



Annual Report

2012

Tanzania

Content

Who is Fert?	2
Our approach	2
Areas of intervention	3
Fert in short	3
Fert in Tanzania	3
Support to Usawa	6
Adepak	13
For more information	18

Who is Fert?

Fert is a French association of **international cooperation for agricultural development** in developing countries. Its purpose is to contribute to create conditions enabling farmers to **improve their living and working conditions and achieving food security for their country.**

Fert **supports farmers in setting up organisations** (producer organisations, cooperatives, farmer credit unions, training centers, etc.) enabling them to **find sustainable solutions and services to the problems** they face in their activities and to defend their interests.

Our principle of action is to provide support **on a long term basis** until sustainability of farmers' organizations.

Every farmer is a self-reliable entrepreneur and must be respected as such

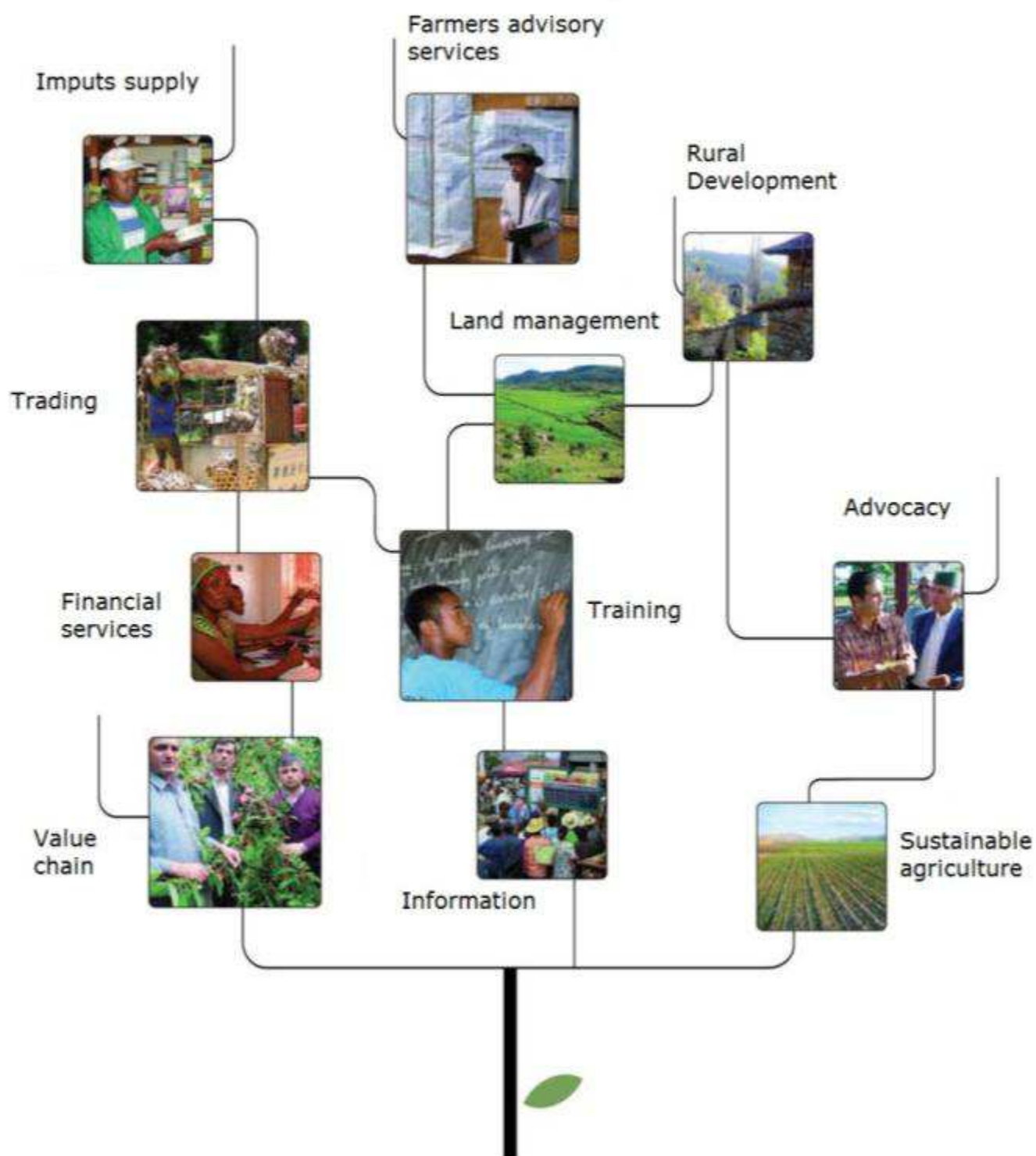
Our approach

It is through the combination of a whole range of factors that a farmer can develop his farm, increase his production and through it his income and family living conditions.

