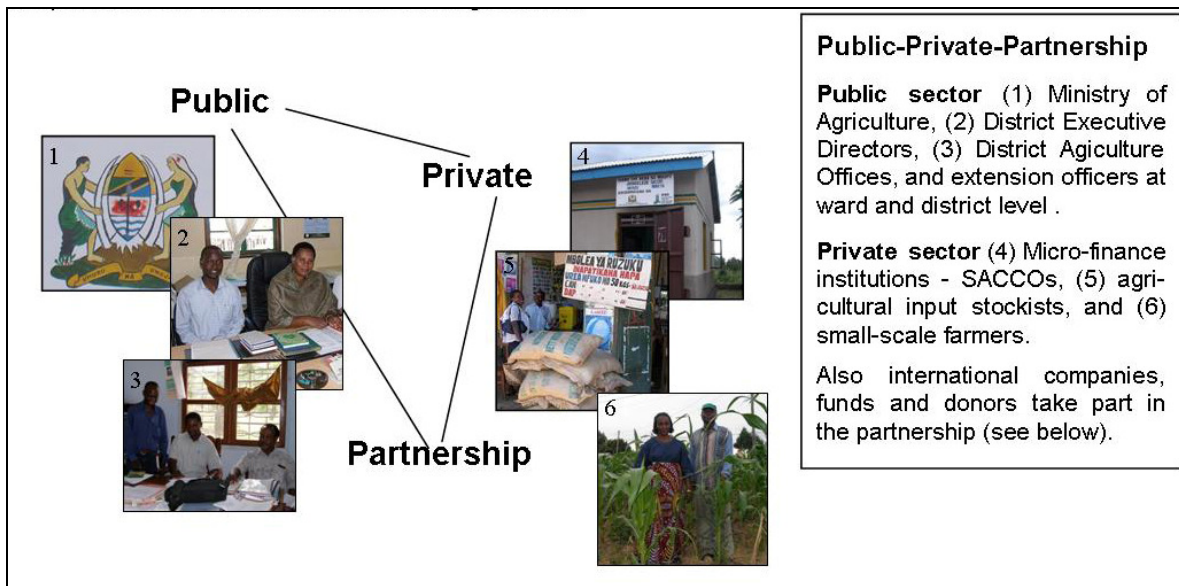


UPDATE ON THE TANZANIA AGRICULTURE INPUT PARTNERSHIP (TAIP)

1. Introduction

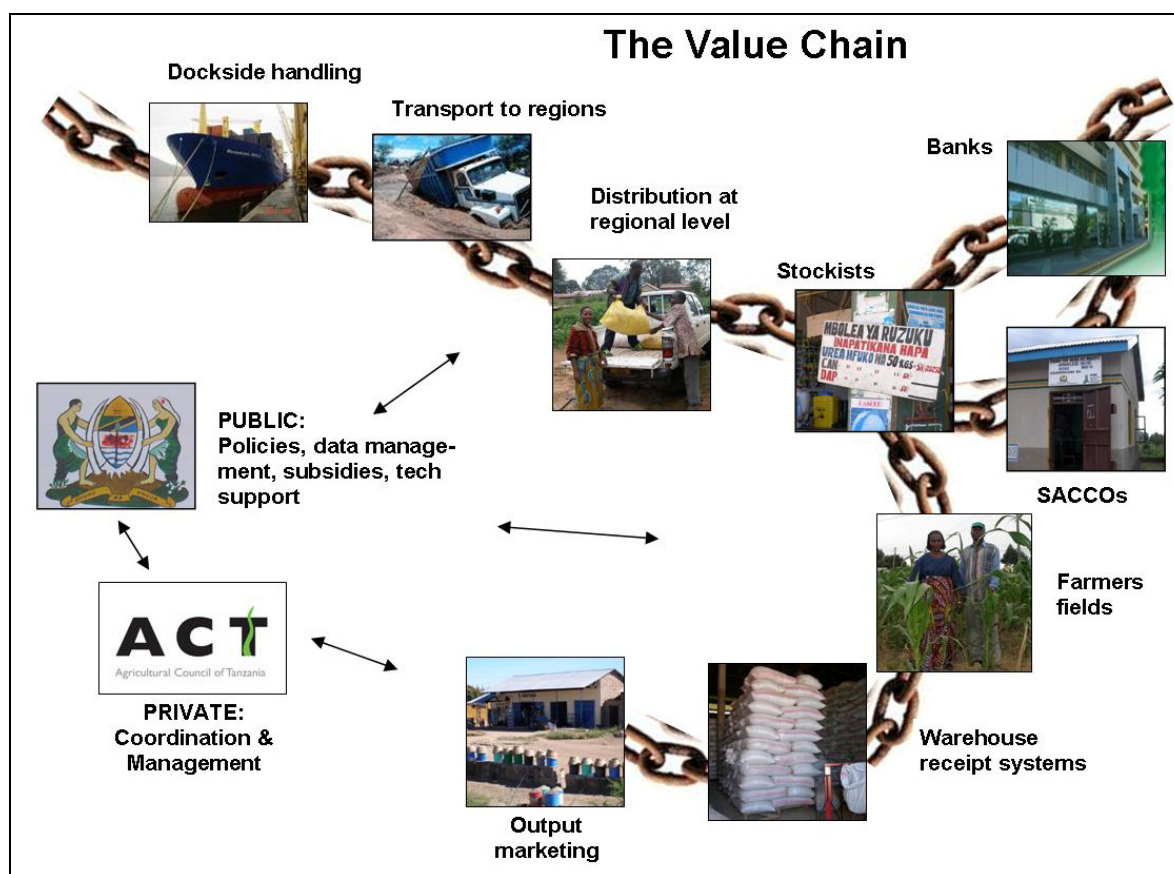
TAIP, is a Public-Private Partnership, which aims to improve effective use of agricultural inputs throughout the value chain. The value chain approach ensures that rather than one problem, a whole range of inter-connected problems is addressed. For example the incidence of high import prices, inefficiencies in the transportation system, lack of capital for agro-dealers, lack of adequate skills among farmers, lack of small seed and fertilizer packages that meet farmers demand, lack of information, lack of markets, and lack of an enabling policy framework. If only one problem in the value chain is addressed, the intervention might fail because there are so many interlinked factors that influence input use.

