



**ACDI/VOCA  
Smallholder Horticulture Outgrower Promotion (SHOP) Project  
USAID Cooperative Agreement No. 621-A-00-08-00001-00**

**FINAL SHOP PROJECT REPORT  
&  
EIGHTH QUARTERLY REPORT – Q4 FY 2009 (July – September 2009)**



**Mtazamo Vegetable Group Chairwoman Rehema Mkala and members holding their packaged French beans ready for export to European supermarkets during a visit to exporter Homegrown's Packhouse in Nairobi, Kenya, August 2009**

**Submitted October 30th, 2009**

**Submitted to:**

Cognizant Technical Officer, Environment and Natural Resources & Economic Growth  
USAID Tanzania

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## Fact Sheet

<b>Name of the Implementing Agency:</b> ACDI/VOCA		<b>Reporting Period:</b> FY 2008 – FY 2009: October 2007 – September 2009					
<b>Name of the Project COP:</b> Alexander Fernando		<b>Home Office Address:</b> 50 F Street N.W., Suite 1075 Washington, D.C. 20001, USA					
<b>Project Title:</b> Smallholder Horticulture Outgrower Promotion (SHOP) Project		<b>Target Regions:</b> Northern Tanzania (Lushoto, Arusha and Kilimanjaro)					
<b>Cooperative Agreement #:</b> 621-A-00-08-00001-00		<b>Sub-contract/sub-grantees:</b> RUDI, ULT, MVG, KIT, RVGA					
<b>Period of Project:</b> October 1, 2007 – September 30, 2009		<b>Related Program Area &amp; Elements of Operational Plan:</b> 1) Agriculture Enabling Environment; 2) Agriculture Sector Productivity; and 3) Trade and Investment Capacity					
<b>Budget</b>							
<b>Planned Life of the Project:</b> \$ 1,316,931		<b>Amount Obligated to Date:</b> \$ 1,316,931				<b>Pipeline:</b> \$33,025	
<b>Principal Target Beneficiaries:</b> Smallholder outgrowers of vegetables		<b>Major Counterpart Organizations:</b> TAHA, Kilimo Impact Tanzania, Homegrown					
<b>Indicators<sup>1</sup>:</b>	<b>Baseline Q1FY08</b>	<b>Target FY08</b>	<b>Total FY08</b>	<b>Target FY09</b>	<b>Q4 FY09</b>	<b>Total FY 09</b>	<b>% '09 target</b>
<b>1. Trade and Investment Capacity—TIC</b>							
1.1 Participants in USG supported training	0	4	182	600	946	2,646	441%
1.2 Firms receiving capacity building for exports	0	1	1	1	4	4	400%
<b>2. Agriculture Enabling Environment—AEI</b>							
2.1 Individuals receiving short-term AEI training	0	30	953	500	367	2,796	559%
2.2 Organizations undergoing capacity assessment	0	6	6	6	9	9	150%
2.3 New producer/traders organizations established	0	4	1	4	2	6	150%
2.4 Membership in POs (% change from baseline)	323	250	411 (+27%)	450	1,267 (+292%)	1,267 (+292%)	282%
<b>3. Agricultural Sector Productivity—ASP</b>							
3.1 Individuals receiving short-term ASP training	0	200	389	300	49	484	161%
3.2 Rural households benefiting directly	0	150	305	415	519	519	125%
3.3 Value of exports (% change over previous quarter)	0	\$110k	\$16k	\$100k	\$119k (+36%)	\$258k	258%
3.4 Volume of production marketed by POs (tons)	1,640	350	1,343	1,950	560	2,017	103%
3.5 Value of production marketed by POs (\$'000)	\$931k	\$190k	\$772k	\$1,100k	\$325	\$1,153	105%
3.6 New business partnership established	0	3	2	5	2	17	340%
3.7 Area under improved technologies in hectares (% change over previous quarter)	0	100	95.9	110	148 (+3%)	148	135%

<sup>1</sup> For more extensive reporting of indicators and PMP, please see Section 5.1.

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Deputy Secretary of State Jacob Lew, USAID/Tanzania Mission Director, project partners and industry stakeholders at the Mailer Farm Collection center, July 2009

## Acronyms

ACU	Arusha Cooperative Union
AMAP	Accelerated Microenterprise Advancement Project
BDS	Business Development Services
BMA	SHOP's Business Development Services and Marketing Advisor
COP	Chief of Party
CTO	Cognizant Technical Officer
DALDO	District Agricultural and Livestock Development Officer
DAS	District Administrative Secretary
DC	District Commissioner
DED	District Executive Director
EAMTCP	Eastern Arc Mountains Tree Crops Project
EG	Economic Growth
GLOBALGAP	GLOBAL Good Agricultural Practices (formerly EurepGAP)
HG	Homegrown
HVEV	High-Value Export Vegetables
HVV	High-Value Vegetables
KIA	Kilimanjaro International Airport
KIT	Kilimo Impact Tanzania
MAFSC	Ministry of Agriculture, Food Security and Cooperatives
MMA	Match Maker Associates
MOU	Memorandum of Understanding
NRM	Natural Resources Management
M&S	Marks & Spencer Supermarkets
MVG	Mtazamo Vegetable Growers
OM	SHOP's Office Manager & Grant Fund Manager
PA	SHOP's Production Advisor
PERSUAP	Pesticide Evaluation Report and Safer Use Action Plan
PMP	Performance Monitoring Plan
RRC	Rural Resources Center
RUDI	Rural Urban Development Initiative
SACCOS	Savings and Credit Cooperative Societies
SCF	SME Competitiveness Facility
SFL	Serengeti Fresh Limited
SHF	Smallholder Farmers
SHOP	Smallholder Horticulture Outgrower Promotion Project
SME	Small and Medium Enterprises
SOT	Strategic Objective Team
TAHA	Tanzania Horticultural Association
TAP	Tanzania Airfreight Project
TNC	Tesco's Natures Choice product certification standard
ULT	Usambara Lishe Trust Foundation
USAID	United States Agency for International Development
VC	Volunteer Consultant

## Executive Summary

### Project Achievements

- The project developed a commercially sustainable export-vegetable outgrower scheme in the its two-year timeframe, with 1,267 participating outgrower farmers supplying GLOBALGAP-certified vegetables to a nucleus farmer and an export partner, Homegrown, as well as high-value vegetables to upscale buyers in Dar es Salaam
- Export production volumes from all project partners will shortly reach about four tons per day, once peak production from the new smallholder farmer groups is reached. This will generate \$365,000 of annual incremental income for the 236 participating households, resulting in additional family income of over \$1,500 per year and employment for over 200 casual laborers working with lead nucleus farmer Kilimo Impact Tanzania (KIT).
- SHOP facilitated the entrance of Kenya-based exporter Homegrown into Northern Tanzania, which broke the monopoly of Tanzania's only exporter and resulted in a 40 percent increase in prices paid to Tanzanian farmers. Homegrown is one of the largest and most reputable vegetable exporters in East Africa.
- Production volumes from additional nucleus farmers contracted by Homegrown will shortly reach four tons/day. Combined with the production of SHOP project partners, project interventions will generate \$2.5 million worth of export revenue annually from Tanzania.
- Once volumes reach 15 tons/day, Homegrown has indicated it will build a packhouse facility in Kilimanjaro Airport and airfreight directly out of Tanzania, which will benefit the entire horticulture industry in Tanzania.
- The Smallholder Farmer Hub at Mailer Farm has become a model for the horticulture industry. It consists of a collection center, cold store, water reservoir, drip irrigation, plastic tunnels for growing specialty vegetables, offices, training center, and chemical and fertilizer stores. The Hub serves all the smallholder farmers and nucleus farmers supplying to Homegrown.
- In the project's domestic market outgrower scheme based in Lushoto, SHOP worked with the Usambara Lishe Trust (ULT), which includes over 300 farmers from four different associations. The SHOP project increased the sales and marketing capacity of ULT's collective weekly sales to high-end markets in Dar es Salaam by increasing the management capacity of ULT and its four member associations, as well as by improving its post-harvest handling through training and infrastructure/equipment upgrading.

### Project Sustainability

- Commercial sustainability was built into SHOP's design and implementation. In the project's export scheme, SHOP played a facilitating role, providing association strengthening and capacity building, technical production assistance and infrastructure grants to enable the smallholder beneficiaries to become commercially sustainable outgrower units for nucleus farmer KIT.
- KIT and Homegrown continue to provide a host of extension services to the smallholder beneficiaries. As SHOP withdrew from the facilitation role at the end of the project, extension support was budgeted into production contracts with KIT and Homegrown, and they continue providing services to the smallholder outgrowers.
- Commercial self-sustainability drives the *Farming as a Business* model; however, farmer groups also enjoy continued support from the USAID follow-on horticulture project for FY

2010–11, from the Tanzania Horticulture Association (TAHA), and from short-term volunteers through ACIDI/VOCA volunteer programs.

- The Smallholder Farmer Hub at Mailer Farm belongs to the project's first smallholder farmer group, Mtazmao Vegetable Growers (MVG), which has entered into a management agreement with KIT for maintenance and operation of Hub assets, as well as continued access to 30 acres of Mailer Farm for their farming operations.
- All produce from Northern Tanzania for export by Homegrown passes through the Hub, which generates user fees to MVG paid by other nucleus farmers and smallholder farmer groups that defray costs for its operation and maintenance.
- Private management of the Hub allows it to be fully utilized in a sustainable manner as ownership, fees and user rights are clear, while simultaneously contributing to the growth of Tanzania's horticulture sector.
- In the project's domestic market scheme, ULT is now well placed to execute its business plan, which was developed in collaboration with the project. To provide limited support through the post-SHOP transition, ULT is in advanced stages of securing external funding from the SME Competitiveness Facility (SCF) for continued skills and infrastructure upgrading.

#### Additional Highlights from Q4 FY 2009 (July – September 2009)

- Procurement and construction at project implementation sites was completed. In the export scheme, the Smallholder Farmer Hub at Mailer Farm now provides the smallholder farmer groups with all the equipment and facilities required for production of high-value export vegetables.
- Homegrown began the process of registering a company in Tanzania and will shortly begin to pick up produce from about eight nucleus farmers in addition to the three SHOP smallholder farmer group beneficiaries and the project's lead nucleus farmer.
- On July 2, in collaboration with TAHA and other USAID implementing partners, SHOP hosted Deputy Secretary of State for Management and Resources Jacob Lew at the Smallholder Farmer Hub at Mailer Farm.
- Project beneficiaries participated in both the Saba Saba and Nane Nane Trade Shows in July and August 2009 respectively.
- During the quarter, RUDI, the project's association development partner, conducted some final training sessions. A study trip was also undertaken by project beneficiaries and staff in the export outgrower scheme to Homegrown's facilities in Nairobi and to Kenyan smallholder outgrowers in August 2009.
- In Lushoto, construction of collection centers in two of ULT's four member associations was completed, and a ULT office was built. The new facilities were launched on September 15 with the district commissioner and representatives from district government in an event that also served as SHOP's farewell.
- SHOP held a final debrief with USAID on September 22 in Arusha and with project partners in the days that followed.

## 1.0 Project Description

Under USAID's Strategic Objective 12, "Incomes of Small Farmers Increased in Selected Agricultural Commodity Sub-Sectors," ACDI/VOCA was awarded a Cooperative Agreement to implement the *Smallholder Horticulture Outgrower Promotion (SHOP) Project*. The project sought to foster economic growth by strengthening horticulture export market linkages for high-value vegetables (HVV) through increased productivity and improved management of natural resources. Using a value chain approach, ACDI/VOCA promoted market-oriented growth of high-value export commodities in the northern highlands of Tanzania to enhance industry competitiveness and optimize participation of smallholder farmers.

