



SEED COOPERATIVE ALLIANCE SEMI-ANNUAL REPORT

January – June 2015

USAID CA # AID-OAA-A-13-00029

Submitted to

Thomas Carter, Agreement Officer Representative
THCarter@usaid.gov
USAID/Washington, DC

Anton Raneses, Agreement Officer
araneses@usaid.gov
USAID/Washington, DC

Submitted by

Land O'Lakes, Inc.
P.O. Box 64281
St. Paul, MN 55164-0281 U.S.A.

Greg Grothe, Program Manager
GDGrothe@landolakes.com

July 2015

TABLE OF CONTENTS

I. PROJECT SUMMARY3

II. PROJECT PERFORMANCE RESULTS TO DATE3

III. PROJECT PERFORMANCE TABLE5

IV. PROJECT PARTNERS8

V. PROGRESS IN ACTIVITIES9

APPENDICES13

APPENDIX A: RWANDA ALLIANCE FACILITATOR GUIDE.....

APPENDIX B: TANZANIA ALLIANCE FACILITATOR GUIDE.....

APPENDIX C: RWANDA VALIDATION WORKSHOP REPORT

APPENDIX D: TANZANIA VALIDATION WORKSHOP REPORT.....

SEED COOPERATIVE ALLIANCE SEMI-ANNUAL REPORT

I. PROJECT SUMMARY

To test the Seed Cooperative Alliance (SCA) development hypothesis that cooperative alliances can provide a commercially sustainable supply chain for distribution of improved hybrid maize seed in Rwanda and Tanzania, the SCA project is conducting a series of interrelated diagnostic, strategic planning and capacity building services. The program has started by assessing the market feasibility of seed alliances and by conducting strategic fit assessments to identify the potential for cooperative alliance formation in Tanzania and Rwanda.

USAID resources, with matching contributions from Land O'Lakes, Seed Co Limited (Seed Co) and local cooperatives have been used to undertake the diagnostic and strategic planning work in Rwanda and Tanzania including: 1) a market feasibility assessment; 2) a strategic fit assessment with local agricultural cooperatives; and, 3) partnership alliance meetings with high-potential cooperative alliance partners. Although the ultimate goal of these potential alliances is the commercial distribution of new maize seed varieties; formal product testing, validation and commercialization is not within the scope of the activity. A primary outcome of this work will be the documentation and dissemination of processes, tools and learning from the diagnostic and strategic planning work which Land O'Lakes resulting in more and better cooperative alliances in the future. In addition, the project will significantly bolster cooperative performance through capacity building and learning events during the project duration. As part of the project efforts, Land O'Lakes will conduct gender training for cooperative management/board and research on the influence of social capital and networks in cooperative alliances.

II. PROJECT PERFORMANCE RESULTS TO DATE

Highlights of program activities include (bolded items are highlights since last report):

- 1) Market feasibility assessments were completed by alliance facilitators in Tanzania and Rwanda.
- 2) A Market feasibility assessment trip took place in February 2014. During this trip, Director Keith Newhouse from Winfield Solutions assessed the market opportunity by providing insights based on decades of experiences in the seed and ag-industry.
- 3) Land O'Lakes Supply Chain intern Katie Bolssen conducted an analysis of seed supply chains in Tanzania and Rwanda.
- 4) A Winfield commercial viability assessment and analysis was completed.
- 5) Strategic fit assessments for selected cooperatives in each country were completed.
- 6) Successful cooperative and input provider partnership alliances in Rwanda were formed as a result of intervention.
- 7) Short term technical assistance was provided by Dr. Tom Herlehy, Land O'Lakes Practice Area Manager for Crops. He provided technical support to the cooperatives / Seed Co demonstration plot partnership.
- 8) **Alliance Facilitator Guide validation workshops were held in Tanzania and Rwanda.**

- 9) Director Keith Newhouse of Winfield Solutions completed an additional STTA assignment to Tanzania and assessed demonstration plot sites and activity ahead of the April/May planting season
- 10) The Alliance Facilitator Guides for each country were completed.
- 11) The Social Capital team, including David O'Brien, visited Rwanda to meet with cooperatives and partner organizations to prepare a questionnaire for a follow-up household survey. The social capital study will help SCA understand the trust networks leveraged in these cooperatives that enhance cooperative alliances.

III. PROJECT PERFORMANCE TABLE

Indicator Name	Unit of measure	Baseline		Year 1 ¹ April–Dec 2013		Year 2 Jan–Dec 2014		Year 3 Jan–Dec 2015			Year 4 Jan– Dec 2016	LOP
		Year	Value	Target	Actual	Target	Actual	Target	Actual June 2015	Cumulative total/commen ts	Target	Target
Outcomes												
Number of cooperative alliances formed	Number (#)	2014	0	1	3	1	5	1	0	5 input distribution alliances and 5 demonstration plot only alliances	2	5
Percent increase in agro-input sales	USD (\$)	2015	0	0	0	Target will be in 2015	NA	3%	N/A	Indicator reported annually	8%	8%
Percent of active members who are women	Percentage (%)	2014	6%	6%	6%	6%	6%	8%	N/A	Indicator reported annually	10%	10
The average satisfaction rating on perception of men on inclusion of women in cooperative leadership	Percentage (%)	2015	TBD	TBD	NA	TBD	NA	After baseline survey	N/A	Indicator reported annually. Baseline data collection complete.	After baseline survey	After baseline survey
Number of cooperatives whose financial accounts have been audited	Number (#)	2015	TBD	TBD	NA	TBD	NA	2	N/A	Indicator reported annually	3	5
Member satisfaction with cooperative leadership improves	NPS score	2015	TBD	TBD	NA	TBD	NA	After baseline survey	N/A	Indicator reported annually. Baseline data collection ongoing.	After baseline survey	After baseline survey
Outputs												
Number of business cases developed	Number (#)	2013	0	0	0	2	2	0	0	2 – Target already achieved	0	2
Number of validation workshops	Number (#)	2014	0	NA	NA	2	0	2	2	Two workshops held in	0	2

¹ This report has shifted the yearly timeframes given the supplemental funding awarded in September 2014

Indicator Name	Unit of measure	Baseline		Year 1 ¹ April–Dec 2013		Year 2 Jan–Dec 2014		Year 3 Jan–Dec 2015			Year 4 Jan– Dec 2016	LOP
		Year	Value	Target	Actual	Target	Actual	Target	Actual June 2015	Cumulative total/comme nts	Target	Target
conducted										Tanzania and Rwanda in the reporting period.		
Number of proof of concept pilot studies completed	Number (#)	2014	0	NA	NA	2	5	1	0	5 – Target already achieved.	1	2
Number of cooperative alliance strategic fit assessments completed	Number (#)	2014	0	NA	NA	2	10	0	0	10 – Target already achieved.	0	2
Number of individuals receiving short term agricultural productivity training or implementing alliance partnerships	Number (#)	2014	0	NA	NA	Target will be in 2015	0	50	43	Individuals attended the trainings in Kigali and Moshi Guides are complete and translation is in progress. The Alliance Facilitators will use the guide as a basis for tailored trainings to the cooperatives in each country	150	200
Study on social capital completed	Number (#)	2015	0	NA	NA	NA	NA	0	Baseline study underway	Baseline survey underway. Data collection complete.	1	1
Agro-input conference held	Number (#)	2015	0	NA	NA	NA	NA	0	0	0 Conference to be held in 2016	1	1
Number of cooperatives receiving USG-funded technical assistance to improve management practices related to the evaluation and initiation of strategic business	Number (#)	2013	0	0	0	Target will be in 2015	0	8	15	12 in Rwanda and 3 in Tanzania	10	10

Indicator Name	Unit of measure	Baseline		Year 1 ¹ April–Dec 2013		Year 2 Jan–Dec 2014		Year 3 Jan–Dec 2015			Year 4 Jan– Dec 2016	LOP	
		Year	Value	Target	Actual	Target	Actual	Target	Actual June 2015	Cumulative total/comme nts	Target	Target	
alliances													
Number of cooperatives receiving cooperative alliance guide one on one coaching	Number (#)	2013	0	0	0	Target will be in 2015	0	8	0	0	Guides are complete and translation is in progress. The Alliance Facilitators will use the guide as a basis for tailored trainings to the cooperatives in each country	10	10

By this reporting period, ten cooperatives in Rwanda have successfully formed business partnerships with Seed Co (five with input distribution arrangements and five with demonstration plot collaboration agreements). Yara Rwanda received official registration in 2015 and has begun to distribute fertilizer. The program expects new partnerships between Yara and maize cooperatives ahead of Season A (Sept/Oct 2015). In Tanzania, there was a discussion between Koboku Cooperative and Seed Co about an input distribution partnership, but this was not successful for reasons discussed later in this report.

SCA does not expect to achieve other targets in the project performance plan until end of year three and/or the project end. However, based on progress through twenty-four months of implementation, the program is well on track to meet these indicators. There is overwhelming interest from cooperatives in Rwanda to work with Seed Co following several initial successful partnerships in 2014. Five cooperatives that did not have an input distribution partnership with Seed Co in 2014, did have a partnership to develop demonstration plots together. The program is optimistic that many of these will lead to business partnerships with both input providers in future planting seasons. Tanzania is proving to be a more challenging environment and an objective of the alliance guide and validation workshop will be to better understand the barriers and constraints for alliance formation between cooperatives and input providers in the Kilimanjaro region of Tanzania.

IV. PROJECT PARTNERS

A summary of the key partners are listed below:

Winfield Solutions

Land O'Lakes subsidiary Winfield Solutions is the largest wholesaler of crop seed and crop protection products in the United States. The business brings significant expertise in business-to-business relationships through cooperative models and the distribution of inputs and crop solutions. Winfield also has some early stage exploratory partnerships to develop tropical varieties of hybrid maize seeds. The business is a key partner of the Seed Alliance in assessing the viability of business models for cooperative alliances in Tanzania and Rwanda. Winfield supports technical assistance work by leveraging their experience and expertise working with cooperative-cooperative models in the United States.

Seed Co

Seed Co is a Zimbabwe based company (www.Seed Co.co.zw) that develops and markets hybrid maize seed, cotton seed, wheat, soya bean, barley, sorghum and ground nut seed. Currently Seed Co has presence in 13 countries – primarily markets in Eastern and Southern African. Seed Co is actively expanding in the two targeted countries of the Seed Alliance. In Tanzania, Seed Co operates a network of distribution agents and produces around 40% of the needed seed in country. In Rwanda, the business is also rapidly growing through a combination of public / private partnerships. The company sees high potential to work with cooperatives, given their reach and span in many rural communities. However, there have been historic challenges in reaching effective alliances with different organizations. Seed Co works with the project team by leveraging its depth of expertise in seed markets and distribution channels.

CSDI Tanzania

Center for Sustainable Development Initiative (CSDI) has been contracted to serve as an alliance facilitator in Tanzania. CSDI brings extensive experience and in-depth knowledge of the Tanzanian ag-sector and cooperatives. Lead consultant William Massawe has worked closely with many agribusinesses and cooperatives in the Southern Agricultural Growth Corridor (SAGCOT) as part of partnership with the African Development Foundation (ADF).

ADC Rwanda

African Development Consultancy (ADC) was contracted to serve as an alliance facilitator in Rwanda. ADC has extensive experience in the Rwandan market as a key implementer of ADF program activities in Rwanda. The lead consultant JohnBosco Ruzibuka has worked closely with cooperatives in the maize sector and was previously engaged as a value chain consultant with the USAID post-harvest loss program led by CARANA. JohnBosco also lived and worked in Tanzania for over a decade. His knowledge of both countries and maize markets greatly benefits the Seed Alliance Program.

The contract with ADC ended in this reporting period and JohnBosco Ruzibuka is under a consulting agreement with the project to continue key Alliance Facilitator activities.

V. PROGRESS IN ACTIVITIES

Below are highlights from the program activities.

Activity 1.1 Prepare for In-country Analytic Work

Work plans are done yearly. The Scopes of Work for the market feasibility and strategic fit assessments were completed in year one.

Activity 1.2 Conduct Market Feasibility Assessment (MFA)

This assessment was completed in first half of 2014.

Activity 1.3 Conduct Cooperative Alliance Strategic Fit Assessment (SFA)

Strategic fit assessments were finalized in the second half of 2014.

Activity 1.4 Build the Business Case in Two Countries

At the validation workshop for the Alliance Facilitator guide in March 2015, Land O'Lakes, together with Seed Co, Yara and cooperative alliance partners evaluated the business case for entering into cooperative alliances in Rwanda and Tanzania. At the workshops the Alliance Facilitators included an agenda topic on pursuing commercial partnerships. Several of the cooperatives represented had already engaged in commercial business relationships with seed companies including Seed Co and the Kenya Seed Company. The remaining cooperatives present at the validation workshop were considering commercial partnerships ahead of the next planting season for maize in September 2015.

In Tanzania, Seed Co had advanced discussion on creating a business partnership ahead of the planting season in April 2015. However, conversations stalled as the regional

cooperative district office mandated that the government review the terms and conditions of the contract. The review process was not resolved in time for the planting season. This was a very disappointing setback, especially considering the recent changes in Tanzanian law were designed to prevent local government interventionist behavior and meddling in cooperative business affairs. If this one example is indicative of intervention country-wide, there will be tremendous change required to put the law into effect so that cooperatives receive more autonomy and independence from government. Despite this set back, both Seed Co and Yara are committed to entering a business relationship once again in the next planting season.

The challenges in Tanzania do not give SCA optimism that there is a strong business case for cooperative input distribution in the current environment. On the other hand, the experience also highlights the importance of patience and time to allow for change in the environment to make partnerships more feasible in the future.

Alliance facilitators in both countries have provided financial analysis and modelling to highlight the economic benefits to both cooperatives and input providers. In Rwanda, the government is stipulating the price input providers pay to cooperatives for distribution. For seed, the amount is 100RwF per KG for inputs delivered to the cooperative, but only 40-50RwF per KG for inputs delivered through other business (e.g., agro-dealers). The government's intent is to help benefit the cooperatives and encourage entry into distribution by establishing a price floor. SCA is concerned that while this has good intention, it may be counterproductive and could result in unintended consequences including arbitrage behavior amongst market actors taking advantage of price disparities.

Financial analysis in Rwanda shows that input distribution by cooperatives may generate up to 50% of the top line revenue in a cooperative (see Appendix A and B for examples from Alliance Facilitator Guides). The remaining revenue at cooperatives comes from marketing commodities on behalf of the membership. However, significant challenges still exist. Maize and bean commodities are harvested one time per year in Rwanda - cash flow comes at two times: 1) during input sales; and, 2) several months later once a crop is harvested and sold in the market. The two revenue sources combined do not provide enough cash to offset costs of full operations including hiring full-time staff to manage the cooperative and to provide resources for capital expenditure and investment in storage space and post-harvest handling facilities. The program believes that larger scale is required to make this a long term viable commercial business model. The next logical step would be for cooperatives to begin consolidating and/or entering into partnerships to help share the burden of operating costs. SCA is focused on the viability of creating relationships between individual cooperatives and input suppliers. However, future work and projects should identify ways to further aggregate cooperative efforts including joint ventures and consolidation.

Activity 1.5 Build Cooperative Capacity to Evaluate, Initiate and Implement Alliances in two countries

This activity will be ongoing throughout the duration of the project and specific training plans have been developed by CSDI for implementation in Tanzania and by consultant John Bosco Ruzibuka for implementation in Rwanda.

The training plan for both countries was done in consultation with both Yara and Seed Co representatives.

The Alliance Facilitator Guides for both Tanzania and Rwanda were finalized in this reporting period. The guides were presented to cooperative leaders and other program stakeholders at the Validation Workshops. Notes from these workshops are included in the Appendix C and D. In Rwanda it was a one-day workshop that was attended by 22 participants from cooperatives and agribusinesses. These included Urwego Opportunity Bank, KOPARWAMU, KOREMU, IAMB, COACMU, Rwanda Maize Federation, Bugasera Agribusiness Company Limited, Unicopramanya, Bugasera Maize Union, Koteburu, Seed Co, Yara, Kaboku, Indakuki and Impabaruta. The Rwanda Alliance Facilitator Guide is in the process of being translated to Kinyarwanda to maximize utility to cooperatives and stakeholders in Rwanda.

In Tanzania the alliance facilitators hosted a two-day validation workshop that also included training for the cooperatives on changes to Tanzania cooperative law. The Tanzania workshop was attended by 21 individuals representing seven organizations including Yara, Seed Co, Koboko, Mashima, Tarakea, Gallapo and Moshi College of Cooperatives. The Alliance Facilitator Guides can be found in Appendix A and B.

Now that they are complete, the alliance facilitators are using the guide as a basis for tailored trainings to the cooperatives in each country.

Activity 1.6 Design Cooperative Alliance “Proof of Concept” pilot in Two Countries

Following the outcomes of the market, strategic fit and business case viability assessments, the program helped initiated partnerships between private input suppliers and local cooperatives to test the design of “proof of concept” pilot alliances in Rwanda and Tanzania. For Tanzania there has been little progress in creating a partnership agreement as detailed in sections above. In Rwanda there are eight cooperatives that have entered into partnership agreements with seed companies, but not fertilizer companies. In 2015, several private sector fertilizer companies, including Yara received registration and entered the market. The program is optimistic that a number of these successful partnerships will also include fertilizer distribution in the future and that additional partnerships will develop between other cooperatives and input providers.

In the current reporting period, the program issued a request for proposals to solicit bids for conducting an economic analysis of the maize input distribution system through cooperatives in Rwanda. The goal of this analysis is to assess the value that is being created in several of the pilot partnerships in Rwanda from season A 2014 to season A 2015. The program will assess impact at the cooperative, farmer and input supplier level. The program anticipates making a selection of a firm to conduct this assignment in the coming month and to report on initial results of the baseline in the next report.

Activity 1.7 Disseminate Learning and Innovation

A key output of the knowledge management work is the Alliance Facilitator Guides mentioned above. Validation Workshops served as learning platforms to educate the cooperatives on the alliance model as well as receive feedback on the guides. Future learning events will be held in conjunction with training provided by the Alliance Facilitators as the needs arise.

Activity 1.8 Build Cooperative Capacity to Implement Pilot in Two Countries

In this reporting period, each facilitator used a modified version of Land O'Lakes cooperative capacity assessment tool (PM2) to identify key areas for improvement in each cooperative.

Each facilitator worked closely with private sector partners Seed Co and Yara to validate the cooperatives that would be selected for each training. Tailored training approaches are currently being developed for cooperatives in each country.

Training modules will cover core thematic areas including:

- Co-operative Member Empowerment
- Basic Business Skills
- Basic Management Skills
- Basic Financial Management Skills
- Crop Nutrition and Input Distribution
- Cooperative Law and Alliances

In addition, agronomic advice and training of embedded agronomists at each cooperative is ongoing and driven by Yara and Seed Co in Tanzania and Rwanda. The program is contributing to this effort through short-term technical assistance with input providers and cooperatives. For example, in March 2015 Dr. Keith Newhouse from Winfield Solutions visited Northern Tanzania and worked closely with Seed Co as they prepared for demonstration plots with Koboko Cooperative. In August 2015, Dr. Tom Herlehy will be travelling to both Rwanda and Tanzania to work closely with Seed Co and cooperative partners to re-establish and improve demonstration plots from the 2014 planting season. Dr. Herlehy will bring two hand planters developed by an entrepreneur in the United States to make planting more efficient and healthy for individuals who handle chemically treated seeds. During the growing season, agronomic advisors from Yara and Seed Co will deliver farmer field day training sessions to agronomists staffed at the selected cooperatives.

A priority area for the next reporting period is to conduct gender training for each cooperative with the goal of improving the metric related to the average satisfaction rating for men's perception on women in cooperative leadership.

Activity 1.9 Study Impacts of Seed Cooperative Alliances on Social Capital

Dr. David O'Brien of the University of Missouri, one of his PhD candidates, Mr. Elliot Meador, and the SCA M&E Manager, Mr. Daniel Diang'a traveled to Rwanda in May 2015 to visit cooperative partners and project stakeholders to begin planning for a study on the impacts of seed cooperative alliances on "bridging social capital." Their trip resulted in the development of a household questionnaire to survey six cooperatives. The study will measure changes in social capital, trust and network linkages among smallholder farmers, the cooperative, the seed suppliers and other organizations and institutions in a village. It will also examine the effect of any changes in social capital on cooperative and member incomes. Finally, it will inform our progress on mitigating conflict throughout the program. Mr. Diang'a will be traveling to Rwanda in July to lead the first data collection effort to collect quantitative baseline data.

Activity 1.10 Hold Agro-Inputs Conference Promoting Role of Cooperative Alliances

This activity will occur towards the end of the project.

Appendices

Appendix A: Rwanda Alliance Facilitator Guide

Appendix B: Tanzania Alliance Facilitator Guide

Appendix C: Rwanda Validation Workshop Report

Appendix D: Tanzania Validation Workshop Report



THE SEED COOPERATIVE ALLIANCE (SCA)

COOPERATIVE ALLIANCE **FACILITATOR GUIDE - RWANDA**

(FINAL DOCUMENT)

**PREPARED BY: THE SEED COOPERATIVE ALLIANCE PROJECT (SCA)
INTERNATIONAL DEVELOPMENT DIVISION
LAND O'LAKES, INC**

June 2015

Table of Contents:

1. INTRODUCTION AND PURPOSE OF COOPERATIVE ALLIANCE GUIDE	3
2. THE MEANING OF COOPERATIVE ALLIANCE GUIDE.....	4
3. POLICY AND ENABLING ENVIRONMENT FACTORS FOR SEED COOPERATIVE ALLIANCES IN RWANDA	4
4. KEY STAKEHOLDERS IN COOPERATIVE ALLIANCE	6
5. THE ECONOMICS OF SEED COOPERATIVE ALLIANCE:.....	12
6. THE KEY PRINCIPLES OF ALLIANCE.	21
7. IMPORTANT FACTORS TO CONSIDER IN ALLIANCE FORMATION.....	23
7.1 FACTORS TO CONSIDER FOR THE COOPERATIVES	24
7.2 FACTORS TO CONSIDER FOR THE HYBRID MAIZE SEED COMPANIES.....	26
7.3 FACTORS TO CONSIDER FOR THE FERTILISER COMPANIES	27
7.4 FACTORS TO CONSIDER FOR THE BANKS AND COOPERATIVES TO SIGN AGRICULTURAL FINANCING AGREEMENT	28
8. MANAGEMENT OF THE PARTNERSHIP.	29
9. COMPETENCES REQUIRED FOR COOPERATIVES TO FULLY BENEFIT FROM THE ALLIANCE.....	30
10. CONDUCTING DUE DILIGENCE:.....	32
11. CONCLUSION:	34
References:	35
ANNEXES:	35
ANNEX 1: Table 1: Model of New subsidy approach (Rwf/Kg)	35
ANNEX 2: Diagram 2: Flow of seeds and fertilizers during the GoR /RAB owned system (to be phased out gradually).	37
ANNEX 3: Table 3: CEILING FERTILIZERS PRICES AND SUBSIDIES FOR 2015A	38
ANNEX 4: Contract example used by Seed Companies and Cooperatives as approved by the RAB/Ministry of Agriculture and animal resources (when the subsidies are still in place).	40

1. INTRODUCTION AND PURPOSE OF COOPERATIVE ALLIANCE GUIDE¹

The Seed Cooperative Alliance project (SCA) is a two years program currently implemented by Land O Lakes, Inc's international development department. The SCA program is funded by the United States Agency for International Development (USAID). Land O'Lakes has teamed up with one of its core subsidiaries, called Winfield Solutions, the largest wholesaler of crop inputs in the United States as part of this effort. The overall purpose of this development program is to explore opportunities for maize seeds distribution through cooperative businesses in Rwanda and to develop the capacity of cooperatives in Rwanda to assess and enter into strategic alliances /partnerships and play a key role in the new business opportunities in the Rwandan seed market.