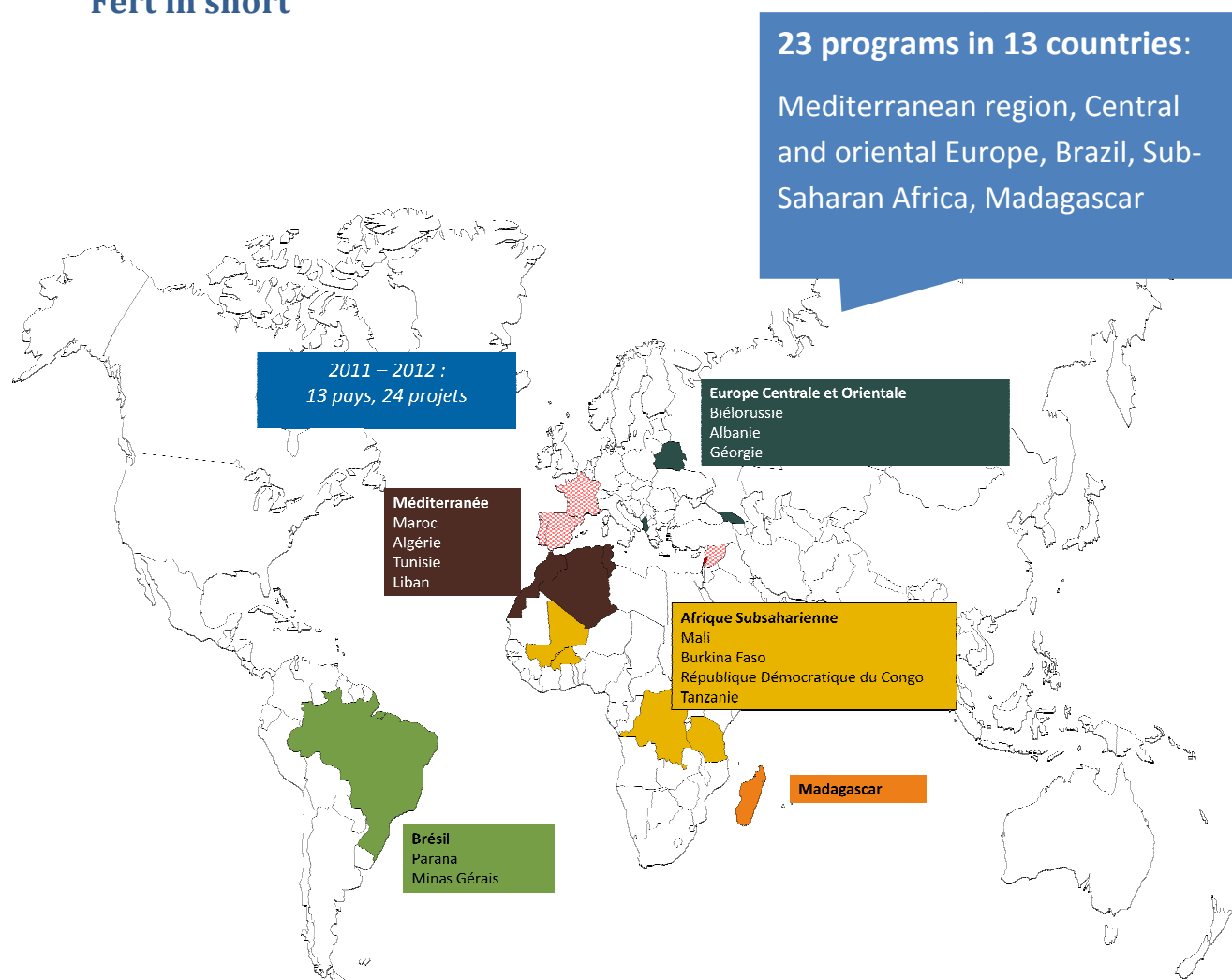
Following that conviction since 30 years, Fert has been implementing projects which demonstrate how relevant is this multi-dimensional approach, where farmers themselves address the issues they face, through specific organizations: micro-finance cooperatives, commodity unions, high schools of agriculture, farmers organizations,...

Areas of intervention

Fert mobilises specialists of the agricultural sector on a long term basis and in all relevant areas to develop a sustainable and profitable agriculture:



Fert in short



Fert in Tanzania

Fert has been operating in Tanzania since 1999 in three main areas. Among them, two major programs are still running in 2013: rural microfinance and Adepak.