The project supported the following intermediate results:

- IR 1: Trade and Investment Capacity
- IR 2: Agriculture Enabling Environment
- IR 3: Agriculture Sector Productivity

The project's approach established strong, mutually beneficial commercial relationships among smallholder farmers, associations and buyers. By the end of the two-year project, over 1,000 direct and over 2,000 indirect project beneficiaries were linked to profitable high-value horticultural value chains, generating employment and increasing rural incomes, with underlying gains in gender equity and HIV/AIDS mitigation.

The two-year SHOP cooperative agreement was awarded October 1, 2007 and concentrated its activities in the northern highlands of Arusha and Tanga regions in USAID's northern program zone. It developed the capacity of smallholder farmers in these areas to integrate into profitable export markets for HVV products through three project components:

- 1. Productivity Enhancement:** Technical assistance, training and commodity support grants to increase on-farm per unit productivity, reduce production costs, improve product quality and select a profitable range of HVV products. This component had two activities:
  - a. Strengthen Farmer Organization Capacity:** SHOP organized farmers into viable associations that can be used as an effective platform to provide extension services, technology and market linkages to small farmer members.
  - b. Improve Extension Services:** SHOP enhanced the supply of extension services by working closely with both public and private sector extension agents to identify the needs of farmers and facilitate efficient delivery of advisory services.

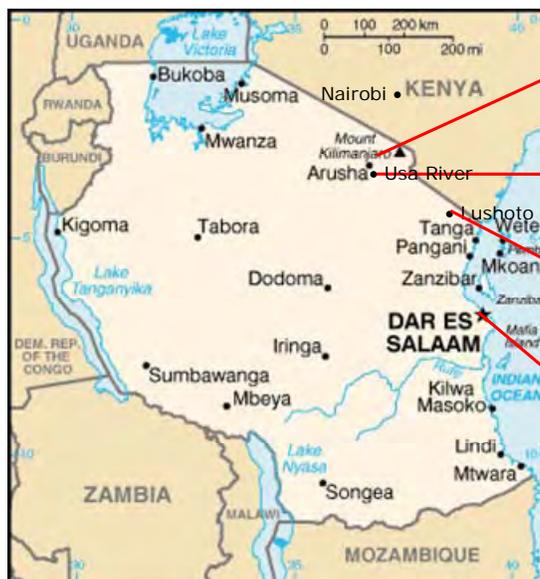
2. **Strengthening Market Linkages:** The project's advisory services linked smallholder farmers into profitable market chains by helping them identify and successfully pursue group marketing opportunities. This component had two activities:
  - a. *Expand Export Market Outgrower Schemes:* SHOP developed the capacity of farmer associations to deliver high-quality products reliably and commercially to exporter partners by facilitating communication and technology transfer between farmer groups and exporters to engender mutually beneficial business relationships.
  - b. *Expand Domestic Market Outgrower Schemes:* As a stepping stone toward increasing export-quality production capability, this activity helped farmer associations increase sales of HVV to supermarkets, such as Shoprite and to the hospitality industry throughout Tanzania.
3. **Cross-Cutting Component:** To support components one and two above, SHOP conducted a value chain update of the high-value export and domestic vegetable markets with the assistance of one of its project partners. SHOP also provided material support to project beneficiaries and/or linkages to other forms of support (i.e., access to credit). This component had three activities:
  - a. *Value Chain Update:* The SHOP team collaborated with the SME Competitiveness Facility (SCF) to update the value chain of the HVV sector in Tanzania and assess any changes in the industry's dynamics, constraints and opportunities.
  - b. *Commodity Grant Fund:* The project administered a grant fund to materially support smallholder farmer groups with seed investment for equipment or services to upgrade productivity and marketing.
  - c. *Credit Linkage:* To ensure the sustainability of project interventions, access to sustainable forms of credit was essential to project success. SHOP liaised with USAID, other donors, financial institutions and microfinance organizations to establish revolving loan funds for inputs.

ACDI/VOCA assembled a strong team of local implementing partners and collaborators from within the horticulture value chain. The **Rural Urban Development Initiative (RUDI)**, a nonprofit organization that provides business services and training to small businesses and associations, is leading the project's efforts in building the capacity of farmer associations in business practices, leadership and accountability. We were joined by private sector collaborators from all levels of the value chain, including exporter **Homegrown (HG)**, wholesaler **Shoprite/Freshmark**, lead nucleus farmer **Kilimo Impact Tanzania**, the **Usambara Lishe Trust Foundation (ULT)**, and the **Tanzania Horticulture Association (TAHA)**. These private sector collaborators played key roles in linking smallholder farmers into high-value horticulture markets, providing training, inputs and improved access to support infrastructure. Most importantly, they provided farmers with exposure to international standards, increasing their commercial awareness and, by

providing benefits, improving farmers'—and the sector's—ability to be competitive and sustainable over the long term.

ACDI/VOCA is a nonprofit international development organization that delivers technical and management assistance in agribusiness, financial services, enterprise development, community development and food security in order to promote broad-based economic growth and vibrant civil society. Based in Washington, D.C., ACDI/VOCA has empowered people in developing and transitional nations to succeed in the global economy for 46 years and in 145 countries. ACDI/VOCA is currently implementing about 80 projects in 40 countries with annual revenues of over \$100 million. ACDI/VOCA has been active in Tanzania since 2002, implementing the USAID-funded Sustainable Environmental Management through Mariculture Activities (SEMMA) Project in Tanga.

## ACDI/VOCA Tanzania Sites



1. Arusha: Project Office
2. Usa River: Project Site
3. Lushoto: Project Site
4. Dar es Salaam: Marketing Advisor's Office



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## 2.0 Targets vs. Progress

### 2.1 Trade and Investment

#### Strengthening Market Linkages Component: Expanding Export Market Outgrower Schemes

Over the course of the two-year timeframe, SHOP developed a commercially sustainable export vegetable outgrower scheme with 944 participating outgrower farmers supplying GLOBALGAP-certified vegetables to a nucleus farmer and export partner Homegrown and an additional 323 farmers supplying HVV to the domestic market. Production volumes from project partners will shortly reach about four tons per day, once peak production from the new smallholder farmer groups is reached, generating over \$225,000 of incremental income for the 236 participating households as well as employment for over 200 casual laborers working with KIT. Information on the three smallholder farmer groups is as follows:

	Mtazamo (MVG)	Rundugai (RVGA)	Makiba (MFVGA)
<b>Farmers</b>	184	412	348
<b>Registered</b>	April 2008	August 2009	September 2009
<b>Production Status</b>	Selling to Homegrown since December 2008	Selling to Homegrown since Q3 FY09	Trials completed, sales to Homegrown since Q4 FY09
<b>Certification</b>	Pending following internal audits	Infrastructure in place	Infrastructure to be built post-SHOP
<b>Miles from Hub</b>	0	30-35 (7-10 off road)	20 (12 off road)




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SHOP had initially partnered with Tanzania's only vegetable exporter Serengeti Fresh Limited (SFL) in 2007. However, the relationship was difficult and complex partner negotiations slowed down the start of the export subproject. As a result of a timely intervention by USAID in January 2008, the exporter and lead nucleus farmer renewed their commitment to the project. During this meeting, the possibility of top-up funding was also announced in order to diminish the partners' concerns that additional funding was needed to achieve sufficient scale for a commercially sustainable project. As a part of the discussion between the partners and USAID, it was also decided to reduce the number of beneficiaries to focus resources and concentrate on developing a replicable pilot project. The subsequent

budget top-up was obtained with a modified program description in February 2009 and project targets were adjusted in reporting to USAID.

Field activities finally started in April 2008 and the first harvest followed in July 2008. Unfortunately, the relationship with export partner SFL continued to be fraught with difficulties. Despite many attempts at brokering a solution by all project partners, SFL dissolved the partnership in November 2008. Prior to the dissolution of the partnership, SHOP and KIT had approached several Kenya-based exporters in order to find a continued market outlet.

SHOP's search for a new project partner bore fruit in November 2008 when Homegrown entered Northern Tanzania, breaking the monopoly of Tanzania's only exporter. In addition to a host of embedded services offered to smallholders by Homegrown, the most significant effect for the entire horticulture industry was an immediate 40 percent increase in prices paid to Tanzanian farmers.

Homegrown is one of the largest and most reputable vegetable exporters in East Africa and is owned by Flamingo, one of the largest horticulture importers in the UK. Homegrown was twice voted East Africa's most respected agribusiness in recent years.

The budget top-up provided by USAID in February 2009 enabled SHOP to complete the Smallholder Farmer Hub at Mailer Farm, which has become a model for the horticulture industry. The Hub was launched by the permanent secretary, Ministry of Agriculture, Food Security and Cooperatives in June 2009. It consists of a collection center, cold store, reservoir, drip irrigation, plastic tunnels for growing specialty vegetables, offices, a training center, and chemical and fertilizer stores. It currently serves all of SHOP's smallholder farmers and nucleus farmers supplying to Homegrown. A schematic of Mailer Farm and the Hub is shown on page 15.

This quarter, Homegrown continued building its strong commitment to Tanzania as it took steps to register a subsidiary and start their own operations in Tanzania. Homegrown's investment follows the successful start of the production from the last of the project's three smallholder farmer groups, Makiba Fruit and Vegetable Growers Association (MFVGA).

Homegrown is keen on developing a blended approach of combined smallholder and nucleus farmer production, as nucleus farmers provide guaranteed volumes of significant tonnage. Homegrown has now expanded to include eight additional nucleus farmers in Northern Tanzania with production volumes shortly reaching four tons/day. Combined with the production of SHOP project partners, the production level of eight tons/day will generate \$2.5 million worth of export revenue annually from Tanzania.

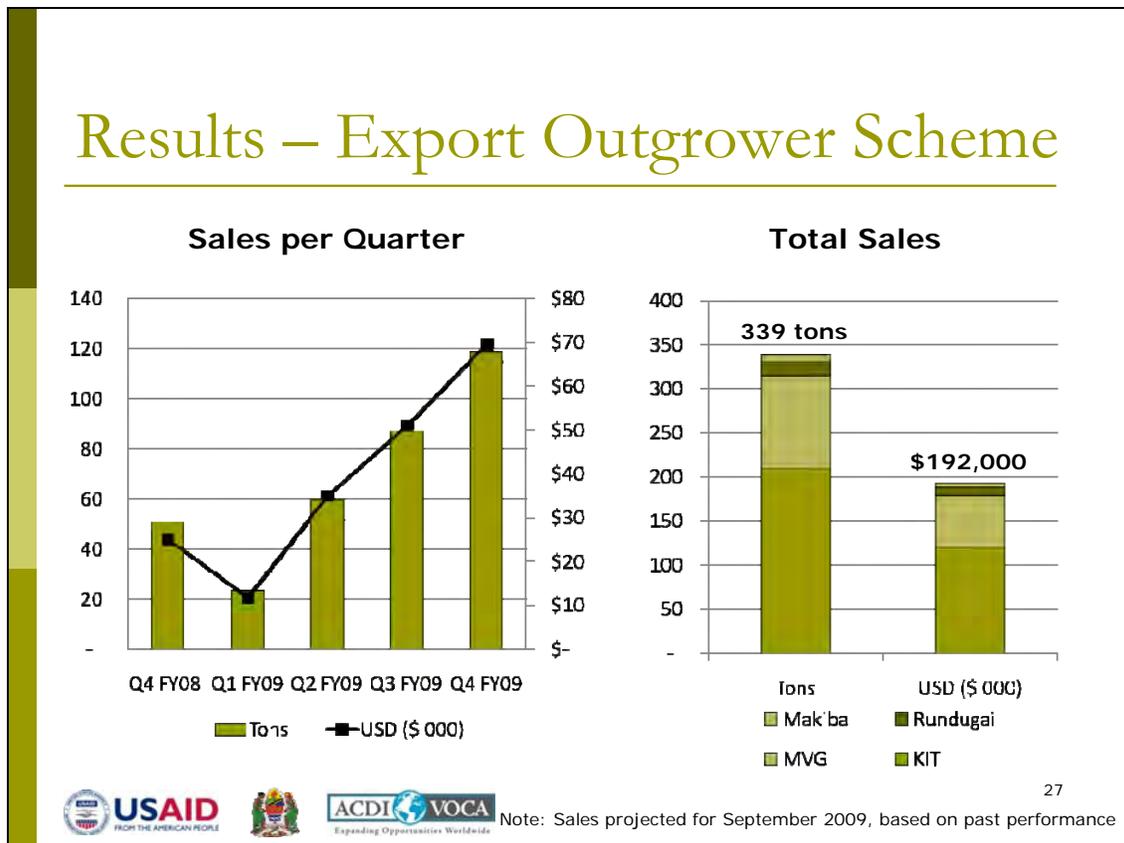
The partnership with Homegrown presents unsurpassed opportunities for SHOP partners and all farmers in Tanzania. Tanzania not only presents great opportunities for high-value export vegetables (HVEV), but Homegrown's keen interest in a Tanzania expansion is also due to increasing competitive pressures faced in Kenya. An additional impetus is risk-mitigation by

spreading political and climatic risk, particularly after the 2008 post-election violence in Kenya and increasing climatic variability.