Figure 1: The Tanzania Fertilizer Partnership Framework



TAIP consists of national and international organizations being coordinated and managed by the Agricultural Council of Tanzania (ACT). Partners include: Government of Tanzania (Agricultural Sector Lead Ministries and LGAs), University of DSM, Norad, Norfund, Rabobank, IFAD, AGRA (Rockefeller and Bill-Melinda Gates Foundations), Farmers organizations, NGOs and several commercial input companies.

Figure 2: The Fertilizer Fast Track Value Chain



2. Implementation of the Fertilizer Fast Track Project

TAIP has evolved from the Tanzania Fertilizer Partnership (TFP) 'Fast Track' project which began in October 2006 to address some of the critical constraints in the value chain. The Fast Track process was piloted in five districts (Songea Rural, Mbeya Rural, Mbarali, Mufindi and Kilombero) to test a Value Chain Implementation model that would be improved and subsequently rolled out on a larger scale. The Fast Track project was not intended to achieve significant field impact but to test a concept of coordinated response to specific value chain constraints and its potential near and longer term effects and impact on fertilizer use.

Project components included activities along the entire fertilizer value chain. Field based district-level training and capacity building was the main area of intervention. Other support activities were: output marketing; fertilizer data management; value chain information flows; dockside handling amelioration, commercial banks awareness and new financial product development; environmental impact assessment; analysis of tax on fertilizer; voucher system for management of fertilizer subsidy, and; farmer input promotions. Monitoring and Evaluation component was added at the inception phase of the project.

At the district level, project implementation was carried out by a team of local collaborators led by the 5 FTP District Coordinators in respective districts. At the central (national) level,

the project was coordinated and managed by ACT. Project finances were mainly provided by Norad, Norfund and Yara. IFAD co-financed the output marketing study.

Due to inadequate funding and short duration of the FTP, some project components could not be implemented. These included: commercial banks' awareness and new financial product development; analysis of tax on fertilizer; voucher system for management of the fertilizer subsidy, and; farm inputs promotions. Environmental impact assessment was postponed to the national rollout programme. Owing to additional project activities not previously envisaged, the project implementation period was first extended to June 2007 and then to August, 2007.

3. Findings and Recommendations from the Fast Track Project

Field-based Activities

District training and capacity building involved farmers' representatives, stockists and agricultural extension officers. Participation was excellent at more than 95% with about 300 actors trained within the period of 4 months in all 5 Fast Track Districts. The project has managed to stimulate increased interest of farmers on proper use of inputs, particularly improved seeds and fertilizer, through voluntary demonstration plots established by farmers themselves to train other farmers. Most trained farmers do not depend on subsidized fertilizer only. In addition, the project imparted business skills to farmers for adoption in their farming practices. The training has also triggered formation of SACCOs' and stockists' networks in the project area e.g. Kilombero District.