In 1999 Fert first worked on the creation of 4 rural markets in Morogoro, Dodoma and Kilimanjaro regions in collaboration with Mwiwata. Then FERT started to support Tanzanian Farmers in developing financial services in rural areas considering the need of the farmers to invest in their agricultural activities. Fert decided to operate in the north of the country.





RURAL MARKETS

Development of rural markets in the regions of Morogoro, Tanga, Iringa and Dodoma (1999 - 2009)



MICROFINANCE CREDIT : SUPPORT TO USAWA

Support to the implementation of financial services in rural areas of Arusha and Kilimanjaro regions (Since 2001)



ADEPAK

Agriculture Development Program In Arusha and Kilimanjaro regions

(Since 2009)

Rural Markets: Carried out between 2002 and 2005, this action allowed creation of four wholesale markets in the agricultural production basins that feed the country's major urban centers. In 2006, Fert and Mviwata entered a new phase in their collaboration which resulted in 2009 in the drafting of a document capitalizing on their experiences of the 10 years project (document available on our website).

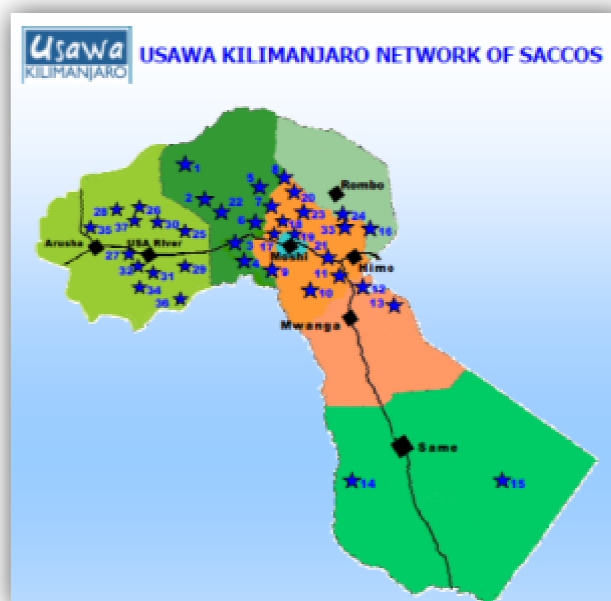
Support to USAWA: Usawa, created in 2006 by Fert and 10 Saccos, is a Tanzanian network of today 37 Saccos from Kilimanjaro and Arusha regions, gathering 17,000 members (mainly local farmers). Fert continues to provide technical and financial assistance to support Usawa until its sustainability. USAWA's role is to mutualise the resources of the Saccos in order to provide to them technical and financial assistance in a permanent way (management of loan, accounts, audit reports, inspection, training, access to a revolving credit fund, access to innovative services (biogas, phone banking...)). This assistance allows the Saccos to provide high quality financial services to their members to improve their working and living conditions thus contributing to rural development.

Adepak (Agriculture Development Program in Arusha and Kilimanjaro) is a long term program aiming at reinforcing the capacities of the farmers and of their organisations in order to: improve the quantity and quality of their productions for animal products (goat and cow milk, poultry, meat) as for crops (vegetables, cereals, coffee), strengthen their entrepreneurship capacities, support them in establishing their member based organisations and in creating wider common services for their members (supply, production, selling). Today the project is running in 3 districts of Arusha and Kilimanjaro regions, reaching directly about 1,300 farmers and 45 farmers' groups, and is planned to be extended in the coming years.

Support to Usawa

USAWA Kilimanjaro is a financial institution gathering and supporting Savings and Credit Cooperative Societies (SACCOS) which are located in rural areas, and the majority of their members are small-scale farmers.

USAWA is a young and growing institution, facing important technical, financial and human challenges. To face them, USAWA is supported by Fert. Our organization and ten SACCOS of Kilimanjaro region are those who, in 2006, took the initiative of creating USAWA in order to take over the support brought to the SACCOS by Fert. The partnership between Fert and USAWA is nowadays materialized by Fert's 'minority participation in USAWA' capital, by its involvement in USAWA's management (technical assistance) and by its efforts to mobilize financial partners willing to finance the development of USAWA and the SACCOS.



USAWA gathers individual SACCOS into a strong and sustainable network that supports each SACCOS in two strategic points: (i) their long-term sustainability and (ii) their efficiency in addressing the actual needs of their members. Each SACCOS contributes to USAWA's costs through the payment of contributions. In return, the SACCOS gets access to various services, according to its needs: training of members, staff and leaders, support on credit management and accounting, improved and standardized management documents, internal inspection, access to a credit fund to increase the SACCOS lending capacity, etc.

