The country has been experiencing an increased demand for, interest in and competition over land.

There are a number of foreign companies from the European Union (EU) grabbing land for biofuel investment and other productive activities. The Tanzania Investment Centre (TIC) has identified about 2.5 million hectares of land as 'suitable' for investment projects and by 2009 already 640,000 ha had been allocated for biofuel production.

Due to the generous subsidies available to the biofuel industry, EU companies are acquiring land in developing countries at an alarming rate in anticipation of dramatically increased EU biofuel consumption by 2020.

Land rights infringed

In practice, the large scale land acquisitions have a particular radical impact on the land rights of smallholder producers. Though the law provides for consultation of the concerned communities, in reality such procedures are often not strictly followed.

Compensation is neither adequate nor agreed prior or paid promptly. Deals or 'the accepts' from communities contain contractual fault (fraud, deception and misinformation). The ActionAid Tanzania research report on "The Implications of biofuel production on food security in Tanzania" and other reports on the subject suggest that the villagers' decisions to give land to investors are often based on misinformation and false assumptions.

Biofuel investments

While the government is promoting biofuel investment in the country, there is no policy and legislation to guide biofuel production in the country. Biofuel investment has been criticised by the public for causing displacement of smallholder farmers from their land.

According to the report published by ActionAid Tanzania, a total of 173 smallholders have been displaced from their land in Kisarawe, Lindi and Kilwa. Some have not been compensated and those who received compensation were not fairly compensated.

In addition, the process was not transparent. Likewise investors are



engaged directly to identify and negotiate land with the rural communities, contrary to procedures and capacity of local communities to negotiate.



In practice, the large scale land acquisitions have a particular radical impact on the land rights of smallholder producers. Though the law provides for consultation of the concerned communities, in reality such procedures are often not strictly followed.

Land acquired for biofuel investment is not marginal as claimed by most biofuel companies. The land is prime or rather suitable for food crop production. The Rufiji river basin for instance, has high potential for paddy production which, if utilised properly, could feed the country.

Likewise, some of the lands allocated for biofuel production are close to water bodies which can be utilized for irrigation of food crops for improving food security, but surprisingly water is being used for irrigating biofuel farms.

Moreover, large scale biofuel investment like in Kilwa and Kisarawe involves clearing large part of vegetation or biomass that leads to loss of biodiversity particularly the miombo woodlands and coastal forests.

Following this challenge and its broad impact on the livelihoods of the majority of smallholder farmers and the country at large, ActionAid Tanzania together with other stakeholders and CSOs are advocating for the government to formulate a policy and legislation to guide biofuel investment in a way that will not compete

with food security.

'Stop land grabbing' drive

In October 2010 during the world food day, ActionAid Tanzania in collaboration with Oxfam GB and HakiArdhi organised a one-day dialogue forum with a theme: "Stop land grabbing: Investing to smallholder farmers".

The forum created space for more than 100 participants from smallholder farmers' organizations, CSOs, media and government officials to discuss land rights issues including land grabbing and its impact on smallholder farmers.

ActionAid report entitled "Biofuel Production and its implication on food security" was launched during the forum. The report stressed the need for the government to address the negative implications of biofuel.

Send your comments for free starting with (BIOFUEL) to 15774

By Special Correspondent, Tampa

Why financing the dairy sector is crucial

What Tanzania has, can offer

Most of the milk produced in the country comes from the traditional sector (indigenous cattle, about 70 per cent) kept in rural areas, and the rest (dairy cattle) comes from small scale farmers, large scale farmers and farms owned and managed by dairy processors.

Tanzania is estimated to have 21.3 million cattle of which about 720,000 are improved dairy cattle. A large amount of milk in the country comes from cows and dairy goats, with cows taking the lead. Total annual milk production is estimated at 1.74 billion litres. Milk marketing in the country is done by both formal and informal sector. Formal sector consists of over 74 registered processors, with a total installed processing capacity of 450,500 liters per day and utilised capacity 155,000 litres per day. The Tanzania Dairy Board (TDB) oversees the dairy business in the country and sets rules and regulation in the sector including licensing of dairy traders.

Livestock in the country has a very important role in the rural economy. Out of the 4.9 million agricultural households about 36 per cent keep livestock, with 35 per cent engaging in both crop and livestock production. Around 40 per cent of the households own livestock and rely on them for an often major part of their income, who without reliable and sustainable finance partner may not succeed in the venture.