With Tanzania playing an important role in Homegrown’s operations, Homegrown has expressed an interest in opening a packhouse facility in Northern Tanzania, preferably at or near Kilimanjaro International Airport, once volumes reach threshold levels of around 15 tons of export vegetables/day. Air freighting directly out of Tanzania gives opportunities for value addition and benefits the entire horticulture industry in Tanzania.

Extension support for the new smallholder farmer groups, Rundugai Vegetable Growers Association (RVGA) and MFVGA, will continue to be provided through KIT and Homegrown who placed an extension agent at their own cost in each of these new production sites.

This quarter, project partners MVG, KIT, RVGA and MFVGA sold 119 tons of French beans, baby corn and garden peas to Homegrown, which is a significant increase in production. The increased production builds on the continued success of the project since the switch to HG in Q2 FY09 as shown in the charts below.



The breakdown by each partner is shown in the table below. The product first goes through grading at the collection center at the Smallholder Farmer Hub at Mailer Farm and then

through a second grading at Homegrown's GLOBALGAP-compliant facility in Nairobi. Rejection rates have decreased from 20 percent in the first months of export production to about 11–12 percent in the last six months due to improved production techniques.

Project Partner	Product	Total product sold since project inception through July 31 2009 (tons)	Harvest July – September 2009 (tons)	Product sent to HG July – September 2009 (tons)	Yield accepted by HG July – September 2009 (tons)	Sales to HG July – September 2009 (\$)
<b>KIT</b>	<b>Total</b>	152	91	80	77	46,477
<b>Products: French beans, baby corn, garden peas, courgettes and mangetouts</b>						
<b>MVG</b>	<b>Total</b>	65	29	25	24	14,616
<b>Products: French beans, baby corn and garden peas</b>						
<b>RVGA</b>	<b>Total</b>	4	11	10	10	5,823
<b>Products: French beans and baby corn</b>						
<b>MFVGA</b>	<b>Total</b>	0	8	7	7	4,236
<b>Products: French beans</b>						
<b>GRAND TOTAL:</b>		<b>221</b>	<b>139</b>	<b>122</b>	<b>118</b>	<b>\$71,152</b>

**Note: Results for September 2009 estimated based on production in previous months**

This quarter saw the first sales from MFVGA which also became formally registered association. MFVGA is located in Meru District/Arusha Region, with 348 members (108 male, 240 female) who sold about seven tons of product to HG, with production expanding dramatically in the coming months as yields and acreage increased and rejection rates fall with increased experience.

On July 1, approval was given to RVGA, MFVGA and additional nucleus farmers to supply to Homegrown. On July 20, John Simeoni, the head of the outgrower unit, and Thomas Frankum, the commercial director for vegetables, visited Northern Tanzania. This visit was followed by another visit on August 7 by Simeoni and Frankum together with the incoming and outgrowing head of Flamingo Holdings, Homegrown's parent company.

Final certification of the MVG and KIT to the various international standards including GLOBALGAP, Tesco's Natures Choice and Marks & Spencer's Field-to-Fork required for export production will occur in October 2009. On October 26, there will be buyer visits from representatives from Homegrown's various customers, beginning with the TESCO supermarket chain.

During the quarter the following additional activities took place:

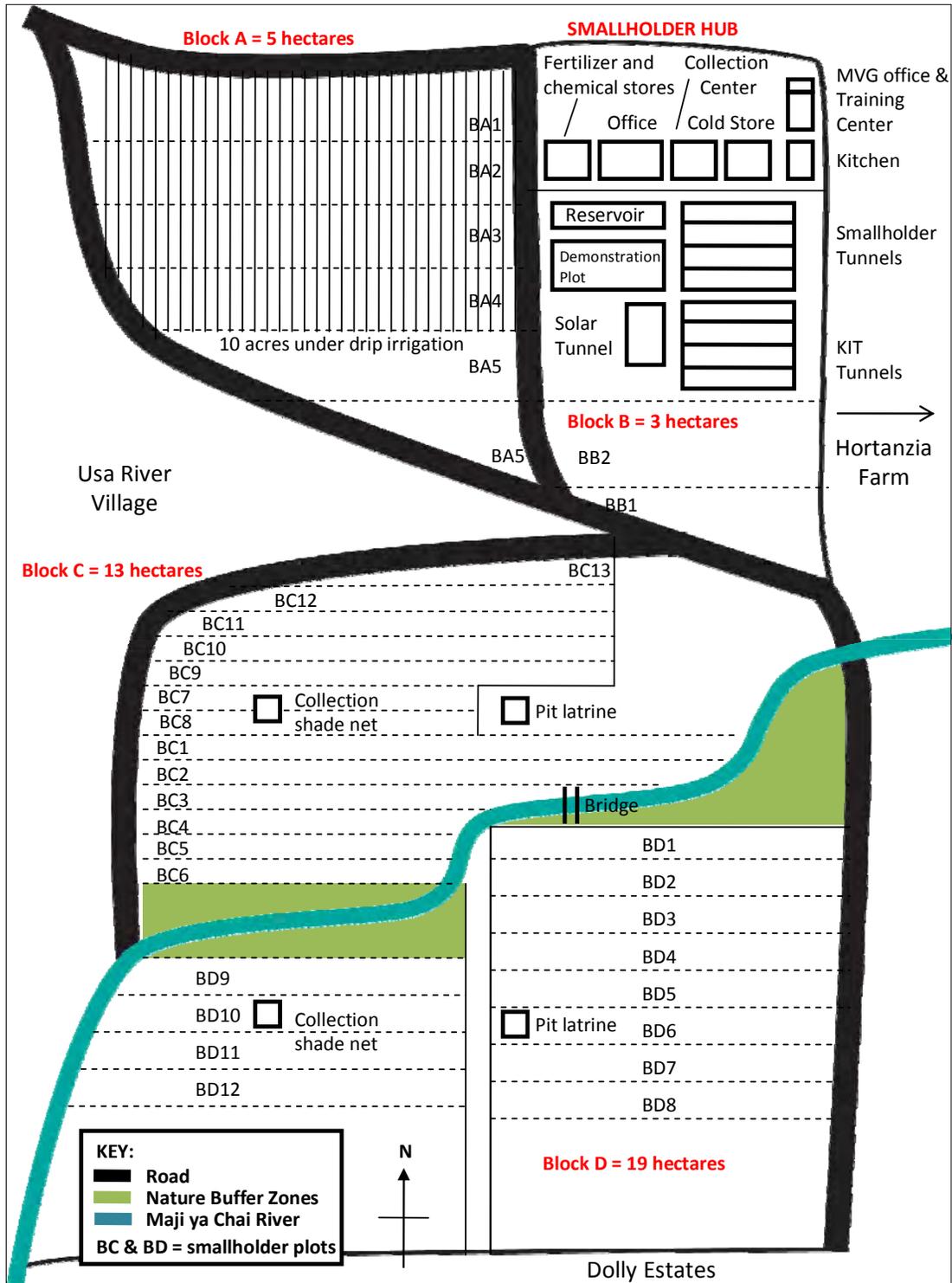
- Final completion of the Smallholder Farmer Hub, including the installation of the reservoir, drip irrigation and the sprinkler system procured through the project's Commodity Grant Fund. A small bridge was also built across the Maji ya Chai River to facilitate movement of people and produce from the lower part of the farm. A separate

office was also built for MVG, adjoining the training center. An updated Smallholder Farmer Hub map is included on the following page.

- Completion of the physical infrastructure required for GLOBALGAP certification of RVGA was finalized with construction of two collection centers, including charcoal coolers, office space, toilets and chemical stores. Equipment needed for export production, including crates, pumps, weighing scales, etc., was also procured through the project's Commodity Grant Fund.
- Visits from Homegrown's technical team took place on July 20–24 and September 24–25 to assess certification progress for RVGA and MFVGA. Furthermore, representatives from Homegrown's outgrower unit visited the project on August 3–4 and August 18.
- John Mbatia, KIT director, undertook several trips to Nairobi during the quarter to meet with Homegrown to address financial issues and make preparations for Homegrown's permanent presence in Tanzania.
- An exchange visit was undertaken to Homegrown's facilities with members from MVG and RVGA on August 11–12. This is reported on in more detail in section 2.2.
- Final closeout activities were held with project partners on Mailer Farm on September 23 and with USAID in Rundugai on September 24. These are reported on in greater details in section 2.4.

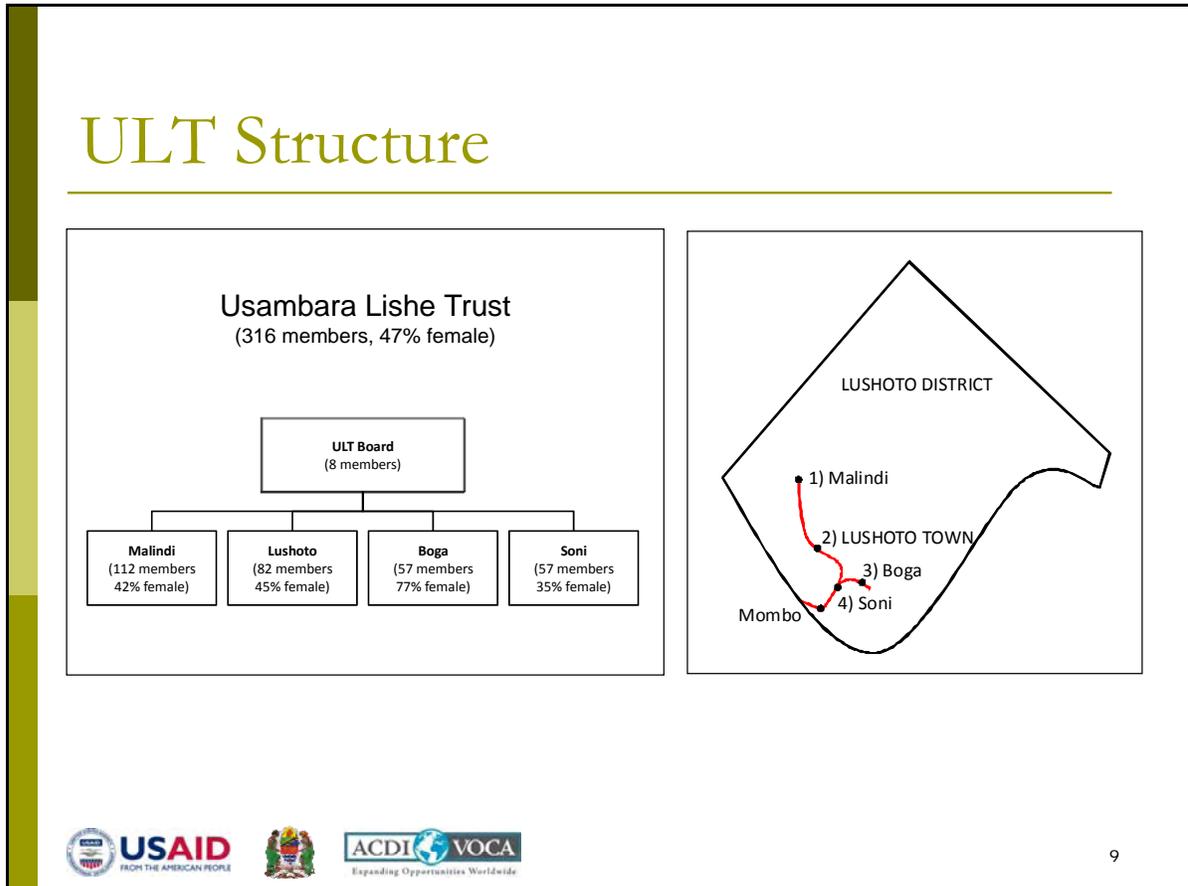
# Smallholder Farmer Hub at Mailer Farm

September 2009



*Strengthening Market Linkages Component: Expand Domestic Market Outgrower Schemes*

In its domestic vegetable scheme, the project worked with the Usambara Lishe Trust (ULT) and its four member associations with over 300 members in Lushoto District, Tanga region as illustrated below.



