

Rural Markets



FERT and MVIWATA's Experience
in Supporting the Marketing
of Agricultural Products in Tanzania



FERT

This document is the result of the collaborative effort of Sébastien Valleur (FERT), Stephen Ruvuga (MVIWATA), Frederic Kilcher (FERT) and Fidelis Lubinza (MVIWATA).

Its publication has been made possible thanks to the financial support of the Dutch Government (DGIS) mobilised by AGRITERRA and FERT through the AgriCord's Farmers Fighting Poverty program. For more information please go to: www.agricord.org

A special thanks goes to the many individuals who made very insightful contributions to this document, some of which could not be reproduced here in their entirety for lack of space.

Pictures: UNIFA (page 4) and FERT (other pictures).

Graphic Design: René Bertramo

Printing: L'Artésienne

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“We need access to markets”

“Tunahitaji soko” in Swahili or *“We need access to markets”* in English is one of the strongest messages that came out of the forums MVIWATA organized in 1996 with farmers from all over Tanzania.

During the forums, we, the Tanzanian farmers, loudly and clearly expressed the need for access to the resources necessary to fairly compete in the free market economy and to obtain a paying outlet for our agricultural produce.

We saw that our produce could be sold at better prices if we could improve the market infrastructure near our farms.

Agricultural marketing is not the only concern of Tanzanian farmers but it is a crucial one since it can have a strong and direct impact on farmers’ income. Moreover, it is a good entry point to address other farmers’ concerns: including access to financial services, inputs and land.

To address the challenge of marketing which we consider a priority, we asked FERT to bring its technical and financial assistance for the implementation of pilot activities in the field of marketing. With a focus on rural bulking markets, the pilot activities have been jointly designed and implemented by MVIWATA and FERT in the framework of a long-term partnership between the two organisations, which are strongly dedicated to farmers.

The rural markets’ model relies on improved market infrastructure managed by a small local group of key market stakeholders. We believe that this is an innovative way of improving the farmers’ marketing conditions. This also concretely demonstrates how farmers’ organisations can get involved in public-private partnerships that bring positive results for all.

A handwritten signature in black ink, appearing to read 'Yazid Makame'. The signature is fluid and cursive.

Yazid Makame
MVIWATA Chairman



“To promote the establishment of farmers’ organisations bringing lasting solutions”

In 1996 when MVIWATA contacted FERT to request its support for efforts to break down barriers to the marketing of farm products in Tanzania, we quickly realized through our first exchanges, how relevant this collaboration would be.

In fact, we saw that with MVIWATA we had a common vision: to promote the establishment of farmers’ organizations with a look to bringing lasting solutions to the professional difficulties farmers face.

We used this vision as the basis for the development of pilot projects to set up rural markets and to mobilise various financial partners including the Agence Française de Développement, the European Commission, and the Netherlands Development Cooperation, as well as technical partners including the GRET, INADES Formation Tanzania, and the Sokoine University of Agriculture.

Ten years of concerted action (1999-2009) have produced six rural markets that are fully managed by Market Boards on which farmers’ organisations are important players. The markets offer useful services to users, as well as facilitate the development of the most important agricultural commodities for the country and the sub-region.

As we conclude one decade of work, we, along with MVIWATA, wish to give an overview of our experience and more specifically to lay out the steps taken in setting up the rural markets, the lessons learned and the feedback from the participating farmers’ leaders and technicians.

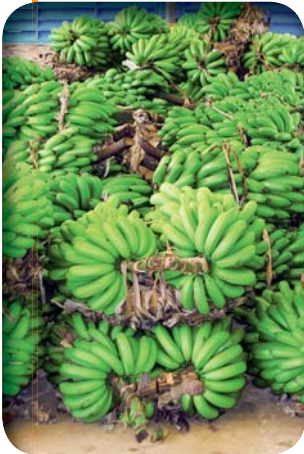
Our goal is to give herein a concrete example of an innovative long-term action with positive results. We hope that our experience may lead to further efforts to boost the marketing of farm products, and by extension, farmers’ incomes.

A handwritten signature in black ink, consisting of a stylized 'H' followed by a horizontal line and a vertical line ending in a hook.

Henri de Benoist
FERT Chairman

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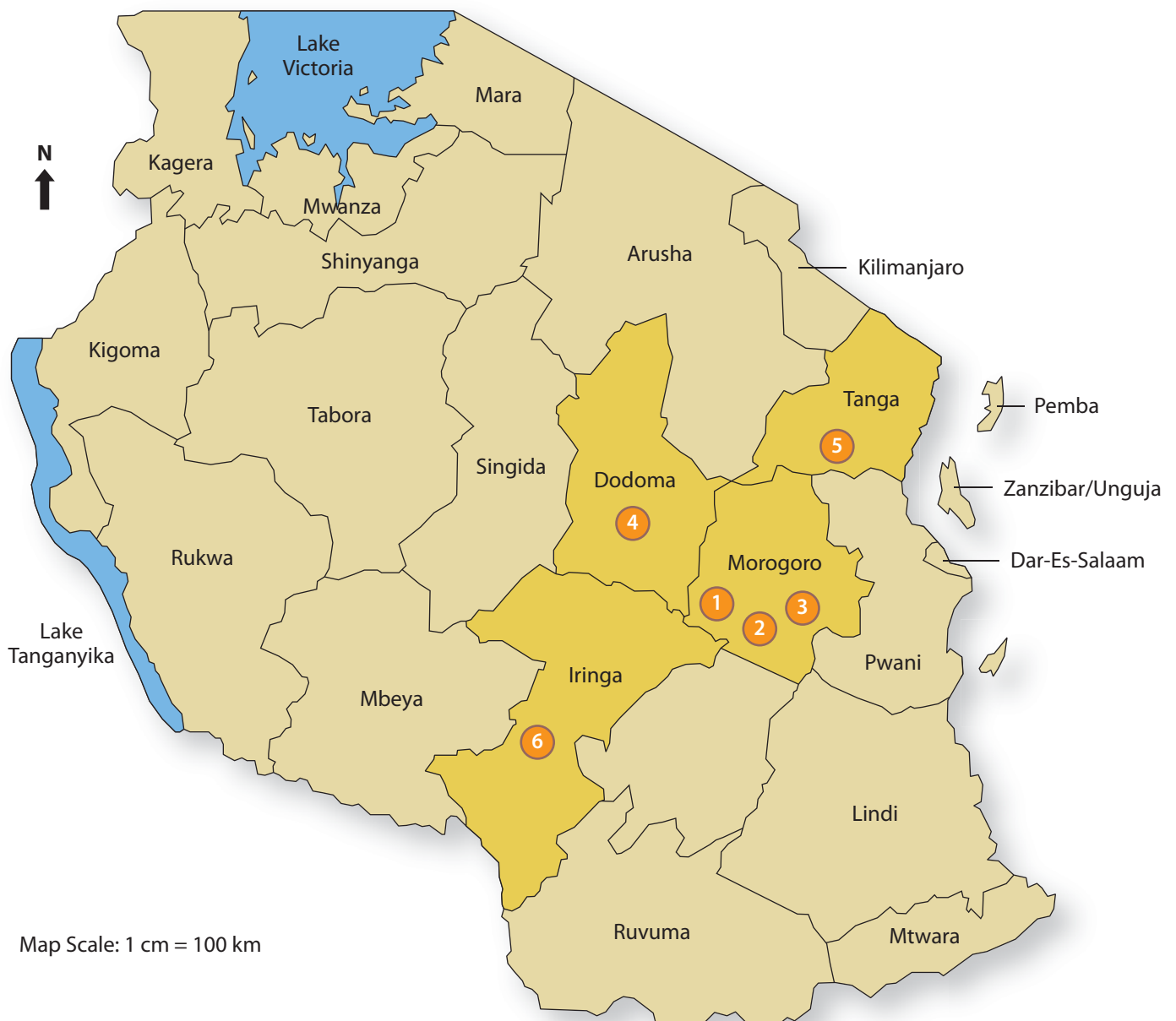
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TANZANIA

LOCATION OF THE SIX RURAL MARKETS IN THE TANZANIAN REGIONS OF TANGA, MOROGORO, IRINGA AND DODOMA



1 Tandai Market

Location	Morogoro region, Morogoro Rural District in the Uluguru Mountains, ~ 500 m above sea level
Main products	- Fruit: bananas, mangos, coconut, oranges, pineapples. - Root vegetables: (coco yam), spices (cinnamon, pepper, chilli)
Date opened	July 2004
Market board	Road maintenance group, Kinole SACCOS ⁽¹⁾ , MVIWATA's local network, traders and farmers' groups
Annual turnover	9,1 million TZS (5,3000 Euros) in 2008



2 Tawa Market

Location	Morogoro region, Morogoro Rural District in the Uluguru Mountains, ~ 450 m above sea level
Main products	- Fruit: bananas, mangos, coconut, oranges. - Root vegetables (coco yam), spices (cinnamon, pepper, chilli)
Date opened	July 2004
Market board	MVIWATA's local network, farmers' group, road maintenance group, traders' group, Tawa SACCOS
Annual turnover	9,3 million TZS (5,700 Euros) in 2008



3 Nyandira Market

Location	Morogoro Region, Mvomero District in the Uluguru Mountains, ~1650 m above sea level
Main products	- Vegetables: cabbages, tomatoes, green beans, potatoes - Fruit: pears, peaches, plums, bananas - Maize and various dry beans
Date opened	July 2004
Market board	Langali SACCOS, MVIWATA's local network, road maintenance group, middlemen group, farmers' group
Annual turnover	19,4 million TZS (11,400 Euros) in 2008



4 Kibaigwa Market

Location	Dodoma Region, Kongwa District
Main products	Maize, groundnuts, and sunflowers
Date opened	July 2004
Market board	District Council, MVIWATA's local network, Cargo Porters' group, traders' group
Annual turnover	315 million TZS (185,000 Euros) in 2008



5 Mkata Market

Location	Tanga Region, Handeni District
Main products	- Maize, sunflowers, and various beans - Fruit: Oranges and mangoes
Date opened	August 2008
Market board	District Council, MVIWATA's local and regional networks, middlemen group, traders' group
Annual turnover	2,3 million TZS (1,350 Euros) in 2008 (in 5 months)



6 Igagala Market

Location	Iringa Region, Njombe District
Main products	- Maize, wheat, various beans, and sunflower - Potatoes, vegetables, and fruit.
Date opened	August 2008
Market board	District Council, MVIWATA's local and regional networks, Igagala SACCOS, traders' group
Annual turnover	2,6 million TZS (1,500 Euros) in 2008 (in 5 months)



1. SACCOS: Savings and Credit Cooperative Society (rural microfinance bank).

STEP 1: SITE IDENTIFICATION

IDENTIFICATION OF POTENTIAL SITES FOR THE CONSTRUCTION OF A RURAL MARKET

Building a rural market is a major investment both in terms of time and money. The question of location is crucial for its impact on farmers and rural development and its sustainability.