Figure 3: A farmers demo plot in Songea Rural District



Investigative studies

The output marketing study has revealed that maize from the Southern Highlands Regions of Ruvuma, Mbeya, Iringa, and Rukwa cannot compete with that from the Kibaigwa Corridor (Dodoma, Arusha and Morogoro regions) for the major Dar es Salaam market. There is enormous maize export potential if Tanzania can produce maize surplus especially for bio-fuel production in South Africa. Market prospects for Mbarali rice farmers in Mbeya are good if they can introduce branding to their products and exploit potential markets in the neighbouring countries such as Zambia.

Overall, WRS and Grain Exchange should be encouraged as main channels for marketing of rice and maize to improve revenues and reduce price volatility. However, they face a number of challenges including enhancing confidence of key players, keeping the certification process as neutral as possible, improving financial and bonding requirements, reducing resentment by brokers, exploiting the economies of scale, embracing small scale operators, and averting sectional or political interference.

Stockists and wholesalers were found to be the weakest links in the fertilizer supply chain. At farm level, information is fragmented and not well packaged, whereas at importer-manufacturer level the information flows are systematically and continuously captured, analysed, packaged and disseminated using Information Communication Technology (ICT). District Agricultural Input Output Networks (DAIONs) using public resources and private sector actors should be established to streamline information flow between and among actors at district level.

Gross operational inefficiencies exist at the Dar es Salaam port mainly caused by poor infrastructure which affects stevedoring practices and off take arrangements (increases costs by up to 40%). It is recommended to install bulk handling facilities to improve the discharge rates currently at less than 2,000 tonnes per day which is too little to utilize economies of scale for bulk shiploads of more than 30,000 tonnes. Improved bulk handling facilities should also cover such products as grains and pulses. An investment of about US\$ 5 million would result in savings estimated at US\$ 2.5 million per annum.

The coordination and facilitation role of ACT in the partnership and in implementing FTP activities has had a tremendous effect on ACT. ACT's legitimacy has been strengthened and has improved trust between ACT and its partners (as well as its private sector members and prospective members). It has also enhanced a focus on what is needed to improve private sector development as well as developing closer team work and spirit among members of the ACT staff.

Near the end of Fast Track operations, ACT conducted an internal (self-assessment) evaluation exercise aimed at gathering lessons from the Fast Track process for improving future performance. Key recommendations from the exercise were: the overall partnership approach (business as unusual) should be maintained; ACT should be more assertive and take a leading role; ACT should adopt simple human resources, financial and administrative procedures; collaboration between partners should be formalized at all levels; and information and communication between partners should be strengthened through increased use of ICT.

The M&E and Database management studies are in the final stages of completion.

4. Conclusions and Next Steps

The Partnership achieved relatively quick delivery of services at the field level with significant impact. The Fast Track pragmatic approach (business unusual) and working with existing institutions at the grass roots level has demonstrated its effectiveness and enabled the Fast Track to take off within a short planning and preparatory period of about 3 months only. By comparison, this is far much better than most interventions in Tanzania which follow a classical 'project type' approach.

TFP stimulated collaboration between key district actors who had never met before. The partnership approach enabled various actors/players to initiate working relationships for the first time. For example, commercial financial institutions e.g. NMB and CRDB established contacts with farmers groups and associations which are likely to be developed into full fledged business relationships in future.

The partnership is growing with increased availability of relevant organisations and resources to provide practical help. For instance, NMB, AGRA, FSĐT, CNFA working

under the partnership have agreed to implement an Agricultural Inputs Financing Pilot Project which is expected to take off in December, 2007. NMB will provide loan capital amounting to US\$ 5 million to 200 agro-dealers in the Fast Track districts; AGRA/CNFA will provide funds for the training and certification of agro-dealers – about 800 agro-dealers will be trained in the Mbeya, Morogoro and Arusha in the next 3 years while AGRA/FSDT will provide money for the guarantee fund in the sum of US\$ 1.1 million. AGRA/CNFA will assist the Government to design a voucher-based input subsidy scheme which will be operational starting from the 2008/2009 financial year. DFID will fund activities that would facilitate dissemination of research technologies.

As demonstrated through the Fast Track Project, PPPs can perform effectively to reach common goals through a coordinated, market-oriented approach. Based on the initial successes of the Fast Track project, this work will now be gradually rolled out on a national scale, covering a larger range of inputs and with additional partners under the Tanzania Agricultural Inputs Partnership. Already some partners have initiated new ventures such as the strengthening of agro-dealers (AGRA/CNFA) and financing of agro-dealers (NMB/Norfund/AGRA/FSDT) as part of the national rollout. UK's DfID is a prospective partner expected to work with FIPS for promotion of smaller inputs packages to the small-scale farmers. The planning process for the nationwide programme is already underway with facilitation from Norad's continued support and financial assistance.