

Competitive African Rice Initiative (CARI) Tanzania

Empowering small-scale rice farmers in Tanzania



Context

Rice is the fastest growing food source in Africa. **Demand for rice** has been growing at a rate of about 4.6% per annum between 2000 and 2010 – faster than anywhere else in the World and by far outstripping the sub-region's population growth of 2.6%. This trend is predicted to continue for the next 8-10 years mainly due to population increase, urbanization and changes in consumption patterns.

Tanzania is the main rice producer in the East African Community (EAC) region, producing over $\frac{3}{4}$ of all rice produced in the EAC. Rice is also the second most important food crop in Tanzania after Maize. As in other African countries, rice consumption is rising rapidly, in excess of 25 kg/person/year. The figure is even higher in urban areas. In 2011, consumption of milled rice in Tanzania was 1.3 million MT, based on FAO data, part of which was imported, while small volumes (about 36,000 MT) were exported to neighboring EAC countries. The leading regions in rice production are Shinyanga, Tabora, Mwanza, Mbeya, Rukwa and Morogoro.

Challenges that have been identified as limiting to the rice sector development in Tanzania include: i) inadequate development and availability of improved seeds resistant or tolerant to major biotic and abiotic stresses; ii) deterioration of irrigation and drainage infrastructure; iii) inadequate development and availability of improved post-harvest processing technologies and value addition (grading and packaging) processes; iv) low use of labor saving technologies and inadequate technology uptake; v) inadequate access to credit by farmers, traders and processors; vi) poor communication, transportation and marketing infrastructure; and vii) limited participation of private sector in rice value chain due to inadequate financial capabilities and inadequate availability of information on markets.

As a result, rice production and productivity will need significant boost to at least maintain consumption trends. The government has realized the importance of the rice subsector to ensure food security, to save on foreign currency and to foster rural economic growth. Government is promoting import substitution policies for rice and has earmarked rice for rapid expansion and modernization in its Agricultural Sector **Development Strategy**

Project Goal

The goal of the Competitive African Rice Initiative (CARI) is to significantly improve the livelihoods of 120,000 small scale rice farmers in Tanzania, Nigeria, Ghana and Burkina Faso with the aim of reaching at least 30,000 male and female (at least 30%) smallholder farmers in Tanzania with a daily income below USD 2.

The project aims to work with rice processors and traders as value chain anchors who provide the much needed “pull” to stimulate higher production of rice by smallholder farmers. Secondary beneficiaries are rural service providers, e.g. agro-dealers, suppliers and operators of agricultural machinery. (SDP) and the **National Rice Development Strategy (NRDS)**

Beans Enterprises and Structured Traded (BEST) in the EAC



The East African Common Market Protocol (EACM) presents unique opportunity for delivering food security in the region because increased regional trade that effectively utilizes comparative advantages and economies of scale in the production of food staples would increase availability, in space and time, of nutritious foods at affordable prices for the low-income earners, while increasing profitability and income security for producers.

In the past, most of the efforts and investment in the sector have consistently focused on increasing on-farm productivity but average yields for major commodities in the region remain largely unchanged. To turn the on-farm efforts into tangible results, attention should be to developing sustainable markets and enhancing market access by low-income producers as well as low-income consumers. This requires the development of a thriving and profitable market-driven food sector so as to provide sufficient incentives for the millions of smallholders to expand production beyond the minimum they need for their own consumption. Sustainability can only be achieved if the markets for staple foods expand in size and reach. KT is working with different partners to develop regional markets.

Justification

Beans are among the leading contributors to nutrition security in the EAC and are considered a staple by largest proportion (41%) of population in the EAC and if taken as single unit, the EAC would be the third producer of beans after Myanmar and India. Per capita consumption of up to 45 kg is estimated to be the highest in the world compared to 3 kg in the USA, it is the most affordable source of protein because, in the EAC - one (1) US\$ spent on beans will provide the consumer with; protein (319 grams), iron (101 milligrams), zinc (38 milligrams) and fiber (336 grams) - while one (1) US\$ spent on beef will provide the consumer with; protein (48 grams) and very little of the others. As the world turns into health eating, beans prevent progression of diseases like diabetes, cardiovascular diseases, hypertension, among others.