This chapter describes the criteria and methodologies used to choose the location for the six rural markets built by FERT and MVIWATA in Tanzania. We differentiate between the four initial markets built in 2004 under the Rural Markets Development Project ("RMDP": Tandai, Tawa, Nyandira, Kibaigwa), and the two markets built in 2008 under the Support to Rural Marketing project ("SRM": Mkata, Igagala).

Note: For more details on the RMDP and SRM projects, refer to last chapter "For further information...".

Main Criteria in Deciding Where to Build a Rural Market

We employed the following criteria when choosing the location for the rural markets:

- High agricultural production;
- Large number of small-scale farmers;
- Food crops predominate the farmers' activities;
- Established and active producers' organisations;
- Easy access and relative vicinity to main urban centres;
- The main commodity chains in the area face major problem in the upper chain level;
- Local governments (Region, District, Ward) have shown a willingness to support the development of agricultural commodities;
- Proximity to the project office or the producers' organisation responsible for the implementation of the project, so as to minimise transport time and costs.

Additionally, a preliminary condition for the first four markets (built in 2004) was that they would be set up in places where agricultural market activities already existed, even if only informally. The rationale behind the intervention was to organise and improve the existing market transactions. This was specifically the case for the Kibaigwa market, which was already a major centre of maize trade before the intervention. It lacked, however, structured management, transparency and had other weaknesses that the RMDP project aimed to resolve. That criterion was not used for the Mkata and Igagala markets: they were built on the locations identified to be the most appropriate for a market, even if there was no existing informal market activity.

How Tandai, Tawa, Nyandira and Kibaigwa were chosen

In the late nineties, when FERT and MVIWATA agreed to research agricultural marketing, a feasibility study, co-financed by FERT and the French Development Agency (AFD), established the location for and purpose of intervention. A team of experts and farmers' from FERT and MVIWATA carried out a field study.

Tandai, Tawa, Nyandira and Kibaigwa villages were chosen. MVIWATA already had some very active local networks and groups in these sites and informal agricultural markets already existed. Additionally, the four sites were close to a main regional town (no more than a 90 minute drive), had significant track records in agricultural production, and had shown a clear demand by local farmers' organisations for assistance in improving their marketing conditions.

Thanks to the data collected during the mission, the feasibility study report precisely described the agricultural systems, the workings of the existing (informal) markets, their strengths and weaknesses, and potential areas for improvement. The conclusion of the report was that the four cornerstones of the future markets' sustainability were: accessibility, money and product security, transaction transparency, and produce quality and cleanness.

How Mkata and Igagala were chosen

The feasibility study of 1997 to establish the location of the first four rural markets was carried out over a short – one month- period, and focused on the proposed market locations. Therefore, FERT and MVIWATA were not able to carry out a thorough – upstream and downstream - value chain analysis of the main commodities to be traded on the proposed markets. Experience has shown that for the construction as well as operation of the rural market, it is relevant and worthwhile to understand the main commodity chains of the area. The following are two examples that illustrate the importance of a good understanding of how the chain is organised:

- Several pits to accelerate banana ripening were built on the Tawa market. The goal was to attract traders and to boost the market's income. However, the location of these facilities in Tawa village centre proved to have no impact on the banana chain;
- When the Kibaigwa market was being built, the question was raised as to whether maize cleaning facilities should be installed and if so which kind. The decision was important: to build the facilities would require a significant investment and would have a major impact on how physical maize flows would be organised on the market; and difficult to take as the project's understanding of the bottom part of the Tanzanian maize chain was not strong.

STEP 1: SITE IDENTIFICATION

FERT and MVIWATA decided that, in order to choose a location for the two new markets to be built in the period 2006-2009, a more systematic analysis of the commodity chains would need to be implemented and its results factored in along with other criteria.

First Shortlist: Five Regions

First, FERT and MVIWATA decided on a shortlist of potential locations. This was made possible thanks to MVIWATA's leaders' good understanding and knowledge of Tanzanian agriculture and a study of various data on the country. The shortlist narrowed down the possible locations to five: the Iringa, Tanga, Mbeya, Kilimanjaro and Arusha regions.

Second Shortlist: Main Commodities in the Five Regions

Second, the project organised meetings with various stakeholders of the agricultural sector. The aims of such meetings were:

- To identify potential intervention sites and commodities;
- To avoid overlapping intervention.

The following organisations were consulted:

- MVIWATA's Regional and Local Networks Representatives;
- Development projects, specifically the IFAD-funded Agricultural Marketing System Development Project (AMSDP) that were in the process of building rural markets in Tanzania;
- District and Regional authorities and the Ministry of Agriculture.

The AMSDP representatives gave a list of places where rural markets were to be built in the Mbeya, Kilimanjaro and Arusha regions. This led to the decision to exclude those three regions and concentrate on two Districts for both the Tanga and Iringa regions:

- The Handeni and Korogwe Districts in the Tanga region;
- The Kilolo and Njombe Districts in the Iringa region.

FERT and MVIWATA gathered information, from various sources, on the main commodities of the four above mentioned Districts. Data collected from MVIWATA's Regional and Local Networks and Groups, meetings with local governments, a review of documents from Sokoine University of Agriculture, and the Internet. This led to a short-list of commodities:

- Maize and oranges in the Handeni and Korogwe Districts;
- Maize, Irish potatoes and tomatoes in the Kilolo and Njombe Districts.

Short Commodity Chain Surveys

For the five above-mentioned commodities, FERT and MVIWATA undertook short commodity chain surveys. The aim was to confirm that for each commodity the basic intervention requirements had been met before carrying out long and expensive full commodity chain surveys.

The short commodity chain surveys were undertaken using a common methodology relying mainly on interviews with farmers, traders and other key stakeholders of the commodity chain. The surveys gave a quick picture of the conditions of production, marketing and consumption of the crops and produced a description of:

- The constraints and opportunities of the commodity chains;
- The physical flows of products in the area;
- The price structure.

The short surveys narrowed the list down further to two sites (the Handeni and Njombe Districts) and to two commodities per site (oranges and maize in the Handeni District; Irish potatoes and maize for Igagala).

Extended Commodity Chain Surveys

The extended commodity chain surveys were implemented soon after the two sites were selected. The purpose was to increase the project's understanding of the commodity chains and also to be an integral part of the local process of intervention. In brief the objectives of the extended surveys were as follows:

- To aid in decision making as regards market infrastructure: precise location of the market; size of the market, services to be offered at the market, stakeholders to be involved in market management, etc.;
- To begin involving and organising market stakeholders: to start a local process with the key players and ensure that the process continued after the survey was finished and led to the emergence of dynamic and motivated leaders. Through this process the various groups to be represented on the market boards were chosen. Farmers, traders and other players in the commodity chain were rallied around the proposed construction of a rural market;
- To be used by MVIWATA's staff and leaders as an opportunity to learn by doing: the aim was to build MVIWATA's capacity in a very practical way. MVIWATA's market unit had asked FERT to transfer competencies and tools so that they could, eventually, be in the position to autonomously analyse a commodity chain and offer support to their groups in the area of marketing.

The surveys were implemented by a team of FERT and MVIWATA staff and farmers' representatives. They were carried out over a period of 8 weeks for each site.

STEP 1: SITE IDENTIFICATION



Mrs Lydia Ruliho

Farmer from Sumbawanga, member of MVIWATA's national steering committee, Lydia was chosen by MVIWATA as a resource person for all activities related to support to rural marketing from 2006 to 2009.

As a farmers' leader, what did you learn from the commodity chain surveys?

"Through participation in the commodity chain surveys I have gained very valuable experience on the matter. First, I learned exactly what a commodity chain is. I know all the important steps of the chain from production at the farmers' level, through marketing, up to the final consumer. I realised that marketing was one of the major steps; I will be able, personally as a farmer, to clearly consider the issue of marketing when embarking on any agricultural business. Also I will use this experience in the future when involved in similar undertakings for MVIWATA."

Why has the survey been carried out on only two commodities per site and not more?

"Because the first quick survey established that, in Tanga and Iringa, there were two dominant commodities per site. For Tanga they were maize and oranges, and for Iringa they were Irish potatoes and maize. That is why the commodity chain surveys concentrated on those crops."

Market Location: The Final Decision

The extended surveys led to the final decision on precise location for the two rural markets: Igagala village in the Njombe District and Iringa region, and Mkata village in the Handeni District and Tanga region. The three main parameters that led to this decision were:

- The projected market functions in the marketing systems of farmers, traders and middlemen: what role will an organised and efficient market infrastructure play in the various commodity chains?; how will it effect the current chain structure?; How great will the final impact be on producers' income?
- The potential of the market to be financially autonomous: a rural market in Tanzania does not receive financial support from the authorities, so the only choice is to generate sufficient income to cover costs. Before deciding to build a market in a specified area, it is important to make sure that the market will attract a significant number of produces;
- Motivation and involvement of local stakeholders: the market management will rely on local human resources (staff and leaders), so the level of commitment of local people in the market is the key to its success. For example a market needs strong support from organised and active traders willing to develop the market and boost their business.

Mr Michael Mangula

Mr Mangula is a small-scale farmer from Makambako village who grows Irish potatoes and maize. As secretary of MVIWATA's regional network for Iringa, he is the chairperson of the Igagala market board.



As a farmers' leader, what did you learn from the commodity chain surveys?

"Many farmers are being exploited. The price received by the farmers is not equal to the price that the businessman sets for the middleman, nor is it the price the middleman sets for the last buyer in the villages. The farmers' prices are very low and the measurement systems currently in use, based on bowls and tins, are not fair. Farmers are not well organised, they lack a spirit of unity, they do not share information on prices and markets, and they do not have the proper place to sell their products."

What market service needs were identified during the commodity chain surveys?

"Amongst the services that farmers and traders need on a rural market, there are weighing scales for fairer transactions, a warehousing system for short and long term storage, savings and credit services close to the market for safer transactions, and moisture content measuring equipment. Security provisions, bathrooms and toilets are also important features of a market. A shop selling agro inputs would also be very useful and attractive to farmers."

Summary

- > Rural markets should be built on sites where market activities already exist and need improvements in terms of management and infrastructure;
- > The markets should be built in an area of high agricultural production to maximise revenue and impact on farmers;
- > A chain survey should be carried out in order to fully understand the commodities to be traded on the market;
- > There must be a strong presence of local groups that are motivated to develop and run the market collectively;
- > The markets should be easily accessible, close to an urban centre or to a trunk road.

STEP 2: CONSTRUCTION PROCESS

How a Farmers' Organisation Managed the Market Construction Process

Building a market in a rural area of Tanzania is technically complex for NGOs or farmers' organisations since the handling of civil works is not part of their core activity. It was however a very crucial opportunity for FERT and MVIWATA, for at least three reasons:

- The market construction period was seen as a process that contributed to building local team spirit and to organising the market stakeholders in a new and more structured system. Indeed, a temporary market construction committee became a permanent market board;
- The market design is essential to the market's sustainability because it conditions which services will be provided to market users;
- Quality control during market construction is crucial as it has a direct impact on the future maintenance costs that will be paid by the market board.

