

REPORT JUNE 2009

FOR FAO GCP/RAF/401/IFA

"Rural Knowledge Network Pilot Project for East Africa"

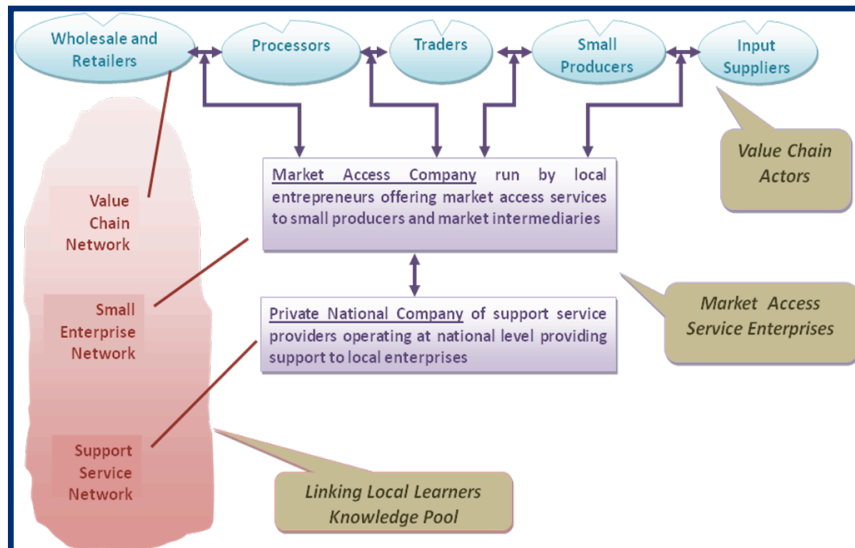


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INTRODUCTION

In 2008 the Rural Knowledge Network (RKN) Project for East Africa (GCP/RAF/401/IFA) was in its second year. During this time further learning took place in districts and at the national level in all three countries (Tanzania, Kenya, and Uganda) on how to operationalize the commercial transaction security services that are the objective of the effort. Through test runs clarity has been achieved in that three levels of operation will be required in each country that act as a network, each of them being businesses in their own right:

- Information Board Managers (IBMs) are the frontline contacts with farmers dispersed in the rural villages and market places and are responsible to efficiently move information and organize transactions in the field. Income streams have been explored on how IBMs can operate without financial burden on the network.
- Market Access Companies (MAC) at the district level organize the local network of IBMs and organize the transactions at their level. Here too income streams have been explored that allow MACs to operate without financial burden on the network.
- National Market Companies (NMC) with their Regional Managers (RM) organize the coordination of the network at national level for sourcing large volume deals for large buyers and provide the technical backing to the MACs and IBMs.

A major turnaround during this period has also been the confirmation that business minded entrepreneurial people with proven personal experience in operating businesses are best suited to take up these opportunities, whereas civil servants and NGO staff are less motivated and equipped to take up the challenge. It has emerged that Agrodealers, Agrovets, and in some cases traders are the natural partners to pick up these businesses and collaborate in the network. Youth groups have also shown interest in the IBM businesses.

It has also become clear what services and tools are required by the NMCs to be able to efficiently operate the networks:

- An online price-information and marketing platform
- A peer-exchange platform to ensure learning is achieved on the job
- An SMS-based information system for alerting about trade opportunities and keeping track of transactions
- A brand and its associated quality control mechanisms that secure the quality of transaction security services throughout East Africa.

The operations of these business opportunities have become clear enough to now attempt a rollout and achieve a demonstration effect. What the RKN needs now is to gain experience and data for building experience-based business plans for each type of operation, eg. IB, MAC, NMC. This shall be the focus of the RKN effort in 2009.

This contract shall provide the National Marketing Companies guidance and advice on how to implement this rollout. Support will take the form of mentoring both online through the LLL and in field visits to Kenya and Uganda. Visits will be made to Tanzania using resources from the Firstmile project.

THE AGRIDEA SERVICE CONTRACT

The Food and Agriculture Organization of the United Nations made available to the AGRIDEA-Lindau a financial contribution in the amount of US\$ 42,240 in support of the emergence of a commercial network of local businesses providing transaction security services to actors in the marketing chain especially small farmers under the project GCP/RAF/401/IFA - "Rural Knowledge Network (RKN) Pilot Project for East Africa"

The activities for which the funds provided by FAO under this Agreement were used are the following:

- Mentor learning on commercial operations for market chain transaction security services: Facilitate learning exchanges on the LLL teams (DDS, now: Market Access Companies, MACs, ICE, now: National Marketing Companies, NMCs) that improve the business operations of the NMCs, Market Access Companies and Information Board Managers. Undertake a series of field visits to provide face-to-face mentoring directly to the MACs in Kenya and Uganda. Mentor, both online and face-to-face, the NMC, MACs and IBMs in the development of their business plans to reach commercial viability.
- Capture two good practices emerging from local businesses as operational manuals and share them on the Linking Local Learners internet learning support platform at www.linkinglearners.net

The following deliverables will be provided at the deadlines stated below:

| Deliverable | Deadline |
|---|--------------|
| 1. The final report will describe the mentoring provided, both online on the LLL platform face-to-face during field visits in Kenya and Uganda, good practices identified and contributions made to business targets and action plans in Kenya, Uganda and Tanzania | 30 June 2009 |
| 2. Two good practices documented as operational manuals and uploaded on LLL Website | 30 June 2009 |

The activities should start on or around 1 February 2009 and conclude on or around 15 June 2009.