The project was developed to test and prove the hypothesis that cooperative alliances can create a more effective channel and provide a commercially sustainable supply chain for distribution of improved hybrid maize seeds and agriculture inputs in Rwanda.

The project has several main components.

1. Market Feasibility Assessment: A study to understand the maize and seeds value chain in Rwanda
2. Strategic Fit Assessment: Identification of high potential maize growing cooperatives and discussions about potential for alliance formation with agri-businesses based on shared business interests.
3. Alliance Facilitators Guide: A hand book/ manual that can be used by cooperatives, input providers, government and other stakeholders in Rwanda to inform the development of alliance partnerships.

THE PURPOSE OF THE COOPERATIVES ALLIANCE GUIDE

The purpose of the guide will be to help the cooperatives and input suppliers identify and understand the potential for the alliance/partnership, and the roles, responsibilities and important competences they should possess in order to benefit fully from this business and the alliance formed.

¹ "This paper is made possible by the support of the American people through the United States Agency for International Development (USAID). The contents are the sole responsibility of the author(s) and do not necessarily reflect the views of USAID or the United States Government. This paper was written as part of the Land O' Lakes cooperative Development Program"

2. THE MEANING OF COOPERATIVE ALLIANCE GUIDE

The alliances highlighted in this guide are partnerships between cooperatives and Agricultural input businesses. In 2014, some of the first alliances were formed that enabled maize growing cooperatives to play an important role in purchasing and distribution of hybrid maize seeds (both to members and non- members) from hybrid seed companies recently allowed to operate in the Rwandan market. These partnerships are helping to create sustainable business opportunities for the cooperatives to be directly involved in the maize value chain activities just in addition to aggregating farmer production and marketing to buyers.

Early alliances successes are helping both cooperatives and input suppliers overcome the shortfalls of delayed delivery of agricultural inputs, incorrect quantities and low quality that existed in the previous system. This also has increased the importance of business planning, financial reporting and management of a new line of business for cooperatives. Furthermore, a successful alliance requires partnership and ongoing dialogue to create “win-win” scenarios for both cooperative and input provider. The purpose of the guide will be to help the cooperatives identify and understand the potential for the alliance/partnership, and the roles, responsibilities and important competences they should possess in order to benefit fully from this business and the alliance formed. The guide includes examples of what makes partnerships successful and lessons learned from early partnerships between Rwanda maize cooperatives and seed providers.

In this alliance facilitator guide, the examples used are from Seed Co as a partner in testing and proving the hypothesis that cooperatives alliances in Rwanda can create a more effective channel and provide a commercially sustainable supply chain for distribution of improved hybrid maize seeds as an agricultural input in Rwanda. Although the examples contained within are from an individual seed company and a few selected cooperatives, they can be applied to other seed companies and cooperatives in different value chains across the country.

3. POLICY AND ENABLING ENVIRONMENT FACTORS FOR SEED COOPERATIVE ALLIANCES IN RWANDA

In Rwanda, the introduction of maize growing among cooperatives was started in the year 2007/8 with the launching of the crop intensification program (CIP). From 2007/8 to 2014 June, the procurement, storage and distribution of maize seeds to farmers was in hands of the seeds

multiplication unit, under the Ministry of Agriculture's Rwanda Agricultural Board (RAB). Also, RAB has been responsible for importation and distribution of new improved varieties of maize seeds including hybrid maize seeds (usually RAB gave purchase orders to companies to import seeds on their behalf and the importers receive payment from the Ministry of Agriculture). This is what was done with imported hybrid maize seeds in 2013 by Seed Co and Kenya Seed company. While this system helped to introduce new inputs to smallholder farmers, management of supply and demand was not optimal.

During July – August 2014, the Ministry of Agriculture made quick changes in policy and allowed the international seed companies operating in Rwanda to start distribution of hybrid maize seeds to cooperatives, agro-dealers and farmers. Prior to this time, international seed companies were only importing hybrid maize seeds based on purchase orders from the RAB- seeds multiplication unit. From Season 2015A, the international seed companies were allowed to solicit orders on their own and import hybrid maize seeds for selling and distribution in Rwanda.

This development marked a significant change in policy towards public private partnership (PPP) in the agricultural sector in Rwanda. This also was a significant turning point for the maize growing cooperatives - a new business opportunity had opened up, that will enable them play a key role in maize value chain activities in the country. Cooperatives now have an option to buy hybrid maize seeds directly from the seed companies and distribute to members and non- members. In doing so, the cooperatives can also capture a margin on purchasing, distributing and transporting hybrid maize seeds.. Previously this was in the hands of selected agro-dealers that worked with the government input supply programs.

The main reason for establishing the Seed Cooperative Alliance (SCA) particularly for maize growing cooperatives is to understand and quantify this new business opportunity and the benefits it generates for farmers, cooperatives and input suppliers. The goal of such partnerships is that each market actor can become more profitable and create value across the maize market system. A hypothesis is that such alliances can help cooperatives develop and acquire competences necessary to become key players in a commercially viable and sustainable hybrid maize seeds distribution network in Rwanda.

4. KEY STAKEHOLDERS IN COOPERATIVE ALLIANCE

Key players: The working relationship among the key stakeholders of the alliance is shown in diagram 1 below. The key stakeholders are:

- The seed companies based in Rwanda
- Fertiliser companies based in Rwanda
- Banks working with cooperatives in Rwanda
- Hybrid maize growing cooperatives in all districts of Rwanda
- Farmers (members and non –members of the cooperatives living in the same communities).
- The Government of Rwanda is represented by Rwanda Agricultural board (RAB) and has oversight of agricultural production in the country.

Main roles of each stakeholder in the Alliance

Cooperatives and Farmers: The cooperatives represent their members and obtain credit from banks (e.g. Urwego Opportunity Bank-UOB and the Clinton Health and Nutrition Initiative- CHAI through the Kenya Commercial Bank) to purchase agricultural inputs before the season starts).The funds received by the cooperatives serve as working capital and are used to buy hybrid maize seeds from seed companies and fertilisers from fertilisers selling companies (however, at the moment agro dealers are still playing the distribution roles for fertilizer but cooperatives will be free to soon purchase fertilize directly from the fertilizer companies when the subsidy system comes to an end). The loans repayments by the cooperatives are made at the end of the season after harvesting and selling of the crops.

The cooperatives also determine the quantities of hybrid maize seeds and fertilisers they purchase from the seed and fertiliser companies. Ideally the cooperatives should communicate the quantities well in advance to the seed companies and fertiliser sellers to enable them import the right quantities in the country. However, season 2015 A, as the first one was really pilot situation, and should be considered as introduction and a transition from the previous system to a new one (an example is provided below on how COACMU did it). Also, during 2015 A, the cooperatives and hybrid maize seeds and fertilisers sellers were caught unprepared. The following seasons should most probably see significant improvement resulting from demonstration plots and awareness campaigns done to

cooperatives all over the country.(See section on demonstration plots below).

The cooperatives purchase the hybrid maize seeds directly from the seed companies and transport them straight to their storage facilities. The transport costs are paid by the cooperatives and gain 100 Rwf per kg to districts in the Eastern, Southern, and Northern part of Rwanda. Some cooperatives consider the 100 Rwf margin to represent purchasing, transportation and distribution costs per Kg. while, some other cooperatives charge 20 Rwf per kg to transport seeds to the farmers location.

A good example among the cooperatives involved in this program is COACMU. The cooperative determined the seeds and fertiliser needs based on the number of farmers and total number of hectares that will be on maize during season A. The coop established that farmer members would need 10 MT of hybrid maize seeds. This information was shared with CHAI (entity that provided financing to COACMU at very low rate of interest i.e 7% arranged with Kenya Commercial Bank-KCB). CHAI authorised the quantities of seeds and instructed KCB to provide the loan and Seed Co to provide the hybrid maize seeds to the COACMU cooperative. The cooperative directly transported the 10 MT of hybrid maize seeds and distributed to members to plant during Season A.

Each farmer who expressed the need or demand for hybrid maize seeds received the same quantity needed and proceeds with planting in the farm. The distribution of seeds to each farmer is made simple because every one farm size and quantity needed is known to the cooperative in advance. Usually the cooperatives inform the farmers that the seeds or fertilisers have arrived. And each zone is informed the day they should come to collect the quantities they requested. Before the beginning of the season, each farmer informs the cooperative the size of the area to be put under maize and therefore the seeds and fertilisers needed and sign.

The 100 Rwf margin to cooperatives involved in hybrid maize seeds distribution was set by the Ministry of Agriculture. The reason for setting the margin was to attract the private sector actors including cooperatives to take up the agricultural input distribution role as a business.

The fertilisers are still transported by the selected individual Agro-dealers up to the cooperatives ready to distribute to their farmers. Under this old system, the cooperatives do not gain any money in distributing the fertilisers.

Financial Service Providers: The most common example of types of financial credit and terms to the cooperatives and farmers is the one provided by UOB, and this has attracted many cooperatives in different value chains including maize to use the services currently availed by the UOB. The UOB provides credit to all types of cooperatives and farmers such as those involved in the following: maize, rice, Irish potatoes, and dairy including dairy products.

UOB provides credit to farmer cooperatives, farmer groups guaranteed by cooperatives, agro-dealers and individuals, individual farmers.

The credits applied for from UOB can be used for input financing (seeds and fertilisers), labour or manpower financing, post harvest and handling financing, dairy assets/cow/farm expansion, milk transportation, and do some schools fees and top up to agricultural loans to clients.

The documents required by UOB are application letter, copy of Rwanda cooperative Agency (RCA) registration, completed agricultural loan application form, National Identity Card copies of all the members of the cooperative, buyer contract indicating that they will be paid through account opened in UOB, and if possible evidence of previous clients makes things even faster. The bank account required is either a savings or current account with UOB, account of members at UOB if possible. The interest rate charge is 1.67% and processing fees is 1.5% of the loan amount. The interest charged is adjusted to the season with repayment periods of either 3 months, 6 months or annual. It is important to note that UOB has an innovative approach and has stopped requesting any form of collateral to the cooperatives, while other banks are still insisting on collateral to finance agriculture related activities. The UOB approach has made significant difference in financing agriculture in Rwanda.

Currently the interest rates range charged by UOB is 15%- 20% per year for a range of agricultural financing. But more significantly since the cooperatives are not required to provide any other form of collateral security, UOB has fixed an interest rate of 1.67% per month or 16.7 % per annum for cooperatives working in agriculture. The cooperatives are also encouraged to make repayments as fast as possible to avoid payment of interest rates for many months as it does not work in their favour, example if cooperative pays back a loan of 1 year in eight months, then the remaining four months are exempted by the UOB.

Other common sources of financing to agricultural cooperatives include Clinton Health Nutrition Initiative (CHAI) and Kenya commercial bank (KCB). CHAI is a donor funded initiative to improve the health and nutrition through financing agricultural producers in cooperatives. The

rate of interest allowed to be charged by Banks that manage this facility is only 7% pa. no other conditionality.

KCB charges an interest rate of 19% per year to cooperatives while also still sticks on commercial collateral security from banks. This makes it difficult for cooperatives to easily access to finance from KCB.

Input Providers: The Seed companies, apart from selling hybrid maize seeds, also help cooperatives in setting up demonstration plots at each cooperative to enable the farmers to better understand the methods of cultivating hybrid maize. They also coach the cooperatives good agronomic practices related to the new hybrid varieties they sell in Rwanda. The seed companies are also willing to train some agronomist that work for the cooperatives that have partnerships with the company

It is important to mention here that in testing the hypothesis that the maize growing cooperatives can take up the opportunity and become efficient hybrid maize seeds distributors in Rwanda, and the potential for the alliances in the Rwandan market, the SCA project partnered with the Seed Co (a Seed company working in 15 countries in Africa). However, though the first examples are from Seed Co and few cooperatives were used in this partnership as an example to test the viability of the alliances, this type of arrangements could apply to many other seed companies, cooperatives, and agricultural inputs suppliers (such as fertilisers and chemicals).

Seed and companies have the role of importing and/or producing seed for distribution across multiple channels. Currently production and refinement is limited to one processing facility outside Kigali. The seed companies must also find ways to warehouse and track unused seed and ensure quality seed is delivered from season to season.

Successful seed businesses remain close to their customers and listen to how products are performing. Seed companies work closely with academic institutions, governments and internal business units to research and develop new products that are critical to reach new markets and address unmet needs based on soil type and climatic conditions. Seed companies also address customer concerns and requests for information. Disputes between seed companies and customers are not uncommon. In some cases, non-performing seeds may be the result of farming practice or weather events. However, in other cases the performance may be related to quality control and need to be addressed through dialogue and negotiation between business partners.

Role of Rwanda Agricultural Board (RAB): RAB is the government institution responsible for provision of agricultural services in the country and will continue to ensure good agricultural extension services to the cooperatives and farmers. RAB monitors the function of new seeds (hybrid maize seeds) and inputs distribution system as a means of verifying that crop production is improving each season in Rwanda. RAB also determines the size of the margin for the cooperatives or dealers doing input distribution. For season 2014/5 A it was 100 Rwf for 1 kg of hybrid maize seeds, and 30 Rwf for 1 kg of fertilisers. The purpose of fixing the distribution margin was to attract the private sector actors in particular the cooperatives to take up the new business opportunity of distributing agricultural inputs both hybrid maize seeds and later on fertilisers. However, fixation of the margin might be stopped once the subsidies system is over.

Establishing Demonstration Plots: The SCA, Seed Co and cooperatives understands the need and importance of demonstration plots. This was done as part of the partnership and shared key roles in putting in place the demonstration plots for selected cooperatives. The SCA provided technical assistance in terms of an expert from its head office who came to Rwanda to team up with staff of Seed Co. Seed Co provided two staff and hybrid maize seeds suitable for each location and continued follow up of the farmers, while Yara provided the fertilisers for some locations. The cooperatives that were supported to put in place demonstration plots are KOREMU, COACMU, Ibyiza Birimbere (from Kirehe) COAMV (Burera), IMPABARUTA (Kamonyi), IABM, COPARWAMU (Muhanga), and KABOKU (Nyagatare). This was a special partnership arrangement between SCA project and SEED CO office in Rwanda.

The cooperatives were responsible for identifying and making available land area for the demonstration plots and managing the plots throughout until harvest time. The cooperatives wanted to use the demo plots as a way of influencing their farmers to adopt growing hybrid maize seeds during the next season. At a meeting between Seed Co and the cooperatives (held on 6th May 2015 at ADC) that are part of the Seed Co Alliance agreed that in future they will continue the collaboration and sharing the costs of setting up the demonstration plots with shared responsibilities as it was done in Season 2014/15 A. This is an important part of the partnership, because demonstration plots create an opportunity to compare seed varieties for a specific area. They also serve as a gathering point for farmers to ask questions and for coop and seed companies to showcase based farming practices.

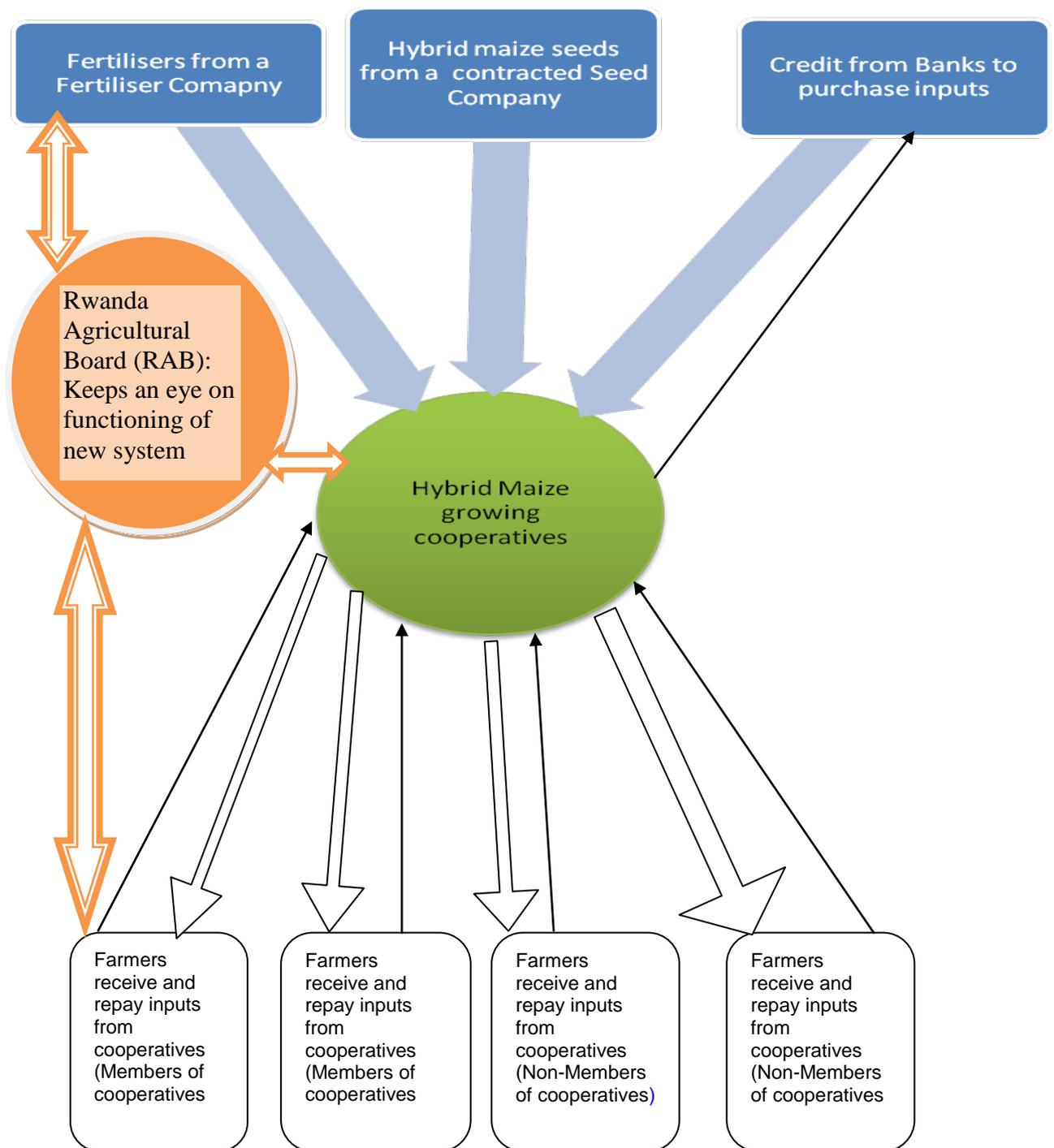


Diagram 1: Flow chart of Alliance business relationship among the key stakeholders (expected to be operational under new system from September 2014/2015 season A

5. The Economics of Seed Cooperative Alliance:

In the section below we shall look at the economic gains to the seed company, the cooperative and the farmers if they engage in the alliance business, under the new hybrid maize seed distribution system in Rwanda.

Diagram 1 above, represents the new system that is expected to be used in the hybrid maize seeds and fertilisers distribution in Rwanda as the RAB gradually withdraw to allow the private sector and cooperatives to do it themselves. Only a few cooperatives are now using this system.

As shown in Annex 4a, 4b, the government of Rwanda still has a subsidy on hybrid maize seeds (75%), and fertilisers (50%, see annex 1 and 3 at the end) during season 2015 A. It is expected that for hybrid maize seeds the subsidy will be reduced to 50% during season 2015 B, 25 % during season 2016 A, and 0% during 2016 B. This is the planned gradual withdraw of the subsidy system for maize seeds. A similar timeline and subsidy withdrawal is expected for fertilisers as well.

Diagram 2 (in annex 2 at the end), represents the old system of importation and distribution of hybrid maize seeds and fertilisers in Rwanda. This is still working as a transitional measure and is managed by the RAB. With the current policy changes, it is expected that the new system shown in diagram 1, will be adopted fast by the cooperatives, hybrid seed companies and fertilisers companies based in Rwanda. This will be even faster adopted as the cooperatives realise quickly the importance and benefits of working as business entities in alliance with the maize seed and fertiliser companies. So, understanding the economic benefits of the new business opportunity among maize growing cooperatives is a key factor in adopting the new system.