From Construction Committee to Market Board

On each of the six sites, a "market construction committee" was set up as soon as the decision to build a market was taken. In most cases, the construction committees comprised two representatives of each of the various groups of stakeholders that had been identified during the short and extended value chain surveys: District authorities, Savings and Credit Cooperative Society, traders, middlemen, producers' organisations such as MVIWATA's local and regional networks, producers' groups, and cargo porters, etc.

The committees were temporary. They were given a major role to play in the following fields:

- Contributing to designing the market infrastructure and services;
- Building a strong link between the new market and its users;
- Following up on the construction process;
- Supervising the local contributions for civil works;
- Proposing guidelines regarding the roles and responsibilities of the future market boards.

During the civil works, the committee members visited the market site almost daily. The committee met regularly and whenever the construction process made it necessary.

The supervision of local contributions was an obvious and very critical part of the committees' work. In-kind contributions from the community are necessary to the success of such a project. They must, however, be well managed to ensure appropriate, sufficient and on-time delivery of raw materials and labour to the civil works contractor.



Members of the construction committee in Mkata market in discussion with the contractor's representative during a site meeting.

For instance in Mkata, the contractor requested community involvement in clearing the site and digging the foundations. The committee successfully mobilized the community. In Igagala the contractor had problems getting casual a labour force for the levelling works. The construction committee managed to organise a group of women who undertook the work for the contractor. In both sites, the construction committees organized the community donation of sand and stones.



Mrs Marcelina Charles

Former chairperson of MVIWATA and member of MVIWATA's national steering committee, Mrs Charles played an active role in the construction of Tandai, Tawa, Nyandira and Kibaigwa markets. As a resident of the Nyandira area, she was particularly involved in the construction of the Nyandira market.

How did FERT and GRET contribute to the market construction process?

"FERT and GRET, through their permanent office in Morogoro, coordinated the first intervention. They provided MVIWATA with methodological and technical support. They also played the role of interface between AFD, the project financier, and MVIWATA which facilitated relations."

How did the Nyandira community contribute to market construction?

"The community facilitated obtaining the market plot from the village authorities. The construction committee also contributed to mobilising people for market site clearance. The committee was involved in the monthly site meetings where it was able to relay the very concrete problems or worries faced by the people of Nyandira during the civil works. The committee permanently advocated for Nyandira community."

STEP 2: CONSTRUCTION PROCESS

During the construction process it was crucial to have representatives of all market users on board. It enabled FERT and MVIWATA to observe the various groups “in action” in order to:

- Evaluate their performance and capacity to take part to market management;
- Understand their importance in the local marketing chains.

This then made it possible to select the most important groups and involve them in the market boards. The construction committees were also useful for the represented groups as they could observe how their representatives were acting, which in turn facilitated the selection of one representative for the market board.

However, for two markets, the market committees’ results were not always positive. In Tandai and Tawa, two “market groups” were set up without clear information on their roles and responsibilities. MVIWATA and FERT considered them temporary committees, which focused on the civil works. The two groups, however, were convinced that they would manage the markets after the works had been completed. The project refused to leave the markets management to them for two main reasons:

- They did not comprise representatives of some of the major market stakeholders;
- Their internal organisation was too heavy to efficiently ensure market management.

The situation was eventually resolved by giving the management of the ripening pits and retail shops around Tandai and Tawa markets to those two groups. Nonetheless, the initial mistake of not precisely defining the roles and perspectives of the construction committee resulted in some conflict, which took away from the sustainable and optimal development of the markets.

Market Design

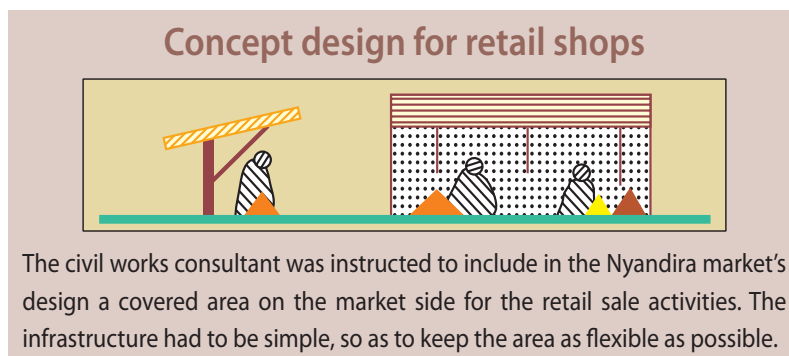
The markets’ conceptual guidelines were prepared by FERT and MVIWATA through a participatory process at the local level. A French architectural advisor, Mr. Marc Popesco -who came to Tanzania for short missions - facilitated the process. His input was highly valuable. Thanks to this process, FERT and MVIWATA sent the conceptual designs and guidelines for the markets preliminary design to a Tanzanian consulting company (Iteco).

One of the main lessons drawn from the rural markets design, was that the size of the market, and the complexity of its equipment, must be limited to its future capacity to use and maintain them. Three years after the opening of the first four markets, one of the main shortcomings, has been poor maintenance of market infrastructure and equipment. This was avoidable as there are ways of addressing this issue. However, in the Tanzanian context, where short-term is often preferred to long-term, maintenance remains a major challenge.

With this in mind, the market design stage is crucial. The use of participatory tools is necessary but should be limited. Otherwise a project can end up with very expensive market infrastructure and equipment, impossible to maintain with the level of revenue that is self-generated by the market.

Below is a list of items to be carefully considered:

- The size of the transaction area and roofed area should be calculated based on average crop quantities and not on the expected quantity during peak periods. Otherwise, the market will be, more often than not, over-sized. In that way construction, maintenance, and cleaning costs will be limited.
- Showers and toilets should be rustic, built according to local customs. This will guarantee that they will be used and properly maintained.
- Equipment installed on the market should be simple to use and to maintain:
 - > Computers and radio calls were installed in the three Morogoro markets. Radios have never been utilized, because they are difficult to operate and people prefer mobile phones to communicate. Computers are often utilized for « secretarial services » that bring additional income to the markets, but when they breakdown, repair can take weeks;
 - > Solar panels installed in Morogoro markets, are very fragile and very few companies in Tanzania are able to maintain them, so the market boards do not use them often. The Mkata and Igagala markets, on the other hand, have a diesel generator that is also rarely used because of operation costs. The best option remains connecting the market to the country electrical grid;
 - > FERT suggested that the maize cleaning equipment for Kibaigwa market should be locally manufactured. The market board, however, disagreed, arguing that a modern market needs up-to-date equipment. The equipment was imported from Europe at a high cost, and eventually turned out to be complex and expensive to run and maintain.
- Even if the central activity of a rural market is the trade of agricultural produce, room must be left for other activities on the market. A place for retail shops and small traders should be provided for in the market design. Retail activities such as the sale of manufactured items (clothes, soaps, etc.) or food (local beverages, grilled meat, etc.) are in fact crucial for market sustainability:
 - > Levies or monthly rents collected from petty traders are an important, fairly constant and predictable source of revenue and diversifies the markets' revenue sources;
 - > Retail trade attracts market users who, after selling their agricultural products, require these types of facilities;
 - > They can even be useful for the sale of agricultural inputs and small equipment, the provision of financial services by a rural bank, etc.;
 - > They encourage community appropriation of its market and an interest in protecting it.
- The conceptual design of the market should plan how the flows of agricultural products and people will be physically organised: entry and exit points, control points, drying area, etc.



STEP 2: CONSTRUCTION PROCESS



The Kibaigwa market was operating on a sandy village square before the intervention (left). In addition to the roofed area, FERT and MVIWATA built outdoor concrete slabs for drying and for temporary storage of maize (down).



The Tawa market design provided for a loading area with a 1 metre step for the loading of bags and baskets from the roofed area into trucks.

It is very important to design the flows of people and products at the earliest possible stage. The sloppy shape of the Nyandira market plot meant that specific and expensive civil works for pedestrian traffic had to be carried out.





The ground plan of the Tandai market shows, with colour codes for each market area, ventilated and grated storage areas (red), handling and temporary storage (orange), office (light blue), technical store (grey), outdoor concrete slabs (yellow), toilets and showers (dark blue).

Construction

FERT and MVIWATA contracted with the Tanzanian company ITECO as the civil works consultant to assist them in the civil works of the six markets: markets' design, tendering to get a contractor, and follow-up of construction. The consultancy costs were significant, but necessary: neither FERT nor MVIWATA had internally the skills to handle the design, tendering and follow-up of civil works by themselves.

The tendering process was driven by international standards for procurement of services, as provided by the project donors (French Development Agency and European Commission). A list of registered contractors, with good track records in similar operations, was established in agreement with the consultant. Tender documents were sent to each of the short-listed companies. The tenders were then analysed by a tender committee comprising FERT, MVIWATA and the consultant. The best offer was selected and a contract was signed with the awarded contractors.

The civil works were under the direct supervision of ITECO who organised site meetings every month on each site. The site meetings comprised representatives from FERT, MVIWATA network, the construction committee and the contractor. They allowed for follow up on the civil works calendar and quality, and to issue instructions to the contractor.

The defect liability periods started after the works completion. Their duration was between 6 and 12 months. They helped to identify defects, especially on earth works and water drainage systems.

STEP 2: CONSTRUCTION PROCESS

Mr Benjamin Karumuna

Director of Iteco Consult Ltd, a consulting company based in Morogoro, Mr Karumuna was directly involved as team leader for design, tendering and supervision of the construction of the six markets.



What are the advantages of working with a farmers' organization as a client?

"First as a designer, it was good to work directly with the farmers who are the future users of the structures because it meant that we could correct our concept according to the users' wishes. For example, the initial concept for one of the markets included huge offices with many chairs. The farmers decided that this was not necessary and chose to reduce the size of the office and to instead use the money for marketing. The theories of engineering would not help. ITECO uses British Standards, which are not always appropriate. It was good to have the chance to learn how to take into account the farmers' requests. Second, the farmers expressed their gratitude much more than any other type of client, which is good for a consultancy company. Third, ITECO has never had to deal with corruption problems with farmers. This is a very pleasant change compared to other clients."

And what are the drawbacks?

"Working with MVIWATA - a farmers' organization - is difficult because the engineering jargon is not easily understandable to the farmers. It takes much more energy to reach a common understanding. Also when the farmers know about the available budget, their expectations are very high because they often do not have any idea of the costs involved in buildings that meet legal construction standards. When they see the building constructed with the available funds they are disappointed because they think (and say) that if they had built the infrastructure using local techniques, it would have been much bigger. For this reason, the honesty of the consultant, contractor and even client can sometimes be questioned. Fortunately, after a while, they understand the concept of quality standards.

Since the farmers' organizations are not used to supervising the construction processes, they don't have much experience in this area. The contractor could take advantage of this situation and mislead the client. Thus, the consultant has to maintain closer contacts with the client than usual. Usually, the consultant should be impartial. Working with a farmers' organization does not allow the consultant to be so and it can be cause for complaints from the contractor."



Visit of the Nyandira market during a monthly sitea



Construction of the Tandai office (left) and the naturally ventilated storage facilities (down).