End of December 2012, USAWA provides services to 37 SACCOS and 6 branches; out of those 32 SACCOS are shareholders of USAWA.

According to USAWA's business plan, the objective for 2015 is to reach financial sustainability and to be the first rural SACCOS network of Tanzania by enabling around 40 SACCOS to address the needs of their 20,000 members in a professional, cost-effective and secured way.

This annual activity report summarizes the development, performance and the services provided in 2012.

■ *USAWA development*

At the end of December 2011, USAWA provided services to 32 SACCOS and 5 branches; out of those, 28 SACCOS are shareholders of USAWA. The objective for 2012 was to add 8 new SACCOS to the network to reach 40 SACCOS at the end of the year.

Two new SACCOS have officially joined the network : Kusure SACCOS and Maroroni SACCOS which are located in Arumeru district.

Technical support has continued to be brought to five other non members SACCOS which are not enough developed to join the network yet. A branch has been opened in Nronga SACCOS, Hai district, Kilimanjaro region. Four new areas have been identified for the development of USAWA, especially in Arumeru district.

The new SACCOS which joined USAWA during the year are all located in the Arumeru District bringing the number of member SACCOS in this district to 12 (32%).

The result lacks behind the objective which is mainly due to the vacancy of the development officer position during the second semester 2012.



KUSURE SACCOS SUCCESS STORY

Kusure SACCOS is located in Nkoarisambu ward, Arumeru district. Fert started to support the group of farmers willing to build their SACCOS end of 2010. Beginning of 2011 has been dedicated to train the leaders, to recruit the staff of the SACCOS, to mobilize members, to organize general meetings.

During this time a challenge came up: the leaders came from one village called Ndoombo and managed the SACCOS in this village. But the village was not easily accessible to the population. The leaders have been advised to move the office to Mfulony village, the first village of the ward. They accepted and an office has been found and renovated. Thanks to this decision the SACCOS has grown quickly. First loans have been given in June 2011. Nowadays SACCOS accounts 207 members, 36 millions of savings and a loan portfolio of 42 millions of Tsh. They could disburse 84 millions of Tsh of loans during the year of 2012. In June 2012 they got their registration and could officially join USAWA network.

■ *Performance of USAWA*

USAWA's performance is based on different indicators such as: membership of the SACCOS, shares of the SACCOS, savings of the SACCOS, and loan Portfolio.

The objectives of USAWA for the year 2012 are based on the annual objectives of each SACCOS member of USAWA, and the estimates for the new SACCOS that will join USAWA during the year. The following table summarizes the performance of USAWA in 2012.

	(In millions of Tsh)			
	Membership	Shares	Savings	Loan Portfolio
Situation dec 2012	17,405	928	2,891	4.7
Increase from 2011	+ 2,535	+214.8	+695.9	+1,110
Growth since the beginning of the year	+20%	+30%	+32%	+32%
% of achievement of the annual objective	53%	55%	31.6%	55%

As shown, USAWA has not reached its annual objectives. We can find different reasons for this result:

- First of all, SACCOS objectives are in general too high compared to what it is possible in reality. This has to be improved for the coming years so that SACCOS leaders and staff put more realistic objectives in their budget according to the internal and external challenges.
- In 2012 USAWA team was not complete. Development officer was missing. For that matter only few mobilizations have been done by the field officers. The membership could not have been pushed. Also despite the fact that mobilization is a very important activity, USAWA staff and SACCOS leaders spend more time on loan activities (screening, visit of the borrowers, defaulters follow up...). Focusing more on mobilization will be one of the objectives of 2013. A development officer has been recruited end of 2012 to be in charge of this work.
- The increase of the loan portfolio was relatively small because of the lack of internal financial resources. The portfolio at risk at 10% hinders the development of loan activities in some SACCOS. Also more information and education of the members have to be done concerning the savings products of the SACCOS. Few members deposit volunteer savings (Amana, Amana Muda Maalum) and this provokes a lack of internal financial resources for providing loans.
- USAWA faced this year a low capacity to give loans to the SACCOS mainly due to insufficient funds available in the revolving credit fund.

■ **USAWA Services**

The technical services provided during 2012 were:

- ***Training for SACCOS leaders, staff***

Special trainings have been organized in individual SACCOS to solve some specific problems of management, loan management and book keeping. Also series of trainings have been done on the different topics:

- Role and responsibilities of the board in 23 SACCOS of the network
- Book keeping and customer care for 15 clerks of 15 SACCOS
- Loan screening and criteria for loan disbursement 10 new SLO of 10 new SACCOS

- **Support in loan management**

Support in loan management has been done in different ways. USAWA Field officers support SACCOS SLO in their work visiting the borrowers, assessing the loan applications. Also they attend all board screenings in the SACCOS. The objective is to advise the board concerning the quality of the loan applications. They can also help the SACCOS to fill a loan request to the USAWA credit committee, if necessary.