ULT was formed out of a GTZ soil erosion project in the late 1990s, and they have been selling vegetables to the high-end restaurant and hotel segment in Dar es Salaam for the last 12 years prior to SHOP's intervention. By the start of SHOP in 2007, ULT had long outgrown its registration as a trust (which can legally only represent ten members) as well as having outgrown its finance and accounting system. Furthermore, its rudimentary supply chain was no longer robust enough to support the increasing demands of its customers. As a result, an increasing disconnect developed between what ULT's members grew and what was required by the market, in terms of varieties grown and delivery of a specified quantity and quality of produce at a specific price and time. ULT was also unable to scale up due to its limited capacity.

SHOP's intervention with ULT thus focused on four main areas:

1. Increased ULT's internal capacity, management and advocacy skills: SHOP facilitated the hiring of a dedicated manager, opening a ULT office and guiding the development of

strategic work plans. SHOP, through its association development subgrantee RUDI, facilitated the registration of ULT's four member associations and developed quarterly council meetings that brought together ULT leaders with leaders from the four member associations to improve communication and accountability. Lastly, SHOP also assisted in launching the quarterly public-private horticulture stakeholder meetings in Lushoto that bring together members from the private sector and the district government to address issues and constraints in the sector.

2. Increased the business and technical skills of its members: SHOP and RUDI trained ULT's members on various business and technical skills such as recordkeeping, marketing, production, improved irrigation and safe use of pesticides. SHOP organized exchange visits to successful farmer organizations and horticulture trade fairs. The project also increased ULT's access to savings and credit by facilitating the formation of SACCOS (Savings and Credit Cooperative Societies) in each of the four member associations and by providing training on their use and management.
3. Improved ULT's supply chain: SHOP, through its Commodity Grant Fund, procured crates for transporting produce from field to market and other equipment such as scales required for high-value vegetable production and sales. SHOP facilitated the construction of collection centers for three of ULT's member associations and a ULT office in Lushoto. A supply chain consultant also undertook an assessment of ULT's supply chain and provided recommendations, which were incorporated into the project. These recommendations provide a road map for ULT's development for the next three years.
4. Improved ULT's marketing capacity: SHOP hired a marketing advisor based in Dar es Salaam over a 12-month period to increase ULT's marketing capacity, customer service and market linkage. The marketing advisor, Faith Msina, worked closely with ULT to participate in trade fairs such as Saba Saba and Nane Nane in Dar es Salaam and Morogoro respectively, often in collaboration with TAHA. Lastly, SHOP facilitated the development of marketing materials for ULT.

Activities during the final quarter focused on completing implementation of the supply chain consultant's recommendations, ensuring a smooth closeout of SHOP activities and linking ULT with limited post-SHOP support.

A supply chain consultant was contracted earlier this year and the report was completed in Q2 FY09. The consultant proposed operational, organizational, financial, infrastructure and other recommendations that guided SHOP through the end of the project and provided an action plan for ULT to sustain itself for the following two to five years.

Given the limited time remaining for SHOP, implementation of recommendations focused on completion of physical supply chain infrastructure and equipment, capacity building of ULT's four member associations, as well as ULT management on proper financial management and recordkeeping, and sales and marketing strengthening.

In this past quarter, the project completed construction of two collection centers in Malindi and Soni in the Lushoto region. SHOP also procured vegetable scales for all three SHOP-constructed collection centers, the third one being the collection center in Boga, which was completed in Q2 FY09.

The collection centers were financed through the project's Commodity Grant Fund with contributions from ULT members who secured the land for their construction. As suitable land in Lushoto township could not be found for the fourth collection center, the ULT board stepped in and secured land for the construction of a permanent ULT office in town which was completed this quarter.

The financial management and recordkeeping capacity building provided by two RUDI consultants concluded this quarter. On July 17, SHOP staff and the RUDI financial trainer, Mr. Mshana, held a meeting with the ULT board and the four association leaders to discuss the findings of the trainer's financial audit and his proposed recommendations for strengthening ULT's finances and financial practices.

At the same meeting, ACIDI/VOCA summer intern Michel Bernstein met with the ULT committee that was formed in the previous quarter to develop a business plan to guide ULT operations post-SHOP. Mr. Bernstein also assisted ULT with an application to the SME Competitiveness Facility (SCF) for continued post-SHOP support.

The business plan and application were submitted to SCF in August in a meeting in Dar es Salaam attended by the ULT chairman, ULT manager and Mr. Bernstein. A follow-up meeting was held in September to finalize the application before submission to the ULT board in October. The application is for 100,000,000 Tsh. of funding over four years, focusing on improved sales and marketing, improved business processes, branding and technology/infrastructure upgrading. SCF management is very positive regarding SCF board approval for the application. In the proposal to SCF, RUDI will continue to support ULT as the BDS provider, thereby ensuring continuity in the post-SHOP transition.

Field technician Egino Komba was hired to assist ULT with the development of outgrower schemes and strengthening of the Lushoto supply chain. The field technician set up eight demonstration plots in Lushoto (two in each of ULT's member associations), which served as training for ULT members for the production of high-value vegetables for the Dar es Salaam market. Crops planted in the demonstration farms included white onions, sweet melon, sweet corn, baby corn, garden peas and French beans.

The BMA, Faith Msina, worked closely with ULT and the Tanzania Horticultural Association (TAHA) to prepare for the Dar es Salaam International Trade Fair (known as "Saba Saba"), which ran from June 28 to July 9. The fair was a great success and the attractiveness of the TAHA booth helped to secure the first prize for the USA Pavilion. The trade fair was attended by the ULT manager, ULT chairman and two ULT farmers. ULT's participation in the trade fair resulted in several new business opportunities.

Likewise, Faith worked with ULT to participate in the Nane Nane Agricultural Show held in Morogoro during the first week of August. This was attended by the BMA, the ULT manager, four ULT farmers and two ULT board members. Participation at the fair was very cost effective as ULT exhibition space was part of the Lushoto District Council exhibit. However, the noncommercial nature of the show does not lend itself well as a market-linkage opportunity for ULT. ULT was introduced to several stakeholders including a vegetable-growing group in Korogwe that would like to form a partnership with ULT for increased sales and product diversification.

In early September, Hawa Kimolo of Hawa Organics held a project-supported organic training with members of ULT. The training was provided by TOAM (Tanzania Organic Agriculture Movement) in two sessions on August 18–19 and 25–26 and resulted in the production of an organic quality assurance manual. A total of 49 people were trained (22 male, 27 female). Ms. Kimolo will provide an additional market outlet in Dar es Salaam for ULT's organic produce from the participating member farmers.

During the final quarter, another marketing opportunity was provided by Andrew Tesha from the Green Thumb Initiative. Tesha renovated an abandoned warehouse for the production of mushrooms with participating farmers, which was in part funded by SHOP. Tesha visited Lushoto several times to train the participating farmers and oversee completion of the mushroom nursery.

On September 15, SHOP staff attended the inauguration of the ULT office in an event attended by the DC, DED, Daldo, ULT leaders, ULT members and horticulture stakeholders in Lushoto. Following this event, two new collection centers were inaugurated in Lushoto. The following day the project held a last council meeting with the ULT board and leaders of the member associations.

Finally, CTO David Nyange and the two new USAID staffers, Matthew Sumpter and Maurice Shines passed through Lushoto and visited the new ULT office and collection centers on September 25.

## **2.2 Agriculture Enabling Environment**

### *Productivity Enhancement Component: Strengthen Farmer Organization Capacity*

The project's association development subgrantee, RUDI, has been instrumental in guiding the development of all of SHOP's smallholder farmer groups. Once the groups were identified, following an introductory sensitization session about the project and its implementation methodology, RUDI held strategic work planning sessions. The work planning sessions were typically followed by association registration of the unregistered groups (all project beneficiaries other than ULT which was previously registered as a trust). RUDI also accompanied training, constitution development and elections. RUDI helped to identify training needs during the strategic work planning sessions such as record keeping,

cash management, entrepreneurship, sales and marketing, negotiation skills, access to credit, etc.

In Lushoto, RUDI was also instrumental in empowering ULT to become more democratic and accountable. Prior to SHOP's intervention, ULT had outgrown its registration as a trust and yet its leaders were hesitant to change. Given the short timeline, RUDI assisted ULT's four member associations to register and facilitated the development of council meetings that bring ULT leaders and leaders from the group member associations together on a quarterly basis.

RUDI also facilitated the development of quarterly Lushoto Horticulture Stakeholder meetings. These meetings were typically opened by District Commissioner Sophia Mjema and officiated by District Executive Director Lucy Msoffe in the presence of the district administrative secretary and attended by various heads of department. Private sector representation came from ULT, the Tanzania Chamber of Commerce, Industry and Agriculture and various regional entrepreneurs. The stakeholder meetings provided a forum to enable industry stakeholders to address subsector constraints. A steering committee was also formed to plan for follow-on meetings that were held in September 2008 and in February and May 2009.

During the short life of the project, SHOP had two volunteer consultants who were critical to association capacity building. Alexis Rathborne volunteered with the project for nine months between August 2008 and May 2009, and Michael Bernstein volunteered with the project for nine weeks in between June and August 2009. Alexis was instrumental in developing the capacity of MVG to track product, input and financial flows, while Michael updated the system to the changed circumstances and developed business plans for MVG and ULT.

During the final quarter, there were a few trainings conducted by RUDI with the project's two new export associations, RVGA and MFVGA. RUDI also facilitated the new export association's registration as business groups through the Ministry of Industry, Trade and Marketing.

Final preparations for the farmer groups' sustainability post-SHOP also took place over the last quarter. Michael Bernstein worked closely with MVG and ULT to develop business plans. He met with the leadership of each organization and interviewed relevant stakeholders in order to develop marketing and financial plans that will guide the farmers' groups after the close of the SHOP project. As part of this effort, he helped to develop the grant application for ULT to SCF and created an operations manual for MVG.

The business plan developed with MVG allows them to obtain operational sustainability within the next four to six months, based on increased yields and income from user fees paid by other farmer groups and commercial farmers for use of the cold store at the Smallholder Farmer Hub. Additional extension support is also provided by Homegrown as discussed in section 2.5

Bernstein also oversaw the closeout of the \$40,000 input fund for MVG supported by a \$50,000 fixed deposit receipt (FDR) funded through the project's Commodity Grant Fund. The returned FDR funds were used towards additional procurements as outlined in the next section.