The Tawa market roof under construction (up) and the retail shops alongside the Tawa market plot (right).



Summary

- > For design, tendering and works supervision, a civil works consultant is a must. It helps with the handling of issues that NGOs or producers' organisations are not qualified to deal with. The consultant plays the role of interface between the contractor and the client;
- > The market design must take into account the specificities of the commodities that will be marketed on-site. The local population, especially traders and farmers, should have a major say. However, a participatory approach finds its limits in the budgetary and time constraints of donor-funded projects;
- > Local in-kind contributions (sand, stones...) are not financially significant for major investment programs but they mean a lot to the people. They allow good appropriation of the market by the population. They need to be under the strict supervision of the civil works consultant to ensure that the material meets quality standards;
- > Monthly site meetings between the client and the contractor and facilitated by the works consultant, are very important. The involvement of local representatives is necessary during the meetings.

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Set-up and Capacity Building of the Market Board.

Who will Manage the Market and How?

In Tanzania, most of the farmers sell their crops on the farm to collectors or middlemen who then sell the products either to larger traders or to transformers (miller, milk factory...). This is due to the farmers' reduced access to resources like price information, financial services, transport means, storage facilities, etc. Many farmers depend on the collectors to pre-finance their campaign and transport their products. This means that they are dependent on them and, therefore, do not have any bargaining power on prices. The poor valorisation of their products, together with low productivity of their agricultural activities, makes it difficult for them to socially and economically develop.

Others bring their agricultural products by bicycle or oxcart to the nearby village where they meet with traders. In most of those cases a specific area is allocated in the village for the transactions, but these areas lack market infrastructure and management. The local authorities collect a tax, but no services are provided to the users in exchange.

Either on the farm or in the nearby informal market, most of the transactions face the same drawbacks and inadequacies:

- Low quality of products: stored on earth floor, in areas where there are no cleaning services, the products get dirty and lose part of their monetary value;
- Lack of transparency for the transactions: farmers, as opposed to the buyers, have no access to information on past and current prices on the local and national markets. Additionally, the reference unit is based on volume and buyers use their own tins, buckets or plates that have often been tampered with;
- Poor security of transactions: the transaction areas are not fenced in and the law-enforcement capacity of local authorities is small. As a result, cash and products are regularly stolen from traders and farmers;
- No storage facilities: when a farmer brings his products to the nearby village, he must sell them the same day. Otherwise, he often has no other choice than to take them home. In most cases this is quite difficult because his farm is far or because he fears that further transport will damage the products. This is specifically the case for horticultural crops that spoil easily.

To deal with such drawbacks, FERT and MVIWATA suggested the following innovative initiative focused on the market chain stakeholders:

- To build market infrastructure, i.e., the rural market, that is adapted to the needs of market users;
- To place the management of said markets' in the hands of a local group, i.e., the market boards, that represent the key market stakeholders and provide services to the users.

The main steps taken and principles followed in setting up the market boards as well as FERT and MVIWATA's contribution to capacity building are addressed in this chapter.

Setting-up the Market Boards

As detailed in the previous chapter, the market “construction committee” was the first step on the way to the market boards. The construction committees had a large number of members who represented all categories of market users and beyond. This choice highly contributed to the proper implementation of the market construction phase.

Progressively, while the civil works were undertaken, FERT and MVIWATA backed the construction committees as they defined the legal specifics of the market boards, the criteria for the selection of the groups, the people that would represent them on the future market boards, and the governance structure.

The decision process was participative, albeit based on several principles that FERT and MVIWATA had pragmatically decided on. These principles are described below.

Proximity

A market needs to be managed by people from the surrounding areas for optimised relevancy and efficiency of the decisions taken. Otherwise the local realities may not be considered. A link with regional or national-level farmers’ organisations can and should exist but such link should be strictly limited to strategic planning and monitoring of activities, not to the day-to-day market management that should remain in the hands of local organisations and people, more committed to and affected by the local issues.

Moreover, this principle is the most cost-effective since communication and transport costs for market managers and directors are kept to a minimum.

The proximity of market managers and directors is one way to ensure cost effectiveness and commitment.



Pluralism

In general if a market is managed by a single category of users, its management progressively tends to favour this category.

This has been specifically the case when the management is solely in the hands of traders: they neglect services to farmers and make sure that a few traders monopolise the entire business. The same is true when only farmers manage a market. They tend to impose their rules, which scares off

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traders. Similarly, the rural markets that are exclusively managed by third parties such as local governments or private companies often suffer from a lack of investment, lack of services, opacity of the tax collection systems and the market eventually collapses, or survives but does not satisfy anyone.

As an innovative step to solve such recurrent problems, FERT and MVIWATA decided to set up market boards that include all of the major categories of market users. It is a system that guarantees that decisions taken regarding the market are based on consensus and not systematically in favour of one stakeholder or another. In such a system, each key player will optimise its satisfaction because decisions are taken in the common interest of all the different categories of stakeholders.

This system works only if all categories of major stakeholders are represented on the market board, regardless of the negative or ideological opinion that a development operator or a farmer's organisation may have of a given category.

Market boards are useful for the purposes of improving an existing situation. However, all parties must work together to progressively change the system. A sudden change through the exclusion of a certain category of stakeholders from market management structure will not work. Indeed, one can cause more harm from without than from within.



Cargo porters and handlers play a crucial role on the Kibaigwa market. Their group has one representative on the market board.



Flexibility

Setting up a market board should not be the purpose of a given project or action. It should remain a means to achieve an end, i.e., to provide relevant long-term services to the market users (mainly – but not only – to farmers).

Flexibility is a major parameter to take into account when designing the market management structure. The composition of the market boards has been set. However, room has always been left for future changes. The composition of a market board can change without heavy procedures, provided that the changes aim to reflect or adapt to new realities.

A new market stakeholder might emerge after one or several years of operation. For instance, a savings and credit cooperative group (SACCOS) was set up in Tawa after the market had opened. It was subsequently given a seat on the market board. Experience has shown that even with flexible procedures, it is not easy to change the composition while sticking to the same number of representatives, because a newcomer must occupy the seat previously held by another group. This is not easily accepted locally.

When a market management structure is set up it should be clearly stated (orally and in writing) that the groups and their representatives could change at any time. The procedures (who can move for a change and who decides etc.,) of such changes should be clearly described.



A new important stakeholder can emerge once the market is built. The market board composition should be flexible enough to allow newcomers to join if necessary.

Simplicity of Legal Form

When it came to the legal form of the market boards, first FERT and MVIWATA examined using the cooperative model. Most of the Tanzanian rural population is accustomed to cooperative systems that have been widely used in the country for several decades, e.g., water management, savings and credit institutions, milk processing, and coffee marketing.

Then, other legal forms were considered, including the Trust Fund, the Community Based Organisation, or the Company limited by shares, etc. FERT and MVIWATA undertook a comparison of the various options, with the technical assistance of a Tanzanian legal advisor. A series of criteria was agreed upon and sorted according to priority level:

- Which is best adapted to the management of a market?
- Which is most compatible with the fact that most local groups have no legal registration?
- What are the requirements for an initial investment in share capital?
- How flexible and changeable is the option?

Pragmatism led FERT, MVIWATA and the local partners to the decision to legally register the market boards under the status of "Company Limited by Guarantee":

- Two registered organisations of any legal form are sufficient to set up such a company;
- There is no share capital requirement, which was a prerequisite since none of the local partners had sufficient resources to purchase shares;
- It was easy to register under the Tanzanian Registrar of Companies;
- Its internal governance structure is flexible and adaptable. It allows for efficient, low cost and highly reactive management.

Once the decision was taken, the market board names were registered and then the companies were incorporated under the Registrar (BRELA).

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Adaptation to the Local Context

For the six existing market boards, the company holders are always two organisations only, but they vary from one market to the other:

- MVIWATA and the local rural bank: Langali SACCOS, Kinole SACCOS and Tawa SACCOS respectively for the Nyandira, Tandai and Tawa markets;
- MVIWATA and the District Councils of Kongwa, Handeni and Njombe respectively for the Kibaigwa, Mkata and Igagala markets.

MVIWATA and the other company holders (SACCOS or District) are the two members of the General Assembly that nominate 5 directors:

- 3 directors nominated by MVIWATA and 2 by the District for the Kibaigwa market;
- 4 directors nominated by MVIWATA and 1 by the District for the Mkata and Igagala markets;
- 4 directors nominated by MVIWATA and 1 by the SACCOS for the Morogoro markets.

Each District was given the freedom to decide who would represent them on the market board:

- In Kibaigwa, a Ward Counsellor (an elected official) and the District Cooperative Officer (an employee);
- Handeni and Njombe Districts each appointed a Ward Counsellor.

In accordance with the principles of proximity and pluralism, MVIWATA's national leaders delegated the management of the market boards to various local groups. The projects applied a participatory methodology to decide together with the local stakeholders which categories and groups should be represented on the market board. FERT and MVIWATA took part in the decision making process by bringing their technical input. Specifically, a detailed analysis of the current market (active groups, tax collection, prices, product flows, constraints and opportunities, etc.) was implemented using various tools including the Strength / Weaknesses / Opportunities / Threats (SWOT) analysis, chain surveys, and interviews.

As a result, the main market users are represented on each market board: farmers, traders, middlemen, the local SACCOS, road maintenance groups, and cargo porters.

The Case of Village Authorities in the Tandai, Tawa and Nyandira markets

In the three markets built in the Morogoro Region in 2004, village authorities were responsible for market management and tax collection prior to the intervention. Considered rightly or wrongly by many farmers as parasites, they were not included on the market board. In hindsight this was a mistake. Because they had no representative in the market boards, and because they lost a source of income, soon the village authorities decided not to support the newly built markets, and even to threaten it at times. For instance, they did not efficiently advocate with the District Engineer Office for more regular maintenance of the markets' access roads. What's more, when informal markets opened close to the formal markets and threatened their existence because of unfair competition, (no taxes were collected at the informal markets), none of the village officials took the necessary steps to enforce the law and prevent such illegal activity from taking place. FERT and MVIWATA learned from this experience and encouraged the inclusion of district authorities on the Mkata and Igagala market boards.

Mr Joshua Stanford

Following his University studies in Community Development, Mr Stanford worked for three years on rural development projects before joining FERT in 2006 as head Field Officer. He was strongly involved in the creation of the Mkata and Igagala markets.



How were the Construction Committee and the Market Boards' members selected?

Criteria for board members must be defined to include, for example, skills and honesty. The member selection process must be explained to the groups, who must remain free to choose their representative. The responsibilities of board members must be explained to them and they should receive sufficient training so that they can correctly carry them out.

How can the local government authorities (LGAs) help when involved?

The LGAs are very useful if involved. By involving the District in the process right from the beginning, it is easier to get a District representative on the Market Board.

The village authorities can also help to identify the stakeholders' groups and advise on the honesty and skills of a person chosen by a group as its representative. The LGA's involvement will also help in obtaining prompt signature of the agreements defining the relationship between the market, the authorities, and MVIWATA. Last, the LGAs are very useful for ensuring the security of the market sites.