The need for dairy financing

There has been a lot of sensitisation of modern dairy farming methods which have high capital investment costs, hence the need for financial support.

Recent government commitments under Kilimo Kwanza (Agriculture First), Big Results Now (BRN), efforts to improve the business environment, improved policy on import duty exemption on most dairy equipment, and good coordination of public and private sectors all are aimed at making the country's dairy sector more competitive.

Also the private sector and NGOs alike have shown much interest in the dairy sector and are developing initiatives for dairy projects. In addition, the government has, in the recent years, structured dairy farming and as a result, the sub-sector has attracted a lot of entrepreneurs, hence increased demands for credits on dairy.

There is a need to support dairy trading under reviewed regulations and standards that call for higher financial investment.

Dairy financing in the country can be done through the value chain approach. The focuses can be on inputs supply, primary production, and value addition until the dairy products is ready for consumption, as indicated in the graphic.

The main components of financing in the dairy sector include:

1. Establishment of dairy grazing farms (includes buying of land, construction of sheds, and establishment of feeds/pastures)
2. Buying of high producing dairy cows sourced from registered dairy breeding farms.
3. Mechanisation of dairy farms – milking machines, pastures & feed processing equipment, milk storage facilities, etc.
4. Waste management through establishment of biogas digesters and compost manure distribution.
5. Financing of farmers/individuals to set up dairy cooling/chilling and processing plants
6. Financing of service providers to buy motor bikes and semen cans.
7. Working capital for animal feed manufacturers and suppliers.
8. Corporate financing to large dairy processors for plant installations, working capital, assets acquisition, and capital.

Other financial services

Apart from those listed above, a number of other financial services exist, they include:

1. Insurance products for livestock, self and other farm and/or factory assets.
2. Electronic payment solutions for milk suppliers and workers in large dairy entities through Mobile service providers.
3. Savings platform for dairy producers and dairy workers.
4. Social development needs to support small scale farmers.
5. Financial investment products such as buying of shares, and fixed deposits.
6. Financial literacy training – agribusiness management and financial management (such as bookkeeping)
7. Technical and market linkage – connecting

farmers to established raw milk buyers, and dairy breeding farms.

Challenges in dairy sector financing

Many rural and urban dairy farmers, service providers, medium and small processors and agribusinesses that want to expand their operations face difficulty when applying for bank loans. They often lack the collateral needed for banks to approve a loan.

Small scale farming is still largely practiced as a way of life by majority as opposed to it being done as a business hence there lacks keen attention on using modern production methods that can sustain dairy production profitably and perpetually.

Another problem is that, farmers rarely have a say in the pricing of their raw milk while most of the buyers shy away from signing formal contracts that guarantee prices for the farmers. This means financing is done on speculated prices in most instances.

Poor infrastructure is another challenge. This problem makes it difficult for FIs to get to the farms as they evaluate credit and financing needs. It also makes it costly to run credit especially where farmer's concentration is low. Volatile prices of animal feeds make it difficult for both the farmers and FIs to forecast cash flows accurately.

Another challenge is poor record keeping among small scale farmers in the sector. And in addition to that, most of the dairy sector players in small scale processing lack proper succession planning and hence demise of the proprietor may culminate to the end of the business. This may also affect the credit performance with the FIs.

Last, but not least, sudden unforeseen changes in the regulatory framework most often challenge the existence of already running entities that also affect their relationship with the FIs.

Proposed solutions

Tanzania milk processors in collaboration with other dairy stakeholders in the country are working with many banks and other financial institutional in the country such as Tanzania Investment Bank, Covenant Bank of Tanzania, and other microfinance institutions including PASS, and Agriculture Input Trust Fund (AGRITF) to understand dairy and to design specific financial services for dairy farmers, milk processors, input suppliers, transporters, milk traders and distributors of finished dairy products

It is also proposed that training on financial literacy be provided to all stakeholders along the dairy value chain to instill business thinking, technical linkages to enhance farming methods, and processing. Financing the dairy sector through groups such as cooperatives, and milk hubs, by providing them with collective price negotiation capability, could also be helpful to boost the sector. It is strongly believed that if the cost to administer credits through use of agency banking and mobile banking which are almost available to all banks for loan collection is reduced dairy sector financing can take off smoothly.