On August 11-12, SHOP conducted a study tour of Homegrown's facilities in Nairobi. Participants on the study tour included the COP, the production advisor, the SHOP-facilitated KIT extension agent, three members from MVG and two members from RVGA. The exchange visit began with some of Homegrown's smallholder farmers on the slopes of Mount Kenya and concluded with a tour of Homegrown's packhouse facility at Nairobi airport. The highlight of the visit was the farmers seeing their produce being packed for export. The drought conditions prevailing in Kenya are severely impacting Homegrown's operations, and the RVGA members were left with a greater appreciation of the 30+ natural springs in their region.

Additionally, the following association capacity-building activities took place in the project's export scheme:

- On July 1 and 2, RUDI trained 45 RVGA members (17 male, 28 female) on cash management and marketing.
- On July 3, RUDI trained 29 MVG members (all female) on business plan development.
- On September 9, RUDI trained 82 members of MFVGA (16 male, 66 female) on business recordkeeping. This was followed on September 11 with a training on business plan development to 88 members (20 male, 68 female).
- On September 10, RUDI conducted a follow-on training to 54 members of RVGA (18 male, 36 female) on a business recordkeeping.
- On September 23, Abel Lyimo, the executive director of RUDI, held the last association capacity-building meeting with MVG and RVGA to discuss progress to date and ensure a smooth closeout of association development activities.

In the project's domestic outgrower scheme, Michael Bernstein was able to interest SCF in providing ULT with a grant of about 100 million Tsh over the next four years.

Due to scheduling conflicts, the proposed fourth Lushoto Stakeholder Meeting could not be held through SHOP sponsorship. The quarterly stakeholder meetings were a great success and at the last meeting, held in May 2009, Abel Lyimo proposed the transition of the SHOP-sponsored horticulture stakeholder meetings to government-mandated public-private business councils that report to the Tanzania Private Sector Foundation. RUDI has received funding from the BEST-AC advocacy project to pilot these business councils in five districts, including Lushoto, thereby ensuring sustainability of the meeting.

#### *Cross-Cutting Component: Value Chain Update*

As an important part of project start-up, SHOP collaborated with the first SME Competitiveness Facility Project (SCF) to update the value chain of the high-value vegetable

sector in Tanzania and assess any changes in the industry's dynamics, constraints and opportunities. Following the initial value chain analysis, SCF facilitated a one-day workshop in March 2008 in Dar es Salaam to present findings. The consultant's report was then presented at the first Public Private Horticulture Stakeholder's Forum in Lushoto in September 2008, which also served as the project's launch in Lushoto. The forum generated increased awareness of and buy-in to the project's approach among key stakeholders, while the SCF report formed the basis for a discussion of constraints affecting the sector.

In April 2008, SHOP collaborated with TAHA and other partners, including ACIDI/VOCA and DAI, under the AMAP BDS IQC to convene the major stakeholders to discuss the Tanzanian horticulture sector. The forum generated increased awareness of the potential for smallholder farmers in high-value horticulture and served to inform select attendees of the Horticultural Development Council of Tanzania (HODECT) that followed the event. Project CTO David Nyange, RUDI and exporter SFL were elected to sit on the 12-member HODECT Council representing the Donor Working Group on Agriculture, NGOs and exporters respectively.

#### *Cross-Cutting Component: Credit Linkage*

Credit linkage played a key role in the project as it is a critical component for agricultural production, particularly for export contract farming where input costs are as high as \$2,500 per hectare. The first step taken to address the lack of access to credit was the development of an interim revolving input fund for MVG established through the Commodity Grant Fund. The initial grant for \$8,293 covered production costs for the first growing cycle (May – August 2008). Due to time constraints and the need for immediate establishment of the input fund, the fund was directly managed by SHOP in collaboration with MVG and KIT. Following the end of the first planning cycle, a larger revolving fund of \$40,000 for inputs was created in collaboration with CRDB Bank and guaranteed through a fixed deposit receipt (FDR) of \$50,000 from SHOP's Commodity Grant Fund. The commercial loan fund ensured that any credit intervention is commercially sustainable, and made smallholder farmers bear the full cost of production without subsidizing it.

The FDR (and with it the input loan) terminated on July 23, 2009 in time for SHOP's project closure. In anticipation of this closure, a new credit system was developed between HG, KIT and the three smallholder farmer groups in which seeds and approved pesticides are provided on credit by Homegrown, while fertilizers and other inputs, such as labor for irrigation, grading and costs associated with selling the produce, will be financed by KIT and repaid by the smallholder farmer groups from the sale of produce to Homegrown. Members from the smallholder farmer groups also agreed to set aside a monthly sum to build up their own input fund.

In the project's domestic outgrower scheme, RUDI facilitated SACCOS training and formation in each of the ULT's member associations, which will provide ULT members with a savings mechanism and access to credit.

### **2.3 Agricultural Sector Productivity**

#### *Productivity Enhancement Component: Improve Extension Services*

Extension services were provided to the export project's beneficiaries in a number of forms:

1. Direct extension support through SHOP's Production Advisor, Alex Mangowi, who liaised closely with lead nucleus farmer KIT and export partners to ensure that product specifications are maintained
2. SHOP facilitated extension services through KIT by paying for training and extension support through KIT employees Patrick Muchiri, Felix Masese and Peter White. The goal was to fund these extension costs until they can be sustainably priced into MVG's production contracts with KIT at which point that the smallholder groups will become commercially sustainable outgrower units for KIT.
3. With the start of the HG partnership, HG placed three technical extension agents at each project site at their own cost.

The focus of the final quarter was on preparing project beneficiaries for extension support during the post-SHOP phase. In the project's export scheme, two new extension agents from Homegrown were placed with RVGA and MFVGA on a permanent basis. These agents complement the extension support provided by KIT that is budgeted into the production contracts between KIT and the smallholder groups. The business plan also factors the cost of this into MVG's future operations. User fees for the Smallholder Farmer Hub at Mailer Farm will be used to defray some of the costs of this support, as discussed in further detail in section 2.5.

The embedded services provided by export partner Homegrown far exceed the support from the project's previous export partner. In addition to assistance with designing grower schemes, planting schedules and procurement of seeds, Homegrown provided full-time extension agents at their own cost at each of the production sites.

Additional extension services were provided by Homegrown in the form of technical assistance given during frequent visits to project beneficiaries. Homegrown also undertook pre-audits and will shortly undertake final GLOBALGAP certification of the smallholder farms at their own cost. During the final quarter, Homegrown's outgrower and commercial team visited Mailer Farm several times to prepare for expansion of production for Homegrown.

In the project's domestic market scheme in Lushoto, SHOP worked with ULT to increase its capacity to provide extension services by paying a retired extension agent, Ekino Komba, to provide technical extension to ULT and its members to design outgrower schemes. The technical assistance enabled ULT to provide consistent supply to its buyers and ensure that over-production does not lead to waste. The cost of the extension agent is now budgeted into ULT's business plan and is included in the SCF proposal.

Cross-Cutting Component: Commodity Grant Fund

The combined amount of grants given through the initial project Commodity Grant Fund budget and the USAID top-up in February 2009 totals \$437,028. Grants were allocated with USAID concurrence as indicated below<sup>2</sup>:

**MVG**

<b>Grant #</b>	<b>Amount</b>	<b>Purpose</b>	<b>Comments</b>
01	\$8,293	Inputs for HVEV production	Pesticide and fertilizers excluded, pending PERSUAP and waivers
02	\$7,000	Collection center, cooler, sanitary facilities and shade net	Infrastructure required for the production of HVEV and for GLOBALGAP and other product certifications
03	\$3,500	Hand tools and equipment	Equipment required for the production of HVEV
04	\$7,500	GLOBALGAP certification	Prior to HG's commitment of undertaking certification at their own cost
05	\$2,000	Testing	For commodity, worker safety, soil and water testing
06	\$6,000	Irrigation rehabilitation	For existing but disused furrows
07	\$5,000	Crates	For transportation of HVEV
12	\$12,000	Self-sustainability grant	Covering MVG office costs, salary for a manager and an accounts clerk
13	\$50,000	Revolving fund for inputs	To establish a revolving fund for inputs. This amount was returned in Q4 FY09 and used towards additional equipment purchases
14	\$127,700	Cold store and Hub	Construction of cold store, training center, chemical stores, and related operational costs through August 2009
16	\$18,500	Second equipment grant	Second grant for farming equipment and implements
18	\$8,200	MVG sustainability grant	Second MVG sustainability grant to cover operational costs through August 2009
20	\$35,000	Irrigation grant	Low-pressure drip irrigation systems for ACU farm to reduce water usage and labor costs and increase

<sup>2</sup> The total amount of the grants issued exceeded available funding to allow for flexibility in project implementation, particularly in a short project period in what is a very dynamic industry. Total spend however, remained within allowable limits.

			productivity
21	\$45,000	Tunnels grant	Plastic tunnels for MVG production of specialty crops that require climate-modified conditions
23	\$60,000	Irrigation and equipment grant	Sprinkler system for crop irrigation, additional irrigation system expenses and a footbridge over Maji ya Chai

#### **RVGA**

<b>Grant #</b>	<b>Amount</b>	<b>Purpose</b>	<b>Comments</b>
22	\$35,000	Collection centers and equipment including pumps, crates, etc.	Infrastructure required for the production of HVEV and for GLOBALGAP and other product certifications

#### **KIT**

<b>Grant #</b>	<b>Amount</b>	<b>Purpose</b>	<b>Comments</b>
15	\$19,200	KIT Capacity Building	Costs for KIT's finance and administrative manager and partial costs for one KIT director
19	\$10,000	KIT Marketing Activities	Grant to cover KIT marketing costs including trips to buyers and export partners in Nairobi and Dar es Salaam

#### **ULT**

<b>Grant #</b>	<b>Amount</b>	<b>Purpose</b>	<b>Comments</b>
08	\$6,500	Self-sustainability grant	Funds for office, office manager and operational costs for 15 months
09	\$6,000	Field and transportation crates	For transportation of high-value vegetables
10	\$3,000	Drip kits and materials for demonstration plots	Demonstration plots to introduce the new technology and varieties
11	\$11,000	Two collection centers	Construction of two collection centers in Lushoto
17	\$40,500	Collection center/office, supply chain capacity building and marketing activities	Construction of collection center and office and implementation of the supply chain consultant's recommendations

Most of the grants provided either critical infrastructure for the production of high-value vegetables or capacity building for the project's smallholder beneficiaries to cover minimal operational costs until these costs can be absorbed into their ongoing operational budgets (known as sustainability grants).

Grants given to KIT enabled them to hire a finance and administrative manager and cover some of their operational and marketing costs. These grants were critical interventions, as they scaled up their systems required to participate in export farming and enabled it to work with MVG and other outgrowers.

Grant 14 for the procurement of the cold store and Smallholder Farmer Hub construction included the costs for a procurement consultant, Pius Travas, and a hub project manager, Isack Motta. The two consultants coordinated and/or supervised all the procurement and construction for both the Hub and Rundugai collection centers.

Final grants for project beneficiaries were signed during this quarter (grants 17, 22 and 23). The 10 acres of drip irrigation equipment ordered in April finally arrived in late June after delays relating to border documentation. The irrigation system was installed in June and July, and a sprinkler system was also ordered and installed in September.

Construction of the two collection centers in Rundugai, which include charcoal coolers, were also completed. A charcoal cooler is a cost-effective and low-tech way of removing the field heat from the product at the collection centers until it is picked up for transport to the cold store facility at Usa River. The collection centers also included an office, chemical store and toilets. Equipment purchased included weighing scales and 500 crates for Rundugai.

A footbridge was constructed across the Maji ya Chai river at Mailer Farm for movement of farmers, extension staff and produce.

In Lushoto, the two final collection centers were built and fitted with equipment, as was the ULT office in Lushoto.

## **2.4 Project Implementation**

### **Startup and Closeout**

Following the start-up of new USAID-funded horticulture projects, SHOP, TAP and Eastern Arc Tree Crops projects held their official launch on February 7, 2008 in conjunction with the launch of TAHA's National Membership Drive.