Also USAWA tries to support the SACCOS in the work of recovering past due loans.

- **Storage activities**

Every year some SACCOS of the network store the maize of the farmers in order to sell it when the price is higher than just after harvesting period. For that matter USAWA is part of Purchase 4 Progress program (P4P) organized by the United Nations World Food Program (WFP). Every year USAWA sells tons of maize to WFP.

USAWA has participated to the tender of WFP starting in October 2012. USAWA won a tender of 136 MT of maize. The SACCOS will deliver the maize beginning of 2013.



Leaders and members during storage activities – Sanya Juu SACCOS

- **USAWA governance and management**

USAWA board, credit committee and supervisory committee have met several times this year in order to take the strategic decisions, support the technical team in the process to make the different procedures to be respected by the SACCOS.

Also they organized the two general meetings in June and December 2012 to report on the financial audit of USAWA, on the new budget of 2013 and on the situation and activities of USAWA.

- **Computerization of SACCOS**

The first phase of computerization of the accounting system and client management through the software “Foresight Solution” has been completed in 5 SACCOS in 2011.



The process of computerization continued in July 2012 for 4 SACCOS. 2 SACCOS received support from a French foundation (Poweo) to allow the installation of better solar equipment.

A total of 9 SACCOS have already been computerized up to end of 2012

- **Development of innovative products:** mobile banking, biogas products, solar products adapted to rural populations.
- **Finding credit lines to increase USAWA credit fund**

USAWA has built a relationship with SIDI, a French non profit organization specialized in the financial and technical assistance to microfinance institutions. SIDI came to visit USAWA several times to know the network, its mission and functioning. SIDI accepted to lend Tsh 200 million to USAWA. The disbursement of the loan is planned for beginning of 2013.

- **Financial services**

The revolving credit fund is USAWA key service to the SACCOS. USAWA credit fund allows the SACCOS to increase their financial capacity in order to satisfy the demand of loans of their members.

The following table shows the use of the credit fund provided by USAWA to enhance the lending capacity of the SACCOS.

Loans provided since the beginning of 2012 (Tsh)	Outstanding loans borrowed by the SACCOS on 31st Dec 2012 (Tsh)
831 662 760	708 751 259

End of 2012 the volume of the credit fund amounts up to Tsh 750 887 076.

As per 31th December 2012, the SACCOS used in average 15% of the Credit Fund to provide loans to their members. In other words, 85% of the SACCOS loan portfolio is financed through internal resources (share capital, savings, reserves ...).

■ *USAWA networking*

- **Visit of KUSCO network, Kenya**

The leaders of USAWA visited SACCOS and SACCOS networks in Kenya in June 2012. They visited two places in Kenya:

- Wakenya SACCOS at Kisii district (15 branches in the district)
- KUSCO, SACCOS network in Kenya started in 1976. According to the country regulation every SACCOS must join the Network. KUSCO is collecting savings from the SACCOS and offers a certain percent of interest.

The objective of the visit to Kenya was:

- To study operations of modern SACCOS.
- To get the knowledge of how to run a big network such as KUSCO.
- To learn about challenges they are facing and how leaders and management overcome them.
- To see what can be replicable for SACCOS and USAWA network from KUSCO Model.

- **Participation in the International Cooperative Union Day**

The board members of USAWA and several staff members participated in the annual International Cooperative Union Day. The event, organized by SCCULT (Savings and Credit Cooperatives Union League of Tanzania) took place from 16th – 18th October in Dar Es Salam.

USAWA hold a stand during the three days to promote its activities and the SACCOS network. It was also the opportunity to exchange with leaders from other Tanzanian cooperatives as well a representative of the Ministry of Agriculture, Food Security & Cooperatives who stressed its support to USAWA.

■ *Challenges and perspectives*

USAWA had still some challenges to face in 2013. These challenges, such as the change of its legal status, the management structure and the development of a strategy for the mobilization of savings to name a few, will take some years to be solved and need a rethinking of the organization of USAWA. In the coming years, USAWA with the technical assistance of FERT will work on a strategy to handle the different problems which can slow down the development of the organization. The strategy will have direct impact on the way of working of USAWA which need to be more efficient to become more professional and recognized in the international and local microfinance sector.

For 2013 USAWA performance objectives will be to reach 20,700 members, Tsh 4,000 million of savings deposits and a loan portfolio of Tsh 7 Billion as shown in the table below.