There is also a need to link farmers to technical advisors on feed management and to provide technical advice through training on business management particularly for entrepreneurs to prepare their business successors. It is also proposed that dairy farmers should be encouraged to become active stakeholders in the sector by becoming members to stakeholders associations, such as Tanzania Milk Processors Association (Tampa), Tanzania Milk Producers Association (Tamproda), and participating effectively in dairy stakeholders' forums and events.

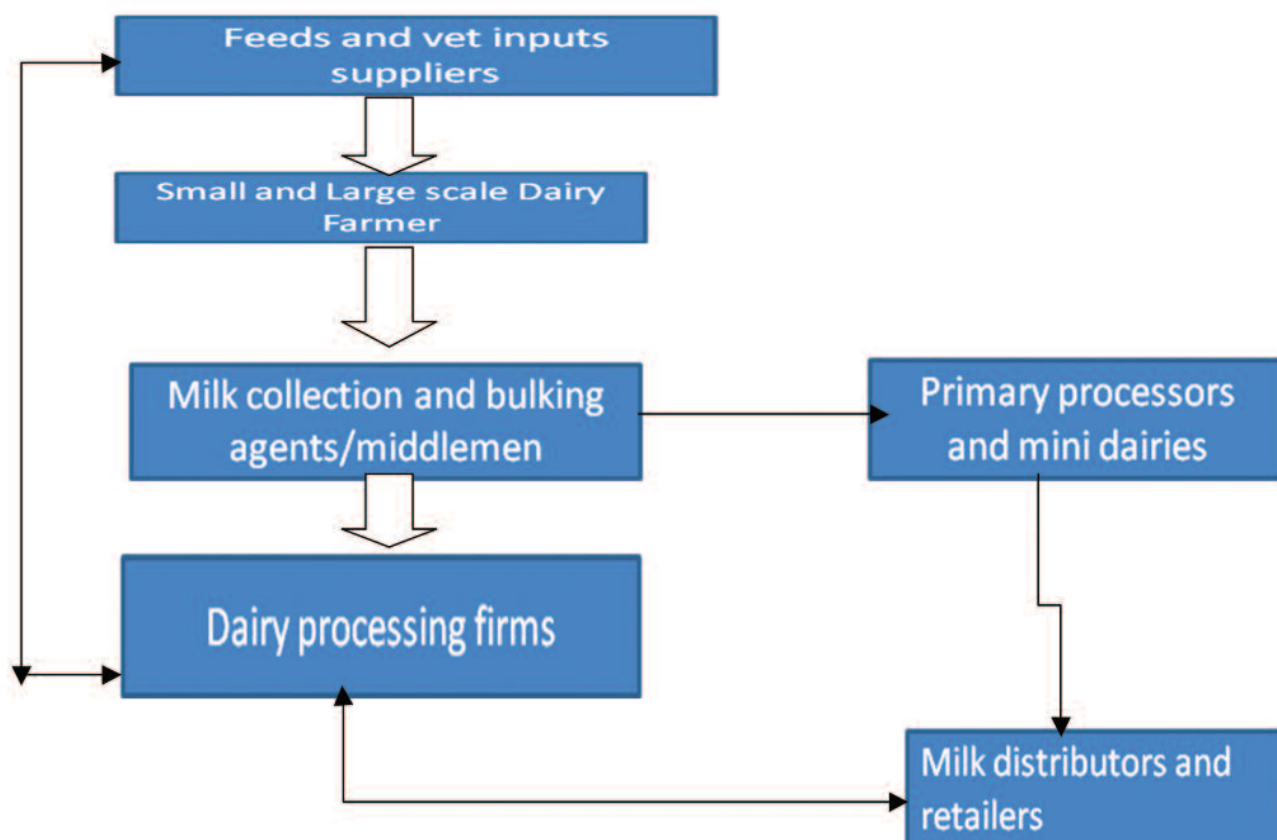
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Financing in the dairy value chain therefore includes, input suppliers and vet services providers, farmers and producer groups, raw milk buyers/farm-gate off-takers, transporters and raw milk bulkers,

dairy processors, and last but not least, distributors of end products. The following graphic illustrates the proposed dairy sector financing approach: Dairy financing components

DAIRY SECTOR FINANCING APPROACH



Seeing development opportunities through the maize value chain



By Kyla Stockdale, Ansaf member

Smallholder farming means maize

Of Tanzania's almost six million rural smallholder farm families, the vast majority of them choose to cultivate maize. These 4.5 million families depend on the sale of maize as their primary means of income. Therefore, increased production has the potential to bring important improvements in their lives, in the agricultural sector and in the nation's development.