What happens if the authorities are not involved?

All the positive points already listed above may not happen. Furthermore, the representatives of these authorities will not get the "we" feeling: they might not consider the market as a partner and an instrument of their area. In Handeni and Njombe Districts, the District Executive Director and District Commissioner considered the new market as an instrument of the District development; they felt and still feel very much concerned about its future.

Professionals and Employees Complementarity

The five directors are responsible for market board management. However, they are all professionals with their own activity. So, they do not have sufficient time to run the day-to-day market activities.

Therefore, they are assisted by a team of employees led by the market manager and including one assistant market manager, several tax collectors and other staff (for security, cleaning, etc.).

Complementarities, trust and confidence between the elected directors and the staff are crucial for good market functioning. FERT and MVIWATA have emphasised their support in strengthening this relationship. Each category must have a minimum level of understanding of the basic issues facing the market. However, a clear division of roles and responsibilities is also necessary to avoid overlaps and optimise energies.

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The market manager has a permanent office in the market. He ensures daily operations. Market managers and Board members should complement each other.

Capacity Building Prior to the Market Opening

Once the market board directors had been selected, FERT and MVIWATA had to design and implement a capacity building programme, the goal of which was to prepare the market boards' directors and staff for the task of running the market pro-actively, efficiently and with results. A programme of classroom training, action training, exchange visits and self-learning activities was designed and implemented by FERT and MVIWATA, with the help of two support organisations, Inades Formation Tanzania and Moshi University College of Co-operative and Business Studies. FERT, MVIWATA and their training partners offered their support to the markets in the following areas:

Staff Management

- Understanding the permanent employee needs of each market board;
- Drafting the job descriptions and main selection criteria such as the necessary qualifications for managers as regards service skills, creativity, commitment and voluntarism;
- Publishing, interviewing, and selecting the best candidates, negotiating the terms of contract, preparing work contracts;
- Training leaders in staff management.

Accounting

- Setting up an accounting system;
- Training leaders & staff in bookkeeping, financial reporting, and financial controls;
- Following up on bookkeeping and regularly train "through doing";
- Assisting in the preparation of the annual budget and monthly budgetary follow-up.

Internal Management

- Training leaders in their management, decision making and check-up roles and responsibilities;
- Facilitating relations between each board member and the group he/she represents;
- Explaining and enforcing checks on leaders so that only good leaders remain in place;
- Training in infrastructure maintenance procedures.



Mr Baruani Iddi

Mr Baruani is a senior trainer of INADES Formation Tanzania. He was asked by FERT and MVIWATA to contribute to the market boards' capacity building.

What are the major training needs for the market boards?

INADES's experience in supporting rural markets suggests that training is needed in the following major areas: the principles and practices in market board governance, organisational and management skills, understanding market dynamics, business and entrepreneurship skills, principles and practices of result-based management and financial management.

Is it possible to turn local group leaders into directors able to manage a market?

It is not a given although it is quite possible. This is because the process through which these leaders are selected does not critically screen a vast number of representatives so as to select the best ones. These leaders are democratically elected, however, some criteria, such as potentiality, creativity, and an ability to deliver services, are not always given sufficient attention. Frankly speaking, some market board members are unqualified for the job and are chosen based on other criteria such as political influence. For these people, training support is pointless. The same applies to market staff. We have seen that the Igagala market employees are appreciably qualified compared to their counterparts in the Mkata market. This is true despite the same amount of investment in capacity building. By qualified, I mean good customer service skills, highly committed, clear financial skills, and ability to plan and follow up on the business, to budget and to develop market promotional strategies.

Which is better: on-site training or indoor training?

If possible, the majority of training sessions should be context-based, in the farmers' constituencies. The impact of collective in-door training is questionable because there is no proper representation, feedback, information or trickle down of knowledge. What's more, people do not have a proper reading culture. Also, it is true that "seeing is believing", however, the farmer-to-farmer exchange visits must be well prepared. They take up a lot of time and money and do not always fulfil the designated goals.

Does it work for leaders and staff to attend the same training sessions?

At a certain point and time it is fine. It is important to train both staff and leaders together for building a common understanding on basic things (procedures, regulations, policies etc). But the decision on whether to mix the two or not, should also depend on the training subject. It is the moderator's role to put a demarcation on which group should receive what kind of training separately.

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Market Business

- Prepare the market business plans;
- Training in marketing channels, management of a market place, business development;
- Training leaders in service provision such as which services should be offered, for whom, and how to make them profitable;
- Implementing standardised measures for selling farmers' products ("from tin to kilo");
- Assisting the market board in networking with the key stakeholders especially traders and farmers, market promotion (public meetings, circulation of market guidelines in Swahili), moderating meetings, supporting to local groups and local MVIWATA networks;
- Assisting the board in drafting the market rules and regulations (opening hours, security, product and people flows) and ensuring understanding of and compliance with by the market users.

The Market Business Plan

The business plan is a crucial tool for the market. It calculates the tax rate to apply to market users and the percentage to be paid back to the District. It is also useful in estimating the market's ability to cover its costs (salaries, security, etc.). It is therefore needed at the earliest possible stage and even before the market opens. Moreover, the establishment of a business plan is an opportunity to meet with the market boards and thoroughly discuss their vision and strategy for the market: which services will be provided at the market and under what conditions?; what were last year's weaknesses and how will we improve? These types of questions inevitably come up during a discussion on expected income and expenditure. Active input in terms of animation is therefore very much advisable every year, it is a major opportunity to openly discuss the market problems, and plan for the future.

Relations with District Authorities

Good relations between the market and the local authorities (District Council) are crucial to the market's sustainability and operation:

- Market boards collect taxes on agricultural crops on behalf of the District and then pay a percentage back to the District. Both entities must agree on how to collect the tax and at which level;
- The market boards' income is not sufficient to cover the costs of major market maintenance and repairs. These must, therefore, be paid for through public funds just like any public utility;
- The market board provides basic security against theft. However, in the case of major problems – and as would be the case for any public place – the police should be in the position to promptly and adequately intervene.

Mr Stephen Ruvuga

Mr Stephen Ruvuga is MVIWATA's Executive Director. Based in Morogoro, he played a central role in the design and implementation of support to rural marketing activities.



What were the main challenges encountered during the negotiations with District Authorities?

The main challenge was developing trust between the two parties: MVIWATA and the District Council (DC). It was quite difficult to reach an agreement with the DC on the new modality in market management proposed by MVIWATA. It took a long time to explain to the executives and the councillors the spirit that underpinned our concept of the market board. The second challenge was the slowness of the process; it took a very long time for the DC to decide.

Was it similar in the Morogoro and Kongwa Districts?

More or less. Especially for the Morogoro Markets. However, it should be noted that in Morogoro the District Executive Director, Mr. Sapanjo, was very helpful in reaching an agreement.

Since the four first markets opened, what have been the main challenges faced with District authorities?

It has not always been easy for the DC to uphold its end of the agreement with the markets and MVIWATA. There are two reasons for this: first, frequent turnover of directors and staff; second the markets are sources of income to the district so they try to demand exaggerated market levies.

In the future, which role can MVIWATA play to help improve market-local authority relations?

We will continue to monitor the implementation of the agreements with the DC and do as much as we can to observe that the agreements are preserved. On the other side we want to strengthen the capacity of our local networks to negotiate directly with the DCs. We will also use the existing markets as the model for public-private partnership to the other districts in the country.

FERT and MVIWATA offered major support to the market boards in facilitating dialogue with the District Authorities. These efforts included:

- Experience on how to build good relations with the District was shared with the new market boards;
- FERT and MVIWATA assisted the six market boards in drafting their contracts with the District, and in going through each step of the negotiation process up through signature of the contracts and including contract renewal for the subsequent years;
- MVIWATA signed a Memorandum of Understanding with each District that established the roles of each party and reviewed the basic principles on which market management and maintenance rely.

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Political Support to the Markets

In Tanzania, like in many other countries, political support at the highest level is very important for a market:

- It helps to develop the market business, is good advertisement for the market if such support is covered in the regional and national media;
- It offers additional security to the market, in case of drawbacks or problems at the local level, strong political support at the national level can help more easily resolve the problem;
- For MVIWATA, it is an efficient way of promoting the role of farmers in the structuring of agricultural commodity chains and in the development of public-private partnerships.

FERT and MVIWATA have offered financial, logistical and communications support to the six rural markets for the organisation of inauguration ceremonies (foundation stone and grand opening). The ceremonies were quite successful and surely contributed to the sustainability of the markets. In some cases, the prestigious guests of honour attracted nationwide TV, radio and newspaper coverage.



Kibaigwa market was inaugurated in July, 2004 by the Prime Minister of Tanzania, Mr. F. Sumaye, the Minister for Co-operatives and Marketing and the French Ambassador.





Igagala market was inaugurated in August, 2008, by the President of Tanzania, the Honorable J. Kikwete.

Mkata market was inaugurated in November, 2008 by the Deputy Minister for Livestock & Fisheries Development, Mr. James Wanyancha.



The Minister for Agriculture and Co-operatives, Mr. Clement Kahama laid Nyandira market's foundation stone.

Continuous Support to Operating Markets

Technical assistance to the operating market boards is fundamental. The market boards continually need training, advice and support on issues as varied as financial management, service development, conflict resolution, and relations with local authorities. Solutions should be proposed and tested promptly and efficiency should be the primary concern. Changes to the market board must be factored in. The manager, accountant, board directors, and represented groups change over time and when a new party arrives they often need specific assistance when getting started.

In 2007, the six rural markets began organising joint meetings to discuss how they could pool their resources to address their permanent needs together in a cost-effective way. This initiative of mutualisation is probably the best option, but it is slowly becoming concrete because the markets are far from one another and their size varies.

In the meantime FERT and MVIWATA agreed that the best option for the moment would be to put the responsibility of such support in the hands of MVIWATA's regional networks that are close to the markets, understand their specificity and can propose solutions that are adapted to their context. As a result, these networks were staffed and given the proper means to act. Assisted by FERT and by MVIWATA's national team, they have been supporting the markets in the following ways:

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Monthly Monitoring Visits

MVIWATA's regional networks visit the markets monthly. With a checklist, they address many different issues through discussions with the market board and staff and some market users. These visits can help in identifying specific needs for training or advice. For example:

- They make sure that the board directors are still properly connected to the groups that they were given the mandate to represent;
- They check that these groups are still dynamically and pro-actively developing the market;
- They identify defects or problems in the market infrastructure and equipment;
- They assess the services provided at the market usefulness;
- They review the proper implementation of accounting and internal procedures.

The conclusions of the visit are discussed with the market board during a short debriefing at the end of the visit. The meeting minutes clearly detail what actions are to be taken by each party. They are then distributed to the market board and to MVIWATA local, regional and national leaders and staff.