Table 1 a: ESTIMATES OF COST AND BENEFITS TO A FARMER FOR OPV and HYBRID MAIZE SEEDS/Ha. With Subsidy Scenario

Items	OPV use			Hybrid maize seeds use		
	Qt in Kg	unit cost/kg Rwf	TC in Rwf	Qt in kg	unit cost/kg Rwf	TC in Rwf
Per 1 Hectare						
Cost of maize seeds (subsidy 75%)	25	350	8,750	25	475	11,875
Fertilisers costs (subsidy 50%):						
DAP	100	470	47000	100	470	47000
Urea	50	410	20500	50	410	20500
NPK	0	550	0	0	550	0
Total:			67,500			67,500
Labour costs:						
Cultivation			40,000			40,000
levelling			20,000			20,000
Planting			20,000			20,000
Weeding			40,000			40,000
guarding in farm			15,000			15,000
harvesting			40,000			40,000
local transport to homes			10,000			10,000
drying			5,000			5,000
shelling			5,000			5,000
packaging & sacks			5,000			5,000
agronomic services hired			15,000			15,000
fumigation			6,000			6,000
Transport to cooperative store			5,000			5,000
Loading and Offloading costs			10,000			10,000
Miscellaneous cost			4,000			4,000
Total			240,000			240,000
Total Harvest/ha/kg:	3500	230	805,000	7000	230	1,610,000
Post harvest loss in kg	70	0.02	16,100	140	0.02	32,200
family use in Kg	252	0.072	57,960	504	0.072	115,920
informal side selling	182	0.052	41,860	364	0.052	83,720
Total sold through cooperative (formal)	2996		689,080			1,378,160
loan/credit from SACCO	240,000			240,000		
Interest payment at 2%/p/season SACCO (1 season of 3 months)		0.02	4800		0.02	4800

Commission paid on loan at 0% SACCO			0			0
Total interest payments on SACCO loan			4800			4800
loan/credit from a bank	240,000			240,000		
Interest payment at 19%/p/season to Bank(1 season of 3 months)		0.19	45,600		0.19	45,600
Commission paid on loan at 0.015 % Banks		0.015	3600		0.015	3600
Total interest payments on bank loan			49,200			49,200
Principal amount			240,000			240,000
Net benefit per hectare if use SACCO Loan			128,030			813,985
Net benefit per hectare if use Bank Loan			83,630			769,585

Table 1 b: ESTIMATES OF COST AND BENEFITS TO A FARMER
FOR OPV and HYBRID MAIZE SEEDS/Ha

Without Subsidy Scenario

	Items Per 1 Hectare	OPV use			Hybrid maize seeds use		
		Qt in Kg	unit cost/kg Rwf	TC in Rwf	Qt in kg	unit cost/kg Rwf	TC in Rwf
1	Cost of maize seeds (No subsidy)	25	700	17,500	25	1855	46,375
2	Fertilisers costs No subsidy):						
	DAP	100	700	70000	100	700	70000
	Urea	50	570	28500	50	570	28500
	NPK						
	Total:			98,500			98,500
3	Labour costs:						
	Cultivation			40,000			40,000
	levelling			20,000			20,000
	Planting			20,000			20,000
	Weeding			40,000			40,000
	guarding in farm			15,000			15,000
	harvesting			40,000			40,000
	local transport to homes			10,000			10,000

	drying			5,000			5,000
	shelling			5,000			5,000
	packaging & sacks			5,000			5,000
	agronomic services hired			15,000			15,000
	fumigation			6,000			6,000
	Transport to cooperative store			5,000			5,000
	Loading and Offloading costs			10,000			10,000
	Miscellaneous cost			4,000			4,000
	Total			240,000			240,000
4	Total Harvest/ha/kg:	3500	230	805,000	7000	230	1,610,000
	Post harvest loss in kg	70	0.02	16,100	140	0.02	32,200
	family use in Kg	252	0.072	57,960	504	0.072	115,920
	informal side selling	182	0.052	41,860	364	0.052	83,720
	Total sold through cooperative (formal)	2996		689,080	6996		1,378,160
5	loan/credit from SACCO	240,000			240,000		
	Repayment at 2%/p/season SACCO (1 season of 3 months)		0.02	4800		0.02	4800
	Commission paid on loan at 0% SACCO			0			0
	Total payments on SACCO loan			4800			4800
6	loan/credit from a bank	240,000			240,000		
	Interest payment at 19%/p/season to Bank(1 season of 3 months)		0.19	45,600		0.19	45,600
	Commission paid on loan at 0.015 % Banks		0.015	3600		0.015	3600

	Total payments on bank loan interest			49,200			49,200
	Repay loan			240,000			240,000
10	Net benefit per hectare if use SACCO Loan			88,280			748,485
11	Net benefit per hectare if use Bank Loan			43,880			704,085

Table 1a and 1b above, show the cost and benefits estimation to a farmer with subsidy (1a) and without subsidy (1b), with scenario of OPV and hybrid maize seeds used. Also with scenario of use of SACCO and Banks as source of financing to buy agricultural inputs (seeds and fertilisers), and other costs the farmer incurs on one hectare of land.

The main assumptions used are as follows:

- 1 hectare of land used by each farmer
- Price of seeds are those of season 2015 A
- Price of fertilisers are those of 2015 A
- OPV and Hybrid maize seeds used is 25 kg /Ha
- Fertilisers used are those provided by Ministry of agriculture
- Average harvest of OPV ZM 607 remains 3.5 MT/Ha
- Harvest of Hybrid maize MT/Ha doubles that of OPV ZM 607 at 7 MT per hectare
- Selling price of maize crops /kg remains 230 Rwf/Kg
- Post harvest loss, family consumption, and side selling assumed 2%, 5%, 7% respectively, as experienced by some cooperatives in Rwanda. All summing up to 1 MT of harvested maize crop per season.

Total revenue generated by the OPV farmer and the hybrid maize farmer, and net profit to either scenario is shown, in case of use of SACCO or the bank as sources of financing.

Farmers generate higher profits using hybrid maize seeds compared to OPV varieties. This holds true with or without subsidies. However, as expected the profits are higher when the subsidies are in place and use the SACCO as source of agricultural credit. This is because all over the SACCO charges only 2% interest to farmers. Also the use of no subsidy but use SACCO generates better returns than use of no subsidy and banks. It seems that the SACCO provides an attractive source of financing to farmers and cooperatives than banks (this provides an explanations why IABM and COACMU avoided use of banks during

2015 A, and resorted to use own funds and CHAI respectively in purchasing seeds from Seed Co).

Overall the with and without subsidy situation builds a very strong case for cooperatives to adopt purchase and distribution of hybrid maize seeds to farmers as a source of high profit irrespective of use of SACCO or commercial banks.

Table 5: Demonstration of economic benefit to a cooperative by engaging in seed inputs and fertilisers distribution. (Section A: Hybrid maize seeds and fertilisers distribution)

With subsidy situation

An Example								
	buying price from Seed company (subsidised in 2015 A)	Selling price to farmers	Cooperative Gains per KG	coop area in Ha	Qt of seeds KG/Ha	Qt of seeds needed in KG	Gains per Kg in Rwf	total gains to a coop in Rwf
Purchase and Distribution of Hybrid maize seeds	375 (1755)	475 (1855)	100	730	25	18,250	100	1,825,000
Transportation of Seeds			20			18,250	20	365,000
gains from Seeds distribution role (a)								2,190,000
Purchase and distribute fertilisers (DAP)	370 (600)	470 (700)	30	730	100	73000	30	2,190,000
(UREA)	310 (470)	410 (570)	30	730	50	36,500	30	1,095,000
Transport of fertilisers			20			146000	Included in purchase and distribution	
Gains from Fertilisers distribution role(b)								3,285,000
overall gains from distribution role (a+b)								5,475,000

Source: Prepared by author

If we introduce in the scenario cooperatives distribution of fertilisers both DAP and Urea. The gains to the cooperatives are even more attractive to do the distribution business as the gains per season will generate **3,285,000** Rwanda Francs to the same cooperative. The cooperative is able to capture business from several key activities related to input distribution. In this examples based on real data capture from cooperatives we see the following revenue generating potential in each cooperative

2,190,000 Rwf from distribution and transport of hybrid maize seeds

3,285,000 Rwf from distribution and transport of Fertilisers.

This will bring the overall gains to a cooperative to **5,475,000** Rwandan Francs (that is **2,190,000 + 3,285,000**). This makes the cooperative understand that there are significant economic benefits accruing from taking up the business of seeds and fertilisers distribution to its own members.

With introduction of unsubsidised prices of hybrid maize seeds (1755frw/kg imported) and 1855frw/kg price to the farmer, as well as for fertilisers unsubsidised prices (DAP 600 frw/kg imported and farmer price at 700 frw/kg, and UREA 570frw/kg imported and 470frw/kg imported and 570 frw/kg price to the farmer, the whole gains remain the same since gains per Kg remains the same.

The money gained from input distribution by the cooperatives would be used to offset some of the costs in the following season. These include local travel costs to negotiate seeds and fertilisers for the next season, costs for maintaining the demo plots of the cooperative, pay for local study visits of members, set up offices for zones, maintenance of office equipment, or buy new office equipment.

Section B: Cooperative gains from increased farm output per Hectare

Gains from Increased production/sales per Ha:	Example 0 (stick to OPV)		Example 1 (Hybrid)		Example 2 (Hybrid)				
	Area in Ha	730		730		730			
MT/Ha	4	4000	8	8000	10	10000			
Sold through coop (formal way)	3	3000	7	7000	9	9000			
Price /KG in Rwf	230		230		230				
coop retains per Kg sold to buyer-Rwf	10		10		10		Revenue from one season to a cooperative= its gains from distribution & marketing the harvest		
Gains to coop/ Ha in Rwf	30,000		70,000		90,000		Example 1	Example 2	Example 0
Overall Gains to a coop from all Ha /Season in Rwf	21,900,000		51,100,000		65,700,000		56,575,000	71,175,000,	27,375,000
Gains from distribution of seeds and Fertilisers, once started	5,475,000		5,475,000		5,475,000				

Source: Prepared by Author

Table 5 section A and B above, show the economic benefits to a cooperative by engaging in hybrid maize seeds inputs and fertilisers distribution (section A), and the cooperatives gains through increased farm productivity by use of hybrid varieties (section B), and finally the overall gains as a combination of the two above per 1 hectare and all the cooperative members hectares.

The main assumptions are as follows:

- Average of 1HA per farmer
- 730 farmers
- Assumes total hectares for the cooperative members is 730 Ha
- Assumes ZM 607 production per hectare remains a maximum of 4.0 MT/Ha, in example 0.
- Example 1 assumes hybrid production in MT/HA doubles that of OPV ZM607 at 8 MT/HA

- Example 2 Assumes hybrid production in MT/HA almost triples that of OPV ZM 607 at 10 MT/HA
- Assumes the cooperative retains 20 Rwf /Kg sold through the cooperative facilitation.

The 100 Rwf/kg margin retained by the cooperative from distribution of hybrid maize seeds to farmers and the 20Rwf retained for transport costs/kg generates reasonable revenue to the cooperatives. But the most attractive source of revenue to the cooperative is the amount generated from marketing and sell of crops through the cooperative at 10 Rwf /kg. In this case, there is significant business done by the cooperative from hybrid maize seeds distribution. For the time being, nothing is generated from fertilisers until cooperatives are able to do distribution themselves.

The increased in MT/Ha produced by use of hybrid maize seeds means more and more MT/Ha available to sell through the cooperative hands and therefore more revenue generation for the cooperative and even more for the farmers. In this case the differences in revenue generated between examples 0 (**21,900,000 Rwf**), example 1 (**51,100,000 Rwf**) and example 2 (**65,700,000 Rwf**) provide the evidences that cooperatives that will engage in alliance activities in purchasing and distributing hybrid maize seeds and increase productivity per hectare in adhering to best production and post harvest practices, stand to gain more in terms of revenue generated.

This builds a strong case for cooperatives to convince all its members and non members located in their communities to quickly adopt use of hybrid maize seeds and better fertilisers. The cooperatives that continue to use OPV overall returns remain very low with **27,375,000 Rwf**, while the cooperative that use hybrid maize seeds but not adhering to best production and post harvest practices income increased to **56,575,000 Rwf**, and finally the cooperative that adopted use of hybrid maize seeds and respected best production and post harvest practices had higher returns of **71,175,000 Rwf** per season.

Also, the cooperatives that will adopt fertilisers distribution to its members both DAP and UREA, gains a total of 3,285,000 Rwf per season if uses the same number of Ha (730). This shows that there are significant gains to the cooperative through distribution of hybrid maize seeds and fertilisers. In the example above, the overall gains to a cooperative was $3,285,000 + 2,190,000 = 5,475,000$ Rwf.

In summary, the use of hybrid maize seeds, improved production and post harvest practices among farmers and cooperatives will significantly raise the returns of farmers and cooperatives business and reduce poverty.

These results show the potential to achieving the CIP food security and poverty reduction objective in Rwanda.

From all the examples above, the cooperative that adopted use of hybrid seeds but still have no best production practices that led to productivity per Ha to remains at 4 MT /Ha, just gained 21,900,000 Frw +5,475,000 Frw = **27,375,000 Frw** per season. The cooperative that adopted use of hybrid seeds and fertilisers and followed best practices moderately that productivity per Ha rose to 8 MT/Ha gained 51,100,000 + 5,475,000 =**56,575,000 Frw**. While the cooperative that adopted use of hybrid seeds, fertilisers and all required best practices gained and productivity per Ha rose to 10 MT, gained 65,700,000 +5,475,000 = **71,175,000 Frw**.

6. THE KEY PRINCIPLES OF ALLIANCE.

This alliance hinges on the following important principles:

- a. **The alliance is rooted in clear business transactions among the key stakeholders:** This means that each member is involved in the core business of the alliance either as a seller of the agricultural inputs, or a buyer and distributor of seeds and fertilisers, or as a source of required finances to the distributors of seeds and fertilisers. For example, any seed company, any fertiliser company, any maize growing cooperative can become a key stakeholder in this business. For example during the first season 2014/5 A, the seed company that was involved in the SCA partnership stuck to the core business of selling hybrid seeds and doing demonstration plots to the cooperatives, while the cooperatives involved in the partnership purchased and distributed hybrid seeds to their members and managed the demonstration plots as needed.
- b. **The roles and responsibilities of each partner must be clearly defined:** Each of the key partners' roles and responsibilities will be clearly defined and shown in the contract/MoU/LoU that will be signed each season. Templates of a contract between the Seed Companies and the cooperatives is shown at the end (this type of contract was designed by the RAB/ Ministry of Agriculture for all cooperatives that still benefit from the subsidies on seeds and fertilisers in Rwanda). A different form of /contract should be re designed when the subsidies are over to enable the cooperatives, seed companies and fertiliser companies to take part in designing the contract that suits the new system and their needs.
- c. **The incentives for participation of each partner should be clear:** the factors that motivate each partner to be involved in this alliance should be clear to all other partners. The business motives

of the seed companies and fertiliser companies as sellers of their agricultural inputs to gain profit are very clear. Also the business motives of the cooperatives as buyers and distributors of hybrid maize seeds and fertilisers to farmers (members and non-members) targeting increased productivity per hectare, and increased incomes from sales is also clear. The business incentive of the banks and other financial institutions from providing agricultural credit to cooperatives is a clear profit motive.

- d. **Both men and women should benefit equitably from the alliance:** this means that the men and women who are members and even non-members of the cooperatives should get benefit from this alliance activity. This is clear that the business transactions at the level of the cooperatives will benefit women equally as men since they have equal opportunities and rights as farmers and members of the cooperative. The principles of gender equality are respected in all cooperatives in the country.
- e. **The alliance must be adaptable to the local context in Rwanda:** the local context of the maize value chain in Rwanda must be respected, including the new policy directions on hybrid maize seeds importation and distribution, the fertilisers importation and distribution including the potential changes towards promoting private sector involvement in distribution, and the business orientation of the cooperatives in Rwanda. This is why the government through RAB also fixed the margins for agricultural inputs distributors just to ensure the private sector operators and cooperatives in particular take up the new and emerging business opportunity in the country. At a later date this might be left to be negotiated between the input providers and the distributors themselves.
- f. **The alliance may benefit from neutral third party facilitation:** This is clear if we take an example of the Land O lakes' Seed Cooperative Alliance (SCA) role in facilitating this alliance to be established. Clear benefit to all the alliance members are expected from the work of the SCA. In this case the farmers and cooperatives will benefit, the seed companies and fertiliser companies will benefit, and the financial institutions will benefit from this partnership. However, it should be understood that the SCA project participation as a facilitator in Rwanda was a special case to help demonstrate viability of such partnerships. It is not necessary for a third party to initiate such kind of partnerships. Business entities (coops and input providers) can initiate a partnership once they know and agree on the potential benefits that will accrue to all as a win- win situation.

- g. **Confidentiality and the individual patent rights need to be protected:** The partners of this alliance must understand and respect the confidentiality of information and patent rights of partners as the law requires. For example, the patent rights of seed companies for their seed varieties must be respected, and likewise for the fertilisers companies. Such provisions need to be clearly shown in the contracts signed by all parties.
- h. **The role of due diligence in effective alliance formation:** Each partner involved in this alliance must understand the importance of due diligence and facilitate other partners to conduct due diligence before they accept to sign any agreement of working in the alliance. This ensures that each partner is satisfied with the commitment and intention to deliver on alliance business from other partners. For example, the seed companies have rights to carry out due diligence to cooperatives that want to be their partners in the alliance, the same for the fertiliser companies. Already the banks have mechanisms to carry out due diligence with any potential client.
- i. **Alliance member business is farmer centric:** This means that each member of the alliance core business is focused on improving and facilitating the farmers increased productivity, incomes and farmer growth. The overall outcome of the seed cooperative alliance will be a positive impact on productivity increase, improved agricultural sector performance in the maize chain, incomes growth among the farmers and cooperatives, and finally reduced poverty among farmers involved.

For example the activities of the seed company were farmer centred in the sense that it contributed to increased production per hectare among the participating cooperatives. The activities of the cooperatives were also farmer centred through ensuring hybrid seeds reach the farmers, and increased output per hectare for each farmer.

7. IMPORTANT FACTORS TO CONSIDER IN ALLIANCE FORMATION

This chapter will cover the most important factors to be taken into account in forming partnership or alliance between agricultural input suppliers and hybrid maize growing cooperatives in Rwanda.

The suppliers, both hybrid maize seed companies and fertiliser companies have factors they would like to see among the cooperatives that join the

alliance. These are discussed in section 4.1 hereunder. Similarly there are factors that the cooperatives would like to be met by the suppliers that want to work with them as hybrid maize seeds and fertiliser suppliers. These are discussed in section 4.2 and 4.3 respectively. Section 4.4 discusses the factors that the cooperatives like from the banks that will provide the required financing to purchase the agricultural inputs, and factors or criteria the banks wants the cooperatives to meet as agricultural clients.

7.1 FACTORS TO CONSIDER FOR THE COOPERATIVES

The hybrid maize growing cooperatives will become new clients for the seed companies and fertiliser companies in the new business set up in Rwanda. The cooperatives will purchase agricultural inputs directly from the seed companies and fertiliser companies. They will have to pay directly from their account or solicit credit from the banks or SACCO to enable them to pay for the agricultural inputs. For this new partnership to be successful, the cooperatives are expected to possess the following factors or conditions:

- a. **The cooperatives should have eminent commitment to doing business:** This means the cooperatives should have entered into this alliance after making it clear to its leaders and members that this is a business opportunity. So, they should make decisions swiftly, take actions quickly, and have a clear understanding of all actions needed at every stage in each season in conducting this business. They need to have a business mind set among their farmers. They have to be willing to try new technologies in farming. Avoid doing business as usual.
For example, the cooperatives that are participating in this partnership have leaders and members that understand the business opportunity as a new way of doing business. Decisions are democratic yet quick and have allowed each coop to rapidly adopt hybrid maize seeds. Each coop had leaders who successfully influenced farmers to try new technologies and change the way they have been doing business.
- b. **The cooperative should have the required capital or credit in advance to purchase seeds and fertilisers on time for the season:** This means that cooperatives should approach the SACCO or the Bank like UOB well in advance for credit to purchase the seeds and fertilisers. An example is the facilitation provided by UOB to 11 cooperatives from Bugesera during Season 2015B to ensure they obtain credit for seeds and fertilisers in advance, and purchased hybrid maize seeds on time from Seed Co.

Also the way COACMU pushed fast for credit from CHAI and Kenya Commercial Bank (KCB) in order to obtain the hybrid seeds on time demonstrated this high level understanding of the need to get financing in advance. The same thing is true for IABM that decided to use its own funds to make sure hybrid seeds reach the farmers on time.

- c. **The cooperative should provide the Seed Company the quantities of hybrid maize seeds at least two months before the planting time:** this means that for the Seed Company and fertilisers company to be able to import sufficient quantities for each season, they need the cooperatives to do good planning in advance in determining quantities of seeds and fertilisers they will need for the season and communicate them in writing to the seed and fertilisers importing companies. Examples from COACMU, and the 11 cooperatives from Bugesera maize union during season A and B respectively demonstrated the way they should determine quantities of seeds needed each season and communicate to the Seed companies or fertiliser companies in advance.
- d. **The cooperative should have sufficient and appropriate storage space for the seeds and fertilisers (space should be separated):** the cooperatives are required to have good and sufficient space to store the hybrid maize seeds once received from the Seed Company just before they are distributed to farmers. The cooperatives should avoid mixing up seeds and fertilisers in one storage space to avoid contamination and damaging them before planting. Increasing storage space at each cooperative would ensure that this will be done as required. Example of progress towards this is COACMU that now has two big separate stores for crops and seeds.
- e. **The cooperatives should also think about other plant growth and post harvest stages requirements for their business to succeed:** this means the cooperatives should have a clear business plan covering the whole cycle from planting to market delivery of their produce. A strong business case is required and will help the cooperatives to achieve their objectives. For example, cooperatives in the maize value chain should have at least 3-5 years business plans in place. For example COACMU has a five years business plan that was initiated in 2011
- f. **Improved communication:** The cooperatives should be very open to the hybrid maize seeds and fertiliser companies. This means the cooperatives have to improve their day to day communication with the partners in terms of sharing information, expressing freely the support they need in terms of good crop husbandry, and crop

nutrition knowledge and its use, and all good farming practices. The cooperatives can receive training and demonstration plots from the partners as a way of assisting cooperatives improve the quality and quantity of agricultural produce. Example, demonstration plots and regular follow up provided by Seed Co to the selected cooperatives during season 2014/5 A. To strengthen communication between the input suppliers and the cooperatives, a regular meeting before and after the season have been agreed up on at a meeting held on 6th May 2015 at ADC under facilitation of the SCA consultant.

- g. **The cooperative leaders and members should embrace the current policy changes fast:** It means that the cooperatives should do all they can to inform or educate properly their members on the new way of doing farming as a business. Subsidies are being gradually removed , and the government wants maize farming to be a strong and stable business. Cooperatives are to play a key role as business partners to the seeds and fertilisers sellers in Rwanda, that they can now purchase and distribute hybrid maize seeds and fertilisers directly to their members and non members. Embrace the new ways of doing business as fast as possible. Good examples could be COACMU and IABM cooperatives.
- h. **Cooperatives should work hard to put in place appropriate infrastructure and facilities that will enable them do business properly:** This means that such things as warehouse facilities, office space, computer equipment, and all post harvest infrastructure such as drying shades, and shelling machines are key to doing this new business. The best examples so far are COACMU and IABM cooperatives.
- i. **The cooperatives should now be ready to sign contracts each season with the hybrid maize seeds and fertilisers companies as early as possible before the season starts:** Memorandum of Understanding or contracts will be good indication of cooperative commitment for the season. A template should be agreed up on for the coming season. Examples designed by RAB/Ministry of Agriculture are attached at the end.