Another key public event was the very successful Smallholder Farmer Hub launch on June 8, 2009, which was held with the permanent secretary of MAFSC attending on behalf of the Minister of Agriculture. Also in attendance were the USAID mission director, the CTO, the regional commissioner for Arusha, Mr. Geoffrey Kirenga from MAFSC, and over 150 industry stakeholders, suppliers, smallholder farmers and commercial farmers. The event also served as the closeout for the project with industry stakeholders. Closeout activities with individual beneficiaries and partners are discussed in more detail below.

Closeout activities as per 22CFR226.71 formed a large part of this past quarter's activities. Technical and administrative closedown plans were submitted to USAID as part of the last quarterly report. Project staff also held regular closeout meetings internally and with the headquarters support teams, which consisted of finance, programs, and awards and compliance staff.

As per ACDI/VOCA's cooperative agreement for SHOP, ownership of all assets vested with the project. USAID was consulted in disposition of assets over \$5,000, which were two pickup double-cabins: a Toyota Hilux with registration DFP 261 and a Nissan Hard-body with registration DFP 2586. The former was donated to KIT for extension support to the project's smallholder farmer groups and the latter to TAHA for its membership outreach. Ownership of the assets (equipment and infrastructure) procured through the Commodity Grant Fund vested with the beneficiaries and is discussed further in the following section. Assets under \$5,000, which consisted of office furniture and equipment, were donated to project beneficiaries and partners, as indicated in Annex 5.3.

A final monitoring and evaluation survey was contracted through Rural Resources Center (RRC) in Lushoto, who also undertook the baseline survey for SHOP in Q2 FY08. However, the report was never completed, and the consultancy contract terminated. Indicators required as part of SHOP's PMP were triangulated from project and beneficiary data, especially as sales (value and volume) were tracked in detail.

Members of ACDI/VOCA's board of directors and HQ senior management team, including the president, chief operating officer and technical managing director for the Agribusiness division, visited the project on September 4–5 as part of their East Africa tour. They were debriefed by project staff and visited the Smallholder Farmer Hub at Mailer Farm where they met with project partners and beneficiaries. The visitors were impressed with project achievements and commented on how much had been achieved in a very short period of time on a limited budget.

After the board of directors left, SHOP staff held a farewell lunch on September 5 prior to staff departures. Penelope Hucker, senior project coordinator for the ACDI/VOCA SHOP project, came out to Arusha from September 22–27 to assist with the closeout of the project. The COP and Ms. Hucker held a final debrief with the CTO and two USAID staffers, Matthew Sumpter and Maurice Shines, on September 22. The USAID visitors were given a debrief of the SHOP project and its activities in Lushoto and Usa River. As part of the final debriefing, they visited the Smallholder Farmer Hub and RVGA on September 24. The USAID team then passed through Lushoto to visit ULT the following day.

The project also held a series of closeout activities with project partners as documented in the narrative above. The COP met with TAHA, Fintrac and USAID on September 22 and 24 to ensure a smooth closeout of the project and transition to the new USAID APS horticulture project to be implemented by Fintrac.

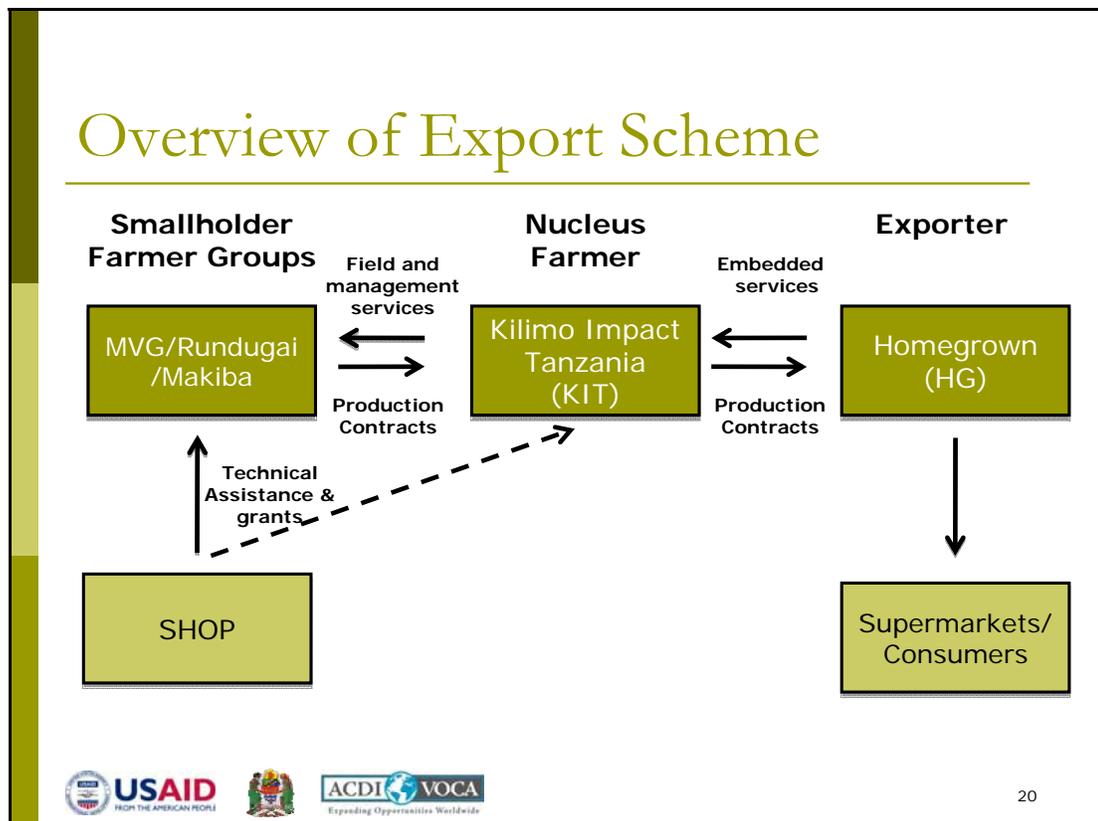
The COP was on leave July 11–27 and August 19–25.

The SHOP office closed at the end of September and COP demobilization was completed.

## 2.5 Project Transition & Sustainability

SHOP was developed with a two-year implementation timeframe. Given the uncertainty of continued USAID funding for horticulture during the project design, project sustainability was built into the project design and implementation. The entire project was designed with three principles in mind, as outlined in the annual work plan for FY2008: commercial sustainability; ownership by project beneficiaries and partners; and sustainable results.

To build a commercially sustainable project within two years is difficult even in the most favorable conditions. Key private sector partners are critical for extension and management support in what is still a nascent industry in Tanzania. Key to the commercial sustainability of the work under SHOP has been the project's nucleus farming partner, KIT, and the project's export partner, Homegrown. During the project implementation, SHOP played a facilitating role, providing association strengthening and capacity building, technical production assistance and infrastructure grants to enable project beneficiaries to become commercially sustainable outgrower units for KIT. This extension model was piloted with MVG and based on the positive outcomes, the pilot expanded to include two additional smallholder farmer groups, RVGA and MFVGA. The relationship of the parties is shown in the diagram below.



As SHOP withdrew from the facilitation role during the last quarter, extension support provided directly by the project and facilitated by the project through KIT was budgeted into production contracts with KIT and Homegrown. KIT will continue to provide field and management support to project beneficiaries. These include

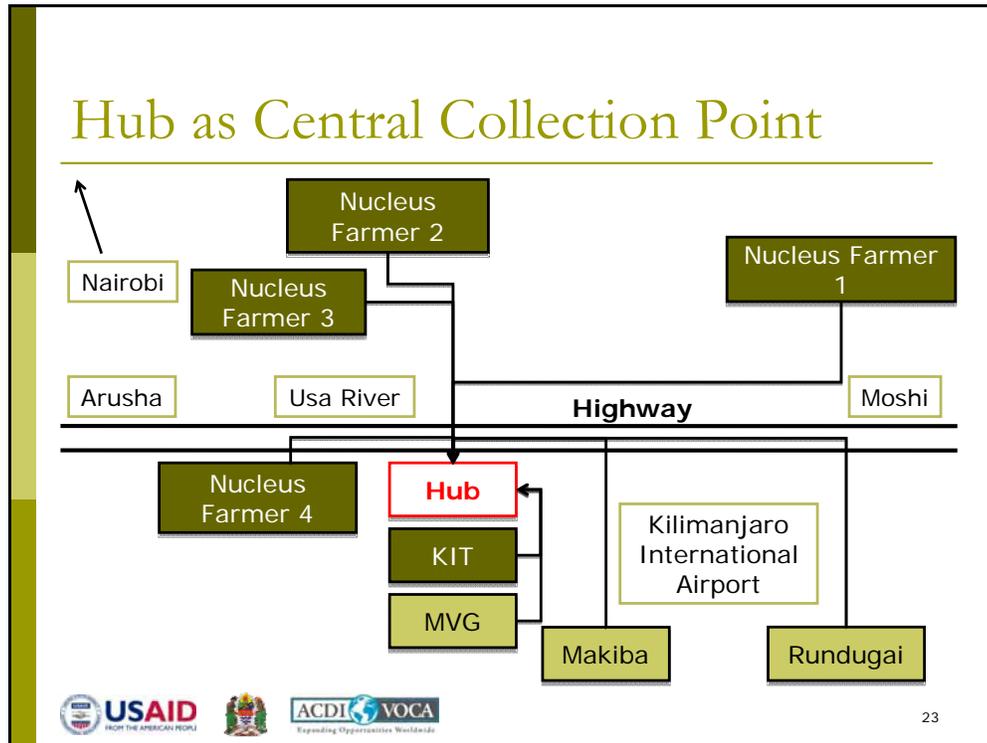
- production contracts and marketing
- extension support, particularly relating to application of pesticides
- management of inputs
- management of Mailer Farm Smallholder Farmer Hub assets (cold store, irrigation equipment, pesticide store, etc.).

Homegrown, in turn, presents substantial opportunities for project partners and for the export vegetable industry in Tanzania. Through the partnership with Homegrown, SHOP's beneficiaries have been linked with a market that offers

- average of 30–40 percent **higher prices** compared to the price in Tanzania prior to Homegrown's entry, as well as collection of the product from the Usa River in its own truck
- **long-term contracts and unlimited market potential** with the corresponding financial, managerial and technical backup. Homegrown is one of the largest and most reputable vegetable exporters in Kenya, as it is part of the Flamingo Group which itself is a subsidiary of Finlay's, one of largest agribusinesses in the world. The market potential for Tanzania is compounded by the fact that Homegrown's current production base in Kenya is facing increasing climatic, land, water and competitive pressures.
- Homegrown is **strongly committed to Tanzania** and will build a GLOBALGAP-compliant packhouse for even greater value addition in Tanzania once volumes are large enough. At that stage, value-added vegetables (consumer pre-packs) will be **exported through KIA**, which will benefit the entire horticulture industry in Tanzania.
- **Dedicated on-site extension staff** seconded to each production site.
- **Access to Homegrown's Nairobi-based technical support** including the outgrower unit and technical team. These teams visit the Usa River site regularly and have hosted teams from Tanzania for training in Nairobi.
- **Product certification** to comply with various standards, e.g., GLOBALGAP, Tesco's Natures Choice (TNC) and Marks & Spencer Field-to-Fork (F2F).
- **Transparent and efficient working relationship.**
- **On-time payments** on a weekly schedule.
- **Supply of seeds and chemicals** on credit.
- **Access to Homegrown equipment and vendors** for supply of equipment.
- **Access to new technologies from Homegrown networks.**

The Smallholder Farmer Hub at Mailer Farm provides the required infrastructure for export production and a central venue where smallholder groups and commercial farmers can supply produce to Homegrown's facilities in Nairobi. As mentioned above, once volumes are large enough, Homegrown will build a packhouse in Northern Tanzania. Eight additional

commercial farmers have already started producing for Homegrown, with all produce passing through the Hub, which generates user fees for MVG as illustrated below.



