

Transport Issues; a Maize Deal in Tanzania

By Bahat Tweve ¹

Bahat Tweve, Network Manager and CEO of Southern Highlands' Biashara Mapema, describes a maize deal done in December 2013 after a break of more than a year due to the absence of cash-on-the-bag (COB) funding. The story shows us how transport issues are a big bottleneck, and how farmers reacted to receiving bonus payments.



Loading maize in Magunguli

Maize deal tBT13-248

This was the first TSS deal in the Southern Highlands after a gap of more than a year due to lack of COB funding. In my network we wanted to start again with the new Academy programme and explore new procedures with mobile payments. We wanted to do a small deal first, so that we could be sure we could do it successfully and to build on this as a learning experience. So we decided we would do a maize deal from Magunguli, a small village in a rural area, to Makambako, our closest large market town 55 kilometres away. 50 km of these are along a dirt road with only the final 5 km on tarmac where the dirt road from Magunguli branches off at the main road to Iringa and Makambako. Often during the rains the dirt turns to mud and the road becomes impassable for trucks.

My TSS Agents

To do this deal I used two agents: Sifuni Nsemwa, who helped me on the sellers' side and Lucy Kyando, our TSS Agent based in

Makambako. Sifundi helped me with the farmer registration and in the office she printed out the forms that we needed for the deal. This is possible because of the solar panel system up on the roof. Sifuni also helps with the rental of solar lanterns; also done from our office. Although we can type and print in the office we can't access the Internet here, to do that we have to go outside the village under a Mikusu tree. However, often during bad weather (rains or mist) the Internet is so slow that it doesn't allow us to do any reasonable work and that brings delays for our uploading of TSS deal registrations and other required deal information. So during the rainy season the Internet is on-and-off for the folks in Magunguli.



Sifuni Nsema learning how to use the computer with Bahat Tweve coaching her how to print out farmer registration forms

My TSS agent Lucy in Makambako knows the buyers there very well and was responsible for that side of the deal. She found a reliable buyer for our small deal of white maize.



Bahat Tweve and Lucy Kyando outside her store

¹ Edited by Anne Dennig in 2014

Frustrations of Opening an Mpesa Point

Although this was a small deal it did not turn out to be easy; we had a lot of challenges. First of all we wanted to test the mobile payment system. Farmers know about mobile payments and are willing to be paid onto their mobile phones through Mpesa; but they only agree if they can convert at least part of their mobile account into cash in the village itself in order to pay for their daily local expenses and school uniforms etc.

We tried to open an Mpesa point in the village that would be registered with our network. However, we failed to do that because of a lot of bureaucracy from Vodacom who sent us from Iringa to Dar es Salaam and back again. We submitted all the documents that were asked, but even after two months we made no progress and so we had to give up and request support from higher levels to open our Mpesa points in villages. So while we are waiting for that we reverted back to the cash system in order to be prepared for this deal.

Trying to get COB Funding

The Academy COB funding channel (through techfortrade) was still not arranged by the time we were ready to do the deal (December 2013), so we decided only to rely on what we had and not on promises and hopes for funding that was outside our control. We wanted to use the experiences of this first deal to grow the deals and expand (if possible of course when the new COB funding channel becomes active), but only by adding to what we already have under our own control. So we put together our own COB fund from our own sources; this was sufficient for moving about 2.5 tons of maize.

Going Ahead with Our Own COB Fund

Our decision to go ahead with our own means came late. Some farmers had already prepared their maize to sell and had about 1.4 tons ready. When we finally decided to go ahead we saw that we could handle about 2.5 tons but it was difficult to find this amount at such short notice because the other farmers had not yet cleaned all their maize ready for selling and also the rains had started in earnest, so everybody was out in the fields busy planting the next maize crop. Therefore in the end we checked, measured using debes (measurement buckets), and bagged 1.5 tons of maize ready

for transporting to Makambako.



Bagging using debes for measurement in Magunguli

Transport Difficulties

Now a big challenging issue we have here is transport, not only because of bad roads but also because of the state of the vehicles. These trucks making it to villages like Magunguli are always at the end of their useful lives and ready to die on the road at any time. So once again transport turned out to be our biggest headache.



Changing a wheel in Magunguli

One minor problem was that we originally had planned to do the deal out of the new RAPP Trading Center that we have recently finished building. But the farmers were not ready to transport their bags the two kilometres to the Trading Center because they were busy with planting and also because there was no local transport available. So we decided to do this first deal from the village of Magunguli and to wait for a bigger deal to use the Trading Center later on when we can give enough advance notice to all three surrounding villages: Magunguli, Kiyowela and Isaula. We also have plans for a local transport service to use for this, which would pick up small loads from the farmers.

Finding transport to Makambako for delivery to the buyer on Friday 7th December was a headache. Already on Wednesday in Makambako I had contacted various ‘fuso’ (10 ton truck) owners about what they would charge to haul bags from Magunguli to Makambako. Their price was very high. When the rains start trucks often get stuck on the dirt roads from the villages and therefore there is a shortage of transport.