7.2 FACTORS TO CONSIDER FOR THE HYBRID MAIZE SEED COMPANIES.

- a. **The hybrid maize seeds companies should be able to have the maize seeds in Rwanda in time for the season:** The cooperatives would like to avoid any delays in getting the seeds to the farmers as

it reduces farmers' confidence to the leaders and can cause bad season in terms of harvest. The timing of the seeds arrival in Rwanda should be agreed between the seed company and the cooperatives before the season starts. Example, during season 2014/5 A some cooperatives like KOREMU received hybrid seeds too late for the farmers to plant. This could be avoided with better planning and communication between the providers and the cooperatives.

- b. **The cooperatives would like the seed companies make available new seeds each season:** This means the cooperatives do not want to hear that the seeds have expired or damaged. They want to be able to verify the validity of the seeds they purchase each season. For example, cooperatives may receive seeds that were too old to germinate because they were kept too long in the stores. Quality management is important for long term satisfaction and customer relationships.
- c. The cooperatives and seeds companies should sign a memorandum of understanding or letter of understanding as partners. The example prepared and approved by RAB is at the end.
- d. The cooperatives would like the Seed Companies to train them to do hybrid maize seeds multiplication in Rwanda for the future seasons. They expect that the money paid for importation of seeds at 1755 to 1800 Rwf/kg would go to the cooperatives doing seeds production.

7.3 FACTORS TO CONSIDER FOR THE FERTILISER COMPANIES

- a. **Distribution is in cooperatives hands:** The cooperatives would like to see that the distribution of fertilisers is in their hands just as hybrid maize seeds. They want to play a role as part of their business. In this way they will gain money for transportation and distribution of fertilisers as well. The fertilisers will arrive at the cooperatives and distributed to farmers on time. This will be implemented easily once the cooperatives start doing fertilisers distribution.
- b. **Ensure fertilisers are in the country on time for the season:** The cooperatives would like the fertiliser importing and selling companies to ensure that the fertilisers are in the country ready for the season.
- c. The cooperatives are willing to **sign letter of understanding** with the fertiliser companies. Again this will be done once cooperatives start doing fertilisers distribution in the coming seasons.
- d. **Make clear other supports to be provided:** The fertiliser companies need to make clear other support they will provide to the cooperatives to ensure they use their products better. Such

activities as training and good crop husbandry should be taught to the farmers in partnership with each cooperative. Better use of the fertilisers also should be demonstrated to the farmers. For example YARA is ready to work with cooperatives to ensure they understand how to use their products well, how to do good crop husbandry, and be involved in doing demonstration plots to cooperatives. In fact during season 2014/5 A, YARA participated in the demonstration plots by making fertilisers available for use.

7.4 FACTORS TO CONSIDER FOR THE BANKS AND COOPERATIVES TO SIGN AGRICULTURAL FINANCING AGREEMENT

- a. **The Banks should improve their services:** The cooperatives would like the banks provide the credit on time and adapt new approaches to finance agricultural sector. For example the UOB is already leading the way.
- b. **Banks clarify all required conditions:** The cooperatives would like the banks to make clear in advance all the requirements to be fulfilled by the farmers and cooperatives so that all processes are completed very early before the season start. Examples, the UOB made clear to the 11 cooperatives and Bugesera maize union the conditions they have to fulfil so that they get credit on time for season B.
- c. The cooperatives should submit their applications for a loan to the banks early to allow sufficient time to do all the processes. All other sources of finance such as SACCO and CHAI should be approached earlier to enable them release funds on time for the season. Example, Bugesera maize union and the 11 cooperatives did this one month before the start of season B.
- d. The cooperatives should set a clear time table for all activities they have to accomplish in preparation for the season.
- e. The cooperatives should start insuring their crops (during germination, growth and vegetative, flowering, and harvest) at all stages as a cover for the risks. Example, such companies as **kilimo salama (safe farming)** and **UAP insurance** are now providing this service in Rwanda.
- f. The banks should reconsider and change prohibitive procedures and commissions charged to cooperatives. They would like to see friendly services.
- g. In case payment for agricultural inputs is directly transferred to Seed and Fertiliser companies, the cooperatives would like the banks to provide them with papers as proof but also as a record of the transactions for audit purposes.

8 MANAGEMENT OF THE PARTNERSHIP.

The management of the activities of this particular business partnership will be the responsibility of each member. The cooperatives, the seed companies, the fertiliser companies, and the financial institutions will have roles to play to ensure the success of the partnership and that each one benefits from the partnership.

If each member organisation plays its role as required, then the other members will benefit. It becomes a win-win situation.

A separate structure to assist in managing the partnership is not required. Adherence to the letters of understanding (LOU) signed between the concerned parties will suffice to ensure that the partnership works well. What may be required are planning regular meetings between the concerned parties at the beginning and end of the seasons to share experiences and what need to be improved on each side. At each meeting, the convener of the next meeting could be agreed up on including the date and venue.

Expected roles of each partner in the cooperative alliance

Roles of cooperatives	Roles of Seed Co or other companies	Role of YARA or other companies	Role of UOB or other Banks
Participate in all meetings organised for the partners	Participate in all meetings organised for the partners	Participate in all meetings organised for the partners	Participate in all meetings organised for the partners
The cooperatives should have eminent commitment to doing business	Have the right seeds in the country before the start of each season	Allow and facilitate cooperatives to do fertilisers distribution	Make clear all requirements for cooperatives and farmers to access credit
Cooperatives should have the required capital or credit in advance to purchase seeds and fertilisers on time for the seasons	Should have new seeds each season should have a contract to sign with the cooperatives	Ensure that fertilisers arrive in the country in time for each season and in sufficient quantities.	Make available credit fast and on time. Work based on time frame
Cooperatives should provide the seeds companies information on quantities needed at least 2 months in advance.	Allow and sign with selected cooperatives to do hybrid seeds production in Rwanda.	Make clear other support services to be provided top the cooperatives.	Ease prohibitive bank procedures
Cooperatives should have sufficient storage space for seeds and fertilisers	Make demonstration plots to cooperatives each season.		
Cooperatives should have	Should be able to		

improved communication to other partners.	replace damaged seeds on time without causing loses to the cooperatives		
Cooperatives leaders and members should embrace the new policy changes faster			
Cooperatives should put in place right infrastructure to enable them do business better			
Cooperatives should sign contracts with other partners each season			
Have a clear time table for all activities to be done in collaboration with other partners			
Submit loan application in a right way and earlier enough before the season starts			
Should fulfil all bank requirements before submitting loan applications.			
Should consider and embrace agricultural insurance as part of doing business			
Should have five years business plan as a tool for doing business			

9 COMPETENCES REQUIRED FOR COOPERATIVES TO FULLY BENEFIT FROM THE ALLIANCE

The following competences have been identified as critical for the cooperatives working in the alliance to benefit from the new partnership and ways of doing business.

- a. **Good governance:** The leadership of the cooperative should have leadership with sufficient experiences, includes both men and women, focused on improving the way the cooperative does business, attend to farmers needs, prepare strategic and annual business plans and properly implement the plans. The leadership

should adhere to the Rwanda Cooperative Agency (RCA) rules and regulations.

- b. **Employ a competent manager:** For the cooperatives to adopt new ways of doing business and improve their performance, they need to seriously consider employing qualified managers. For those that have already employed managers they have to train them on the principles of managing agro business and business entities.
- c. **Employ a competent agronomist:** It is absolutely necessary that the cooperatives that work with the new business partnership, employ own agronomist to ensure they are available all the time to attend to the farmers' needs. This kind of business will need the service of very competent agronomist on a permanent basis. This will help improve the production part of the business and ensure maximum returns for the farmers and the cooperative.
- d. **Employ a competent accountant:** as a requirement of the Rwanda Cooperative Agency, all cooperatives have to keep very good financial records. This is more so for those that work with the alliance as a business
- e. **Employ competent personnel:** The cooperative should have the capacity to identify, recruit, and retain quality personnel.
- f. **Good financial management skills required:** The accountant and the members of the management committee of the cooperatives should be trained on financial management skills and adhere to the requirement of the RCA. This will help them conduct business in a professional way. They have to understand the need for producing acceptable financial statements, audit, how to determine profit, and the need and how to do business for profit.
- g. **Good business organisation and management skills required:** the cooperatives are advised to work as a well organised business entity. This will make them succeed in working with the alliance, and be able to grow the business fast. Business management skills required among cooperative leaders and members.
- h. **Ability to work with Financial Institutions (Banks and SACCO):** The cooperatives need to quickly develop the ability and skills to working with financial institutions. They need to make financial decisions fast and comply with the requirements of the lenders including managing their financial obligations. This includes proper management of the contractual obligations of the financial institutions. The cooperatives need to be trained in these skills(managing bank loans, identifying the type of loans needed and negotiating the right duration, contract management)
- i. **Ability to work well with buyers:** Market identification and marketing skills will a good asset for the cooperatives to sell the

crops and get profit. This also involves ability to look for markets and not losing the buyers they have. The cooperatives need to ensure quality and delivery on right time and right quantity to the buyers. The cooperatives also need skills to manage properly the buyer contracts (contract management skills).

- j. **RCA rules and regulations observed:** The cooperatives have to adhere to all other requirements and guidelines of the Rwanda Cooperative Agency. This is necessary to ensure their registration remains valid all the years.
- k. **Adherence to best post harvest handling and storage practices:** the cooperatives members and leaders have to be trained on and adhere to best post harvest practices for maize in order to protect and preserve the quality and quantity of maize harvested. This is a prerequisite for the maize to fetch higher market prices in Rwanda.

10 CONDUCTING DUE DILIGENCE:

This is a process of verifying the validity of a party's claims regarding its intent to deliver on its commitments in the partnership. It may also include verifying its image, capacities, track record, accountability, and financial viability.

As far as this alliance is concerned, the cooperatives can conduct due diligence to the seed company they choose to work with to verify information related to capacity and track record of delivering hybrid seeds on time and in right conditions and quantity, reliability of the source of seeds, whether they have storage capacity in Rwanda to keep the seeds as they are brought in the country, have a established office in Rwanda, approved by the Ministry of Agriculture to import seeds, which variety of seeds from this company have been approved and for which agricultural zones of the country.

Similarly, the cooperatives can do the same due diligence as above for the fertiliser companies they choose to work with in the alliance. The cooperatives can also conduct due diligence to the financial institutions they choose to work with as source of their agricultural financing. Specifically the cooperatives may want to verify that the financing conditions are suitable to their needs, the processing time is not too long and the procedures are not cumbersome to the cooperative and its members.

The Seed and Fertilisers Companies and the financial institutions before signing any LOU or MOU with the cooperatives interested in working in the alliance, may want to verify a number of issues with the cooperatives, such as; the validity of basic information supplied by the cooperative, the commitment and preparedness of its members and leaders to take up this

new business opportunity, the infrastructure and facilities owned by the cooperatives, their track records and past audit reports including their record in meeting business obligations or contracts made before with banks, SACCO, buyers, and input suppliers.

All the above will help the members of the alliance have a good picture of the kind of alliance members they will be working with.

The decision to do due diligence will be left to the cooperatives, input suppliers and the banks. It will be raised during the planned training meetings on this facilitator guide and find out whether any of the potential stakeholders would go for due diligence activities.

Important issues to be addressed by each party in doing due diligence

What Seed Companies would want to find out from cooperatives in due diligence	What cooperatives would like to find out from Seed Companies in due diligence
<ul style="list-style-type: none"> • Cooperative vision, values, and ethics • Financial stability and reliability of its financial statements • Transparency in doing business with its members and other companies • Competent staff including trained accountant and trained agronomists • Good governance measures in place and respect them • Strong management with business skills and organizational development skills • Strategic plans and business plans • History of working with financial institutions • Reputation with buyers • Adhere to RCA guidelines • Post harvest best practices in place. • Sufficient infrastructure for the new business. 	<ul style="list-style-type: none"> • Values and credibility in other countries • How reliable has it been in supplying seeds to other partners • How supportive is it to new partners • How far the contracts it has take into account the needs of the cooperatives at all stages of the partnership activities • Product performance history in different markets and climates • Agreement with the agricultural authorities in Rwanda; have their seeds been tested and approved in Rwanda. • Logistics and reliability of seed delivery

11 CONCLUSION:

This alliance facilitator guide has been designed as a guide and training tool for the maize growing cooperatives and their members in Rwanda. The cooperatives have now entered into a new era of direct working partnership with hybrid maize seed companies where they will buy and distribute hybrid maize seeds to their farmers including their neighbouring cooperatives, fertiliser companies to purchase and distribute fertilisers, and the financial institutions to obtain bank credit each season.

This facilitator guide will help cooperatives and input suppliers understand the meaning and purposes of alliance partnerships, the factors that cooperatives need to take into account in order to work successfully in the alliance partners, the factors that their partners (seed companies, fertiliser companies and financial institutions need to possess in order to work successfully with the cooperatives, the other competences that cooperatives need to possess in order to benefit fully from the alliance activities. In brief this facilitator guide enables each partner in the alliance to understand their roles and responsibilities.

The guide also highlights the role and responsibility of each potential partner in managing the partnership. Making the partnership work better for all requires a certain level of attention, adherence to rules, regulations and norms established by the alliance. It provides highlights how and what type of due diligence each partner is expected to carry out to other partners to satisfy themselves that they are working with credible partners in the alliance.

This alliance guide has also provided some examples demonstrating how the new approach to hybrid maize seeds distribution in Rwanda provides a good business opportunity to the maize growing cooperatives, the economics of seed cooperative alliance and how the farmers, cooperatives and all other partners benefit from the alliance.

In brief, this facilitator guide goes a long way to provide justifications why the maize growing cooperatives should take up this business opportunity, and how hybrid maize seeds distribution is a potential viable business in the context of the new agricultural policy environment in Rwanda.

In most situations, to make issues as clear as possible, real life examples have been sighted from cooperatives that have started working fully or partially on this business during season A and B of 2014/2015.

However, as this is the first season this working partnership has been tried in Rwanda, a fully functional or perfect alliance is yet to be formed.

We believe that with the help of this facilitator guide and the work of the SCA project, more cooperative alliances will form in Rwanda and that these types of first successful partnerships will be scalable solutions across cooperatives and input suppliers in a variety of market sectors.

References:

1. Tools for Alliance builders; USAID December 2006
2. Building Alliance Series; Agriculture, USAID October 2009
3. Marco Ferroni & Paul Castle: “Article on Public Private Partnership and sustainable agricultural development”, Syngenta Foundation for Sustainable Agriculture. July 20, 2011
4. Yuan Zhou: “Small holder agriculture, sustainability and Syngenta Foundation” Syngenta Foundation for Agricultural Development, April 2010.

ANNEXES:

ANNEX 1: Table 1: Model of New subsidy approach (Rwf/Kg)

Items	Kenya Seed company	Seed Co	Murphy Chemicals	RAB
	1,700	1,720	1,810	400
Processing cost/kg	n/a	n/a	n/a	160
Distribution margin/kg	140	140	140	140
Unsubsidised Price/kg	1,840	1,860	1,950	700
GoR subsidy (75%) this year/kg	1,380	1,380	1,380	350
Purchase by distributor (or cooperatives)/kg	320	340	430	210
Purchase by Agro- dealer/kg	420	440	530	310
Purchase by farmer (25% of unsubsidised price/kg.	460	480	570	350

Source: RAB 2014.

N.B: RAB seeds are OPV, others are hybrid varieties.

In the above table, the Government wanted to ensure that the distribution margin to each distributor (cooperatives if they started the business) would be the same per kg of each variety. In this scenario it was 140 Rwf per Kg for the cooperatives that decided to start working as private hybrid maize seeds distributors to their members.

ANNEX 3: Table 3: CEILING FERTILIZERS PRICES AND SUBSIDIES FOR 2015A

PARTICULARS	DAP (Frw/Kg)	UREA (Frw/Kg)	NPK (Frw/Kg)
Low quotation (Frw/Kg)	656	532	580
Subsidy (Frw/Kg)	230	160	90
Ceiling farm gate unsubsidized price (Frw/Kg)	700	570	640
Ceiling farm gate subsidized price (Frw/Kg)	470	410	550

Source: Fertilizers and Seeds Importation and Distribution system- MINAGRI 2014

Annex4 a: Actual Prices and GoR subsidy of hybrid maize seeds used during season 2015 A

Imbuto z'ibigori zatumijwe hanze (imported Hybrid maize seeds) . PRICES IN Rwandan Francs Season 2015 A				
Igihingwa (Maize Seeds) 1	Ubwoko (Hybrid Maize Seeds Variety) 2	Ikiguzi ntarengwa ku muhinzi RWF (Maximum Price /KG) – import price in Rwanda 3	Uruhare rw'umuhinzi (Price to the farmer/Kg) with 25% GoR subsidy 4	Uruhare rwa Leta (75% GoR subsidy/KG) 5
Ibigori (Maize Seeds)	H629	1,840	460	1,380
Ibigori (Maize Seeds)	PAN691	1,950	570	1,380
Ibigori (Maize Seeds)	SC719	1,960	580	1,380
Ibigori (Maize Seeds)	DH04	1,840	460	1,380
Ibigori (Maize Seeds)	PAN4M21	1,950	570	1,380
Ibigori (Maize Seeds)	PAN63	1,950	570	1,380
Ibigori (Maize Seeds)	Pan53	1,950	570	1,380
Ibigori (Maize Seeds)	PAN67	1,950	570	1,380
Ibigori (Maize Seeds)	SC403	1,855	475	1,380
Ibigori (Maize Seeds)	SC513	1,855	475	1,380

Source: Fertilizers and Seeds Importation and Distribution system- MINAGRI 2014.
Column 3 – Column 5 = Column 4 (Price of hybrid maize seeds applicable to the farmer in 2014/2015 A by each variety).

Annex 4 b: Actual prices, margin to the distributor and GoR subsidy of hybrid maize seeds used during season 2015 A by approved variety.

Igihingwa / HYBRID MAIZE SEED	Ubwoko / VARIETY	Ikiguzi ntarengwaku muhinzi RWF / MXIMUM PRICE/KG	Ikiguzi Distributor aranguriraho / PRICE TO THE DISTRIBUTOR/KG	Ikiguzi A D afatiraho imbuto ku iduka rye/ PRICE OF AGRO DEALER /KG	Uruhare rw'umuhinzi / PRICE TO THE FARMER/ KG
Ibigori/ MAIZE SEEDS	H629	1,840	360	420	460
Ibigori/ MAIZE SEEDS	PAN691	1,950	470	530	570
Ibigori/ MAIZE SEEDS	SC719	1,960	480	540	580
Ibigori/ MAIZE SEEDS	DH04	1,840	360	420	460
Ibigori/ MAIZE SEEDS	PAN4M2 1	1,950	470	530	570
Ibigori/ MAIZE SEEDS	PAN63	1,950	470	530	570
Ibigori/ MAIZE SEEDS	Pan53	1,950	470	530	570
Ibigori/ MAIZE SEEDS	PAN67	1,950	470	530	570
Ibigori/ MAIZE SEEDS	SC403	1,855	375	435	475
Ibigori/	SC513	1,855	375	435	475

Source: Fertilizers and Seeds Importation and Distribution system- MINAGRI 2014

ANNEX 4: Contract example used by Seed Companies and Cooperatives as approved by the RAB/Ministry of Agriculture and Animal Resources (when the subsidies are still in place).

CONTRACT FOR DISTRIBUTING SEEDS TO DIFFERENT AGRO-DEALERS AS PER LIST ATTACHED

CONTRACT N °

DATE :

SUPPLIER : SEED COMPANY (RWANDA)
LTD

PURCHASER :

FINANCING : MINAGRI

AMOUNT OF THE CONTRACT :

.

NUMBER OF COPIES IN ORIGINAL: 2.

Between

Seed Company (RWANDA) LTD, having its headquarters at Kigali, Rwanda, represented by

Seed Company Representative, Managing Director, hereinafter referred to as the "Supplier of Seeds" on one hand.

And

....., Address Example P.O.BOX 5183 Kigali, Tel; (+250) 0788472016 represented by, **THE MANAGING DIRECTOR**

hereinafter referred to as "the Distributor" on the other hand;

It has been agreed that:

Article 1: Subject of the contract

The subject of the contract is Distribution of Agreed quantity and Variety of Maize Seedsto different Agro-dealers (**as per the list attached**)

Article 2: Contract documents

The documents hereinafter are considered and interpreted as being entire part of the present contract:

- present contract
- Distribution Details document: List of Agro-dealers, location, Variety of Seeds to distributed etc...
- Certificate provided by RURA to approve distributor that he is accepted transporter
-

Article 3: Scope of distribution channel

The services of the distributor comprises especially:

Deliver of the seeds to agreed agro-dealers as per attached list

The warrantee of the vehicle carrying seeds to cover all the risks involved such as theft, accidents etc.

Agro-dealers' presence during the delivery of the seeds in his/her stores.

Distributor to deliver/distribute only seeds whose technical specifications conforming to those as given or those that belongs to Supplier who contracted him/her to distribute the seeds to agro-dealers in this case Murphy Chemicals Rwanda Ltd.

Supplier will be responsible for checking the conformity of the seeds supplied and follow up of the implementation of this contract.

Article 5: **Distribution Details** (Table inserted)

Article 6: Period of delivery

6.1 The period of delivery is as **per calendar table attached** start after signing of the contract.

6.2 The seeds that will be missing, and/or delivered damaged shall be replaced by the seeds on distributor's own costs within a possible shortest period. This period should not exceed the period of the contract after notification of the damages and losses by the supplier.

Article 8: Packing

The distributor should pack the seeds according to the international standards of exportation to ensure an efficient protection against damages during the transport by road.

Article 9: Amount of the contract

The total amount of the contract is fixed at, all taxes inclusive, as a Unity price.

Article 10: Form and clauses of payment

The payment has to be made through Cheques to the Distributor's Name or transfer to their Bank Account Opened in the names of distributors.

In case the distributor fails to distribute or deliver seeds to agro-dealers, his/her payment will be suspended until the problem is resolved.

