

Newsletter July 2023

Collection points complete the marketing chain

At the «Collection Point» in Makambako, situated in the southern highlands, maize, beans, potatoes, fruits, and more are gathered, cleaned, packaged, and stored for long-distance transport to Dar es Salaam. The «Points of Sale» mark the end-point of the 800 km logistics chain, where products are directly sold to consumers in the city.

Our local partner, TBM, aims to fill a gap in its innovative trading concept: organizing and overseeing the entire chain without intermediaries, enabling detailed accountability and ensuring benefits for the farmers. Currently, a bean changes hands 7 to 8 times before it reaches the plates in Dar es Salaam. For everyone involved in this complex chain, trade is a highly risky business, as it is practically unpredictable due to numerous uncertainties. All parties hope that nothing goes wrong. Moreover, the available cash is scarce because loans for such ventures are unaffordable. Everyone tries to mitigate risks by



driving down prices, leaving the farmers with meagre returns.

TBM wants to reverse the trade dynamics. The name itself, Tanzania Biashara Mapema (TBM), meaning «Tanzania Business in Advance,» signifies a different and innovative logic. TBM takes responsibility for marketing the products on behalf of the farmers throughout the entire logistics chain, right up to the final sale in cities, while ensuring transparent accounting. TBM can reduce and control the number of transactions. Their own agents secure procurement, maintain quality, and close deals with «Cash on the Bag,» providing immediate advances. Deliveries become predictable and regular. Thanks to transparent accounting, the farmers can ultimately earn more, fostering trust in the innovative logistics.

Scheduled Transport and Points of Sale are up and running. Now **farip** aims to facilitate the construction of the first collection point through a loan.

farip promotes innovative business ideas: Among them are women who want to run a business on their own, like Fatuma with her [cookshop](#), or Lucy who turns 50kg bags of [beans](#) into small packages for family consumption. [«MTM»](#) uses waste biomass from harvested fields to produce charcoal dust. This is processed into briquettes as a charcoal substitute, reducing the consumption of solid wood. [GRACOMA](#) is an experiment to test how private forest ownership can be used as collateral for bank loans. This complex project encompasses a wide range of areas such as fire protection, forest maintenance, tree nursery and monitoring and evaluation of the growing trees. [‘Scheduled Cargo Service’](#) SCS wants to provide agricultural producers with reliable transport to markets. [TSS](#): A fair trading model, distributing surplus to producers. **farip** aims to sustainably strengthen the agricultural production chain in the countryside and to stabilise and improve farmers’ income situation.

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News from current ventures

Over a hundred sheet metal silos, each with a capacity of 1 ton, are ready in the Msowero region for harvest storage, but only a few are operational. The challenge lies in the increasingly unpredictable climate and the manipulated market. After massive floods and two consecutive years of insufficient rainfall, this year's harvest is uncertain. Furthermore, the government has intervened heavily in exports, keeping prices low. Producers now lack the money



to repay their loans.

Ideas for a way out are emerging: In Msowero, they want to concentrate all silos in one location for easier monitoring and to make better offers to wholesalers. These wholesalers want to see a whole truckload before making a purchase.

Diversification is another strategy to bypass the manipulated movements of maize prices, focusing on rice and beans.



War-induced Inflation: East Africa relies on wheat from Ukraine. The war had an immediate impact: grain prices skyrocketed. The government responds with market interventions, which in turn unsettles the farmers. Low-income earners in cities are under pressure: less work with higher food prices.

People like Fatuma with her street restaurant have to offer their products at the same price despite higher production costs.



Timetable-based Transport: Two trips from the southern highlands to Dar es Salaam are now established per month. Costly repairs are frequent, which is understandable due to road conditions. Insuring against damages is nearly impossible in Tanzania. A recent accident, which was not the driver's fault, fortunately had no serious consequences. A small profit is now anticipated on each trip: will that be enough to regularly supply the new distribution sites in Dar?



GRACOMA kick-off: Ten farming families in Magunguli are in the middle of an experiment: they use their growing forests as collateral for loans to expand their bean and potato production.

TBM will organise the marketing. This represents the first realistic test run of their idea with GRowing Assets COLLateral MAnagement: using trees as collateral to enable investments in expanding food production.

«Scouting» How does an interesting idea in rural Africa turn into a successful small business? It takes scouting! **farip** picks up ideas brought to us by locals. We look into them and ask: Who are the potential entrepreneurs to tackle this? How can they organise themselves? What practical tests can show whether the idea is feasible? And where is the market for the products? Many ideas have to be abandoned; only the best make it to be supported by **farip** as a venture. The initiators receive funds to reach the proof of concept in defined stages. **farip** acts like a venture investor, giving loans for the critical stages in venture development, and support through coaching and exchange of experience - until the ventures become interesting for investors.