Regional East African Community Trade in Staples REACTS

Graduating Smallholders to “Farming as Business” through Inclusive Regional Food Markets



IFAD has provided a grant to Kilimo Trust for the implementation of Regional East African Community Trade in Staples (REACTS) project. The project will use the network of the Projects financed by IFAD in the EAC Partner States, to build a foundation for a long-term programme that will leverage investment by others to effectively link the small-scale farmers (women, men and youth) producing food commodities, to regional and/or cross-border markets (esp. urban) in East Africa. In support of the East African Community Food Security Action Plan, the REACTS project will be part of a long-term and ambitious program of KT to support the transformation of food and nutrition security in the EAC Region away from high risk subsistence farming into lower risk trade-based systems. The vision of success is, within 15 years, **to see:**

Specialization in production of staples to: i) effectively utilize comparative advantages; and ii) enable smallholder producers of key food commodities to “farm as business” and become competitive.

A structured regional trade in food driven by business linkages among the private sector in each commodity.

A high proportion of the food commodities (especially perishables) produced in the EAC, being transformed to differentiated value-added products preferred by the final consumer.

The REACTS project contributes to the IFAD’s goal to see that: *‘poor rural women and men in developing countries are empowered to achieve higher incomes and improved food and nutrition security’*. It will do this by promoting *innovative approaches for supporting* small holder farmers in the EAC to focus more on regional cross-border markets and trade.

Water, Land, Ecosystems and Trade in Staples (WaLETS)



Context

WaLETS is a research project that aims to investigate ‘contribution of regional trade in staples to equitable food and nutrition security and ecosystem services in the East African Community (EAC). The project which will start in January 2015 will be led by Kilimo Trust in a consortium that includes additionally the International Food Policy Research Institute (IFRPI); Kenya Agricultural and Livestock Research Organization (KALRO formerly KARI), Ministry of Agriculture and Food Security of Tanzania; and Rwanda Agricultural Board.

WaLETS was a response to a call for Expression of Interest (EOIs) by the Nile Program of Water Land and Ecosystem (WLE), an ambitious 12 years CGIAR’s Research Program led by the International Water Management Institute (IWMI) that aims to improve capacities and governance as well as management of natural resources and ecosystems by generating and sharing knowledge and practices needed to do so. It is designed to probe which, what and how policies and investments in the EAC can prioritize ecosystem services and trade based approaches to food security. In addition, the project will assess the current status and ways of empowering women and youth in order to maximize their contribution to food and nutrition security as well as wealth creation objectives at national and regional levels.

The first phase of the project will run for two years to complement the core business of Kilimo Trust “contribute the transformation of food and nutrition security in the EAC region away from high risk subsistence farming into lower risk trade-based systems’ - with a vision to see: i) specialization in production of staples with effective utilization of agro-ecological comparative advantages by smallholder producers who are “farming as business” in a competitive way; ii) a structured regional trade in food staples driven by the private sector business linkages for each commodity; and iii) a high proportion of food commodities (especially perishables) produced in the EAC, being transformed to differentiated value-added products preferred by the final consumer.

Outputs

1. Gap in public policy and institutional frameworks, and public and private investment strategies and plans; in the EAC with respect to: i) balancing attention between food and other ecosystem services especially, water flow {quality and quantity} out of land used for

production of staples, erosion prevention and enhancement of soil fertility, and carbon sequestration; ii) enhancing the involvement of women and youth in policy development and equitable access to benefits in the production and trading in food staples; iii) enhancing food and nutrition security through trade between major agro-ecosystems at regional scale rather than through national and/or community self-sufficiency.

2. GIS database and maps on: agro-ecosystem suitability and extent of matching differences in resource endowment with and use for the production of staple foods and other ecosystem services; and ii) the optimal trade-supporting infrastructure required to support regional trade in staple foods, across different agro-ecosystems.
3. Scenario analysis results and recommendations with respect to: long-term benefits, risks and trade-offs; and ii) a win-win value proposition for all stakeholders to “crowd-in” the right/correct strategies and investments of governments; development funders and the private sector - in support of more trade-based.