The assertion that smallholder farming in the country is dominated by maize does not diminish the contribution of other agricultural activities in the sector, but instead, emphasizes that improving maize productivity is an important way to contribute to improve the lives of 30 million Tanzanians.

The 'One Acre Fund'

Improvements made in the maize value chain will pay dividends to Tanzania's development. One Acre Fund sees this potential. In recent years, Tanzania has made significant progress in increasing output in the maize sub-sector and One Acre Fund is eager to further support this growth.

There is potential for considerable improvements in productivity, especially through proper and increased use of improved agricultural inputs - the precise mechanism through which One Acre Fund is able to make an impact.

The fund in a nutshell

One Acre Fund is a social enterprise that has been working across East Africa since 2006. The programme has a proven ability to transform the livelihoods of smallholder farmers by doubling their agricultural productivity and allowing for significant gains in income.

Working primarily through the maize value chain, One Acre Fund provides smallholders with a complete service bundle of seeds and fertilizer, credit, training, and market facilitation.



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Importantly, we deliver these services within walking distance of the 180,000 farmers we serve. Through our expansive network of field staff we engage with farmers in their villages, offering weekly trainings and support, collecting repayment, and connecting farmers with buyers.

With operations already well established in Kenya, Rwanda and Burundi, Tanzania is the most recent country of program launch. Following an initial scouting mission and pilot programme in 2012, One Acre Fund formally began operations in Iringa Region, home to over 300,000 maize smallholder families.

We started operations with just 1,000 clients across seven villages. Two seasons later and we expect to serve more than 8,000 farmers in 46 villages across Iringa Rural and Kilolo Districts. Our client base is growing rapidly and soon we expect to be the largest group of smallholder farmers nationwide.

While we are focused on broadening the geographical coverage of our program, we are also concerned with deepening our impact and increasing the productivity of our existing clients.

One Acre Fund began in Kenya, where smallholders typically cultivate on average one acre of land, hence our organisation's name. As the average farm family in Tanzania has access to two hectares (five acres) we have grown our capacity to meet farmer needs. We altered our program model allowing farmers to qualify for more inputs on credit, depending on their repayment history. Many One Acre Fund clients who have been working with us since the beginning are now eligible to receive up to six acres of inputs on credit through our program!

In addition, One Acre Fund is aware that certain crops in Tanzania are growing in popularity. One of these value chains, which the government has identified as a priority for development, is sunflower. One Acre Fund began offering sunflower seeds to farmers in addition to maize inputs as we are committed to growing the range of products and services that farmers receive.

Maize sub-sector impact

After closely monitoring and evaluating the outcomes achieved by our farmers, we are confident in One Acre Fund's ability to achieve both productivity and income gains. We have developed a tried, tested and true model and know that it works.

Further, our services are directly meeting the needs of a large demographic of Tanzanian farmers. The potential for their increased well-being and development through this mechanism is significant. As an organization, we look forward to expanding our operations further, serving Tanzanian farmers better and communicating lessons learned to our partners more effectively.

Send your comments for free starting with (MAIZE) to 15774

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- Energy and Water Utilities Regulatory Authority Tel: +255 22 2123850, 22 2123853
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INDUSTRY SUPPORT AND ASSOCIATIONS

- Small Industries Development Organization (SIDO) – Email: dg@sido.go.tz, info@sido.go.tz
- ANSAF - P.O. Box 6370, Dar es Salaam
- CNFA - info@cnfatanzania.org
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- Vocational Education and Training Authority (VETA) – Tel: +255 22 2863683/2863409
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- Tanzania Agriculture Partnership (TAP) Tel: +255 22 2124851
- Tanzania Milk Processors Association (TAMPA) Tel: +255 222 450 426
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- Tanzania Cotton Board Tel: +255 22 2122564, 2128347
- Horticultural Development Council of Tanzania (HODECT) Cell: +255 789 222 344; Fax: +255 27254 4568
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- Tanga Fresh – Tel +255 27 2644238
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FINANCE

- Private Agricultural Sector Support (PASS) Tel: 023-3752/3758/3765
- Cotton & Textile Development Programme Tel: +255 0718 835 679
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