Based on the guiding principles of the project, the ownership of Mailer Farm Hub assets was transferred to MVG. The hub itself is located on Mailer Farm, which KIT has leased from Arusha Cooperative Union for 14 years with a right of first refusal. MVG has, in turn, entered into a legally binding management agreement with KIT for maintenance and operation of Hub assets and continued access to 30 acres of Mailer Farm for their farming operations.

Operating the Smallholder Farmer Hub in this manner ensures the following:

1. Ownership and access to hub assets and land are clearly defined.
2. Management and maintenance of expensive assets is ensured.
3. The hub is fully utilized as it is integrated into a commercially sustainable production system that has already made a significant impact on the competitive landscape of Tanzanian horticulture.
4. All production for Homegrown—both smallholder and nucleus farms—passes through the hub, generating user fees for MVG to pay for hub operation and maintenance.
5. Additional users can have access to the hub upon approval by the MVG and KIT board.

In addition to commercial sustainability of the project and continued extension support by KIT and Homegrown, project partners will receive continued support from the following:

1. **USAID** follow-on horticulture project for FY2010-11

2. industry support by **TAHA** through their membership and TAHA's activities to promote the horticulture sector
3. **additional donors and investment funds** that are keen to support the project's export horticulture scheme, such as the African Development Foundation
4. possible **commercial loan financing**, using the hub assets as collateral
5. continued support from **ACDI/VOCA**, which is keen to provide further support of a successful project through qualified short-term technical volunteers to be sent out through ACDI/VOCA's volunteer programs
6. **potential support from supermarket chains** under their CSR programs (in the post-global financial crisis era)
7. **potential grant funding for ULT from SCF** to continued implementation of SHOP supply chain consultant's report and business plan for the next four years with RUDI providing oversight.

## **2.6 USAID & USG**

In addition to numerous visits by the CTO, NRM/EG staff and mission directors Pamela White and Robert Cunnane, the project hosted several high-profile visitors and events:

1. Visit by Franklin Moore, USAID deputy assistant administrator for Africa on June 3, 2008. Mr. Moore was in Arusha for the Sullivan Summit and attended the signing ceremony of the first grant agreements between SHOP and MVG.
2. Hosting of NRM/EG Strategic Objective Team Meeting in Lushoto on November 16–19 2008 which included a SHOP project overview and field visits.
3. On July 2, 2009, in collaboration with TAHA and USAID implementing partners, SHOP hosted the deputy secretary of state for management and resources, Jacob Lew, at the Smallholder Farmer Hub at Mailer Farm. The event included remarks and overviews by key industry stakeholders followed by a farm tour with project beneficiaries.

In addition to the DSS's visit this quarter, USAID's summer intern Anne Michener visited the project and toured the hub on July 27.

The COP and KIT director met with Jon Halvorson, country director for the African Development Foundation (ADF) and William Massawe, executive director for CSDI—the ADF implementing partner—to discuss support to KIT and the smallholder farmer groups on August 5.

The COP held a final debrief with USAID and meetings were also held with USAID, TAHA and Fintrac, which will be implementing the upcoming USAID horticulture project, to discuss transition of project activities.

### **3.0 Challenges & Lessons Learned**

#### Variable USAID funding

SHOP operated under various funding scenarios over the two-year timeframe. The initial project proposal was submitted with a budget of \$1.4 million over two years; however, ACDI/VOCA was asked to reduce its budget to \$1.0 million over two years during the cooperative agreement negotiations. In January 2008, USAID indicated that top-up funding might be made available to ensure commercial sustainability of the project. ACDI/VOCA received verbal confirmation of top-up in late 2008; however, the modification to the cooperative agreement for the additional \$317,000 was not obtained until February 2009.

The variable level in funding over the short project period caused some delay in the consultancy work over the life of the project. The top-up funding particularly impacted ULT with the Lushoto Supply Chain Consultancy beginning only in March 2009. Most of the top-up funding was allocated for pass-through, which meant that SHOP staff worked very hard to spend the additional funding productively in the short project time remaining between February and September 2009.

#### Scaling up the project takes time

Achieving scale in a project with a short timeline, while ensuring commercial sustainability with a tight budget is extremely difficult. SHOP has demonstrated that HVEV production is very resource intensive and requires great care to ensure that product specifications are communicated and met, while compliance with export certifications ensured. The resource-intensive nature of extension support is compounded by the fact that HVEV is a new industry for Tanzanian smallholder farmers. The project's export scheme started off with about 45 farmers from 22 families in April 2008. By September 2008, the project expanded to approximately 170 farmers and with the experience gained from working with initial MVG members, finally to 944 farmers with the addition of RVGA and MFVGA in Q2 and Q3 of FY09.

The heavy investment in the Smallholder Farmer Hub at Mailer Farm represents a one-time investment that takes time to build, but is then easily scalable. The facilities at the hub now serve as a training ground for additional smallholder farmer groups. With these facilities, KIT and the horticulture industry will be able to expand even more using the cold store, which can accommodate additional capacity, particularly with the increase in Homegrown's pickup of produce from three to six times per week.

Both USAID and ACDI/VOCA have learned that it takes a lot of resources and time to build a commercially sustainable project in two years. Together we have learned that building private sector relationships and achieving scalable and replicable results in a pilot project is possible with much hard work, but that much larger results will be achieved in the years to come.

### Technical assistance and inputs for HVEV are expensive

A short project timeframe and a tight budget were two of the biggest limitations in SHOP. An additional challenge was the fact that technical assistance and inputs for production of HVEV are expensive. As HVEV is a nascent industry in Tanzania, obtaining technical assistance from Kenya was necessary for the implementation of this project. While USAID funding was only directly used for the purchase of inputs (seeds, approved chemicals and fertilizers) during the trials, USAID funding was used to establish a commercially sustainable revolving fund for inputs with CRDB Bank, which tied up project funds in the fixed deposit receipt, used to guarantee the loan.

### Competitive landscape for HVEV in Northern Tanzania

During the project design phase, the only viable export partner in Tanzania was Serengeti Fresh Limited, which initially became SHOP's partner. After a very difficult relationship with SFL, which stemmed from a different vision of the role of smallholders in HVEV and monopolistic business practices, the project and its partners were forced to explore alternate markets.

SFL withdrew from the partnership in November 2008, and SHOP was fortunate to partner with Homegrown, one of the largest HVEV players in East Africa. While this change in partners caused some delays in production, the change in exporters bodes well for all project partners and the horticulture industry in Tanzania. Although partnering with a Kenyan-based exporter presented many hurdles in the domestic and regional industry, there are a host of benefits to farmers and the industry from the new partnership.

### Private sector partners are critical but need to be chosen carefully

Due to the short project timeframe, private sector partners are critical to achieving a commercially sustainable project. SHOP was delighted to partner with KIT and work with its directors, John Mbatia and Joseph Giovinazzo. KIT and ACIDI/VOCA share a similar vision for the role that smallholder farmers can play in the HVEV industry, and many of the strong project results are a result of the collaboration with KIT. Likewise Homegrown shares a vision for quality, transparency, standards and growing the export vegetable sector in Tanzania. Both partners continue to provide a host of commercially sustainable benefits to the project's smallholder beneficiaries.

### Passive nature of Tanzanian farmers, “donor-mentality” and nascent entrepreneurial spirit

Perhaps due Tanzania's socialist legacy and relatively recent exposure to a capitalist system, Tanzanian farmers are particularly passive. It is a challenge to any development project to educate farmers about the free-market economy, provide them with the tools to succeed in this environment, and help them become proactive entrepreneurs.

A related issue is that of the “donor-mentality” that pervades many Tanzanian organizations and farmer groups. It was a particular issue with ULT, which received substantial support and capacity building since its infancy, but has not turned the advice and assistance provided by donors into action. ULT's board and members need to make some difficult decisions and provide

the necessary leadership and entrepreneurial spirit to change and grow; only ULT can be the driver of this change.

#### Pre-existing farmer groups come with history

On a practical level, farmer groups formed prior to a project intervention come with a history that is often not readily accessible or easily communicated. In the case of SHOP, ULT was formed by a GTZ-funded project at a time when the value chain methodology had not been finalized. As a result, it was heavily staffed with district officials who do not have a private sector philosophy. The ULT board contributed heavily to the organization in its early years, but the board currently does not democratically represent the aspirations of ULT's members.

ULT board members are hesitant to make their board more democratic. However, the organization needs to increase the accountability of its board and strengthen the capacity of the member associations to overcome its history of uncollected revenues and bad debts. In order to make ULT more democratic, SHOP's association development partner, RUDI, assisted in the registration of ULT's four member associations and initiated quarterly council meetings that bring together the ULT board and leaders from the member associations. The board needs to hold regular elections and fill all of its seats, most of which are currently vacant.

#### ULT value chain is too short

The goal of many smallholder farmers is to sell directly to the end-buyer. However, increasing standards, a focus on marketing and packaging, and post-harvest handling make it difficult to sell directly to the end-customer. The project's export scheme is a well-established supply chain, but in its domestic outgrower scheme, ULT is very hesitant to give up direct sales and marketing to its high-end customers in Dar es Salaam.

SHOP's marketing advisor played a key role in increasing ULT's sales and marketing capacity. During the implementation of the project, it was evident that something as simple as placing a phone call to buyers when the delivery truck is delayed or the order not completed is still beyond the ability of ULT management. It is clear that selling a perishable commodity to high-end customers requires a more professional marketing intermediary. SHOP proposed hiring a professional marketing intermediary to the ULT board, and the project took the board on an exchange visit to the Tanga Fresh Dairy where the ULT leaders were told by other farmers at Tanga Fresh to focus on production. Tanga Fresh hires a professional intermediary to oversee their product sales and marketing. Unfortunately, the idea of hiring a marketing intermediary did not find fertile ground with ULT. The short project time remaining did not allow continued education of the ULT board. SHOP strongly advocates connecting ULT to a marketing intermediary for continued success of ULT.

#### Weather: Climate and Water

Project beneficiaries have access to water through water user rights from the Maji ya Chai River; however, the low rainfall since November 2008 has created many challenges due to increased irrigation needs and lower yields. Changing weather patterns make it critical to train beneficiaries on how to deal with the effects of drought. SHOP procured drip irrigation technology and built a reservoir for 10 acres of smallholder production in Usa River, which will

significantly reduce water consumption and irrigation labor needs. The project also procured a sprinkler system, which is a very cost-effective and mobile irrigation system. In the interim (post-SHOP), project partner KIT is eager to dig boreholes to guarantee access to groundwater. SHOP's contribution to this construction was to fund hydrological surveys for two borehole sites.