Development of Inclusive Markets in Agriculture and Trade (DIMAT)



Background

The United Nations Development Program (UNDP) and the Government of Uganda (GOU) are supporting the Development of Inclusive Markets in Agriculture and Trade (DIMAT) in Uganda. The DIMAT project aims to address most of the challenges cited in Uganda’s agriculture Development Strategy Investment Plan (DSIP), through contributing to its Programme 2 “Market Access and Value Addition”. By building on inclusive business approaches, the implementation strategy involves adoption of a business linkage approach.

This four year project (2011-2014) will utilize south-south approaches and solutions in implementation of activities. Project interventions will involve analysis and mapping of strategic value chains, linking producer groups with the market, provision of customized business development services, strengthening cooperatives and farmer groups, providing customized agricultural services support, introduction of innovative financing products and appropriate technologies and implementing the Business Call to Action (BCtA) through engaging the corporate private sector to develop and implement sustainable innovative business ideas that profitably involve as many small and medium enterprises as possible in their supply chains. The implementing partner (IP) of DIMAT is Enterprise Uganda (EU) with Kilimo Trust and the Private Sector Development Companies (PSDC) in Uganda, being responsible parties (RPs).

Planned Results

Four results areas are planned for DIMAT.

Result 1: Business Linkages, Established and Operationalized

Based on inclusiveness, potential for creating high income impact, sustainability of the interventions as a result of market demand, potential for up scaling up the interventions and in partnership with key stakeholders, this output aims to establish at least 20 fully functional business linkages between smallholder producers and market leaders. Contracts will be used as indicators to measure the strength of a linkage. This is as a result of the actual and perceived risks related to the development of joint ventures and market power imbalances. Contract negotiation assistance will be offered to safeguard interests of all parties and to offer the weaker parties alternative market options.

Result 2: Capacity of Smallholder Producer Groups and Business Support Associations', Strengthened

A carefully customized demand-led approach to the provision of business services, marketing, market research, produce bulking, creation and/or strengthening of group governance structures, access to technology, brokering of business deals and development of market linkages will be employed in order to address business and market development needs. Producer Groups and Cooperatives offer an important avenue for achieving increased economies of scale and building capacity through training, extension and dissemination of market information. This will therefore be used as the main outreach method for building the capacity of producers as well as contract negotiation.

Result 3: Innovative Pro-poor Business Concepts, Developed and Operationalized

DIMAT project will engage the corporate private sector to promote innovative pro-poor business models - including those which create mutually beneficial business linkages between micro and small local producers with large local and international enterprises - and will promote advocacy for the use and alignment of Corporate Social Responsibility (CSR) resources in ways that contribute to the development of inclusive markets. This will be a unique platform for private sector corporations to commit themselves to support the acceleration of income generation through inclusive and sustainable core business activities.

Result 4: MSME's Access to Assets for Productive use (Finance, Market Information and Technology), Increased

Products currently on offer in Uganda's financial markets are largely of a short term nature and financial institutions are wary of agriculture sector financing due to the real and perceived risks associated with the sector. Quite apart from the intermediation gaps affecting the whole sector, the project will pilot products that have worked in other countries and sectors in parallel with the technical competencies and management capacities of the user groups. This will ensure business linkage development initiatives are not stymied. Pilot mechanisms to access various products e.g. patient capital, contract financing, subsidy arrangements (e.g. consider replication of the Uganda Saw Log project), guarantee schemes and returnable grants (e.g. consider replication of the Kilimo Trust's 'Empowering Farmers through Innovative Marketing System' technology project), with the objective of facilitating asset acquisition and funding of other agribusiness activities will be pursued.

Results So Far

To access the DIMAT fact sheet for the period July, 2013 – June 2014, [click here](#).

Stakeholders

The DIMAT project is working directly with the following partners:

1. **UNDP Uganda:** as the source of funds, UNDP Uganda (<http://www.undp.or.ug/>) is an important partner in ensuring success of the project.
2. **Small and medium producer groups in rice, beans and cassava:** the producer groups are important in the linkage formation for the form the supply side of the value chains.
3. **Market off-takers:** these include big private companies buying rice, beans and cassava either for processing, trading or exporting.
4. **Corporate companies:** one of the approaches being used by DIMAT is Business Call to Action (<http://www.businesscalltoaction.org/>). Such companies are important partners for they are willing to invest in concepts that will help meet the objectives of the project.
5. **Government of Uganda:** Through Enterprise Uganda, which is a public-private partnership organization and is Implementing partner of DIMAT