Article 11: Late delivery penalties

In case of delay in delivery of the seeds compared to the period contractually agreed; the supplier will have the right to apply a late delivery penalty equal to 1/1000 of the total cost of the contract which is the subject of the delay per day during the late delivery time and will do this without summons. After 10%, the contract will be cancelled.

Article 12: Termination of contract

In case of any non respect of the contractual clause, the supplier owns the right to terminate the contract after a simple and unique formal notice of fifteen (15) working days. The supplier is obliged to entirely refund all the expenses done by the distributor to the time of terminating the contract . This clause can be applied at any time within the present contract execution. In case of “**force majeure**”, however, the supplier has to notify the distributor within forty hours.

Article 13: “Force majeure”

None of the contracting parties shall be construed to have contravened the provisions of the contract, if the reasons for not respecting the provisions of the contract are due to cases of "force majeure" such as: demonstrations, declared and undeclared wars, embargo, riots, people's uprising, epidemics, landslides, earthquakes, hurricanes, thunder, floods, civil war, explosions or other similar phenomenon outside and beyond the contracting parties, In writing the distributor will warn the supplier or vice versa within 40 hours of the event of the occurrence and will inform the supplier the date of the suspension of the mentioned event.

If after the "force majeure" event, the contract execution becomes impossible within a period of six (1), month. Each party will have the right to terminate the present contract by a simple written notification of mutual understanding.

Article 14: Corrupt and fraudulent practices

The parties ensure that they will not be engaged in corrupt and fraudulent practices in executing the contract.

Article 15: Settlements of disputes

In case of Lack of resolving amicably a dispute by mutual understanding between the supplier and the distributor, the dispute shall be submitted to the courts of Kigali according to the Rwandan law.

Article 16: Beginning of the contract

The contract comes into force when all concerned parties have signed it. This contract shall be signed after handing over of a performance security of 10% of the contract.

For the supplier

For the Distributor

MANAGING DIRECTOR

DIRECTOR GENERAL

Date.....

Date



THE SEED COOPERATIVE ALLIANCE (SCA)

Cooperative Alliance Facilitator Guide - Tanzania

Contract No. 13-SCA-A-C-0951

Prepared by:
Centre for Sustainable Development Initiative (CSDI)
February, 2015

ACKNOWLEDGEMENT

The CSDI Consultants would like to take this opportunity to thank Land O'Lakes for contracting CSDI to carry out this interesting assignment to develop the Cooperative Facilitator Guide for use in promoting cooperative alliances of inputs distribution in Tanzania.

CSDI is grateful to have successfully accomplished part one of the assignment. However, it would not have been possible without the kind support and help of many individuals and organizations. We would like to extend our sincere acknowledgement to all the stakeholders who have been in one or another contributed to this work. Specially, we would like to thank the SEEDCO – Arusha and YARA – Dar es Salaam offices respectively for their very valuable information, time and suggestions. Further we would like to extend our sincere attributes to leaders of Koboko AMCOS, Mashima AMCOS and Tarakea AMCOS for meeting with us and provide strategic views on the proposed guide. It is really difficult to mention each and every one but we really appreciate the contributions by all other key stakeholders including some government officials in the Ministry of Agriculture, Food Security and Cooperatives.

Despite the contributions by all the actors and stakeholders we have mentioned with whom the consultant team is pleased to share the credit with, the responsibility for any shortcoming in this assignment entirely lies with the consultant team.

William Massawe,
Team Leader

LIST OF ABBREVIATIONS AND ACRONYMS

AATF	African Agricultural Technology Foundation
AGM	Annual General Meeting
AMCOS	Agricultural Marketing Cooperative
COSTECH	Commission for Science and Technology
CRGT	Community Re-investment Grant Trust
CSDI	Centre for Sustainable Development Initiative
CYMMYT	Centro Internacional de Mejoramiento de Maiz Trigo (International Centre for Maize Research and Improvement)
DNA	Di-Nucleotide Acetate
FAO	Food and Agricultural Organization of the United Nations
FARA	Forum for Agricultural Research in Africa
FTO	Freedom to Operate
GAP	Good Agricultural Practice
GDA	Global Development Alliance
GMO	Genetically Modified Organism
HACCP	Hazard Critical Control Point Analysis
ICRISAT	International Centre for Research in Semi-Arid Tropics
IDEA	Innovation and Development Alliance
IITA	International Institute for Tropical Agriculture
IP	Intellectual Property
IPR	Intellectual Property Right
ITK	Indigenous Technical Knowledge
LOL	Land O'Lakes International, Inc.
NARS	National Agricultural Research Station
PCS	Primary Co-operative Society.
R&D	Research and Development
SABIMA	Strengthening Capacity for Safe Biotechnology Management in Sub-Saharan Africa
SACCOS	Savings and Credit Cooperative Society
SOP	Standard Operating Procedure
SME	Small and Medium Enterprise

SWOT Strength Weakness Opportunities and Threats
TOSCI Tanzania Official Seed Certification Institute
USAID United States Aid for International Development

TABLE OF CONTENTS

ACKNOWLEDGEMENT2

LIST OF ABBREVIATIONS AND ACRONYMS.....	3
TABLE OF CONTENTS	5
PART I: BACKGROUND INFORMATION	7
1.1 OVERVIEW OF THE ALLIANCE FACILITATOR GUIDE.....	7
1.2 INFORMATION COLLECTION, APPROACH AND STRUCTURE	7
1.3 MEANING OF ALLIANCE.....	8
1.4 PURPOSE OF THE ALLIANCE GUIDE.....	8
1.5 STATUS OF COOPERATIVE ALLIANCES IN TANZANIA.....	8
1.6 FACTORS HINDERING FORMATION OF COOPERATIVES ALLIANCES IN TANZANIA	9
1.7 RATIONALE, BENEFIT AND SCOPE	10
PART 2:CRITICAL ISSUES IN THE FORMATION OF SUSTAINABLE COOPERATIVE ALLIANCE.....	12
2.1 POLICY AND ENABLING ENVIRONMENT ISSUES.....	12
2.1.1 <i>The Cooperative Societies Act 2013</i>	12
2.1.2 <i>Public Private Partnership Policy (PPP)2009</i>	13
2.1.3 <i>Political Will</i>	13
2.2 KEY COMPETENCE ISSUES	14
2.2.1 <i>Cooperative key Competency Requirements:</i>	14
2.2.1 <i>Input Suppliers Competence Requirements</i>	15
2.3 SELECTION OF RIGHT PARTNERS IN COOPERATIVES ALLIANCES	15
2.4 CRITERIA FOR ALLIANCE FORMATION	16
2.4.1 <i>Primary Cooperative Society</i>	16
PART 3: PRINCIPLES FOR THE FORMATION OF COOPERATIVE ALLIANCES	18
3.1 THE KEY QUALITIES REQUIRED FOR ALLIANCE FORMATION.	18
3.2 CHECKLIST OF ESTABLISHING FUNCTIONAL COOPERATIVE ALLIANCE	18
PART 4: ROLE OF DUE DILIGENCE IN EFFECTIVE ALLIANCE BUILDING.....	20
4.1 WHY DUE DILIGENCE?	20
4.2 STEPS IN CONDUCTING DUE DILIGENCE	21
4.3 CHECKLIST OF DUE DILIGENCE	21
PART 5: ALLIANCE IMPLEMENTATION AND MANAGEMENT	22
5.1 PARTNERSHIP AGREEMENT/CONTRACTS.....	22

5.2	ROLE OF THIRD-PARTY FACILITATOR	22
5.3	ROLES AND RESPONSIBILITIES OF STAKEHOLDERS AND ACTORS IN ALLIANCE	23
5.4	RISKS, UNCERTAINTY AND FORCE MAJEURE	24
5.5	ALLIANCE BEST PRACTICES AND EXPERIENCES	26
5.5.1	<i>Model 1 - Networks and Cooperatives</i>	26
5.5.2	<i>Model 2- Upgrading the Value Chain</i>	28
PART 6: CONCLUDING REMARKS		30
6.2	WAY FORWARD	30
ANNEX I: KEY REFERENCES		31

PART I: BACKGROUND INFORMATION

1.1 Overview of the Alliance Facilitator Guide

Development of the Alliance Facilitator Guide for the Co-operative Alliance is one of the components of the Land O'Lakes International Development division's Seed Cooperative Alliance project in Tanzania. The project focuses on testing the hypothesis that Co-operative Alliances can provide a commercially sustainable supply chain for distribution of hybrid seed maize in Tanzania. The project is implemented by Land O'Lakes team based in the US with CSDI as an in country facilitator. The other components of the project are "*Hybrid Maize Seed Market Feasibility Study*" which has already been done, "*Strategic Fit Assessment*", and facilitation of the partnership alliance meetings with cooperative partners.

1.2 Information Collection, Approach and Structure

This report has used mainly primary information, with verification where necessary from a wide range of secondary sources. Generally, each one of the organizations mentioned in this report has been contacted and spoken to. The majority of accessible secondary information on cooperative alliances comes from desktop search, published reports from reliable public entities namely Ministry of Agriculture, Food Security and Cooperatives (MAFSC), USAID and also from unpublished knowledge-base of individual experience.

This report is comprised of 6 parts each of which contribute invaluable information that collectively make this alliance facilitator guide a reliable document to use in promoting cooperative alliances in Tanzania. Part II focuses on the critical issues in the formation of sustainable cooperative alliance whereas part III highlights the principles for the formation of cooperatives alliances. Part IV contains information on the role of due diligence in building effective cooperative alliances. Sustainability of any cooperative alliance depends very much on the value of the alliance members and/or right partners. Part V presents strategic implementation and management of cooperatives alliance and Part VI provides recommendations and way forward.

1.3 Meaning of Alliance

A strategic alliance is an agreement between two or more players to share resources or knowledge, for the benefit to all parties involved. It is a way to supplement internal assets, capabilities and activities, with access to needed resources or processes from outside players such as suppliers, customers, competitors, companies in different industries, brand owners, universities, institutes or divisions of government. Strategic Alliances can take different forms, occur within an industry or between actors in different industries or sectors, and can range from simple agreements to mergers or equity joint ventures. There are basically three types of generic strategic alliances: Non-Equity Strategic Alliances, Equity Strategic Alliances, and Joint Venture Strategic Alliances.

Strategic alliances are important part of most business models for example cooperative societies and input suppliers. This report focuses on the ways and means of building sustainable cooperative alliances in Tanzania. This emanates from the hypothesis that cooperative alliances can create more effective channels through which to supply inputs such as hybrid maize seed, fertilizers and agro-chemicals in Tanzania.

1.4 Purpose of the Alliance Guide

The purpose of this facilitator guide is to help cooperatives and private sector input providers identify opportunities for alliance development and overcome challenges involved with forming partnerships. The guide will be used to promote formation, implementation and management of cooperative alliances in Tanzania. As indicated above, the objective is to test the hypothesis that cooperative alliances can provide a commercially sustainable supply chain for distribution of improved hybrid maize seeds. This guide contains lessons on alliance successes and failures and builds on experiences from the Seed Cooperative Alliance pilot project in Tanzania in 2014.

1.5 Status of Cooperative Alliances in Tanzania

Cooperative alliances are not common in Tanzania though some cooperative societies have formed themselves as Joint Enterprises. A good example is Kanyovu Coffee Curing Cooperative Joint Enterprises Limited which is coalition of Kalinzi and Manyovu Cooperative Societies Limited. This is very successful coffee based primary cooperative alliance founded in Kigoma Region. Other

similar alliance is found in Kilimanjaro Region – Rombo District whereby three primary cooperative societies namely Useri, Mashima and Tarakea formed themselves into an informal alliance called UMATA which aims at tackling collectively various business challenges facing their members. Currently, According to the Cooperative development department of Tanzania, there is no known formal alliance between a cooperative and non-cooperative business entity in Tanzania although there are budding business relationships between fertilizer suppliers and farmer cooperatives and/or out-growers associations which may lead to formation of alliances. For instance Yara Vs Madibira Rice Cooperative Society in Mbarali District and Sugarcane out-growers associations in Kilombero Morogoro.

The absence of formal alliances in Tanzania is attributed to lack of awareness and knowledge about potential benefits of strategic cooperative alliances. Broader discussion is provided in the next sections.

1.6 Factors hindering formation of Cooperatives Alliances in Tanzania

Despite the potential benefits that can be derived from building cooperative alliance, Tanzania has few of them because of the following key issues:

- a) Historical background of cooperative movement in Tanzania whereby law has not been supportive to promote alliances;
- b) Political interventions in which most cooperatives have been used by politicians to achieve their objectives and meet their interests;
- c) Lack of awareness on the benefits of an alliance and also on how to form them;
- d) Cooperative mismanagement attributed to poor cooperative knowledge and skills of the leaders and managers;
- e) Lack of Political will in which for many years in Tanzania cooperatives have not been one of top priorities of the country.

Other barriers learnt from conducting strategic fit assessment of cooperatives in the Northern Tanzania involve the following:

- a) Lack of basic capacities including technical (product quality), physical (storage & transport), managerial (leadership and governance), business (input supply and demand, market information) and legal skills;
- b) Poor infrastructure including feeder roads, markets and research services;
- c) Limited access to capital;
- d) Lack of transparency and/or trust among business partners that has resulted into absence of win-win scenarios;
- e) Limited business volume on the part of cooperatives.
- f) Misaligned goals between potential business partners

1.7 Rationale, Benefit and Scope

One of the major challenges farmers face is in the supply of true-to-type inputs (non-adulterated inputs) to its members. Alliance with trustworthy suppliers of inputs can solve this problem. Other socio-economic benefits that may be accrued by establishing a functional cooperative alliance are elaborated below:

- a) Economic benefit – the large number of cooperative members as buyers will lead to broader market for input suppliers, economies of scale for both parties and stronger bargaining power for the cooperatives.
- b) Access to Finance – a cooperative alliance will provide more confidence to Financial Institutions to give credits to cooperatives.
- c) Technological benefit – alliance will lead to wider access to knowledge and new technology through demo plots, farmer field schools (FFS) and farmer training.
- d) Managerial benefit – alliance will help improve management capability of the cooperatives as the reputable input suppliers will require more sophisticated management capabilities to manage the business.
- e) Improved market access – alliance will lead to better quality and quantity of outputs (produce) due to use of quality inputs thus leading to competitive market and increased attractiveness to buyers.

The analysis below represents a simple cooperative alliance business model which quantifies the potential economic benefits of both input supplier and the primary cooperative. The analysis indicates that as a result of a win-win cooperative alliance, income to cooperative increases as sales from supplier increases. Refer Annex II below.

PROJECTED INCOME STATEMENT			
Season	Year 2014/15	Year 2015/16	Year 2016/17
Sales Revenues	1,138,198,950	1,252,018,845	1,377,220,730
Cost of Goods Sold	920,275,493	966,289,267	1,014,603,730
Gross Margin	217,923,458	285,729,578	362,616,999
General and Selling Costs	35,494,529	37,269,255	39,132,718
Net Profit Before Income Taxes and Depreciation	182,428,929	248,460,323	323,484,281
Interest	52,587,171	52,587,171	52,587,171
Depreciation (Working Capital factor)	-	-	-
Income Taxes (waived - Cooperatives Act)	-	-	-
Net Income After Interest, Income Taxes and Depreciation	129,841,758	195,873,152	270,897,110

this analysis as detailed in the attached excel file and annex ii, shows probable volume of business and projected income if the three co-operatives of koboko, mashima and tarakea were to do a seed and fertilizer business from seedco and yara respectively, reaching at least 50% of their farmer members or for 50% of their farms, using a one year bank loan at a market interest rate.

PART 2:CRITICAL ISSUES IN THE FORMATION OF SUSTAINABLE COOPERATIVE ALLIANCE

This part presents necessary conditions of building sustainable cooperatives alliances. These conditions range from existence of supportive legal and regulatory environments, true political will and appropriate competence of alliance partners.

2.1 Policy and Enabling Environment Issues

2.1.1 The Cooperative Societies Act 2013

The Cooperatives Societies Act (CSA) 2013 has created conducive environment for good governance in cooperatives which will promote alliance formation compared to the Cooperative Societies Act (CSA) 2003. Below matrix compares key features of the two acts:

Subject Issue	CSA 2013	CSA 2003
Rights and Liabilities of Members	Empowers membership through acquisition of education, knowledge and new skills, good governance and accountability (Part VI Section 50)	Did not consider public education and awareness of rights and liabilities of members.
Establishment of the commission	Has established a commission known as "Tanzania Cooperatives Development Commission" (Part III Section 6(1). This has reduced powers of the minister.	Minister had full powers to take measures on matters relevant to cooperative development.
Role of Registrar	More focused whereby regulatory roles are separate from development roles (Part III Section 8)	
Formation of primary society	Twenty to thirty person for agricultural societies (Part IV Section 20(1)(a)	Fifty of more persons for agricultural societies.
Accounts and Audit	All registered societies shall appoint an auditor upon approval by AGM. Auditor should put in consideration the bylaws and the resolutions of the AGM (Part VII Section 55)	Exempts primary societies from appointing an auditor.
Management of registered society	The management of the society is vested in the Board (Part VII Section 69)	Role of the board was too broad.

2.1.2 Public Private Partnership Policy (PPP)2009

Private- Public partnerships (PPP) are important in alliance building. The government of Tanzania established PPP Policy 2009 with the aim of promoting public-partnerships to achieve more together that would be possible alone, and to improve the effectiveness of results generated. Under normal circumstances, PPP is helpful instrument to improve networking and coordination, infrastructure development, value chain development and trade facilitation. For example cooperatives and input suppliers are potential private sector actors who can develop partnership with local governments.

2.1.3 Political Will

Even if all the conditions for formation of cooperative alliance are in place, if there is no political will potentials for success are limited. Therefore, political will is critical factor for building effective cooperatives alliances. Awareness on the economic benefits of cooperative alliance is important, therefore, politicians should be made aware of impact of these benefits to the local and national economy. Madibira Cooperative Society located in Mbarali District offers a good example of political will as elaborated below:

Madibira Agriculture Marketing Cooperative Society (MAMCOS) was established in 1990s with the objective of supporting its members to engage profitably in the production of rice. Due to its geological and economical advantages the government committed to establish a state-of-the-art irrigation project capable of distributing enough water for irrigation throughout the growing season. The capacity of the irrigation system is 720square meters per hour. It further established a rice milling facility through a bilateral loan from the African Development Bank (ADB) and was implemented through FAO technical support. In 2000 MAMCOS leadership with support from the government and other technical assistance advisors, established a SACCOS. The SACCOS received a TSH 600 million grant from the government of Tanzania via a loan from the African Development Bank for the purpose of providing input financing for rice farmers. Presently, the MAMCOS is one of the successful rice schemes operating in Tanzania, and a good market for high quality fertilizers from YARA Tanzania.

2.2 Key Competence Issues

Competences required for the cooperatives and input suppliers to fully benefit from alliances are elaborated below:

2.2.1 Cooperative key Competency Requirements:

In forming alliances, physical, technical, managerial and legal capacities should be assessed.

- a) Physical capacities include storage space, office space and transport equipment. These are important so that critical volumes of the procured inputs can be kept safely before use as well as being accounted for properly. However, YARA has a distribution model that ensures minimum stocks at the customer's premises, in order to minimize customers' costs as well as ensuring inputs quality. SeedCo are also in the process of developing the same system through the concept of "on market storage"
- b) Technical capacities include the ability for inputs quality assurance; technical information on the inputs (application rates, genotypes, composition); demonstration and technology transfer aspects; environmental aspects including safe handling and disposal.
- c) Managerial capacities include financial management (preparation of standard financial statements, internal controls); warehouse management; preparation of bankable strategic and business plans (financing plans; products/inputs promotion and marketing (assessment of farmer members input demand/needs, diligent suppliers and contracting).
- d) Legal capacity including the ability to prepare legally sound mutually beneficial business contracts.
- e) Strategic Business Plan - a cooperative has to have a strategic business plan approved by members which shall highlight the key elements of the business of a cooperative. The plan will include but not limited to the following key aspects:
 - Brief history of the business;
 - A description of the products, activities and services
 - Market
 - Marketing strategies
 - An assessment of the competition
 - Operations strategy
 - Financial needs and projections

- Critical risks analysis
- f) Warehouse Management Skills – this is important additional training needs required for the management of the cooperatives in order to qualify for the WRS but also to be able to properly handle and store the anticipated inputs. The Tanzania Warehouse licensing board, apart from its regulatory functions, it also provides training for Farmers and farmer groups that have warehouses trading agricultural produce.

2.2.1 Input Suppliers Competence Requirements

Input suppliers are important actors in building sustainable cooperative alliance and must have minimum of the following key requirements:

- a) Proven track record of supplying certified inputs consistently and timely; For a long time farmers have suffered massive losses through use of fake inputs, and for some reasons the culprits are not held fully accountable mainly because of poor Government control systems and lack of capacity and resources to enforce rules and regulations. Therefore it is imperative that farmers are assured through the Alliance that such situations will not occur again.
- b) Ability to provide after-sale services such as conducting soil tests, agronomy training to cooperative members, establishing demo-farms jointly with the co-ops,, installing reliable storage facilities and setting up appropriate input distribution channels;
- c) Ability to offer wide range of products at competitive prices.

2.3 Selection of Right Partners in Cooperatives Alliances

For sustainability purposes, cooperatives alliances must be formed in such a manner that the partners are appropriately selected. The alliance partners will collaborate with stakeholders categorised as follows:

- a) Primary stakeholders – this will involve cooperatives and input suppliers. Secondary stakeholders – these are government agencies namely Ministry of Agriculture, Food Security and Cooperatives (MAFSC), Tanzania Pesticides Research Institute (TPRI), Tanzania Bureau of Standards (TBS) and Agricultural Seed Agency (ASA).
- b) Other stakeholders – such as agro dealers like Kibo Trading Services Limited in Moshi, BDS providers and MFIs.