Malengo USAWA & SACCOS 2013

USAWA & SACCOS Objectives 2013

	Hali Dec 2008 Situation Dec 08	Hali Dec 2009 Situation Dec 09	Hali Dec 2010 Situation Dec 10	Hali Dec 2011 Situation Dec 11	Hali Dec 2012 Situation Dec 12	Malengo 2013 Objectives 2013
Bajeti ya SACCOS						SACCOS
Idadi ya SACCOS/TAWI						
Number of SACCOS/Branch	24	26	31	32	37	41
Wanachama						
Membership	8,018	9,075	11,398	14,511	17,405	20,710
in million Tsh						
HISA						
Share capital	319	413	532	713.2	922	1,200
Akiba na Amana						
Savings an Deposits	515	697	1,140	2,195.70	2,891.70	4,042
Mikopo iliyotolewa						
Loans disbursed	1,999	2,477	3,400	5,473.30	6,147.10	7,982
Baki ya Mikopo						
Loans balance	1,088	1,443	2,020	3,589.90	4,700	7,100

The main activities planned for 2013 to achieve the above objectives are explained briefly below. Of course this list of activities is not exhaustive and will be organized in addition to the whole range of field activities already in place such as inspection, support in accountancy and loan management provided to the SACCOS, management of the USAWA credit fund, training for leaders and staff, regular advices on specific issues of a SACCOS.

In 2013 USAWA also will:

- **Focus on capacity strengthening**
- **Work on the evolution of the legal status of USAWA**
- **Continue to develop the computerization**
- **Continue to build different partnerships**

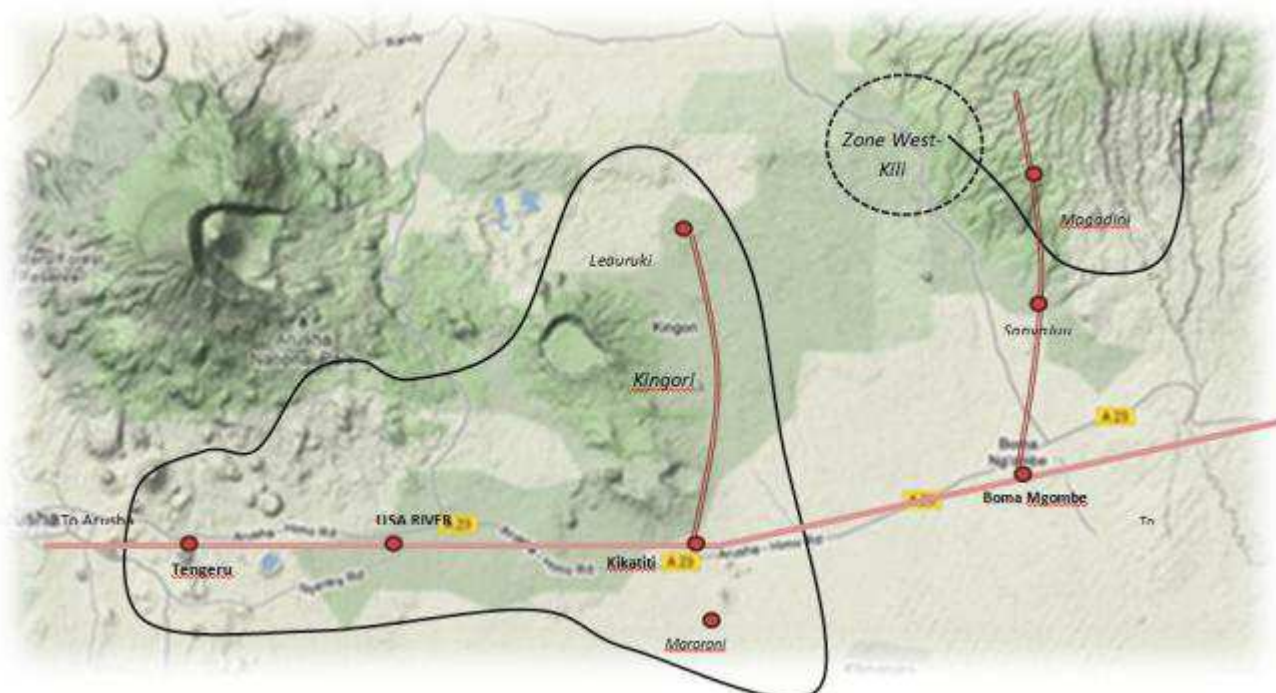
Conclusion:

2012 was the first year after termination of the financial support given by the project 'Support to Usawa'. USAWA is still in the process of reaching financial and technical sustainability. The year 2013 will be dedicated to improve the effectiveness of USAWA's activities and its operational organization to become a sustainable and professional partner in the microfinance sector in the coming years. Fert will continue to support USAWA to achieve this objective.