We decided to use the small ‘canter’ truck that a guy operates in Magunguli. But by the time we could reach him on Wednesday afternoon it turned out he was already contracted with other loads on Friday and could not take care of our consignment. Also, his prices were high. So we were left to rely on the trucks hauling timber daily from Makambako to the paper mill. On their return trips they are usually available for taking cargo up to Makambako.

On Thursday evening, a day before our delivery was scheduled, one such timber truck left Magunguli for Makambako with a load of tomatoes. He promised to be back on Friday evening to pick up our bags after offloading his logs at the paper mill and his prices were reasonable. But on Friday afternoon this one truck driver rang up and said he could not offload his logs at the paper mill due to some quarrel between the government and the paper mill owners. Fortunately he had already contacted a colleague who was just loading tomatoes in Magunguli and we would be able to add our bags to that load going up to Makambako in the evening. This was assured, however, when evening came we were told that there were so many tomatoes that the truck was full and would not be able to take our bags along.

This meant we could not make our delivery as agreed with the buyer (Mr Masekela) in Makambako. Lucy our TSS agent took up contact with him to be assured that it was okay if we came a day late. That same evening the ‘canter’ truck passed through and stopped just outside my house, the driver was on his way to an assignment but said he would have a window on Saturday evening. His price was still high, so as a second option I decided to tell him we would contact him by Saturday afternoon if we were still looking for a transport.

On Saturday morning news came that the offloading of the queue of trucks with timber at the paper mill was resuming again, and that one of those trucks had agreed to make the detour to Magunguli to pick up a load of beans along with our maize bags. At noon this news again did not look so assured and we were becoming desperate!



Adding to the load in Magunguli

Then suddenly in the afternoon, a truck hauling tomatoes to Makambako stopped at our place in Magunguli and it still had some space. The news had got out that there were nine bags of maize waiting to get a lift. I negotiated to pay our share of the costs for hauling, which turned out to be acceptable. We loaded the bags and the truck went off, arriving in Makambako around 6.30 p.m. I informed Lucy that it was coming and the truckers connected with her while on the way so that they knew where to drop the bags. Lucy took care of the bags in her own store, waiting for the buyer to inspect and then pay.

A Useful Link

So now I needed to take the trip up to Makambako and I gambled by sitting on the roadside, where I then managed to get a ride on another truck. It was transporting beans. In the cabin I talked with the traders who were shuttling bags from around the area for bulking up to 30 tons in Makambako for transportation on to Dar es Salaam. I found out that these people would very much want us to do that bulking for them so maybe we can do something in the future; this was a useful link for our TSS network.

Checking the Maize for the Buyer



The maize is checked again for the buyer

On Sunday morning Lucy informed us that the buyer was checking the maize and I went to have a look at the process. All the maize had been poured onto a tarpaulin on the ground outside her store and they were again counting the number of debes into new bags. Lucy was there to supervise the operation. We expected that the buyer would pay on Monday because he would need to access the bank. But on Sunday afternoon the buyer wanted to load. Lucy insisted she would not allow him to load unless he had paid. So he paid cash on the spot, loaded and went. On Monday we then managed to finalize the deal and clear the payments.

agent Lucy. She knew him to be a reliable buyer who pays on time. The buyer was happy with the maize, which he checked for the correct quantity and quality. Lucy had provided some financing of her own for this deal (what we call third-party financing) and she got a small interest on that investment, i.e. 2%.

Lucy, Sifuni and myself decided to correct down our commissions to the point where we could pay a small bonus to the farmers. We did this in order to be able to go back to the farmers and explain the calculations, it really makes a difference to the farmers when we discuss the deal and they come to realize that the more they contribute to the deal the more they can make as a bonus. And at the end they came to see the difference between the way we are doing business through TSS, and the typical Mlanguzi (middleman) deals. The farmers were happy enough to want to bulk up for a next repeat deal, which we plan for the end of the month.

TSS Details and the Impact of a Bonus

Farmer Name	Mobile Number	No. of debes	Amount of maize	Sign for COB	Amount of Bonus paid	Sign for Bonus
1. Eva Mlelwa	0768 21131	78	12,000,000	120,000	1100	22,000
2.	13,000,000	130,000	1100	22,000
3.	13,000,000	130,000	1100	22,000
4.	13,000,000	130,000	1100	22,000
5.	13,000,000	130,000	1100	22,000

Farmer Registration Form for the TSS deal

Here are some details about this this deal:

- Total volume 1.5 tons
- Total value of deal 588,000 TSH
- Total middle costs 74,103 TSH
- Total commissions 2,056 TSH
- Total bonus 1,841 TSH

Five farmers provided white maize for this deal; their seller representative was Eva Mlelwa. 78 debes were accepted with the price per debe of 6,000/ TSH. I paid out 468,000/ TSH to the farmers for the 78 debes of maize collected; this included a bonus payment for each farmer of 22/ TSH per debe. The buyer, Mr Masekela, is a regular customer of my TSS

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