2.4 Criteria for Alliance Formation

2.4.1 Primary Cooperative Society

A Primary Cooperative Society is a membership-based voluntary business entity formed and registered under the Cooperatives Act whose principal objective is the business of supplying inputs for agricultural production, purchasing, processing, marketing and distribution of agricultural produce. Criteria for a PCS to enter into an alliance with other business entity e.g. an input supplier include the following:

i) Good leadership and Governance:

Leaders must be democratically elected by the Co-op AGM, as stipulated in the co-op law.

ii) Transparency and accountability

Leadership and Co-op management should be accountable to the members, members should be well represented in the decision making meetings, the co-op plans and reports should be communicated to the members, including financial reports especially audit reports.

iii) Must have common demand-driven commodity

The members should have a common need with a critical mass to make an attractive deal for a business partnership with an input supplier. E.g. all members should be growing a common crop with similar input needs.

iv) Commercially attractive physical assets e.g. Warehouses, transport,

Input suppliers have conditions for minimum orders in order to offer attractive whole sale prices One of these is a place to store the required volumes, or ability to collect at factory gate using own transport.

v) Common need e.g. accessing quality inputs

The co-op members should have a common problem to be solved e.g. inability to get quality or genuine inputs, lack of technical knowledge to use inputs, lack of market, etc

vi) Should demonstrate commitment to adhere to the terms and conditions of contract.

This is important and can be gauged from track record of the co-operative and leadership from past records and reports, as well as information from other business partners they have or are dealing with.

vii) Should demonstrate sound financial capability to buy inputs from suppliers.

A cooperative with good financial muscle or is credit worth will be more attractive to the input supplier than for one which lacks these attributes.

viii) Must have a business case.

Do they have critical volume required by the supplier? Can the alliance make money for mutual benefit?

For a co-operative to be attractive to an input supplier, it should have a critical demand volume inputs which will either come from number of members, or size of farms.

ix) Must be able to carry out own needs assessment

This includes agro-inputs, capacity and training.

A co-operative should have an ability to know the effective demand of inputs from their members, so as to convince input supplier to engage in a business relationship.

PART 3: PRINCIPLES FOR THE FORMATION OF COOPERATIVE ALLIANCES

3.1 The Key Qualities required for Alliance Formation.

For input suppliers:

- i) Innovation - the input suppliers should be able to demonstrate innovation in new technologies and approaches in doing business.
- ii) Willingness for partnership and collaboration with other stakeholder's e.g. cooperative societies.
- iii) Should demonstrate long-term presence and business commitment. Not short-term engagement.
- iv) Must have adequate financial and operational capabilities to meet the alliance requirements.

For cooperative societies:

- i) There should be adequate members willing to buy inputs from the cooperative and establish trade volume.
- ii) Must be able to maintain low operational costs as much as it is possible.
- iii) Must be able to have adequate working capital.
- iv) Mutually agreed prices.
- v) Agree on transportation of the inputs

3.2 Checklist of establishing functional cooperative alliance

To establish a functional cooperative alliance the following sequential checklist must be completed:

- i) Conduct needs assessment to develop common problem statement of both interested parties. Accurate needs assessment, for example agro-inputs will reduce leftovers and therefore reduce losses; capacity needs assessment will be the basis for the formation of efficient, effective and sustainable alliance.
- ii) Discuss the possible solutions in order to come up with issues to be included in the agreement. Cooperative and input suppliers both have possible solutions to many of the challenges facing the input distribution. Joint brainstorming sessions (e.g. proposed validation workshop) can generate information that will contribute to profitable and sustainable business. Joint meetings should therefore be built-in the alliance structure.

- iii) Conduct thorough due diligence to assess willingness and preparedness to establish cooperative alliance. A well structured due diligence assessment can add value to the alliance formation as it is necessary to collect all the relevant information to minimize time and cost;
- iv) Carry out preliminary meetings to define and agree on the interests of each party;
The preliminary meetings will clear any doubts the parties might have among them, or confirm fears of possibilities of doing business. In these meetings each party should be very transparent so that there is a common understanding of critical issues.
- v) Define roles and responsibilities of each party;
Clear roles and responsibilities is an important ingredient for a good business partnership or an alliance. These should be discussed, agreed, and written down for each party.
- vi) Develop, negotiate and sign the Memorandum of Understanding for each party;
This is a document which outlines vividly the terms of the proposed business transaction between the two parties. The document should be signed, and will be the basis of the legally binding contract between the two.
- vii) Documentation and implementation.
The MOU should be well kept for reference while executing it and preparing the legal contracts. MoU and other business contracts are valuable documents, should preferably be in duplicate and kept in a safe place such as a strong room with restricted access to ensure safety from hazards including fire and theft. If possible, contracts can also be deposited in a nearby bank.

PART 4: ROLE OF DUE DILIGENCE IN EFFECTIVE ALLIANCE BUILDING

4.1 Why Due Diligence?

The appropriate due diligence process does help to solicit right and reliable partners for the cooperative alliances. It helps the management to decide upfront whether the proposed alliance and/or partnership is appropriate (past performance, reputation, etc) and ideal to achieve the developmental goals (its principles and practices), therefore minimizes costs/losses and or risks. After identifying an alliance, due diligence also helps to assess whether membership is appropriate and therefore going ahead to assess the business and development need of the members. The Due Diligence Framework applies brute force and common sense to a sensitive alliance building challenges. The most valuable due diligence efforts occur when alliances commit to the twin goals of assessing the opportunity and building long-term relationships. When the alliances clearly understand the process, they conduct as much due diligence as possible using confidential information prior to a physical meeting.

Good due diligence creates value. Part of relationship building is openness and transparency. When an alliance shares its findings with the management, they can verify the accuracy of the alliance's conclusions. More importantly, the management benefits when the alliance provides a candid assessment of the technical approach, data package, path forward etc. These assessments are important inputs into the alliance's strategic planning process.

Hypothetical Example:

USADF has supported numerous primary cooperative societies since 2001. Among others Selection criteria, based on a rigorous due diligence process has enabled the organization select good cooperatives to support sustainably. General criteria included management capability, governance, legal existence, financial records, operational aspects and good business case. Examples of well selected cooperative and active to date include Mkonge Tea Block Farm Cooperative Society (Mufindi District); Midawe Cooperative Society; Uwano-Ngarenanyuki Cooperative Society; Kanyovu Joint Enterprises Cooperative Society; Mshikamano Cooperative Society and Sugarcane Associations in Kilombero and Mvomero districts. Which have continued to perform well long after ADF's exit.

4.2 Steps in Conducting Due Diligence

The Due Diligence Framework is an efficient process. Efficiency does not mean quick and easy. There are no shortcuts. Efficient means minimizing resource commitments and ongoing program disruptions while learning what each side needs to know to make a go/no-go decision. In short the Framework converts the normal "due diligence root canal" into a painless filling. The process has five steps:

- i) Knowing what you "need" to know
- ii) Assembling the diligence team
- iii) Preparing the partner for the diligence event
- iv) Managing interactions between firms
- v) Using the collected information to assess value of alliance and fit between both organizations

4.3 Checklist of Due Diligence

Key broad questions to ask in alliance building due diligence process:

- i) What's important to the Agency? What isn't?
- ii) Which problems will be costly? Which ones will be minor?
- iii) Where are you likely to find problems?
- iv) What is the type of transaction you are expecting? How large or small is the transaction? How complex?
- v) What will the investigation cost in time and in money?
- vi) What is the risk to the Agency if the unexpected causes the transaction to go bad?
- vii) How much time do you have? What do you have to lose by delay? What does the potential partner have to lose?
- viii) How badly does the Agency need the alliance? How badly do the potential partners?
- ix) Are the intellectual assets (i.e., trade names, patents) registered everywhere we intend to sell the product?
- x) Do third party rights encumber the patent(s)?
- xi) Are all third party agreements related to the intellectual assets being transferred?
- xii) What third party intellectual assets do we need to practice this technology?
- xiii) Are there known cases of litigation or notices of infringement?
- xiv) Has any intellectual assets been used as collateral?

PART 5: ALLIANCE IMPLEMENTATION AND MANAGEMENT

5.1 Partnership Agreement/Contracts

This is an important instrument in creating long lasting alliance. The content of the MOU stipulate roles and responsibilities of each part which should be adhered to. The process of developing the MOU must be participatory and mutual. MOU must contain the following key aspects:

- i) Interests of both parties must be elaborated vividly
- ii) Type, quality and quantities of the product must be stated clearly
- iii) Modes of payments and delivery schedules must be stated.
- iv) Modality for conflict resolution has to be clearly stipulated
- v) Alliance tenure has to be clearly stated.

5.2 Role of Third-Party Facilitator

Because partners may behave opportunistically in alliances, contractual safeguards or trust between partners are necessary for successful outcomes. For alliance to be sustainable there must be a third party facilitator to start with, who is neutral enough to address the following issues:

- i) Ensure interests of each part are safeguarded
- ii) Ensure appropriate understanding and trust between parties
- iii) Resolve misunderstandings in case they arise
- iv) Ensure time bound objectives are met.

The facilitator's role may not be relevant after at least one successful season/business transaction, depending on the level of sophistication or understanding of the involved co-operative.

5.3 Roles and Responsibilities of Stakeholders and Actors in Alliance

No.	Stakeholder Group/Actors	Roles and responsibilities
1.	Cooperatives	<ul style="list-style-type: none"> - Mobilization and sensitization of members regarding access of quality inputs through Co-operative alliances. - Establishment of effective demand of inputs from the famer members, - Preparing the contracts and plans for financing inputs procurement and management. - Establishment of technology demonstration plots. - Mobilization and sensitizations of buyers. - Distribution of inputs
2.	Input suppliers	<ul style="list-style-type: none"> - Prepare input supply contracts with the Co-op leaders - Prepare demonstration plots. - Wholesale suppliers of inputs in collaboration with Co-op leaders - Ensure quality of the inputs
3.	Government institutions	<ul style="list-style-type: none"> - Create enabling policy environment for alliance creation - Regulatory function in inputs distribution and use.
4.	BDS providers	<ul style="list-style-type: none"> - Training and education of the alliance members - Conflict resolution - Carryout outreach programs

5.4 Risks, Uncertainty and Force Majeure

Co-operative alliances like any other alliance, has inherent risks and uncertainties. These are outlined in the matrix below, coupled with proposed mitigation measures.

No.	Risk/Uncertainty	Current Situation with the Partners (what are we seeing)	Mitigation Measures
1.	Government intervention	<p>Incidences of input subsidies and price controls. For instance input subsidy vouchers in 2012/13 season which has been recently suspended. Government intervention in input distribution may interfere with the market forces and therefore competitiveness and sustainability. However, the interventions may be necessary (e.g. subsidy) to ensure access and availability of inputs to farmers in the remote areas. For instance the defunct Voucher System.</p> <p>At the validation workshop, the participants were of the views that input subsidy is suicidal to profitable and sustainable business; Koboko highlighted an incidence by which they incurred losses because prices of inputs they had purchased dropped following a government subsidy intervention</p>	Alliances forming should be well publicized and information shared by each stakeholder and endorsed by the government.
2.	Activities outside scope of original agreement (side dealing)	There are occasions of cooperative members not adhering to contracts sometimes deliberately. Especially when	This situation must be stipulated in the alliance

		there are high incentives e.g. high price offered by a buyer outside the co-op.	agreements.
3.	Unforeseen alliance management costs.	Implementation of alliance agreement may require regular meetings which may lead to unexpected costs.	Alliance agreements must be supported by mutually agreed budget.
4.	Inefficient management (loss of competence and operational control)	Most cooperatives face management capability challenges because of their mode of establishment. E.g. leadership and or management change or intervention can result into slow down in implementation of approved plans. Whereas input suppliers are not.	Tailor made management training programs for the cooperatives as part of process of forming the alliances.
5.	Lack of trust amongst alliance members.	Input suppliers and/or cooperative leaders may have hidden agenda that may negatively impact smooth implementation of the alliance agreement.	Legally binding MoU emphasizing trust and ethical standards for the alliance (SOPs).

5.5 Alliance Best Practices and Experiences¹

This section presents two examples of successful cooperative alliances provided by USAID. These examples are considered as exemplary case studies to show how alliance works and highlight the best practices and experience from other countries.

5.5.1 Model 1 - Networks and Cooperatives

“Grower networks or co-operatives bring together farmers for joint training; provide easier access to shared inputs, services, marketing, and other activities that will benefit all members. Companies often prefer to work with co-ops, spreading the cost of technical assistance and maximizing exposure to new or proprietary technologies.

In Rwanda, alliances are at the centre of the Sustaining Partnerships to Enhance Rural Enterprise and Agribusiness Development (SPREAD) program. Many SPREAD partnerships focus on the potential of Rwandan coffee, but the SC Johnson Company joined SPREAD to **strengthen farmer associations** for pyrethrum, a natural insecticide extracted from dried chrysanthemums. SC Johnson identified the flower drying process as one of the greatest challenges to consistent supply, since flowers must be harvested at just the right time and dried using specific techniques. The alliance, formalized in mid-2009, focuses on working with farmers to set up a co-op that promotes best practices for chrysanthemum collection, drying and transportation. Both USAID and SC Johnson are funding the alliance. In addition, SC Johnson is providing technical advice on best practices for growing and harvesting the flowers, and USAID is providing general agriculture assistance and alliance management. Alliance members are also helping the two largest farmer cooperatives of 4,000 farming families reorganize into smaller, more effective grower groups of 30 to 50 members.

- a. **Lessons learned from the SPREAD alliance in Rwanda (relevant to the proposed Alliance):**
 - ii. When a new line of business (such as input distribution) is introduced alongside cooperatives’ primary business of collection and marketing of produce (coffee and/or maize), it is important to encourage strong cooperatives with transparent, honest and engaged leadership who are

¹PIPRA Handbook; USAID IDEA (refer to background references below);

supported by members who know their rights and responsibilities, take an interest in the cooperative affairs, make joint decisions and demand accountability.

- iii. It is necessary to spend time facilitating true ownership by the cooperative shareholders so that they take responsibility for all cooperative activities (including the proposed input distribution) and that the introduced input distribution line of business is completely integrated in planning, implementation, evaluation and reporting plans.
- iv. It is necessary to employ a separate management to specifically coordinate the additional line of business activities. Ensure close cross-business collaboration and flexibility in order to share the synergic effects of the integrated business.

2: Imare in Guatemala

Alliance:	Inclusive Market Alliance for Rural Entrepreneurs (IMARE) in Guatemala
Objective:	Promoting growth of an entrepreneurial agriculture sector through increasing access to more profitable markets; increasing productivity through improved farm management, processing and post-harvest techniques.
Partners:	Wal-Mart Inc., USAID, Mercy Corps, and the Guatemalan non-profit Fundación ÁGIL (Fundación Apoyo a la Generación de Ingresos Locales)
How the alliance works:	The Alliance increases linkages to higher value retail markets for fresh fruits and vegetables. Local supermarkets buy produce and in turn supply information on needs and preferences including standards, volumes and prices. Alliance partners work with producer groups to develop farm plans that diversify from traditional subsistence crops to more market-oriented production, based on expected consumer demand. These groups are trained in good agricultural practices to increase productivity; improve post-harvest management; meet retail standards including sanitary and phytosanitary, packaging, colour, smell, taste, size, quality, and variety; and business and management skills including the use of critical pricing information. The Alliance also links producers with access to finance

	through the Rural Development Bank (BANRURAL), a commercial bank that has a loan guarantee from USAID through a Development Credit Authority.
Partner Contributions:	<p><u>Wal-Mart</u>: Financing for process and product upgrading, market for produce, and market information.</p> <p><u>USAID</u>: Financing, oversight, program exposure, and introducing the farmers to other buyers.</p> <p><u>Mercy Corps</u>: financing, project management, and expertise on community mobilization, farmer organization and agronomic training.</p> <p><u>ÁGIL</u>: Agricultural development expertise on food safety standards and certification for export.</p>
Lessons Learned:	The key to IMARE’s success is that the partners were fully engaged in the program from design through implementation. The project has identified several farmers that were quickly able to adapt their production and meet the retailer’s standards. Farmers increased incomes through higher productivity, resulting in better quality produce and higher volumes. However, some farmers continued to sell a significant portion of their produce on the informal market, where they are sometimes paid a higher price. Price is key to providing the right incentive for reforms.

5.5.2 Model 2- Upgrading the Value Chain

Alliances that focus on upgrading an agricultural value chain can concentrate on increasing the volume and improving the quality of production; facilitating access to better inputs; developing or producing higher-value processed food products; increasing the efficiency of one or more producers through developing producer groups; or introducing a new technology at a certain point along the value chain. Alliances can also combine one or more of these actions.

USAID formed an alliance with Dunavant Enterprises, the world’s largest privately-owned cotton merchandiser, to develop the **organic cotton industry** in conflict-affected areas of Northern Uganda. In addition to funding, USAID provided assistance in clarifying the land rights of displaced farmers who were returning home. Dunavant and USAID jointly donated tractors and machinery to

clear two acres free of charge for any family's first season of growing, with one acre to be used for cotton and the other for food crops. Dunavant also provided technical assistance in the areas of farming techniques and product marketing and pricing. Over the life of this alliance (2006-2009), 12,000 farmers in four districts are expected to receive training in organic farming methods.

Average cashew yields have more than doubled since USAID teamed with more than a dozen private and public sector partners to form the **Kenya Horticulture Development Program** (2003-2009). The alliance has not only increased production to 10-20 kilograms per tree, but also trained 5,000 farmers in the latest and most efficient cashew growing and harvesting techniques. Under the project's first phase, 120 staff received training and materials in production, pest management, and post-harvest practices; the staffs were then able to reach farmers in remote areas beyond the reach of any centrally located organization. Not only has the project been a success, but in the process

Type Of Company	Illustrative Companies That Have Participated In Agricultural Alliances	Companies Can Be Motivated By:	Possible Non-Cash Contributions	Common Alliance Objectives
Input Suppliers	Monsanto, Syngenta, Agrimatco, Arcadia Biosciences, Pioneer Hi-Bred	Profit, accessing new markets or expanding markets, social responsibility	Inputs including seed, fertilizer, and pesticides; technical expertise on input application or production; training; field trials to develop optimal local production practices, transport or logistics advice or services	Upgrading the value chain; applying the power of science and technology; strengthening grower networks and cooperatives; agricultural recovery; improving food security and nutrition; advocating for policy reform

PART 6: CONCLUDING REMARKS

I. The new cooperative act 2013 includes favourable features which will enhance the formation of the proposed cooperative alliances.

ii. Sustainability of cooperative alliance will require right selection of cooperatives to enter into cooperative alliance with input suppliers.

iii. Appropriate due diligence is key in formation of profitable and sustainable alliances.

- i) Training and awareness creation of the potential partners (cooperatives and the input suppliers) on different cooperative alliances and their formation.
- ii) Facilitate dialogue between the alliance partners, for example Koboko & Seedco or Yara.
- iii) Ensure inclusive participation of the stakeholders to promote ownership and sustainability.
- iv) Training of cooperatives on due diligence process.
- v) Facilitate the cooperatives and alliance partners to conduct a thorough due diligence on each other.
- vi) Build the capacity of the alliance partners to trust each other and strengthen their management and legal capability.
- vii) Promote and improve output marketing and profitability to strengthen the alliance membership and bondage between alliance partnership as well as among co-op members.
- viii) Promote public private partnership among cooperatives to create sustainable alliance.

6.2 Way Forward

A validation workshop will be conducted, that will bring together all the key stakeholders to discuss these guidelines before being used to guide alliance formation and management.

ANNEX I: KEY REFERENCES

AATF 2002. *AATF Business Plan* - Cambridge Economic Policy Associates, Ltd.: Cambridge, U.K.

Boadi RY and M Bokanga. 2007. The African Agricultural Technology Foundation Approach to IP Management. In *Intellectual Property Management in Health and Agricultural Innovation: A Handbook of Best Practices* (Eds. A Krattiger, RT Mahoney, L Nelsen, et al.). MIHR: Oxford, U.K., and PIPRA: Davis, U.S.A. Available online at www.ipHandbook.org.

Boadi R.Y. and M Bokanga. 2007. *Sharing the Art of IP Management*: Photocopying and distribution through the Internet for noncommercial purposes is permitted and encouraged.

Boadi R.Y. and M Bokanga. N.D. *The African Agriculture Technology Foundation Approach to Intellectual Property Rights Management*.

Chen, Z. L. and GAO W. 2007. Intellectual Property Rights in China: Spurring innovation and driving innovation in health and agriculture.

Delmar, DP, C Gothenburg, GD Graff, and AB Benet. 2003. Intellectual Property Resources for International Development. *Plant Physiology* 133:1666–70. www.pipra.org/docs/PlantPhysiology - IP.pdf.

FAO. 2009. Course on Agribusiness Management for Producers' Associations: Capacity Building Manual, Facilitator's Guide. FAO, Rome.

FAO. 2009. Course on Agribusiness Management for Producers' Associations: Planning for Producers' Associations. FAO, Rome.

FAO. 2009. Course on Agribusiness Management for Producers' Associations: Organization Principles for Producers' Associations. FAO, Rome.

FAO. 2009. Course on Agribusiness Management for Producers' Associations: Agro-food systems and value chains. FAO, Rome.

FAO. 2009. Course on Agribusiness Management for Producers' Associations: Post-harvest Management and Marketing. FAO, Rome.

FAO. 2008. Agribusiness Trainers Manual on Cotton for District Farmers Associations in Zambia. FAO-AGS/ZATAC/EU.

GDA. 2002. Tools for Step-by-Step Cooperative Alliances Building. Global Development Alliance (GDA) Secretariat, USAID.

Landolakes. 2014. Tanzania Fact Sheet: Innovation in gender equality 2012-2016.

Lui, S.S. and Ngo H. 2004. The role of trusts and contractual safeguards on cooperative alliances in non-equity alliances. *Journal of Management*, 2004, 30:471.

Omanya G, R Boadi, F Nang'ayo, H Mignouna and M Bokanga. 2005. Intellectual Property Rights and Public/Private Partnerships for Agricultural Technology Development and Dissemination. Paper presented at the Kenya National Conference on Revitalizing the Agricultural Sector, 21–24 February 2005, Nairobi, Kenya.

Satyanarana, K. N.D. Current intellectual property rights issues for health and agriculture in India. PIPRA Handbook of Best Practices in Agricultural Technology Development & Dissemination.

Slowinski G. and Watson D. N. Avoiding the due diligence train wreck: Learning what you need to know while building a long-term relationship. Alliance Management Group, NJ and Rutgers University.

STDF/IDB. 2012. Public-Private Partnerships to enhance SPS capacity: What can we learn from this collaborative approach?

Syngenta. 2013. Syngenta Foundation for Sustainable Agriculture Review, 2012-2013. Basel, Switzerland.

Tanzania Ware house Licensing board WRS Operational Manual (2013) Volume II

USAID. 2012. IDEA Global Partnerships.

USAID. 2009. Building Alliance Series. Agricultural Sector Guide.

USAID. 2009. Building Alliance Series. Energy Sector Guide.