On-site Training sessions

FERT, MVIWATA and their partners have implemented on-site training sessions. These sessions focused on one specific topic according to the immediate market needs. For instance, in 2008, FERT, INADES Formation Tanzania and Moshi College of Co-operatives and Business Studies (training partners) provided on-site training sessions on the following topics:

- Budgets and business plans;
- Internal Market rules and services;
- Market organisation (physical flows);
- Market opening process;
- Financial management: cash management, source documents, posting and bookkeeping, bank account management, supervision techniques, etc.;
- Staff recruitment and management;
- Use of equipment (scales, computers, moisture meters, generators, etc.).

Study Tours and Exchange Visits

FERT and MVIWATA have organised various visits to other markets. Provided that the participants are well prepared, this can be a useful tool for market directors and staff to widen their understanding and vision of their responsibilities and possibilities. Study tours were organised on urban markets when a market information system was set up. Several exchange visits were also organised between the existing and the new rural markets.

Audit

As any legally registered organisation, the market boards must have their financial accounts certified. However, in practice a market board can decide to forego account certification because the Tanzanian registration bodies do not carry out checks. Nevertheless, experience has shown an audit can have a

positive impact on the markets. It forces the accountant and manager to keep proper records and settle their annual accounts in a reasonable timeframe. It is also a guarantee of transparency and professionalism in respect to the District authorities, and an efficient tool for the markets that are trying to enter into partnerships with external players. Lastly, the auditor is also an advisor who can help the markets to improve their internal management. It is therefore crucial that the market board owners (MVIWATA and the Districts) make sure that an external auditor carries out an annual certification of the markets' accounts.

Mr Malisa Efrein

Mr Malisa is MVIWATA's Morogoro network coordinator. He has been extensively committed to supporting the Tandai, Tawa and Nyandira rural markets.



In what areas do the markets need support and training?

The accountants need constant training and follow-up on management issues.

For instance, it is important that the market produces its business plan properly and in a timely fashion, e.g. not omitting investments for example. The Board directors need to improve their knowledge on how to implement their follow-up of the market activities.

How can MVIWATA-Morogoro help the markets?

The regional leaders can convey information to various market stakeholders. They can also play an important role in connection with the Districts. For instance when Langali Ward Councillor said people should not pay taxes, the network intervened and the situation went back to normal. Protecting the market is also in their role: they ensure that the market resources are properly spent.

How do the leaders and the coordinator share the responsibilities and tasks?

For a new task, I meet first with the leaders and explain it to them. Then I implement it together with some leaders, so that in a third step they can implement it by themselves. The regional coordinator is also the one who writes the monitoring visit reports and makes sure that each stakeholder gets his copy and acts accordingly.

What are the leaders' needs so that they can do a follow up?

Leaders need first to be capacitated. They also need a budget for transport, living costs during the visits, stationery and office equipment.

Summary

- > Sticking to a set of pragmatic principles for the market boards' set-up: proximity, pluralism, flexibility, simplicity and adequacy to the local context;
- > Offering technical assistance (training, advice, etc.) to market boards is required before but also after markets open: it is a permanent need and should be handled by farmers' organisations or procured by the markets themselves;
- > Irrespective of the quality of the technical assistance, the markets' management will, in the end, mainly depend on the quality of the staff and leaders in charge. Their selection is therefore a crucial.

Examples of Services Provided on the Markets

The strength of a market comes from its capacity to provide services to its users. The development of services for the users is the most efficient way to increase market impact and revenue.

Market board directors often consider that the unfair competition of surrounding informal markets is the main reason why people do not use their market. Even if partly true, this statement is not pragmatic: the local governments have neither the human means nor the political will to force the population to stop using informal channels to market their products.

Market boards also tend to consider that a good way to generate income is to increase the levels of taxes and levies they collect from the market users. This is also not pragmatic: the higher the taxes, the lower the number of farmers and traders who will use the market.

Very often the above-mentioned arguments are an excuse not to take the necessary steps to improve the market operations. Market boards must understand at the earliest possible stage that they are service providers. The best way to increase their income is to raise the volume of products that transit through their market and to attract more buyers and sellers. People who get useful services on the market will come back. There are many kinds of services that can be appreciated by the users. FERT and MVIWATA have been trying to develop them on the six rural markets, with varying levels of success.

Storage of Agricultural Products

Short-term Storage

If a farmer brings his products to the market and has no other option than to sell them or to bring them back home, his bargaining power will be undermined and he will most probably sell at a low price. Usually the farmers are afraid to transport their crops to an external market place because they fear they will be obliged to pay to transport their crops back home if they do not manage to sell them on the same day. When there are not storage facilities for farmers, the traders usually play on that fear to coerce the farmers to accept lower prices.

On all the markets the farmers have access to short-term storage facilities at a very low cost. They can thus negotiate with the traders under better conditions because they know that if they do not sell, they can leave their crops at the market, come back one or two days later and negotiate again.

For traders, who usually buy little quantities over several days and hire a truck once they have sufficient quantity, availability of short-term storage is also a good reason to come to market.



Long-term Storage

Long-term storage is also very important. Farmers and traders can store their products at harvesting time when prices are low, and wait for 4 to 7 months to sell them when supply is down and prices are high. If well-organised, long-term storage of grains or beans is an efficient way to increase the income.

By design, all the markets include storage places: naturally ventilated closed rooms in the Morogoro markets, concrete roofed areas for maize in the Kibaigwa market, godowns in the Mkata and Igagala markets.

Unfortunately most of those facilities are utilised by traders who can afford to pre-finance the transaction and wait for several months before selling. Farmers, on the other hand, usually urgently need cash. They cannot immobilize their money during a long period of time because they need it for their social and productive activities.

MARKET SERVICES

In Igagala, FERT and MVIWATA managed to put in place a credit system that should allow farmers to use the storage facilities. In cooperation with the local SACCOS, a Warehouse Receipt System (WRS) was set up. It enables a farmer to store his products at harvest time against a loan that is backed by his produce. It is a triangle system involving the farmer as client, SACCOS as credit provider, and the market as owner of the storage facility. The SACCOS leaders and staff, as well as Igagala market board, were trained on WRS implementation. FERT and MVIWATA also helped them to prepare a provisional business plan, to draft the supporting documents, (storage receipt, payment vouchers, etc.), and to prepare an agreement between the SACCOS and the market. The system was not implemented in 2008 due to low interest of farmers for storage (crop prices were good during the harvest period) but when the conditions will be favourable it should offer better conditions of profitability for the farmers and thus attract more users.

This case also illustrates well the fact that a market is more attractive if financial services are available.



Mkata market warehouse full of maize bags, December 2008.

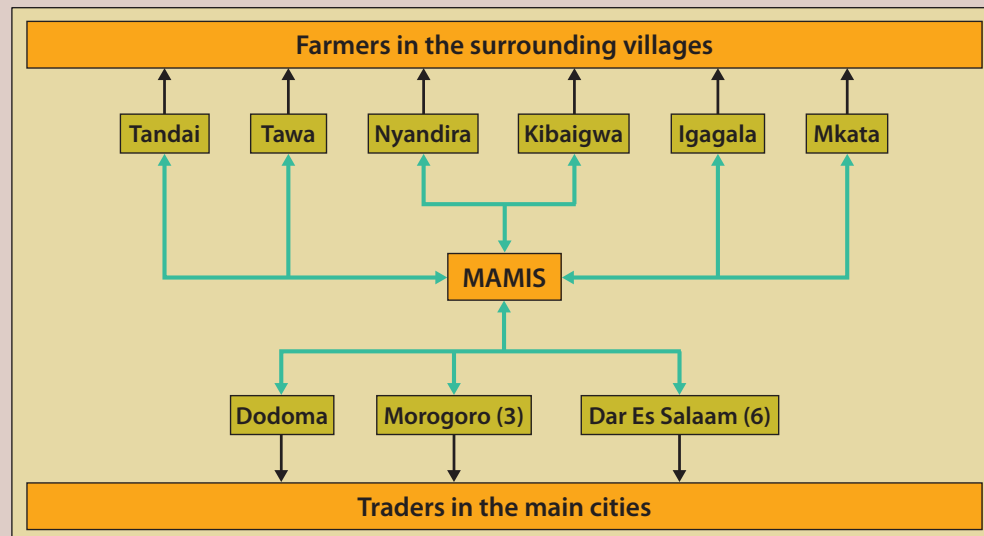
Access to Price Information on Various Commodity Chains

One of the major issues for farmers when selling their products is the lack of local, regional and national price information, which leads them to fetch low prices for their crops. A rural market is the good place to provide price information to the farmers. Knowing the price of the previous day(s) locally or on other market places, knowing the evolution of the prices in the last weeks or months, will allow the farmers to better bargain prices for their crops. For this reason, FERT and MVIWATA have set up an information system on the six rural markets.

On each market place, MVIWATA's Agricultural Marketing Information System (MAMIS) provides the average price of the day before, for the main crops. The main MAMIS features are:

- The MAMIS is a system that enables data to be collected and broadcast to and from 6 rural markets and 10 urban markets (3 in Morogoro town, 1 in Dodoma town, 5 in Dar es Salaam);
- It refers to 24 major crops for the farmers of the rural markets (maize, sunflower, wheat, beans, two varieties of bananas, oranges, mangoes, cabbage, tomatoes, etc.,). It sends price data twice weekly to all the 16 urban and rural markets;
- Information also reaches the farmers in the villages that surround and feed the rural markets: the markets' managers spread data to an average of 10 villages per market.

How the MAMIS Works



Each of the 15 markets gives price information to the MAMIS operator on Monday and Thursday. In return, the MAMIS operator sends them on Tuesday and Friday the price information they need from other markets. Farmers get the information on the market, and sometimes in their home village.



MAMIS price information for market users filled in by the manager in Mkata and Igagala.



After starting under FERT supervision, the MAMIS has been handed over to MVIWATA whose market unit is now in charge. It employs an operator based in Morogoro, who collects the data through phone calls, and sends it to the right person at the right time through SMS. For the moment the system is hand-operated but while it is being improved (enriched) it is becoming increasingly complex and will need to be computerised. The MAMIS running costs are affordable: approximately 500,000 TZS (285 €) per month for the operator's salary, communication and office costs. For the moment, it must be funded by external financial partners: reluctance of traders, middlemen and even farmers to adopt a transparent price information system, is still very high and prevents MVIWATA from charging for the service.

Mr Ramadhani Msangi

Mr Msangi is one of MVIWATA's market officers based in the headquarters. He is in charge of MVIWATA's agricultural marketing information system (MAMIS).



How has the information system in use in Kibaigwa been copied in other markets?

The system has been used as an example to teach the leaders of the other markets where MVIWATA proposed a similar system. FERT and MVIWATA have facilitated appropriation of the system, which has been adapted to each local context by the market leaders themselves.

What are the challenges of the MAMIS?

The first challenge is to make the system sustainable which means to find a way for it to remain in operation after the project that set it up has come to an end. Another challenge is the fact that some people (farmers, traders, policy makers) do not understand the system and need constant information concerning its implementation. Furthermore, some people do not understand the information and do not know how to use it. For the system to operate properly, there is a need to identify people in the markets that would be ready to constantly collect and broadcast information. Eventually, a MIS needs a follow-up system to monitor and solve the problems when they appear so that it continues providing the information without interruption and mistakes.

