

Southern Highlands' Biashara Mapema 2013 Network Update

By Bahat Tweve ¹

Bahat Tweve gives an update of his network in 2013. He describes the way that his Transaction Security Service is working and the challenges that he faces. He gives an update on the building of the RAPP collection centre.



Bahat Tweve in the Southern Highlands

An Expanding Network in 2013

I have been in this business for eight years. To operate my network Transaction Security Service (TSS) I have been 'learning by doing', mentored face-to-face and online through the Linking Learners platform. I have also trained others how to do TSS business at the three agent training workshops that I have conducted, two in Tanzania and one in Uganda. The Southern Highlands' Biashara Mapema network is expanding to the central corridor of Tanzania, to Dodoma, Singida, Morogoro and Manyara. We are already operating in the Southern Highlands of Tanzania, in Iringa, Ruvuma, Mbeya, Rukwa, Njombe and Katavi. All of these are very fertile areas.

Commodities and Deals

The commodities that my network covers are extensive: including maize, potato, beans, rice, finger millet, timber, wheat, onions, tomatoes, cabbage and pigeon peas.

We use a variety of methods for conducting deals. When we auction farmers' produce, my network agents organize the bulking of the farmers' products. They then check, bag and tag it. We contact a number of possible buyers, asking them to put in a bid for the produce that we have prepared for sale; each buyer's bid is independent. The farmers' committee then decides on the winning bid and the network organizes the collection and payments. The auctions are mostly for beans and grains.

Another type of deal that we organize is the 'double loop' deal. This is when we pick up farmers' produce (often potatoes) from various different small collection points, and then we transport and deliver to various small buyers (such as the roadside chip sellers). The buyers pay on delivery and the farmers are paid either through COB or after the drop offs.

Southern Highlands Biashara Mapema

I have 16 Agents. Some specialise in sourcing whilst some specialise in contacts with buyers.

- My TSS agents on the sourcing side and the areas which they cover:

Dudley Sulutya (Morogoro, Rubeho and Kisitwi)

Thomas Mbedule (Igowole and Mtambula)

Aurelia Mlelwa (Ithomasa and Udumka)

Sifuni Nsemwa (Magunguli, Isaula, Idete and Kiyowela)

Hassani Shabani (Gairo and Kibaigwa)

Tausi Juma (Kigwe)

Maimuna Nkanga and Jerome Simon (Babati and Galapo)

Batista Kidehele (Ifakara, Mbingu and Mlimba)

Edina Kasule (Mbeya, Mbalizi, Chunya and Umalila)

Shukuru Mwashoma (Mbozi, Mlowo, Vuwa, Tunduma and Itaka)

Tadey Mwakaguo (Songea, Madaba and Mbinga)

Ndomba (Namtumbo and Hanga)

Roden Muhewa (Ugesa, Itimbo and Kibengu)

- My TSS agents on the buyers' side and their areas:

Lucy and Joseph Kyando (Makambako and Njombe);

Pascal Kissavah (Dar es Salaam)

Amani Masai (Arusha)

¹ Edited by Anne Dennig in 2013

A New Network Manager

Dudley Sulutya is my TSS agent in Morogoro but I am training him to become a Network Manager there. Until now he has been selling Oolux kits (solar energy kits) in Morogoro and in Gairo. He also has a small network of agents: Hassani Shabani, Scolastic Lugendo, Batista Kidehele and Chiku Kivambe.

Responsibilities of TSS Agents

Responsibilities within a deal are very carefully delineated to make sure that TSS deals are conducted correctly. Agents may “sing the same song, but dance differently!” Agents at the sourcing end are in control of quality and tagging and when advance money is available they pay the farmers ‘cash on the bag’ (COB). Once the truck is on its way, responsibility shifts to the agents in the market or at the buying end of the deal. All the network members must follow our rules for doing TSS deals. I am the deal coordinator and my job is to plan and manage the deal; this includes applying for registration of the deal and completing the TSS form (online on the myLLL platform) with all the details of the prices, middle costs etc. After the deal has been registered I stay in contact with the mentors through myLLL and discuss any challenges and learning points from the deal. When the deal has been completed and all the information has been entered correctly the deal is closed.

Farmers Served by the Network

Our network connects to farmers’ groups in the various regions. Since working with TSS we have improved relationships with producers through our reliable and transparent service. We have also succeeded in paying bonuses to farmers, who are very happy about this. But they like the TSS service not only for the bonus but also because it assures them of a market and enables them to concentrate on production. Some of our farmers would prefer only to sell to our network. At first they had to have COB (immediate payment) to do deals, however, the network is now able to source some crops from farmers on credit because of the trust we have built. The farmers are also benefitting because we have also reduced the presence of dishonest middlemen in key areas.



Thomas Mbedule and Aurelia Mlelwa, paying bonuses for a potato deal in Ihomasa

The Buyers

The double loop buyers for potatoes from The Southern Highlands are the chip sellers in Morogoro and along the roadside into Dar es Salaam and Dodoma. The main big buyers are Nassorow in Dar es Salaam (for maize and beans); Festo in Himo (for maize); and Oneone in Makambako (for maize). The buyers for timber are in Dar es Salaam. This is a new area for us. This is difficult area in terms of payments; because the buyers pay late or slowly and the amounts are large.

We have some challenges to overcome concerning the big buyers who avoid paperwork and therefore won't issue Local Purchase Orders. This means that business agreements can be unreliable. However on the positive side, the network has also been able to get advances for payment from some buyers because we have built trust through repeat deals. Buyers like Nassoro, who the network has worked with many times, are prepared to pay in advance; this reduces the need for a COB loan.

Improved Efficiency with TSS

We have improved the efficiency of the deals through the TSS system and this is improving my business. All the costs and prices for the deal are calculated so the deal is transparent and you then know if the deal is profitable or not.

Transport Challenges

One big challenge is reliable transport. Trucks can be very inefficient, they break down a lot and this causes delays for our deliveries. The roads in the rural areas are poor and in the rainy seasons they are often impassable.

Finance

Finance is another challenge. There is a lack of money to finance deals, for immediate payment to farmers, transport and other middle costs. It takes time to take money out or put money into the bank and we have to travel with cash, which can be dangerous.

Weights and Measures

We also need to improve measurement processes. Farmers mainly use tins (debes) for measurement, but they need to be introduced to kgs and accurate weighing scales; tins or debes can be tampered with and are inaccurate.

A Trading Centre



Bahat on the loading bay during construction of the RAPP Trading Centre

We have had many challenges with access to markets from our rural areas due to very poor roads. Improvements that we realise are needed are collection points where farmers' produce can be stored, checked and can be accessible to ten tonne trucks which will take the produce to major markets or buyers. We have found a Swiss investor RAPP who has funded a trading centre that we have built. The network will pay rent to the investor and eventually own the building after 25 years.

The building of the centre has recently been completed and we plan to have it in full operation in 2014. It will be a meeting centre for farmers with stores, a café, Internet access, an agro-dealership and a mobile money agent. There are plans for another eight of these trading centres across Tanzania. The new trading centre will help with the challenges we have with measurement. Here we will be able to keep, and train the farmers to use, a weighing scale. We will also improve the quality control, packaging and tagging by

having a central place where this can be done and where the bags can be stored until pick up in dry and secure conditions. The Internet connection will allow me to register the network deals and the mobile money point will allow us to move towards cashless payment; paying directly onto the farmers' mobile phones.

Immediate Plans

We will need to keep our agents up to date with training for the new Academy system and we look forward to scaling up our network business with RAVI and techfortrade.

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