USAID. 2007. Global Development Alliance (GDA) Users' Guide.

USAID. 2002. Tools for Alliance Builders. Prepared for Global Development Alliance.

USAID. N.D. Innovation and Development Alliances.

USAID. N.D. Mobile Solutions. IDEA World Café.

ANNEX II

i.	Estimated number of farm-members (50% of the Original List of members from 3 CCOPS):	
	Koboko	210
	Tarakea	3,424
	Mashima	773
	Total Membership	4,407
ii.	Average land size per member (ACRES)	2
iii.	Hybrid Maize Seeds requirements per acre - it is normally between 8-10	10
iv.	Total land size or production area (in acres)	8,813
v.	Fertilizer requirements per acre:	
	DAP (kgs)	25
	CAN (kgs)	50
	UREA (kgs)	25
vi.	Ex-factory price per 1kg of hybrid maize (from SEEDCO)- (TSh. 7,600/= per 2kg pack)	3,850
vii.	Market (Selling) Price per 1kg of hybrid maze seeds(TSh. 8,000/= per 2kg pack)	4,000
viii.	Ex-factory prices of fertilizers per kg:	
	DAP (TSh)	1,200
	CAN (TSh)	840
	UREA (TSh)	930
ix.	Market (Selling) Price of fertilizers per kg:	
	DAP (TSh)	1,300
	CAN (TSh)	920
	UREA (TSh)	1,000

x.	Sales Capability per season:	Year 2015/16	Year 2016/17	Year 2017/18
	Ability to sell hybrid maize seeds per season	90%	95%	100%
	Ability to sell fertilizers per season	90%	95%	100%
xi.	Storage of seeds will be provided by the supplier (SEEDCO).			
xii.	Storage of fertilizers will be done by the respective cooperative.			
xiii.	Suppliers will supply their products up to cooperative's selling point.			
xiv.	Inflation index	Year 2015/16	Year 2016/17	Year 2017/18
	Annual Inflationary Index	5%	5%	5%

INCOME STATEMENT ANALYSIS

	Season Year	Year 2015/16	Year 2016/17	Year 2017/18
A.	<u>Sales Revenue:</u>	Amount (in TZS)	Amount (in TZS)	Amount (in TZS)
	Hybrid maize seeds	317,268,000	348,994,800	383,894,280
	Fertilizers	820,930,950	903,024,045	993,326,450
	Total Sales Revenue	1,138,198,950	1,252,018,845	1,377,220,730

Note: Sales will grow by 10% every year and will be on cash basis.

B.	<u>Cost of Goods Sold</u>			
	Hybrid maize seeds	305,370,450	320,638,973	336,670,921
	Fertilizers	571,082,400	599,636,520	629,618,346
	Add Overheads estimated at 5%	43,822,643	46,013,775	48,314,463
	Total Cost of Goods Sold	920,275,493	966,289,267	1,014,603,730

C. General and Selling Costs computations:

i.	<u>Salary and Wages Computation</u>	Year 2015/16	Year 2016/17	Year 2017/18
	Gross wages (exact withdrawal)			
	Business Manager TSh. 300,000 per month	10,800,000	11,340,000	11,907,000
	Extension Officer TSh. 250,000 per month	9,000,000	9,450,000	9,922,500
	Two Guards TSh. 150,000 per each per	10,800,000	11,340,000	11,907,000

month

Total Salary and Wages (50% contribution from inputs)	15,300,000	16,065,000	16,868,250
<i>Payroll expenses (taxes, etc.)</i>			
Pay As You Earn (PAYE) - 25%	-	-	-
Social Security (NSSF) - 20%	1,530,000	1,606,500	1,686,825
Skills and Development Levy (SDL) - 6%	-	-	-
<u>Total Payroll expenses</u>	<u>1,530,000</u>	<u>1,606,500</u>	<u>1,686,825</u>

ii. **Operating Expenses**

Supplies (office & operations.)	300,000	315,000	330,750
Repairs & maintenance	1,500,000	1,575,000	1,653,750
Marketing expenses	3,750,000	3,937,500	4,134,375
Car, Truck, Lorry, delivery & travel	-	-	-
Loan service charge	8,764,529	9,202,755	9,662,893
Accounting & legal	1,500,000	1,575,000	1,653,750
Telephone	450,000	472,500	496,125
Utilities	900,000	945,000	992,250
Insurance	1,500,000	1,575,000	1,653,750
<i>Sub-total expenses</i>	<i>18,664,529</i>	<i>19,597,755</i>	<i>20,577,643</i>
Total General and Selling Costs	35,494,529	37,269,255	39,132,718

xi. **Loan Repayment Schedule**

Loan tenure = 3 years

Period: year 2014 - 2016	Principal Amount	Interest Amount	Total Amount Due
Loan Amount through Bank (18%)	305,370,450	54,966,681	360,337,131
Loan Amount through Bank (18%)	571,082,400	102,794,832	673,877,232

Grand Total	876,452,850	157,761,513	1,034,214,363
Principal annual repayment	292,150,950		
Interest annual repayment	52,587,171		
Total annual repayment amount	344,738,121		
Loan Service Charge (estimated at 1%)	8,764,529		

PROJECTED INCOME STATEMENT

Season	Year 201/15	Year 2015/16	Year 2016/17
Sales Revenues	1,138,198,950	1,252,018,845	1,377,220,730
Cost of Goods Sold	920,275,493	966,289,267	1,014,603,730
Gross Margin	217,923,458	285,729,578	362,616,999
General and Selling Costs	35,494,529	37,269,255	39,132,718
Net Profit Before Income Taxes and Depreciation	182,428,929	248,460,323	323,484,281
Interest	52,587,171	52,587,171	52,587,171
Depreciation (Working Capital factor)	-	-	-
Income Taxes (waived - Cooperatives Act)	-	-	-
Net Income After Interest, Income Taxes and Depreciation	129,841,758	195,873,152	270,897,110

Note: Key cooperative alliance guide for cooperative financial management:

- 1 There should be adequate members willing to buy inputs from the cooperative and establish trade volume.
- 2 Must be able to maintain low operational costs as much as it is possible.
- 3 Must be able to have adequate working capital.
- 4 Agree on price
- 5 Agree on transportation of the inputs

**REPORT OF THE SEED COOPERATIVE ALLIANCE WORKSHOP ON
ALLIANCE FACILITATOR GUIDE**

HELD ON THE 12TH MARCH 2015, AT HILL TOP HOTEL, KIGALI – RWANDA.

Prepared by JohnBosco Ruzibuka

1. INTRODUCTION:

The above mentioned workshop was organised by the LOL SCA project head office in collaboration with the consultant as part of the process of preparation of the alliance facilitator guide. The workshop was held in Kigali Hill Top Hotel on March 12, 2015.

The workshop was attended by 12 maize growing cooperatives, 2 unions of maize growing cooperatives (Bugesera and Nyagatare), Seed Co, Yara, Urwego Opportunity Bank (UOB), and one agribusiness company dealing with maize growing cooperatives from Bugesera.

The project staff who attended the workshop are Greg Grothe, LuAnn Werner both from Land O Lakes in the USA, and JohnBosco Ruzibuka from Kigali who was also facilitating the workshop.

2. PURPOSE OF THE WORKSHOP:

The purpose of this workshop was to ensure that the potential partners in the seed alliance expected to be formed had an opportunity to be presented the Alliance Facilitator Guide and make inputs on all section of the Alliance Guide. This would improve the Alliance Facilitator Guide and also make the potential partners in the alliance understand what the alliance or partnership is, how it is formed, the roles and responsibilities of each member, how each is expected to benefit from the alliance (the farmers, the cooperatives, the seed companies, the fertiliser companies, and the banks).

3. BRIEFING BY THE INVITED COOPERATIVES:

The invited participants and made self introduction to make sure everyone know the others in the workshop, but also made briefing on their activities in season A or B of 2015, regarding hybrid maize seeds distribution, planting of seeds distributed, use of fertilisers and how they performed in the season.

The following are briefings from each of the cooperative attended the workshop:

- **Unicopromanya/Kotebaru cooperative** (Nyagatare District): Unicopromanya has 25 cooperatives under it. During season A 2015, they planted 10-14 MT of hybrid maize seeds. The seeds used are SC 513 from Seed Co, and DH04 from Kenya seeds. They used a loan from CHAI. Germination rate was 40% for SC 513, and 80% for DH04. The harvest was very poor for SC 513 because they seeds did not germinate. They were damaged before they were planted. So they got 2.5 MT/Ha. while the DH 04 reached 4 MT/Ha.

However, from the few seeds of SC 513 that germinated, they believe that if SC 513 seeds are new and have not over stayed in the stores, they can get high yields. So, they still believe that in future they will buy the SC 513 seeds if they are new and try them again. But would want Seed Co to come and talk to

the farmers to restore confidence and tell them what they going to do to correct the mistakes.

- **Kaboku cooperative (Nyagatare district):** This cooperative bought and distributed 10.5 MT of hybrid maize seeds variety SC 513 and SC 403 from Seed Co. SC 513 germination rate was 50%, while SC 403 germinated 100%. The yields they got are SC 513 reached 6-8 MT/Ha, while SC 403 reached 4MT/Ha. the cooperative believe that in future if Seed Co can ensure the seeds are new and have not been damaged, they can get very good yields from SC 513. So, they will continue to plant this variety but want significant improvement from Seed Co.
- **COACMU cooperative (Kirehe district):** This cooperative planted hybrid maize seeds to 730 hectares of land during season A 2015. They distributed 18.2 MT of SC 513 from Seed Co and SC 403. The experience was that the seeds were damaged and germination was 50% only, had to be replaced. The replacement meant that planting was delayed. The cooperative git 30FRW/kg for distribution to participants.
So, SC 513 reached 5-6 MT/Ha, while SC 403 reached 4.5 -5 MT/Ha. This was a bit lower compared to the expectation of farmers.
Farmers think the seeds are bad , they get infections in the field, and are damaged before harvesting. The cooperative want Seed Co to make corrections and ensure seeds that come in Rwanda are new and meant for that season.
- **KOREMU Cooperative (Ngoma district):** This cooperative planted 2.5 MT of SC 513 from Seed Co. it only had 30% germination rate. While other farmers decided to plant ZM607 (OPV) which germinated 100%. The replacement from Seed Co came too late for the season.
However, the varieties of SC 513, SC 637, and SC 403 that were planted in the demonstration plats germinated 100%, and can reach harvest of 6 MT, 6.8 MT and 5.1 MT per hectare respectively. Seed Co need to work hard to bring back confidence of the farmers to accept buying the variety of seeds from Seed Co next season.
- **Impabaruta cooperative (Kamonyi district):** This cooperative had two demonstration plots. The varieties SC 403, SC 513, SC 637 all germinated 100%. They have harvested but are yet to shell and know the productivity rate of each type of seeds. The farmers were impressed by the hybrid seeds in the demonstration plots.
- **Ibyiza Birimbere cooperative (Kirehe /district):** this cooperative had one demonstration plot during season A 2015. Variety germination rates were 50% for SAC 403, 100% for SC 513 and 637. The farmers who visited the demonstration plot were impressed by SC 513 big cob, and SC 637 (double cob).
- **Coparwamu cooperative (Muhanga district):** This cooperative had one demonstration plot with varieties SC 403, SC 513, SC 637 all from Seed Co. the germination rate was 100% for all. They used both compost manure and fertilisers DAP and Urea. Now they are harvesting, but have already some pests have been detected.
- **COAMV cooperative (Burera District):** This cooperative had two demonstration plots during season A 2015. Both varieties SC 719 germinated and SC 637 germination rate was 70 % . Growth was excellent but was later

damaged by the drought because planting was late. If seeds arrive early to the farmers these varieties will produce high yields in the Northern Province.

- **AIBM cooperative (Muhanga district):** This cooperative had three varieties in the demonstration plots. SC 403, SC 513 and SC 637 all from Seed Co. The germination and growth was excellent for all the varieties. Farmers were very much impressed by the SC 403, and SC 637. They want to plant these next seasons. The cooperative made a good power point presentation showing the maize in the field. It was a good one.
- **Bugesera Agribusiness Company (Bugesera district):** This company worked with UOB to get loan to buy and distribute hybrid maize seeds from Seed Co. The seeds distributed are 10 MT of SC 513, and SC 403. A total of 11 cooperatives planted 10 MT of the seeds. But germination rate was 20% only on 400 Ha of land. They are disappointed by the problem of non germinating seeds from Seed Co. Seed Co have to improve and should visit farmers. A lot of seeds have to be returned to Seed Co because they are already infected before planting.

4. BRIEFING BY THE OTHER INVITED PARTNERS:

SEED CO: Seed Co was represented by Roland Kayumbu, who is a field officer. He told the workshop participants that the seeds that were damaged had been stored for long period by RAB before they were released to farmers. He believes such incidence will never happen again since they company is considering starting importing seeds quantities that reflect the demand from the farmers not what RAB estimates. Seed Co have to discuss this and agree with RAB as a Government institution responsible for agriculture in the country. A realistic solution has to be found to ensure seeds used in Rwanda are new. This will definitely be the answer to the farmers concerns.

YARA: Yara as a fertiliser company used this opportunity to provide detailed information to the cooperatives attending the workshop. It was clear that from Season A 2015/2016, Yara will start making Fertilisers available to cooperatives that want to purchase and distribute to farmers. Yara now has received government registration and included on the list of fertiliser companies accepted to sell in the country. YARA was represented by Peter Ngugi, the country manager.

UOB: Urwego Opportunity Bank was represented by Espoir Serugo, the head of Agricultural finance at the bank. He took sufficient time to provide detailed information to the workshop participants showing them that farmers who work with UOB stand to gain more from the services designed for them. He demonstrated to them that in season A and B, UOB provided loans to farmers and cooperatives on time to meet their planting plans and will continue to do so. The workshop participants were impressed by the services that UOB have designed to meet the needs of the farmers.

UOB want to make all cooperatives and farmers in all value chain their partners.

5. PRESENTATION AND REACTIONS ON THE DRAFT ALLIANCE FACILITATOR GUIDE

The Alliance Facilitator Guide was presented on section by section basis by JohnBosco Ruzibuka. He underscored the meaning and purpose of the alliance facilitator/guide, the policy and enabling environment factors for cooperative alliance in Rwanda, the prospective key stakeholders in such cooperative alliance, and the principles of alliance formation, then the key factors to be considered in alliance

formation; for cooperatives, for hybrid maize seeds companies, for fertiliser companies, and finally for the banks and cooperatives to consider before signing any loan agreements. The competences required for cooperatives to benefit more from the alliance, and what is required to manage well the alliance. The importance of conducting due diligence and who should do it, and finally concluded by demonstrating to the workshop participants the benefit accruing to the farmer through cultivation of hybrid maize seeds, cooperative by engaging in seeds and fertiliser distribution and aggregation of crops from farmers to sell through cooperative, to the seed company, and the fertiliser company.

6. KEY INPUTS MADE BY THE POTENTIAL PARTNERS:

The participants of the workshop made significant contribution or inputs to be included in the Alliance facilitator Guide as follows:

Planning in advance by the cooperatives; the participants emphasised that the cooperatives need to do very good planning of each season activities and implement them properly.

Good time management by the cooperatives: once the plan is in place, the cooperative need to be vigilant on time management so that they do not cause problems to the agricultural input suppliers and loan provider. Sufficient time must be allowed for each activity by each partner.

Clarity of contracts signed between agricultural input suppliers and cooperatives: The workshop participants wanted the partners to sit together and design a contract model that suits the needs of everyone. They would like to see that whoever does not abide by the roles and responsibilities in the partnership is held accountable by the contract. So, a task team to design the contract format was formed comprising the following: Seed Co, (Kenya Seeds, Pannale to be invited) YARA, Viateur Nsengumuremyi (IABM), JeanPierre Rwaswa (Indakuki) Dative Uzamukunda (Unicopromanya) and Antoine Niyonteze (Coamv). They agreed that the final version of the contract should be by 7th May 2015.

It was also proposed that the seeds and fertiliser packages should show expiration dates or period. This will help the cooperatives to verify the authenticity of the seeds and fertilisers they take for distribution to farmers.

The cooperatives will also have contracts signed with farmers to protect them.

The cooperatives also agreed that they should start placing orders to the seed and fertiliser companies in advance.

7. CONCLUSION AND RECOMMENDATIONS :

The workshop participants recommended that Seed Co and RAB go down to Nyagatare, Ngoma, Kirehe and Bugesera districts to explain well to the cooperatives and farmers the problem of damaged and delayed seeds in Season A and B. Participants believe that this will probably restore confidence in hybrid maize seeds among the maize farmers and their cooperatives in those districts.

It was also recommended that RAB and Seed Co should sit and agree on the question of quantities of seeds imported by variety to make sure that seeds available in Rwanda each season are in good condition for the farmers to use. Seeds stored long periods should be avoided as evidence shows they cause losses to the farmers due to low germination rates.

ANNEXES:**1. Workshop list of Participants.**

number	Names	Cooperative/ Organisation	title	Telephone	Signed
1	Ndayambaje Emile	Impabaruta	Vice President	0788756380	Yes
2	Roland Kayumbu	Seed Co	Field Officer	0785824125	Yes
3	Habyarimana Tharcisse	Urumuri	President	0781084034	Yes
4	Mugenzi Isaac	Kaboku	Secretary	0786735283	Yes
5	Niyonteze Antoine	COAMV	Accountant	0788584691	Yes
6	Rwasa Jean Peirre	Indakuki	President	0788788897	Yes
7	Mugiraneza Daniel	COACMU	Manager	0786268768	Yes
8	Nshimyumuremyi JeanMarie Vianney	UNICOPROMANYA	President	0788221874	Yes
9	Nkunzwenimana JeanDamascene	Kotebaru	President	0788440044	Yes
10	Hategekimana Jean Pierre	Dusangire mu majyambere	President	0785020729	Yes
11	Niyonzima Sosthene	Bugesera maize union	President	0788545791/ 0731075492	Yes
12	Uzamukunda Dative	Unicopromanya	Advisor	0782957731	Yes
13	Gahama Fiston	Bugesera agribusiness Co Ltd	Manager	0788230528	Yes
14	Hakizamungu Etienne	Ibyiza Birimbere	Supervisory team leader	0785350073/ 0782040072	Yes
15	Muhizi Alexis	Rwanda maize federation	Vice President	0783901263/ 0728239847	Yes
16	Mukankiko Odete	COACMU	Vice President	0785505996	Yes
17	Nibivugire Georgette	IABM	Secretary	0788872683	Yes
18	Nsengumuremyi Viateur	IABM	Manager	0783190228	Yes
19	Baziruwunguka JeanPeirre	KOREMU	President	0784060876	Yes
20	Nyiransengiyumva Beatrice	KOPARWAMU	President	0783575360	Yes
21	Peter Ngugi	YARA Ltd	Manager	0735518740	Yes
22	Espoir Serugo	UOB	Head of Agri finance in UOB	0788821810	Yes

**2. Workshop Program. SCA WORKSHOP ON COOPERATIVE ALLIANCE FACILITATOR GUIDE
12 March 2015. Kigali- Rwanda. (Hill Top Hotel)**

Day	time	Activity	Responsible person	Remarks
12 March 2013	8.00 -8.30 a.m	Arrival of participants and registration	JB Ruzibuka	
	8.30 -8.45 a.m	Brief opening remarks by SCA	Greg Grothe	
	8.45 - 9.00 a m	Self introduction by all present	All participants	
	9.00 a m- 9.15 a m	Purpose of the workshop	JohnBosco Ruzibuka	
	9.15 -10.15 a m	Cooperatives briefly explain their experiences and challenges with growing hybrid maize seeds in 2014/2015 (focus on how they worked with seeds company, fertiliser company, source of finance, transportation of seeds and fertilisers, number of members growing hybrid maize seeds. Future view)	Invited Cooperatives	
10.15 – 10.30 a m Tea / Coffee Break				
	10.30 – 11.15 am	Listening to the perspectives of the Seed Company, Fertiliser company and UOB, their experiences in working with the cooperatives during Season A &B, and future alliance/ partnership views	Seed Co, Yara and UOB	
	11.15-12.30 p m	Presentation of the Alliance Facilitator Guide	JohnBosco Ruzibuka	
	12.30 -1.00 p m	Comments and inputs on chapter by chapter basis, including making form decision on each chapter	Cooperatives, seed companies, fertiliser companies and banks invited. Guided by JohnBosco Ruzibuka	
1.00 - 2.00 p m Lunch Break				
	2.00 – 4.00 p m	Continued	As above	
	2.30 -	Continued.	As above	
	4.00 – 4.30 pm	Comments by Seed companies, fertiliser companies and Banks	Representatives of these stakeholders	
	4.30 -5.00 p m	Closing remarks	Greg Grothe	
	5.05	Departures		

CO-OPERATIVE ALLIANCE FACILITATION HYBRID MAIZE SEED DISTRIBUTION



ALLIANCE FACILITATOR'S GUIDE VALIDATION WORKSHOP REPORT FINAL DRAFT

Venue: Moshi Lutheran Hostel Hotel
Date: 15th to 17th March, 2015
Author: CSDI

Table of Contents

1.0	INTRODUCTION.....	3
2.0	CSDI PRESENTATION.....	3
3.0	COMMENTS AND HIGHLIGHTS FROM PARTICIPANTS REPRESENTATIVES.....	4
3.1	COMMENTS & HIGHLIGHTS FROM THE PARTICIPATING COOPERATIVES	4
3.2	COMMENTS & HIGHLIGHTS FROM SEEDCO	5
3.3	COMMENTS & HIGHLIGHTS FROM YARA	6
3.5	GENERAL COMMENTS FROM CSDI	7
4.0	TRAINING & CAPACITY BUILDING OF THE COOPERATIVES MEMBERS.....	7
4.1	FINANCIAL MANAGEMENT	7
4.2	FEATURES OF THE 2003 & 2013 COOPERATIVE ACTS	8
5.0	TRAINING WORKSHOP EVALUATION	9
6.0	CLOSING REMARKS.....	10
APPENDICES.....		11
APPENDIX 1:	WORKSHOP PARTICIPANTS & CONTACTS	11
APPENDIX 2:	ENGLISH TRANSLATION OF TRAINING EVALUATION QUESTIONNAIRE.....	13
APPENDIX 3:	WORKSHOP PARTICIPANTS PHOTO	14

1.0 INTRODUCTION

The Land O'Lakes International Development Division's Seed Cooperative Alliance initiative is testing the hypothesis that "Cooperative alliances can provide commercially sustainable supply chain for distribution of hybrid maize seed and other agro-inputs in Tanzania". This initiative had three components one of which was the Development of an Alliance Facilitator's Guide. This guide aims at providing step-by-step procedures for the formation of a cooperative alliance. Based on the strategic fit assessment conducted in the country, Northern Tanzania regions of Arusha and Kilimanjaro were selected as a pilot area for testing the hypothesis. Further, three Agricultural Marketing Cooperative Societies (AMCOS) namely Koboko, Mashima and Tarakea were also selected to represent the rest of the cooperatives in the Northern regions based on an agreed criteria namely cooperative governance and leadership, past economic & financial performance, membership and business volume, their interest in hybrid maize value chain and relationship with reputable input distributors such as SEEDCO & Yara. The guide has been prepared by CSDI¹ in collaboration with land O lakes CDP team. A two day validation workshop was held at Moshi Uhuru hostel on the 16 & 17th March 2015, whose purpose was to bring together the stakeholders of the initiative to validate the proposed facilitator's guide.