Why has the posting of price information been delayed in some markets and villages?

In some places, the managers did not understand the importance of price information for farmers. Sometimes, the traders are not favourable of the posting of information because they do not want the farmers to get access to it. They can even try to influence the market managers. Last, the type of infrastructure and climate made communication and broadcasting more difficult.

What are the farmers' and traders' misunderstandings concerning price information?

Sometimes, they think that the price is fixed and that they cannot change it during their negotiation. Some of them do not know how to use the information. Globally they do not know where and how the price information was obtained. This requires more educational support to the market users in the future.

Security of Transactions

On informal or disorganised markets, farmers and traders are often victims of theft. Cash and agricultural crops are not secured. Security is a major concern of market users, and rural markets have tried to improve it:

- The Tawa, Tandai and Kibaigwa market plots are fenced in;
- All the storage facilities are secured with doors and locks;
- All markets except Mkata are located near a SACCOS: traders and farmers can deposit their cash until they need it for a transaction;
- The local authorities (village and District) are clearly responsible for policing the markets as per the agreements they signed.



Kibaigwa market is entirely fenced in for security and tax collection purposes.



Most of market users have clearly noticed an improvement in security since the rural markets were built. It built confidence in and attractiveness of the market.

Weighting Services, Reliable and Fair for Both Parties

In Tanzania many agricultural transactions are still measured in volume (using tins, etc.). The traders sometimes use various tricks (such as increasing the tin volume by warming it up) to cheat the sellers. When the kilo system is in use, the scale renter would usually fiddle with it to under-estimate the weight. To address such constraints, FERT and MVIWATA have financed the purchase of reliable weight scales. The service is provided and charged for by the market board, at a low cost to attract users who are usually reluctant to change their reference system. In all markets and for almost all crops, the majority of farmers and traders who tried the scales, decided to adopt the kilo system. It is more transparent, it eases the calculation of tax and levies, and it gives to the trader valuable information (to calculate the weight of his truck or to better negotiate with processors for example).



Weighting services on Nyandira market where people changed from litres to kilos thanks to the new market.

MARKET SERVICES

Cleanness of Products

In 2007, the President of Tanzania decided to prohibit the drying of maize on ground or gravel, arguing that it is not a proper way to treat commodities for human consumption.

All the rural markets have been designed in such a way that transactions can be done on clean concrete areas. The market boards hire cleaning services to maintain these areas clean, day after day, and by doing so ensure the quality of commodities that transit through their market. The market boards also try to continuously sensitise the market users about the importance of handling their products in the cleanest possible way.



Cleaning equipment has also been purchased and installed in Kibaigwa. Nevertheless maize cleaning in Tanzania remains a challenge because traders hardly manage to valorise it when selling to food processors.

Maize cleaning equipment in Kibaigwa market.

Access to Manufactured Goods on the Market

Services or facilities that turn the market into a social and central place are of crucial importance. Farmers who just sold their crops need to buy various things for their home and will be keener to sell their crops on the rural market if it also provides for retail services: clothes, soaps, phone cards, other manufactured goods, must be found on a rural market. Other services such as restaurants, communications or a swimming pool, will attract the traders too. Moreover, the development of private-owned retail shops around the rural market will boost the local entrepreneurs and will generate additional income for the market.



Retail sellers during a market day in Nyandira.





Mr Richard Kapinye

Mr Kapinye is one of the founders of Kibaigwa maize market, before the intervention of FERT and MVIWATA. He represented MVIWATA on the Kibaigwa market board when the new market started. Later he was elected as a Ward Counsellor. He is now representing Kongwa District Council.

How can the local leaders and the markets ensure access to information for farmers?

Kibaigwa's market board and staff have visited the surrounding villages on several occasions for market use awareness raising. The manager collects and sends price information to the farmers through a cell phone system. The market staff and board regularly visit the villages to see if the information is displayed on the information boards. We use that as an opportunity to emphasize accessibility of information by the farmers. Eventually, the market also encourages individual farmers who need it, to directly inquire for information using their cellular phones.

What services attract market users to Kibaigwa market?

The availability of a weight bridge for heavy trucks attracts big buyers and transporters. Security at Kibaigwa market is so high that buyers and sellers are not afraid of losing their products. Kibaigwa market is a place where farmers can easily interact with buyers and hence they can exchange what they have i.e., crops and money.

How have these services been chosen?

The market uses an advisory committee that holds a meeting every three months. All stakeholders can speak about the relevancy and quality of the market services. Each year visits to the villages are conducted whereby farmers also get a chance to air their views about the market services.

What efforts were made to make sure that measurements are reliable?

A lot of field visits were conducted to emphasize farmers to use proper measurements. Instead of selling in their homes by buckets they were being told to use Kibaigwa market where proper weighing scales are in place. Also small buyers who used to go around the villages and convince farmers to sell their crops in buckets have been informed to stop this practice and to get involved in other operations at the market site. A lot of young men came to be bag handlers at the market place and our objective was achieved to a large extend.

Mediation of Conflict Between Market Users

Several factors can potentially turn the markets into "tense" places. For example, the lack of transparency in the definition of prices or quality criteria, the tricks used by traders to cheat the farmers, the presence of alcohol and thieves, as well as many other factors. The market boards have been trained to provide mediation to the market users that might enter into conflict on the market. Board members are now known as mediators by the traders and farmers, and it is very rare that the police must intervene. By providing this service, the market boards contribute to making the market places more attractive to the users.

FOR FURTHER INFORMATION

For Further information on FERT, MVIWATA and the Markets...

The Rural Markets Development Project in Morogoro and Kongwa Districts

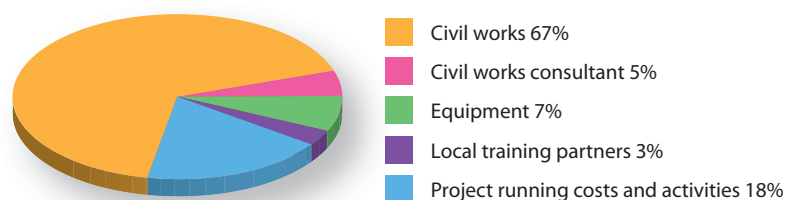
After several years of studies and fundraising, the first joint FERT/MVIWATA initiative began in 2002 and ended in 2005, under the Rural Markets Development Project (RMDP).

The RMDP was fully financed by the Agence Française de Développement (AFD, French Development Agency) through a grant of 5,700,000 Euros. The AFD gave the grant to the Tanzanian Government, which retroceded the funds' management to MVIWATA under a cooperation agreement signed in 2001. Then MVIWATA contracted the technical assistance to FERT who had teamed up with the Groupement de Recherche et d'Echanges Technonologiques (GRET).

FERT opened an office in Morogoro town in late 2001 and the RMDP officially started in January 2002 for 3 years. It eventually ended in June 2005, after a six-month extension. The RMDP office was headed by project leader Mr. Sébastien Valleur who supervised a team of 8 people including 4 site officers. Other RMDP partners included INADES Formation Tanzania (a training organisation), the Uluguru Mountains Agricultural Development Project (UMADEP, a Tanzanian action-research NGO), Lays Volunteers International Association (LVIA, Italian development NGO), Moshi University of Co-operatives and Business Studies and Sokoine University of Agriculture.

FERT and GRET mobilised through their permanent office (the Project Coordination Unit) and through short-term missions, their expertise on project monitoring and evaluation, as well as on the building and strengthening of producers' organisations and on farmer-led economic initiatives.

The main RMDP achievement was the construction of four bulk markets in rural areas of the regions of Morogoro (Tandai, Tawa and Nyandira markets) and Dodoma (Kibaigwa market), and the set-up of local groups to manage the new markets: the *market boards*.



Breakdown of RMDP expenses.

The four RMDP markets started to operate in 2004. The market boards are private not-for-profit companies (legally limited by guarantee) that bring together the main key-stakeholders of the markets, working together for the benefit of the market. They manage the markets under a contract with the local authorities (the District Councils): they run the markets, provide relevant services to the

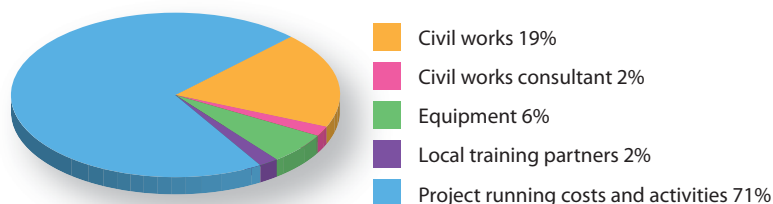
users, and pay back a percentage of the collected taxes and levies to the District as a rent. They attract market users thanks to various features such as the security of transactions, quality and cleanness of infrastructure, market accessibility, transparency on prices and transactions.

Another major achievement of the project was the creation of a Market Unit at MVIWATA's national coordination level. Comprising two market officers and two farmers' leaders, the Market Unit is specifically dedicated to the support of MVIWATA members by providing commodity surveys, price information, advice and training to market boards, and all marketing-related issues.

The Support Project to Strengthen Commercial Capacities of Agricultural Producers of Tanzania

After the end of the RMDP project, FERT and MVIWATA gathered new funds and implemented the Support to Rural Marketing project (SRM) with a total budget of 1,050,000 Euros over a three-year period (2006-2009). The European Union contributed 750,000 Euros while FERT, MVIWATA and the Dutch Ministry of Foreign Affairs (DGIS through AGRITERRA) contributed 300,000 Euros.

The project started on the 1st of April 2006 and ended on the 31st of March 2009. The project was coordinated by FERT through a permanent office led by the project coordinator (Mr. Frédéric Kilcher) and through monitoring and evaluation short-term missions. Project implementation was much more internalised within MVIWATA's network than for the previous project. In fact during the past years MVIWATA had been associated with all project activities and a transfer of skills from FERT and GRET to MVIWATA's Market Unit and regional networks built the capacities of the later and made it possible for them to implement many activities.



Breakdown of SRM expenses.

Various technical partners also contributed to the SRM implementation, including Sokoine University of Agriculture, INADES Formation Tanzania, Moshi University of Commerce, Co-operatives and Business Studies, Match Makers & Associates and Iteco Consult Tanzania.

The main SRM achievement was the construction of two new rural markets in Igagala Village (Njombe District, Iringa Region) and Mkata Village (Handeni District, Tanga Region) on the same model as the ones built during the RMDP project.

Other achievements were the strengthening of the four RMDP markets, the set-up of MVIWATA's Agricultural Marketing Information System (MAMIS) covering 24 crops on 6 rural and 9 urban markets, the support to various farmers' groups, capitalization on the experience built during the two projects and improvement of the skills of MVIWATA staff in marketing services.