Adepak (Agriculture Development Program in Arusha and Kilimanjaro regions)

Adepak started in 2009 with the objective of tackling the challenges faced by the farmers in the areas where Fert was already working through its microfinance program. Its specific objective is to ***Increasing small scale farmers' technical and entrepreneurship skills and improving their access to economic sustainable services***

After two and a half years of implementation, the program involves 43 farmer groups of an average of 30 members each, gathering around 1500 farmers (of which 55% are women). These groups are located in Arumeru and Siha district of Arusha and Kilimanjaro regions.



Present geographic area of implementation of the program in Arumeru and Siha districts

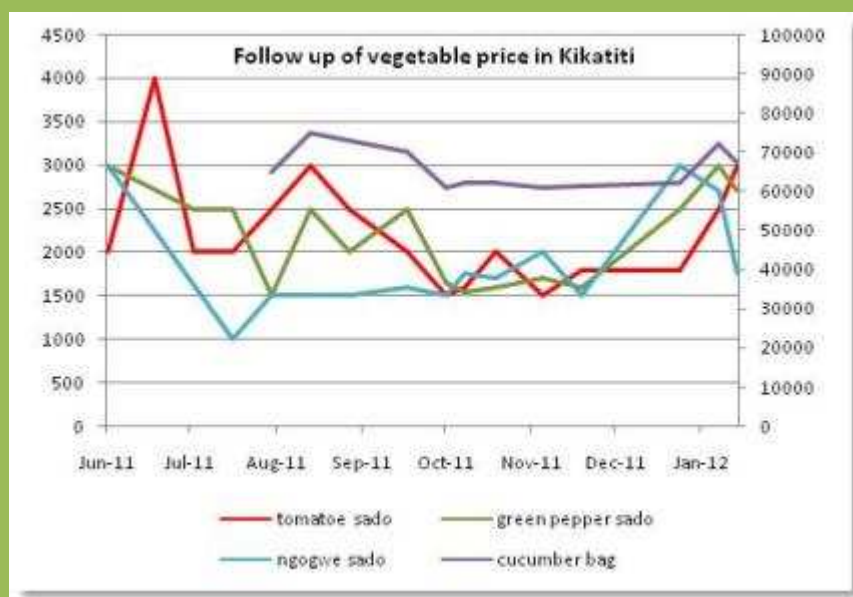
■ Activities

The program is implemented through different types of activities:

- **Agricultural and livestock keeping extension of technical training** of the members of the farmers' groups and their pilot farmers. The following tab illustrates the main subjects that were covered on the technical side during the year.

Production	Trainings / skills
Poultry keeping	General management, breeds, natural incubation, nest preparation, poultry housing, equipments, feeding and rations, health (control and treatment), poultry breeding, etc.
Vegetable production (including potatoes in West-Kili)	General management, nursery preparation and management, transplanting and seedlings, pest and diseases prevention and treatments, organic farming, production of compost manure, post-harvest techniques , etc.
Maize production Rice production	Spacing, Fertilizers good use, use of manure, pests and diseases prevention and treatment
Dairy goat production	Feeding, local fodder production, goats shed, establishment and management of pasture, prevention and control of pest and diseases, goat breeding, etc.
Dairy cow production	Cow breeds, feeding, management of pastures, diseases prevention and control, etc.
Coffee production	Pruning, pests and diseases prevention and treatment, fertilizing
Tree nursery project	Nursery management

- **Training on economical and entrepreneurship skills** (decision making for their productions, book keeping, feasibility studies, profit calculations, etc.) , i.e. improving results as individual farmers. The following figure illustrates an example of



Market surveys

Since June 2011, local market surveys and national prices collection contribute to a database which will help farmers to better link the choices of productions (for vegetables and crops especially), to the market reality. On a long term, deeper analyses and studies will be held to better advices and analyses conducted with farmers.

Market surveys are being held by the secretary of the project and analyses by all the staff (field agents and coordinators).

Four different markets are being surveyed on different productions: Poultry, Beans, maize, Vegetables (tomatoes, ngogwe, Green pepper, and cucumber).

activity conducted.

- **Facilitating farmers' groups** in their growth and **supporting** them on good governance, business planning, project planning , organisation, book keeping;
- **Co-financing the purchase** of some equipments and infrastructure aiming at improving productivity of a targeted production in the group and running it as a business. The following figure illustrates the impact of the rehabilitation of a water irrigation canal.