2.0 CSDI PRESENTATION

The proposed Facilitator Guide consists of six parts. Part I covers the overview, approaches and methodology used for the collection of information; meaning of cooperative alliance, purpose of the alliance, status of cooperative alliance in Tanzania; factors hindering the formation and existence of cooperative alliances; rationale, benefits and scope.

Part II covers the policy and enabling environment for the formation of cooperative alliances in Tanzania including the aspects of the 2003 & 2013 Cooperative Acts; public/private partnership policy of 2009 and the political-will aspects. This part also includes the competence issues in relation to the Cooperative Alliance as well as the competencies and criteria required on the part of the Cooperatives & the input suppliers. Part III includes discussion on the key principles of Cooperative Alliances as applicable to both the Cooperatives & the Input Suppliers and a checklist for establishing a functional cooperative alliance.

Part IV is a discussion on the role, issues and steps in conducting due diligence when forming cooperative alliance; Part V provides guidance in the implementation of alliance including MoU, role of third party facilitator, roles and responsibilities of stakeholders, risks and force majeure as well as alliance best practices & experiences. Part VI includes the concluding remarks and the way-forward.

¹ Center for Sustainable Development initiative (CSDI) is the Cooperative Alliance Facilitator in Tanzania

3.0 COMMENTS AND HIGHLIGHTS FROM PARTICIPANTS REPRESENTATIVES

CSDI facilitated an inclusive discussion and comments on the draft guide for the purpose of improvement to increase the validity and tailor-made usefulness to the intended users. Comments were solicited from the primary stakeholders which included the cooperatives and the input suppliers and finally comments were given from land O' Lakes.

3.1 Comments & Highlights from the Participating Cooperatives

It was generally agreed that Cooperative Alliance is a new concept in Tanzania, The participants also mentioned Kilimanjaro Native Cooperative Union (KNCU) as an example of an “alliance” of primary cooperatives which was successful but later collapsed due to mismanagement and poor vision.

Other examples of emerging informal alliances/partnerships were mentioned including Tarakea AMCOS and Rombo District Council in which the Cooperative & the Council are supporting farmers access to produce (maize & coffee) market. The cooperative gets commission (TSh 100/kg) and the Council gets revenue from the expanded tax base. Koboko AMCOS in partnership with Siha District Council in a coffee seedling project is another example. Yara is expected to join the partnership to supply fertilizers.

In relation to the 2003 and 2013 cooperative acts, the participants wondered whether the primary cooperatives established prior to the new act would still be recognized as legal entities. After a long discussion and consultation with experts from MoCU, there was a consensus that they are still legal entities but need to be aligned to the Cooperative Act 2013 including restructuring of the boards and leadership, reviewing their business vision and modus operandi in accordance to the new act.

Debating on the sustainability of the cooperatives and therefore the proposed cooperative alliances, it was revealed that most cooperatives have no concrete succession plan to prepare young people to take over the leadership. Innovative strategies including attractive incentive package and supportive policies to attract young people as members of the cooperatives; for example cooperative business awareness creation campaigns (Mashima & other cooperatives in Rombo district). The Cooperative Act 2013 recognizes cooperatives as business entities and the leaders to be properly remunerated.

It was disclosed by the participants that the inputs distribution business is characterized by competition with the private business people with skills and capital. The guide should therefore include a separate section on marketing to enable the proposed cooperative alliances to be competitive. Most input suppliers need a minimum business volume (e.g. SEEDCO—5 tons) to be in partnership with cooperatives in input distribution which points out to the need of cooperatives to form alliances.

Output markets usually stimulates input markets. The guide should therefore among other things provide modalities for the input suppliers to collaborate with the cooperatives in their efforts to enable access to reliable markets for the outputs. Yara & SEEDCO believes that supplying quality inputs and demonstrations on the use will lead to cooperative farmers producing better quality products that can access reliable local and export markets.

The role of third party facilitator in the formation of cooperative alliances was debated and a consensus was reached that it is an important role particularly considering the low capacity of the cooperatives. The criteria for the facilitator were agreed particularly the aspects of neutrality, trust, transparency and accountability were emphasized

The participants debated the role of due diligence in the formation of the proposed cooperative alliance and that it will minimize the chances of cooperatives entering into unfair contracts. However, the capacity of the cooperatives to undertake a thorough due diligence and ability to negotiate a win-win partnership with the input suppliers is generally low. The guide should therefore address this issue.

The cooperatives and input suppliers consider the proposed guidelines useful in the formation of viable and sustainable input distribution partnerships. The summary of the guidelines in Kiswahili should be available to the partners especially the cooperatives.

3.2 Comments & Highlights from SEEDCO

SEEDCO reiterated that the company has always had a good intention in forming input distribution partnership with cooperatives. However, he cautioned that there are key issues and challenges that need to be resolved to ensure successful input distribution partnership with the cooperatives including the business volume and financial ability. To facilitate profitable partnership with the cooperatives in the seed distribution business, Seedco has introduced an approach called “**In-market Storage Facility**” under which the company is establishing mini-warehouses at district level depots, e.g. Babati in Hanang district. To avoid the risk of purchasing fake seeds that are rampant in the market, Seedco advised the Cooperatives to always purchase SEEDCO seeds from the accredited district depots.

SEEDCO listed additional criteria for the cooperatives to qualify to undertake seeds distribution partnership with the company including:

- i. Formal registration under the registrar of cooperatives;
- ii. Registered with Tanzania Revenue Authority and posses the Tax payer Identification Number (TIN),
- iii. Warehouse that meets the required criteria including safety measures;
- iv. Proven adequate capital and or ability to borrow capital from MFIs;
- v. Ownership and/or ability to hire necessary transport equipment.
- vi. Business contract with SEEDCO (exceeding TZS 5 million) needs to be approved by the Registrar (according to the cooperatives code of conduct);
- vii. Collateral assets (in case of non-cash transactions).

SEEDCO is working closely with the government Agronomists/Extension Officers to provide information on the seeds distributed by the company Seedco may consider employing an Agronomist depending on the volume of business (number of members and areas of coverage) and demand on the agronomy services. SEEDCO prefers cash-based trading; there is a possibility of trading on loan basis, depending on the reputation and capacity of the co-operative as well as potential business volume. Price of seeds on cash transactions is usually lower compared to seed purchased on loan.

3.3 Comments & Highlights from Yara

Apart from distribution of high quality fertilizers, the company also provides, soil & plant testing services. Yara further disclosed that they have established regional & district depots equipped with storage facilities to enable efficient and low-cost distribution of the fertilizer products, reduce transactional costs and ensure quality. Therefore Co-ops do not need to keep fertilizers on their premises, as they can get any volumes whenever they need.

Cooperatives were encouraged to become distributors of the Yara products because they are entitled to wholesale price which enables them to make a good profit margin when retailing and distributing the fertilizers to members and non-members. Yara does not provide indicative retail prices, the distributors have mandate to determine own retail prices.

To promote the uptake and use of the products, Yara's regional agronomists in collaboration with cooperative/government extension officers, Agricultural Research Institutes (ARIs) and other relevant and interested partners/input distributors and service providers (e.g. Syngenta) supports **seed demonstrations** using **Farmer Field Schools (FFS)** approach. Yara provides free fertilizers, soil testing and agronomic advice while cooperatives and farmers provide land and labor.

Yara listed criteria for a cooperative to qualify as distributor of Yara products including:

- i. Adequate capital verified by a recent bank statement;
- ii. Availability of an agronomist/extension officer preferably responsible to the cooperative;
- iii. Formal registration under the registrar of cooperatives;
- iv. Proven inputs distribution network;
- v. registered with Tanzania Revenue Authority and posses the Tax payer Identification Number (TIN),

3.4 Feedback & Highlights from Land O'Lakes

The workshop has been a good forum for discussion for the potential alliance partners to air their views on the usefulness of the proposed guideline. The proposed guide has clearly defined the "alliance" concept and there was a consensus by the workshop participants. The responsibilities and roles of the partners is key and has been widely discussed. The cooperatives and input suppliers are both responsible to ensure that the input users/farmers get the required agronomic skills they need to properly use the inputs to increase productivity.

The historical perspective and the USAID alliance case studies is an important aspect of the guideline for the alliance partners to avoid mistakes and build of the strengths. The guide has also elaborated procedure and step-by-step formation of sustainable cooperative alliances which should be useful for the cooperatives that are currently in the process of negotiating input distribution alliance and partnerships such as Seedco & Koboko AMCOS.

CSDI will incorporate the comments provided in the workshop to improve the validity of the guidelines to the intended users particularly those who will play the role of alliance facilitation.

3.5 General Comments from CSDI

The workshop participants underscored the role of the cooperative alliance and partnerships in addressing the key challenges inherent in the input distribution supply chain (widely discussed in this workshop) including limited access to capital, adulteration and poor quality inputs, inadequate storage and transport facilities. The comments and feedback from the participants in this workshop will greatly enrich the proposed Alliance Facilitator's Guide which is expected to be a useful handbook for the formation of cooperative alliances in Tanzania.

4.0 TRAINING & CAPACITY BUILDING OF THE COOPERATIVES MEMBERS

The Cooperatives tailor-made training and capacity was conducted in two modules as follows:

4.1 Financial Management

Financial management training included the following topics:

- i. Cooperative strategic and business planning;
- ii. Cooperative Budgeting
- iii. Financial Management & Internal Controls

Cooperative **strategic and business planning** is a participatory process in which the members (shareholders) jointly undertake the following processes:



- ▶ **Problem and opportunities analysis** which enables the shareholders/stakeholders (cooperative members) to assess the key constraints/challenges hindering the achievement of the cooperative (AMCOS) goals and targets. The problems/challenges are analysed and prioritized according to importance and the available resources/opportunities to solve them.
- ▶ Investment projects/activities are analyzed and prioritized according to the available financial and other resources.
- ▶ **Itemized budget** is prepared based on the approved investment activities. The budget is a summary of the investment activities and the resources required for implementation. Resources (inputs) include financial, personnel and physical resources including transport, warehouse space and others.
- ▶ **Financial management** involves preparation and keeping of the key financial records (purchases, cash payments, stocks records and others). It also involves putting in place proper **internal controls** to ensure transparency and accountability of the AMCOS resources. It also involves frequent **reconciliation** of expenditures and bank balances according to the approved budget to ensure the liquidity of the AMCOS, i.e. ability to meet the recurrent and investment expenditures in relation to the approved budget and other resources.
- ▶ **Cash flow Management** involves close control of cash disbursements/expenditures (outflows) according to revenue collection (inflows) to ensure sustainable financial liquidity of the AMCOS to meet both recurrent and investment expenditures.

- ▶ **Cash flow analysis** involves the preparation of financial statements (income statement, cash flow statement and balance sheet) which summarizes the cooperative income, liquidity and assets status. Financial statements should be audited annually by a competent auditor appointed by the AMCOS annual general meeting. Audited financial statements are a useful **management tool** for the AMCOS key decision making.
- ▶ Poor financial and cash flow management results in the lack of transparency and accountability; mismanagement of cooperative resources, poor business performance and discontent of the shareholders/members, common phenomena in many AMCOS.

Issues Raised

- ▶ The Registrar of Cooperatives often makes revision to the budget submitted by the cooperatives without joint consensus. This is partly due to low capacity of the cooperatives to prepare budgets according to the laid down guidelines and procedures and or poor communication. Similarly, budget issues are not given the required importance during the AGMs and other meetings.
- ▶ External auditors audit reports are sometimes prepared in formats not understood by the cooperatives.

4.2 Features of the 2003 & 2013 Cooperative Acts

Cooperative development, cooperative acts and policies were discussed particularly comparing the 2003 & 2013 Cooperative Acts in terms of improvements to enhance and support cooperative development in Tanzania and specifically the formation of cooperative alliances..



Highlights of Cooperative Act 2013 & 2003 (key improvements)

The presentation discussed the key issues in the Cooperative Acts 2003 and 2013 and highlighted the improvements in the 2013 Act in terms of support to the proposed cooperative alliance. In general, the Cooperative Act 2013 has provided better environment for the establishment of sustainable cooperative alliances in Tanzania (Appendix 2). Importantly, under the 2013 Act, the cooperatives can form joint business ventures and partnerships other cooperatives, private companies or government institutions.

5.0 TRAINING WORKSHOP EVALUATION

The cooperative participants were asked to evaluate the effectiveness of the training workshop. The participants were asked to evaluate training based on two key aspects i) relevance of the training modules vis-a-vis the skills challenges they are facing ii) training methods and effectiveness.



The majority of the cooperative participants ranked high the contents of the “**Cooperative Financial Management**” module in terms of relevance to the challenges facing the cooperatives financial management. However, they ranked low the relevance of the module on “**Features of Cooperative Acts**” (refer section 4 above). The participants also ranked high the effectiveness of the financial management training; they are all optimistic that the skills they acquired will improve the financial record keeping, preparation and interpretation of the financial statements and more importantly, using them as management tool to make important investment decisions. The overview of the cooperative strategic & business planning is also expected to improve their planning processes. Participants suggested improvements in the training methodology to include case studies, working groups, study tours and plenary discussions to provide an opportunity for more inclusive participation.

CSDI also asked the cooperative participants to indicate areas for future follow-on training. The participants indicated additional hands-on practical training in preparation of bankable business plan; nitty gritty preparation and interpretation of financial statements; advocacy & lobbying and business contracts negotiation skills.

The participants ranked very high the interactive discussions on the two modules which prompted “live” dialogue between the representatives of the cooperatives (Koboko, Mashima & Tarakea), input suppliers (Yara & SEEDCO) and business service providers (CSDI, MoCU) on the status and the management challenges facing the primary cooperatives in Tanzania and the suggestions given for the way forward.

Attendance & Participation

All the earmarked participants (cooperatives & input suppliers) were present and actively participated. The participants of the workshop were representatives of the above selected AMCOS (14)², SEEDCO (1)³ & Yara (1)⁴; representatives from CSDI (the alliance facilitators

² Four leaders (Chairman, Vice Chairman, Secretary and Board Member or Treasurer) from selected AMCOS (Koboko, Mashima and Tarakea).

³ Represented by Mr Daniel Mwambugi, SEEDCO Sales Manager

⁴ Represented by Mr Kefa M. Maranga, Yara Senior Agronomist

& BDS provider) and Land O'Lakes (the resource provider and coordinator)⁵. The other participants were the business development providers/trainers from Moshi Cooperative University (MoCU), total participants were 23 (Appendix 2).

6.0 CLOSING REMARKS

The closing remarks were made by the representative from Land O'Lakes. He pointed out that the workshop has accomplished the purpose of bringing together the cooperatives, in particular Koboko, Mashima & Tarakea and the input suppliers (Yara & SEEDCO) to further dialogue on the anticipated input distribution alliance. The cooperatives are in different stages of the alliance formation. Based on the additional capacity and highlights attained as a result of the workshop, the partnerships and business deals are expected to be concluded.

CSDI will continue to facilitate the alliance formation process by conducting additional capacity building of the cooperatives to be able to negotiate win-win contracts with the input suppliers, in particular SEEDCO & Yara.

⁵ Represented by Greg Groethe, Land O'Lakes Seed Alliance Project Chief of Party & LuAnn

APPENDICES

Appendix 1: Workshop Participants & Contacts

Validation Workshop: List of Participants & Contacts						
Serial No	Participant Name	Institution	Business	Title	Networking Contacts	
					Mobile Telephone	E-Mail Address
1	Keffa M. Maranga	Yara (T) Ltd;	Plant Nutrients/fertilizer Supplier		255 764 331776	kefa.maranga.makori@yara.com
2	Daniel Mwambuigi	SEEDCO (T) Ltd	Seeds Supplier	Sales Manager	255 758 838 366	danielM@SEEDCO.co.tz
3	Greg Grothe	Landolakes Int	Maize Hybrid seeds/ Alliance development	Program Manager-Market Access	1 (612) 695 0669	GDGroethe@landolakes.com
4	LuAnn Werner	Landolakes Int	Maize Hybrid seeds/ Alliance development	Deputy Chief of Party, Coop Development Programs		lmwerner@landolakes.com
5	William B. Massawe	CSDI	BDS Supplier	Managing Director	255 715 371 799	william.massawe@gmail.com
6	Otto L. Ringia	CSDI	BDS Supplier	Business Development Manager	255 784 584 185	oringia@gmail.com
7	Ulrich Mwinyiechi	CSDI	BDS Supplier	Financial Manager	255 784 498 549	ulrich.mwinyi@gmail.com
8	Isaac K. Maseri	Koboko AMCOS Ltd	Input Distributor	Chairman	255 755 223 256	
9	John Isaac Mmari	Koboko AMCOS Ltd	Input Distributor	Secretary	255 755 031 138	johnmmari79@yahoo.com
10	John Mrang'u	Koboko AMCOS Ltd	Input Distributor	Vice Chairman	255 0755 193 267	
11	Reuben L. Mmari	Koboko AMCOS Ltd	Input Distributor	Farmers Representative	255 0769 797 500	

12	Athanas M. Silayo	Mashima AMCOS Ltd	Input Distributor	Chairman	255 763 072 278	
13	Medadi M. Silayo	Mashima AMCOS Ltd	Input Distributor	Vice Chairman	255 765 336 444	
14	Beatrice Shayo	Mashima AMCOS Ltd	Input Distributor	Secretary	255 756 233 601	
15	John M. Tarimo	Mashima AMCOS Ltd	Input Distributor	Deputy Secretary	255 0755 453 778	
16	Herman P. Massawe	Tarakea AMCOS LTD	Input Distributor	Chairman	255 0754 367 482	
17	Adam S. Mirau	Tarakea AMCOS LTD	Input Distributor	Vice Chairman	255 0754 232 973	
18	Bertha Shirima	Tarakea AMCOS LTD	Input Distributor	Secretary	255 752 402 616	BberthaPeter161@yahoo.com
19	Thomas Onesphor	Tarakea AMCOS LTD	Input Distributor	Board Member	255 0755 365 500	
20	Lohay Langay	Gallapo AMCOS Ltd	Input Distributor	Chairman	255 782 144488	pilolama@yahoo.com
21	Abraham Hamisi Day	Gallapo AMCOS Ltd	Input Distributor	Secretary	255 0784 291 477	
22	Prof Leo Donge	MoCU	Trainer	MoCU Lecturer	255 0754 470 180	leodonge@yahoo.com
23	Nicodemus Mwakilema	MoCU	Trainer	MoCU Lecturer	255 0754 372 586	nmwakilema@yahoo.com

Appendix 2:

Key Elements of the 2003 & 2013 Cooperative Acts

Subject Issues	CSA 2003	CSA 2013
Rights and Liabilities of Members	Did not consider public education and awareness of rights and liabilities of members.	Empowers membership through acquisition of education, knowledge and new skills, good governance and accountability (Part VI Section 50)
Establishment of the Cooperative Commission	Minister had full powers to take measures on matters relevant to cooperative development	Has established a commission known as “Tanzania Cooperatives Development Commission” (Part III Section 6(1). This has reduced powers of the minister. Roles include registration of primary coops, auditing, conflict resolution in collaboration with regional
Role of Registrar		More focused whereby regulatory roles are separate from development roles (Part III Section 8)
Formation of primary society	Fifty of more persons for agricultural societies.	Twenty to thirty person for agricultural societies (Part IV Section 20(1)(a))
Accounts and Audit	Exempts primary societies from appointing an auditor.	All registered societies shall appoint an auditor upon approval by AGM. Auditor should put in consideration the bylaws and the resolutions of the AGM (Part VII Section 55)
Management of registered society	Role of the board was too broad.	The management of the society is vested in the Board (Part VII Section 69)

Appendix 3: Workshop Participants Photo



Appendix 4: The Workshop Schedule;

VALIDATION WORKSHOP - "COOPERATIVE ALLIANCE FACILITATOR GUIDE"

LUTHERAN UHURU HOSTEL - MOSHI

MARCH 16 - 17, 2015

PROGRAMME

DATE	TIME	EVENT	RESPONSIBILITY
March 15, 2015	04:00pm - 07:00pm	Arrival of Participants	All
	08:00pm	Logistics Briefings	CSDI
March 16, 2015	08:30am - 08:45am	Introduction	CSDI
	08:45am - 09:00am	Opening Remarks	Chairman of Koboko AMCOS
	09:00am - 09:15am	Project Overview	CSDI
	09:15am - 09:30am	Workshop Goal	LOL
	09:30am - 10:15am	Presentation - Part 1	CSDI
	10:15am - 10:45am	Coffee/Tea Break	All
	10:45am - 11:30am	Presentation - Part II	CSDI
	11:30am - 13:00pm	Comments from COOPS	All COOPS Members
	13:00pm - 14:00pm	Lunch Break	All
	14:00pm - 14:30pm	Comments from SEEDCO	SEEDCO
	14:30pm - 15:00pm	Comments from YARA	YARA
	15:00pm - 16:00pm	Feedback from LOL	LOL
	16:00pm - 16:15pm	Coffee/Tea Break	All
	16:15pm - 17:00pm	General Comments	CSDI
March 17, 2015	08:00am - 09:30am	Features of the Cooperative Act 2013	MoCU - Trainer
	9:30am - 10:00am	Questions & Answers	All
	10:00am - 10:30am	Coffee/Tea Break	All
	10:30am - 11:30am	Cooperative Financial Management	MoCU - Trainer

11:30am - 12:00pm	Questions & Answers	All
12:00pm - 13:00pm	Closing Remarks	LOL
13:00pm - 14:00pm	Lunch Break	ALL
14:00pm	Adjournment	ALL