FOR FURTHER INFORMATION

Market performance

The markets' impact on the socio-economical development of their area is difficult to assess. Basic impact measurements were taken by SRM's external evaluators in 2009, but the data is not conclusive. Nevertheless the markets' activities (level and trend of volume of traded products) are a good indicator of the usefulness of the markets to the surrounding population. It is assumed that most individuals will always optimise their benefits: if more and more products are traded on the market it means that more and more people (traders, farmers) have an interest to use it and are benefiting from it. Similarly, an increase in the volume of products traded on the market can also be explained by an increase in agricultural production in the area, which is also a positive effect of the market.

Inversely, it is very difficult to assess the negative effects of the markets because many other parameters can explain a significant change such as increased soil erosion (Nyandira), HIV/AIDS infection in youth populations around the market (Kibaigwa), etc.,

The chart below shows that the amounts of products traded on Nyandira markets have not stagnated but increased. There are more products coming to the markets. Their volume varies every year depending on climatic, economic or political factors, which shows the importance for the market to diversify the crops traded.

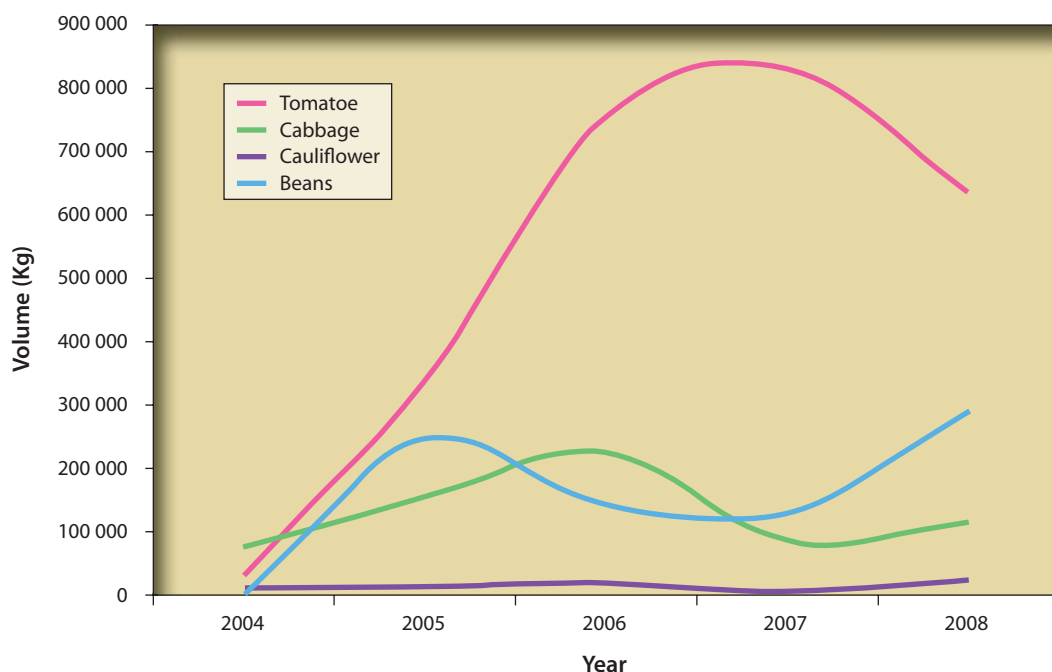


Figure 1: Volume of Various Crops Traded in Nyandira Market, 2004-2008, in Kg.

Price fluctuations data is available but is not a reliable indicator to draw conclusions on the markets' impact. There are too many other parameters that influence the prices to conclude that a price increase is due to the market. For example, the food security situation in the country, the export policy of the government and the international economic situation, etc., can all have an impact.

Maize prices in Kibaigwa have significantly risen in 2007/2008, but this is mainly due to external factors. The price of ripe bananas in Tandai market has been quite stable over the years.

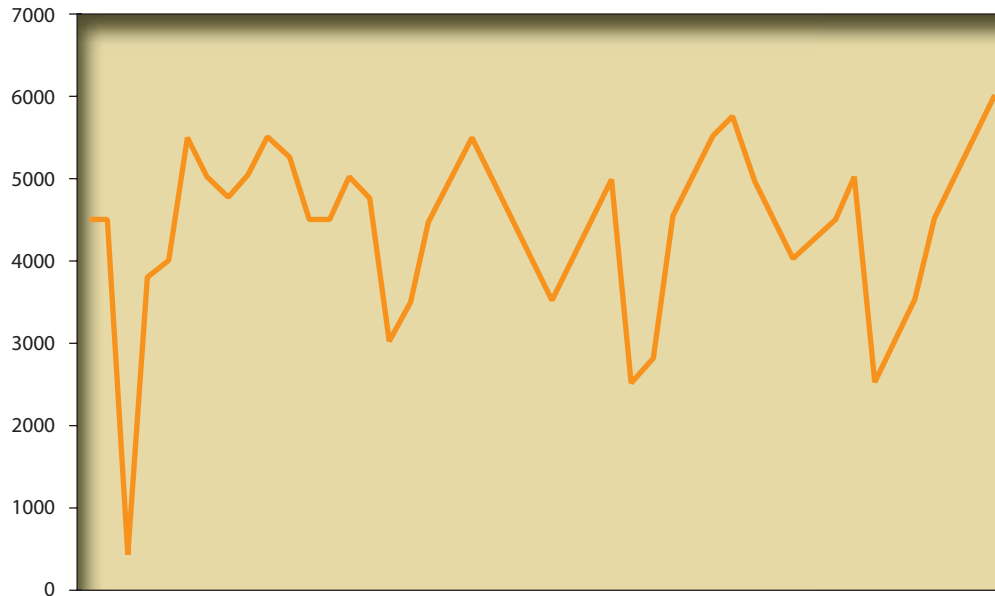


Figure 2: Banana Price Fluctuations in Tandai market, 2004-2008, in TZS per basket.

The financial performance of the markets is also an interesting indicator. Most of the services are charged to the market users, which means that if a market turnover is increasing, most likely the market users are increasingly using the services because they have benefited from doing so. Nyandira market's income has more than tripled from 2005 to 2008.

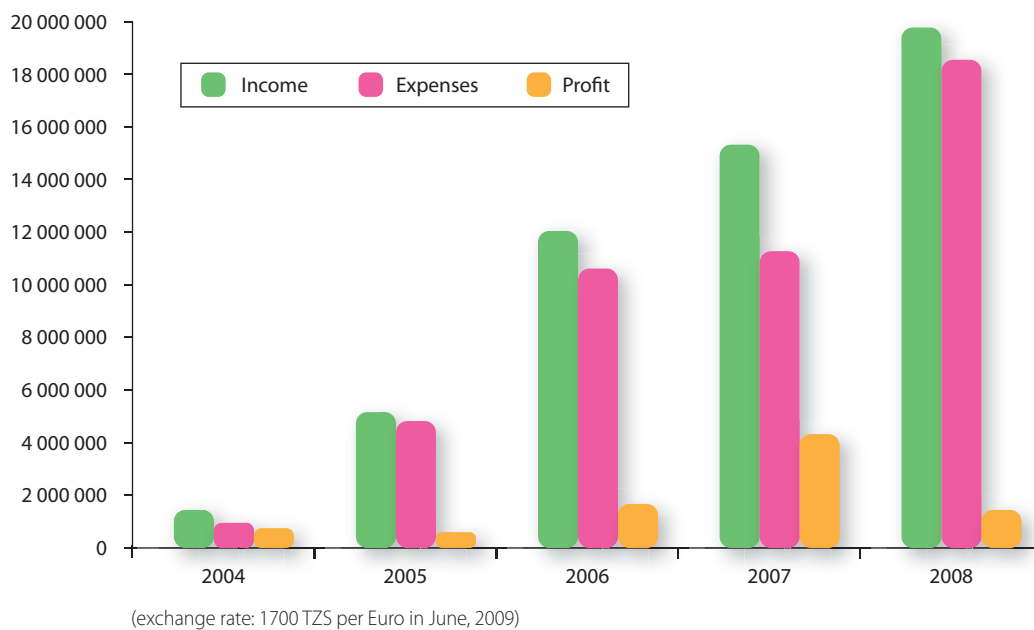
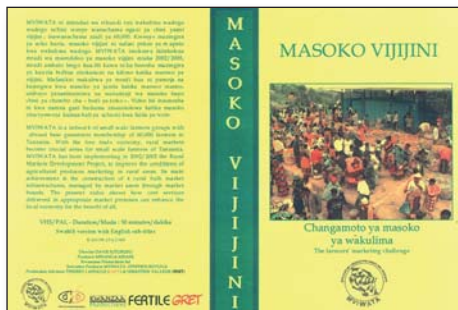
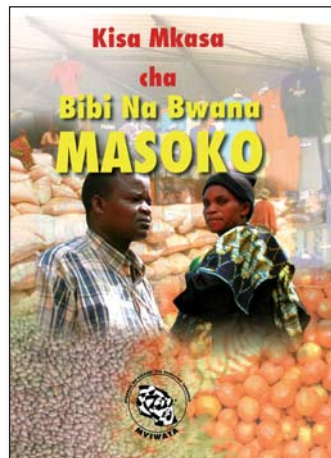


Figure 3: Financial Performance of Nyandira market, 2004-2008 in TZS.

FOR FURTHER INFORMATION

Other Capitalisation Material on the “Rural Markets” Experience

FERT and MVIWATA published in 2005 a comic strip “Kisa Mkasa cha Bibi na Bwana Masoko” or the “story of Mr. and Mrs. Markets”, telling the story of Marcelina Charles and Cornel Mushi, two Tanzanian farmers’ leaders who monitored the construction of the first four markets for MVIWATA. The comics are in Swahili.



A video, “The farmers’ marketing challenge,” was also published in 2005 on the RMDP experience. It exists both in English, and in Swahili with English subtitles. It is 30 minutes in length.

A final report of the RMDP was also published in 2005, in English.



This capitalisation material can be made available upon request to FERT or MVIWATA.

Rural Markets

In Tanzania, producers' organisations have implemented innovative initiatives aiming at improving the marketing conditions of agricultural products.

Those organisations, members of the MVIWATA farmers' network, have teamed up with the other major stakeholders of the main agricultural commodities at local level, to build and manage six rural markets that provide their users with relevant services such as price information and storage facilities.

This pilot experience has been jointly implemented by FERT and MVIWATA from 1999 to 2009. This document lays out the steps taken in setting up the rural markets, and the key-players' feedback since it started 10 years ago.

The actions capitalized in this document have been cofinanced by the French Development Agency, the European Union, Agriterra, FERT and MVIWATA.



MVIWATA (Mtandao wa Vikundi Vya Wakulima Tanzania or Network of Farmers' Groups of Tanzania) is the national network for smallholder farmers of Tanzania. Its objectives are to increase the farmers' voice, to solve produce marketing problems, to enhance communication between and among farmers, and to lobby, advocate and generally solve other farmer-related problems. It has 5,200 active members found in 19 regions of Tanzania.

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FERT is an international cooperation association promoting the creation, by farmers, of organisations that bring them durable solutions to the problems they meet in the course of their activity. FERT is currently leading about 20 actions at field level in over 11 countries. It has been working in Tanzania since 1999 on various issues including agricultural marketing, rural microfinance and agricultural production.

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