Impacts of the renovation of a water canal in Ngurdoto village

Renovation of the canal was managed with the water committee of the area. At the beginning of the project, only 20 farmers were involved in the committee, and were using water, irrigating each $\frac{1}{4}$ acre plot of Maize or banana. After the water canal was renovated, the number of water users increased up to 95, irrigating plots from $\frac{1}{4}$ acre to 1 acre.

In addition to the increase of irrigated surface, social improvements were to be seen as less conflicts happened, thanks to improvement of the internal governance of the committees. They are now well functioning:

- A committee is dealing with collecting money for the maintenance (every user contributes in proportion to the size of his irrigated plot),
- Another committee is dealing with the supervision of work, water sharing rules and timetables.

A farmers' group (**Msamaneni group**) is being assisted by the ADEPAK staff to implement tomatoes and hot pepper productions.

As a consequence of its dynamic, the group was approached by a Tanzanian organization that plans to develop with it hot pepper production on drip irrigation systems.

- Implementing all relevant **cross-cutting activities** aiming at developing services and organizations development (intergroup meetings, value-chain studies, technical material development, exchange visits, market prices collection and dissemination, facilitating and training on strategic and business planning, good governance training, organization management and book keeping, etc.);
- Organizing **trainings for staff** in all relevant areas;
- Designing and implementing **Monitoring and Evaluation** of the activities and results; **evaluating the impact** of the program regarding its objectives.

■ *Yearly changes*

The year 2012 brought the following changes:

- Geographic extension: While the implementing areas were extended in continuity to the present geographic area, a new area was opened, in the benefit of four new farmer group. This 'West-Kili' project is benefiting of the funds of the Finish government, and is focusing on the specific production of Irish potatoes.
- Human resources: In year 2012, the project's coordinator Maude Lecorre left Tanzania for personal reasons, and was replaced a few months after by Augustin Douillet. Three new field officers were recruited to allow the growth of the project in terms of groups and geographical areas covered.

■ *Achievements*

End of 2012, the following results have been recorded:

- Within the farmers that benefited from the trainings, approximately 45% of them adopted the techniques they learnt, or were able to diagnose diseases in their production and know how to treat them.
- About 30 groups benefited from demo-plots (vegetable, maize, pasture), demo-shed (poultry and goats) and equipment for improving productivity (sprayers, incubators, irrigation canal rehabilitation, water pumps, poultry feeders, underground water storing tanks). For all of this, farmer groups contributed from 30 to 50% of the costs.
- About 120 'pilot farmers' have been recording technical data and half of them technical and economical data, in order to conduct production costs analyses. Farm management and entrepreneurship trainings have been also conducted, benefiting to all of the groups.
- The groups themselves benefited of training on good governance, strategic planning, and record keeping and have also been trained through the implementation of the projects they wanted to manage.
- Cross-cutting needs have been identified and will lead to common solutions discussed and solved in inter-groups organizations : access to good input, access to technical information, as for market and prices information, access to vaccination and paravet services, marketing.

■ *Perspectives*

In year 2013, Adepak will continue extending its geographic area through the recruitment of new field officers and the opening of field offices (Sanya Juu in Siha district and Kikatiti in Arumeru district).

- A total of 50 to 60 groups should be supported at the end of this year.
- Enhance intergroup activities, through the implementation of value-chain studies, cooperatives support for selling, paravet services extension, and more.
- Reinforce internal capacities in entrepreneurship training and advisory services delivery.
- Better link farmers' groups to finance institutions including USAWA's SACCOS which can play a big role.
- Better link Adepak and the farmers' groups to relevant partners such as government extension services and other projects and farmers organizations.

Conclusion:

At the end of this period, tangible improvements in technical and economical management of the farmers were recorded. This added to the groups' dynamics encouraged Fert to continue its activities in the area and to extend it. A three year activity plan has been set up and will help Fert to enhance its activities for the benefits of the farmers of Arusha and Kilimanjaro regions.



For more information

Contacts

Marina Abboud, Country representative (m.abboud@fert.fr, 0683 702 519)

Augustin Douillet, Adepak project coordinator (fert.douillet@gmail.com, 0789 911 272)

Technical Partners

- Ministry of Agriculture, Food Security and Cooperatives
- Ministry of Livestock and Fisheries
- World Food Program (WFP)
- SNV
- SP2A
- TIGO
- Computer resources
- Power Providers
- TAHA (Tanzanian Horticulture Association)
- AVRDC
- LITI Tengeru College
- HORTI Tengeru College
- Agri Pro Focus Tanzania

The activity of Fert in Tanzania is financed by Fert's proper funds, with the additional support of the French embassy (Fonds Social de Développement), the Finish government through the Agricord program 'Farmers Fighting Poverty', USAWA contributions, SIDI credit line and POWEO subsidies.



AGRICORD