## 4.0 Appendix

### 4.1 SHOP Indicators

Indicators:	Baseline FY08	Target FY08	Q1 FY08	Q2 FY08	Q3 FY08	Q4 FY08	Total FY08	% Target FY08	Target FY09	Q1 FY09	Q2 FY09	Q3 FY09	Q4 FY09	Total FY09	% Target FY09
<b>1. Trade and Investment Capacity - TIC</b>															
<b>1.1 Participants in USG Supported Training</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>91</b>	<b>91</b>	<b>182</b>	<b>4550%</b>	<b>600</b>	<b>192</b>	<b>562</b>	<b>946</b>	<b>946</b>	<b>2646</b>	<b>441%</b>
Male			0	0	38	37	75			79	219	455	455	1208	
Female			0	0	53	54	107			113	343	491	491	1438	
% female			0	0	58%	59%	59%			59%	61%	52%	52%	54%	
<b>1.2 Firms receiving capacity building for exports</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>100</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>400%</b>
<b>2. Agricultural Enabling Environment - AEI</b>															
<b>2.1 Individuals receiving short-term AEI training</b>	<b>0</b>	<b>30</b>	<b>0</b>	<b>354</b>	<b>134</b>	<b>465</b>	<b>953</b>	<b>3177%</b>	<b>500</b>	<b>990</b>	<b>719</b>	<b>720</b>	<b>367</b>	<b>2796</b>	<b>559%</b>
Male			0	223	84	289	596			531	404	299	107	1341	
Female			0	131	50	176	357			459	315	421	260	1455	
% female			0	37%	37%	38%	37%			46%	44%	58%	71%	52%	
<b>2.2 Organizations undergoing capacity assessment</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>5</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>100%</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>150%</b>

Indicators:	Baseline FY08	Target FY08	Q1 FY08	Q2 FY08	Q3 FY08	Q4 FY08	Total FY08	% Target FY08	Target FY09	Q1 FY09	Q2 FY09	Q3 FY09	Q4 FY09	Total FY09	% Target FY09
<b>2.3 New Producer/trader organizations established</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>25%</b>	<b>4</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>6</b>	<b>150%</b>
<b>2.4 Membership in POs</b>	<b>323</b>	<b>250</b>	<b>0</b>	<b>323</b>	<b>411</b>	<b>411</b>	<b>411</b>	<b>164%</b>	<b>450</b>	<b>507</b>	<b>883</b>	<b>1267</b>	<b>1267</b>	<b>1267</b>	<b>282%</b>
Total Male	195		0	195	230	230	230			269	413	649	649	649	
Total Female	128		0	128	181	181	181			238	470	618	618	618	
% total female	40%		0%	40%	44%	44%	44%			47%	53%	49%	49%	49%	
(% change from baseline)			0%	0%	27%	27%	27%		39%	57%	173%	292%	292%	292%	
<b>3. Agricultural Sector Productivity - ASP</b>															
<b>3.1 Individuals receiving short-term ASP training</b>	<b>0</b>	<b>200</b>	<b>0</b>	<b>0</b>	<b>173</b>	<b>216</b>	<b>389</b>	<b>195%</b>	<b>300</b>	<b>171</b>	<b>77</b>	<b>187</b>	<b>49</b>	<b>484</b>	<b>161%</b>
Male			0	0	9	101	110			1	19	61	22	103	
Female			0	0	163	115	279			170	58	126	27	381	
% female			0	0	94%	53%	72%			99%	75%	67%	55%	79%	
<b>3.2 Rural household benefiting directly</b>	<b>0</b>	<b>150</b>	<b>0</b>	<b>283</b>	<b>305</b>	<b>305</b>	<b>305</b>	<b>203%</b>	<b>415</b>	<b>329</b>	<b>376</b>	<b>519</b>	<b>519</b>	<b>519</b>	<b>125%</b>
<b>3.3 Value of exports (\$ '000)</b>	<b>0</b>	<b>\$110</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16</b>	<b>16</b>	<b>15%</b>	<b>100</b>	<b>8</b>	<b>45</b>	<b>87</b>	<b>119</b>	<b>258.06</b>	<b>258%</b>
( % change over previous quarter)						n/a	0%			-50%	460%	95%	36%		
<b>3.4 Volume of production</b>	<b>1639.7</b>	<b>350</b>	<b>0</b>	<b>445.5</b>	<b>438.3</b>	<b>458.8</b>	<b>1342.6</b>	<b>384%</b>	<b>1950</b>	<b>452.9</b>	<b>483.3</b>	<b>520.0</b>	<b>560.4</b>	<b>2016.5</b>	<b>103%</b>

<b>Indicators:</b>	<b>Baseline FY08</b>	<b>Target FY08</b>	<b>Q1 FY08</b>	<b>Q2 FY08</b>	<b>Q3 FY08</b>	<b>Q4 FY08</b>	<b>Total FY08</b>	<b>% Target FY08</b>	<b>Target FY09</b>	<b>Q1 FY09</b>	<b>Q2 FY09</b>	<b>Q3 FY09</b>	<b>Q4 FY09</b>	<b>Total FY09</b>	<b>% Target FY09</b>
<b>marketed by POs (tons)</b>															
<b>3.5 Value of production marketed by Pos (\$ '000)</b>	<b>\$930.59</b>	<b>\$190</b>	<b>0</b>	<b>257.0</b>	<b>251.3</b>	<b>263.7</b>	<b>772.1</b>	<b>406%</b>	<b>1100</b>	<b>257.9</b>	<b>273.1</b>	<b>297.6</b>	<b>324.8</b>	<b>1153.5</b>	<b>105%</b>
<b>3.6 New business partnership established</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>67%</b>	<b>5</b>	<b>2</b>	<b>3</b>	<b>10</b>	<b>2</b>	<b>17</b>	<b>340%</b>
<b>3.7 Area under improved technologies</b>	<b>0</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>3.2</b>	<b>95.9</b>	<b>95.9</b>	<b>96%</b>	<b>110</b>	<b>98.6</b>	<b>113</b>	<b>144</b>	<b>148</b>	<b>148.12</b>	<b>135%</b>

## 4.2 SHOP Producer Organization Capacity Assessment Index

### Summary of Ranked Stages in ACDI/VOCA SHOP Project Producer Organization Capacity Assessment Index

As of September 30th, 2009

Association/Subsector	Nascent stage	Emerging stage	Expanding stage	Mature stage	Total
<b>Overall total per growth stage 2009</b>	<b>0</b>	<b>4</b>	<b>4</b>	<b>1</b>	<b>9</b>

#### Rating Scale

Associations were assessed in a range of activities within five components (governance, management, human resources, financial resources and service delivery) based on the following scoring system:

- 0 Nonexisting
- 1 Components and structures of element in place but not operational
- 2 Components and structures of element in place but with limited operation
- 3 Components and structures of element in full operation
- 4 Components and structures of element fully operational and demonstrated signs of sustainability and evolution (e.g. successful transitional elections, increase in membership, expanded services, etc.)

#### Ranked Stages in Organization Development/Growth

Each association was then given an average score, to be interpreted using the following key:

ACDI/VOCA Shop

<b>0 - 0.9</b>	<b>Nascent</b>	The organization is in the earliest stages of development. All the components measured are rudimentary or nonexistent.
<b>1.0 - 1.9</b>	<b>Emerging</b>	The organization is developing some capacity. Structures for governance, management practices, human resources, financial resources, and service delivery are in place and functioning.
<b>2.0 - 2.9</b>	<b>Expanding</b>	The organization has a track record of achievement; its work is recognized by stakeholders, government, other organizations and other sectors. The organization has structures that are functioning well and needs little improvement in this component.
<b>3.0 - 4.0</b>	<b>Mature</b>	The organization is fully functioning and sustainable, with a diversified resource base and partnership relationships with local, national, regional and international networks.

### Project Producer Organization Capacity Assessment Index

As of September 30, 2009

Region	Association	Governance						Management					Human Resource						F.Resource			S.delivery				Avg. Score	Avg. Score	% improvement
		a	b	c	d	e	f	a	b	c	d	e	a	b	c	d	e	f	a	b	c	a	b	c	d	2008	2009	change
Lushoto																												
	Usambara Lishe Trust Board	2	3	4	2	2	3	2	3	3	2	3	3	2	2	2	2	3	3	2	2	2	3	3	2.0	2.5	28%	
	Soni	2	2	4	2	3	3	2	1	2	2	3	2	0	0	1	1	1	2	3	2	2	2	2	2	0.6	1.9	207%

Region	Association	Governance						Management					Human Resource						F.Resource			S.delivery				Avg. Score	Avg. Score	% improvement
		a	b	c	d	e	f	a	b	c	d	e	a	b	c	d	e	f	a	b	c	a	b	c	d	2008	2009	change
	Association																											
	Malindi Association	2	2	4	2	3	3	2	1	2	2	3	2	0	0	1	1	1	2	3	2	2	2	2	2	0.8	1.9	142%
	Boga Association	2	2	4	2	3	3	2	1	2	2	3	2	0	0	1	1	1	2	3	2	2	2	2	2	0.6	1.9	207%
	Lushoto Association	2	2	4	2	3	3	2	1	2	2	3	2	0	0	1	1	1	2	3	2	2	2	2	2	0.7	1.9	171%
<b>Arusha</b>																												
	Mtazamo Vegetable Growers	2	2	4	2	3	3	3	2	2	2	3	3	2	2	2	2	2	3	3	2	2	2	2	2	1.4	2.4	68%
	Makiba Fruit and Vegetable Grower Association	2	2	4	2	3	3	2	0	2	2	3	3	0	2	2	2	2	3	3	2	3	2	2	2	n/a	2.2	not rated last year
	Kilimo Impact Tanzania	4	4	4	3	3	4	4	4	3	3	3	4	3	3	3	3	3	4	4	4	4	4	3	4	n/a	3.5	not rated last year
<b>Kilimanjaro</b>																												
	Rundugai Vegetable Grower Association	2	2	4	2	3	3	2	0	2	2	3	3	0	2	2	2	2	3	3	2	3	2	2	2	n/a	2.2	not rated last year

### 4.3 Success Story

#### **Success Story: USAID helps Tanzanians Profit from Vegetable Exports**

Millions of Tanzanians are sitting on a precious resource that could help lift them out of poverty – their land. Tanzanian farmers have the potential to earn thousands of dollars per year by producing crops that earn higher prices in both the local and global market.

But most farmers, however, lack one or more of the pieces needed to put together a successful farming business. For example, farmers may not know which crops are best suited for their land, or where they might find buyers for their crops. And even farmers who know how to grow and sell their crops often lack the money needed to invest in such a business.

Farmers in the Mtazamo Vegetable Growers association (MVG) are overcoming these challenges with the help of the USAID-funded Smallholder Horticulture Outgrower Promotion (SHOP) Project, implemented by ACDI/VOCA. The SHOP project is working with farmers in Northern Tanzania to grow valuable export vegetables like baby corn and French beans which earn them higher prices than traditional crops such as maize. SHOP advises farmers on production techniques, trains them in business practices, and provides valuable infrastructure needed to sustain a successful enterprise.

Through SHOP support, farmers have established a partnership with the largest East African vegetable exporter, Homegrown, which buys MVG's vegetables, packages them and sends them to the United Kingdom for sale in major supermarkets. Within the year and a half that the group was part of the SHOP project, MVG farmers sold more than 100 tons of vegetables worth over \$60,000. As MVG's members have become more skilled at producing the right quality for export, production has expanded, generating additional annual family incomes of \$1,500.

MVG farmers are paving the way for other farmers to follow in their footsteps. In fact, two additional smallholder farmer groups have already begun producing these high-value vegetables and many more will begin soon. The vision is for thousands of farmers in the area to



Mtazamo Vegetable Group Chairwoman Rehema Mkala and members holding their packaged beans ready for export during a visit to exporter

eventually join their ranks and supply into the smallholder farmer hub that was built through USAID funding for collection and shipment of the vegetables to Homegrown.

The money earned from these vegetables will help families and improve communities. Rehema Mkalla, the chairwomen of the predominantly female MVG association, says she “used the additional money to buy school uniforms for my grandchildren and send them to school. Even older women like me can learn how to compete in a new industry. The potential for the younger generation is limitless!” Ultimately, success will be seen not only in improved profits but in better education, better health, and renewed hope for the future.

#### 4.4 Project Pictures



Franklin Moore, Deputy Assistant Administrator, USAID Bureau for Africa with members of the Mtazamo Vegetable Growers, Usa River, Arusha during their grant signing ceremony, June 2008



Cherry tomatoes growing inside plastic tunnels at the Smallholder Farmer Hub at Mailer Farm



CTO and USAID NRM/EG team with SHOP staff and members of Rundugai Vegetable Growers Association during the launch of collection centers at Rundugai and close of the SHOP Project, September 2009

SHOP Project's Domestic Market Outgrower Scheme, Lushoto:



Horticulture farming plots in Lushoto, showing vegetable farming in the irrigated valley bottoms with staple crops such as beans and maize typically grown on the slopes



Launch of First ULT collection center, Lushoto, February 2009



SHOP Project Closeout event in Lushoto with the DC, DED and ULT stakeholders in front of the newly opened ULT office, Lushoto, September 2009