



# Rural Urban Development Initiatives

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**USAID**  
FROM THE AMERICAN PEOPLE

**COMPETE**  
The Competitiveness and Trade Expansion Program

## I. General Information

**Grant Agreement No.:** RUD – STA- 008  
**Grantee Institution:** Rural Urban Development Initiatives (RUDI)  
**Project Title:** Expansion of Warehouse Receipt Programs for rice and maize in Kilombero, Iringa Rural and Handeni districts of Tanzania  
**Type of report:** Monthly  
**Period covered by this report:** From 1<sup>st</sup> January 2011 to 31st March 2011.

## II. Background

### USAID-COMPETE PARTNER FUNDING SUPPORT TO RUDI

#### January to March 2011 report

This report from Rural Urban Development Initiatives (RUDI) is for the 1st for 2011 covering USAID COMPETE support to RUDI for 2 years period. The report covers the activities achieved during the quarter.

#### Project overview

RUDI is implementing two years project on Warehouse expansion in three districts of Tanzania – Iringa Rural, Handeni and Kilombero. The project is funded by USAID COMPETE.

## III Executive summary

The primary objective of the COMPETE grant to RUDI is to assist smallholder rice and maize farmers in three districts of Tanzania – Iringa Rural, Kilombero and Handeni. The grant aims at assisting three Associations in the three districts to establish collective marketing through WRS, procuring milling equipment and convert paddy to milled rice and maize to flour at the source. This is expected to lead to a tripling in the value of the milled rice/flour and contribute to better returns to the farmers. This activity also assists the finished rice/flour product to be traded across the region without further transport to a processor.

**Table 1: Summary of warehouses supported by the project March 2011**

No.	Warehouse/Group	Membership		Consolidated Vol. (MT)	Sold Vol. (MT)	Value (Tshs)
		Total	Women			
1.	Mangalali	72	22	60 (maize)	60	18,000,000
2.	Kaning'ombe	75	29	16 (maize)	16	4,800,000
<b>SUB TOTAL</b>		<b>147</b>	<b>51</b>	<b>76</b>	<b>76</b>	<b>22,800,000</b>
3.	Mbingu	104	35		120.1	49,200,000
<b>SUB TOTAL</b>		<b>104</b>	<b>35</b>	<b>120</b>	<b>120.0</b>	<b>40,000,000</b>
4.	Amani	300	172	5 (maize)	5	1,500,000
5.	Suwa	85	40	60 (maize)	60	21,000,000
<b>SUB TOTAL</b>		<b>385</b>	<b>212</b>	<b>65</b>	<b>65</b>	<b>19,500,000</b>
<b>GRAND TOTAL</b>		<b>633</b>	<b>298</b>	<b>261.1</b>	<b>86</b>	<b>82,300,000</b>

New warehouses for 2011 in Iringa Rural

Sensitization meetings on the project, WRS and government opportunities were conducted during the quarter.

VILLAGES	LUMULI	MAGUBIKE
NUMBER OF PARTICIPANTS	73	70
MALE	34	43
FEMALE	39	27
<b>SUB-TOTAL</b>	<b>73</b>	<b>70</b>
<b>TOTAL</b>		

**Activities carried during the months of January to March 2011**

- i) Visited Mbingu, Mangalali and Idodi Farmers Association by Managing Director of SMART LOGISTICS of Nairobi, Kenya, a potential buyer of RUDI COMPETE assisted Associations paddy/maize.
- ii) Visited Mbingu farmers Association by Senior officials from USAID COMPETE Nairobi and USAID East Africa.
- iii) Selling of farmers produce.
- iv) Developments of plans to install milling machines
- v) Development of plans for bank loan
- vi) Conducted specialize training to Mangalali, Kaning'ombe, Magubike and Lumuli Associations.

- i) Visit to USAID COMPETE assisted Associations by Rose Mawia Mutuku of Smart Logistics of Nairobi, Kenya January 14 to 18, 2011.

**Purpose**

- a) To discuss with Associations leaders the purchase of rice/maize which was still in the warehouses?
- b) To discuss long term relationship with farmers.
- c) To identify opportunities for cereal trading in the areas where USAID COMPETE project is working.

**Outcome of the visit**

- a) Smart Logistics agreed to purchase Mbingu paddy immediately at tshs 400/kg
- b) Smart Logistics committed to assist the farmers to manage milling machines.
- c) Smart Logistics said would like to sign MOU with Associations for future purchase of maize and rice of Associations assisted by USAID COMPETE project.

**Challenge**

Because of the bureaucracy in getting export permit, Associations postponed the plans of selling the paddy to Smart Logistics for the paddy in the warehouses. Instead the long term plan will be developed sometimes in April/May 2011.

Figure 1: Rose Mutuku of Smart Logistics (in red jacket) in a group picture with Mbingu Associations leaders



Figure 2: Rose Mutuku with Kilombero Apex chairman Mr. Athman Ngongowele, USAID COMPETE Mbingu manager Hilda Kuweta and RUDI CEO Abel Lyimo



ii) Visit to Mbingu farmers Association by Senior officials from USAID COMPETE Nairobi and USAID East Africa Monday 31 January 2011 to February 4, 2011.

COMPETE visitors:

1. Isaac Tallam Private Sector Grain Trade Advisor
2. Tahalia Barret Private Enterprise Officer – USAID East Africa
3. Katharine Moulton Grants/ Communication Manager
4. Chris Donohue Competitiveness strategy Advisor
5. Ramiro Ortega- Land Consultant

## **Objectives**

- i) Undertake field trips to assess and learn more about Tanzania Warehouse Receipt System and MoSS models being implemented by COMPETE's grantees RUDI and CGA respectively.
- ii) Visit RUDI offices and get highlights of the Expansion of Warehouse project
- iii) Discuss with farmers and other stakeholders on challenges encountered during the implementation of the project
- iv) Visit USAID Tanzania and WFP offices and financial institutions (banks)

## **Outcomes**

- i) Officials from USAID COMPETE learnt more on project after presentation on by RUDI CEO. Officials asked questions on implementation of the project, the field activities, achievements and challenges.
- ii) Visitors discussed with various Associations members on the benefits of the project
- iii) Visitors saw what has the project done – warehouse infrastructure etc.

### **Achievements in brief.**

- i) Collective marketing by small holders
- ii) Licensed warehouses by Tanzania Warehouse Licensing Board in operations
- iii) Farmers access credit from NMB and Stanbic banks
- iv) Various training conducted which increased productivity and quality.
- v) Warehouse infrastructure in place: Moisture meters, taurplans, certified weighing scales, pallets.

### **Challenges**

- i) Long process of installing milling machines.
- ii) Long process to acquire legal documents to own the land
- iii) Unreliable markets.
- iv) Poor infrastructure in the rural areas.
- v) Farmers have high expectations on prices
- vi) Long travels to the field

**Figure 3: USAID/COMPETE officials in group pictures with Mbingu Farmers Association leaders inside Mbingu warehouse**



**Figure 4: Mbingu Warehouse Receipt System sign post in Swahili language**



Linking farmers to markets

During the Quarter USAID supported Associations sold the following:

**Figure 5: Volume of farmers produce sold**

No.	Warehouse/Group	Consolidated Vol. (MT)	Sold Vol. (MT)	Value (Tshs)
1.	Mangalali	60 (maize)	60	18,000,000
2.	Kaning'ombe	16 (maize)	16	4,800,000
<b>SUB TOTAL</b>		<b>76</b>	<b>76</b>	<b>22,800,000</b>
3.	Mbingu		120.1	49,200,000
<b>SUB TOTAL</b>		<b>120</b>	<b>120.0</b>	<b>40,000,000</b>
4.	Amani	5 (maize)	5	1,500,000
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<b>SUB TOTAL</b>		<b>65</b>	<b>65</b>	<b>19,500,000</b>
<b>GRAND TOTAL</b>		<b>261.1</b>	<b>86</b>	<b>82,300,000</b>

### **Detail plan for the Installation of milling machines**

The meeting with Kilombero Apex leaders of March 4, 2011 passed the following resolution.

The manager of Apex Mr. Ujuma Sadiq who has successfully managed milling machine for his Association Mbasa to resign his post from Apex. Mr Sadiq was given a contract to manage two milling machines – Ifakara and Mang’ula, in. The fees will be decided by both Parties before they commence the operations.

Attendance

i) Athman Ngongowele	Chairman
ii) Suleman Njawamoto	Vice Chairman
iii) Zaina Lukwaro	Member
iv) Hawa Rehani	Treasurer
v) Joseph Tindwa	Advisor

Works conducted for the installation of milling machines:

- i) Preparation of Business plan to run the machines for the Apex
- ii) Renovation of the machine shelter including wiring. Finished (Mang’ula), Ifakara –Mid April, Idodi Mid June
- iii) Signing a long term lease (5 years) with Association which owns the warehouse/shelter –done
- iv) Power utility-TANESCO to install three phase electricity to the milling machine house. –done-
- v) Fund raising to cover costs for installation of electricity –done-
- vi) To sensitize members on the project. –done-
- vii) Machine is expected to be installed the last week of March or first week of April, 2011.

**B. Idodi**

- i) Shelter house repaired
- ii) Tsh 1 million raised to finalize the foundation.
- iii) Contracted local experienced milling machine operator to manage the warehouse.
- iv) Plans to install the machine in the second week of April

**C. Mbeya/Mbarali**

- i) Secured land.
- ii) Process of raising funds to build machine shelter.
- iii) Identified a person to manage the machines

**Other activities conducted during the Quarter.**

- i) Preparation of business plan for the Apex for bank financing of commodities in the warehouse.
- ii) Discussion with Tanzania Warehouse Licensing Board on licensing warehouses supported by USAID COMPETE project.
- iii) Attended two meetings with NMB and Stanbic on loan for bridge financing for advance payment to farmers for 2011 season.
- iv) Identify buyers, link buyers to Associations, assist farmers to negotiate with buyers

- v) Act as Honest broker between the buyers, Apex, and machine operators.
- vi) Good governance issues: Apex, Buyers, machine operator, inputs supplier.
- vii) Assist Associations to prepare tender to WFP under P4P program.
- viii) Work closely with the Apex, financial institutions and the buyers.
- ix) Work with Associations to make sure second payment to farmers is finalized and loans to the bank and input Supplier are paid.