Monitoring and Progress Reporting

- a. Ms Karin Nichterlein, National Agricultural Research Officer, NRRR, FAO, Rome will receive reports from the recipient organization (as identified in paragraph 4a) and 4b) of the Agreement)
- b. The mid-term report shall be submitted not later than 31 May 2009.
- c. The final report should be submitted not later than 30 June 2009.

A mid-term progress report was submitted on May 26th 2009. This report presents the two good practices developed and the major lessons learned over the project period. The report also suggests future areas of learning. A description of the business-to-business online mentoring activities and field visits undertaken from February to June are also presented. The current list of network members was presented in the mid-term progress report and is reproduced here in Annex A.

MAJOR LESSONS LEARNED AND SUGGESTIONS FOR FURTHER LEARNING

1. On Specific Pre-Commercial Efforts

We have learned that donors cannot expect NGO or Government provided services to be taken over by the private sector. Neither can you expect NGO staff to continue a service on a private basis. The private sector appears unwilling to invest in providing pro-poor services based on the experiences of NGO/govt run projects. You cannot 'sell' NGO/Govt services to the private sector as if you were selling a private business. The paying client base is not there, the trading record and name is not there. The human and financial assets not there but the liabilities and risks are. It is almost impossible to invest in pro-poor businesses because useful business concepts, critical business information, operational skills and required services (most importantly for communication and financial transactions) are lacking.

For commercial investments to become possible further learning is required in "pre-commercial" efforts on:

- Research & Development, ie. the search for and development of business opportunities to the point where they become available for testing proof of commercial concepts beyond their technical feasibility.
- Pilot test runs for establishing operational and financial proof of concept for then formulating business plans with figures based on real operational experience, that thereby become bankable.
- Capacity building (coaching, experiential learning) for commercial actors to have the skills to access and work with the emerging opportunities.
- Allow the commercial actors to really experience that "it works", thereby allowing to break through the prevalent distrust and allowing to build a track record of reliability and thereby trustworthiness.

2. On Scale and Time for Profitable Pro-Poor Business Development

We have learned that poor people, while having little money to spend for products and services, will spend when: a) the services and products make economic sense to them; and b) they can afford them. A case in point is the explosion of mobile phones even into poor rural areas.

For pro-poor businesses to succeed in the agriculture and livestock sectors further learning is required for such businesses to:

- Grow to scale as profit margins are very slim and therefore efficient scaling up is required to achieve profitable volumes
- Develop very efficient and effective networking and communication since the products are spread around in vast areas
- Build capable learning networks as business success in pro-poor services is never fast money and therefore rarely attracts private investments.

3. On Mismatch Between Entrepreneurial Skills and Available Services

We have learned that the available services such as microcredit, business development services, and marketing information are largely designed in a way that they are irrelevant for most existing and potential rural entrepreneurs. Simply, the level of business skills of such entrepreneurs is too low for them to access the services being offered. Supporting entrepreneurs will require the development and testing of new services, or adaptations of existing services, that fit the level of skills and logistical requirements for trade.

For increasing the business skills of rural entrepreneurs further learning is required on developing new services critical for business operations in:

- reliable communication at affordable prices,
- short-term trade loans, and
- reliable and fast money transactions between villages and traders in town.

The development of these new services must be challenged by commercial necessities and mechanisms right from the beginning. Moreover, it should be clear at the outset which commercial companies will deploy them once they are developed.

4. On the 'Aid' Mindset

We have learned that development projects need rural people to think and act as beneficiaries of aid and not clients demanding aid. This results in rural market actors (farmers, traders, processors and wholesalers) believing that any aid project must provide its services free. The 'aid' mindset makes it impossible for commercial relationships to develop between market chain players. This is even the case with actors otherwise operating as businessmen and –women. Future donor-supported business efforts must counter this long history of development aid.

For changing the 'aid' mindset among rural entrepreneurs further learning is required in how donor funded efforts can:

- Provide rural entrepreneurs with learning opportunities to think through new business ideas and designing them along commercially viable lines.
- Provide rural entrepreneurs with events and experiences that are clearly commercial and "work" for them: experiencing is believing.
- Reinforce exchange of experiences among actors along the value chains to spread the news that it works and how it works.
- Provide opportunities for actors along the market chain to develop trust and commercial relationships.

5. On Distinction Between Public and Private Service Provision

We have learned that project supplied 'free' services stifle the emergence of private service providers. Private sector development is further inhibited by 'moonlighting' civil servants operating private businesses in the same areas they are providing public services. Donors could support prop-poor business development by observing due diligence in the identification of existing private sector services and support clear distinction between private and public service provision in national policy.

For a private sector offering services to the rural poor to emerge further learning is required in how:

- Emerging private sector can be protected from "unfair" competition by donor-subsidized services and activities by NGOs that provide what a commercial company wants to provide.
- Donor-supported services that intended to become sustainable through commercial viability can be built from the beginning along commercial lines.
- Private sector start-up efforts can be built in Private Public Partnerships instead of typical donor-funded projects. This also means that the public engagement in PPPs must never be designed to be misunderstood as subsidies.

MENTORING BUSINESS-TO-BUSINESS LEARNING

1. Mentoring Field Activities

RKN network members were mentored in this contract period from February to June 2009. Over this period mentoring was provided both online and through field visits. Clive Lightfoot and Ueli Scheuermeier visited many of the IBMs and MACs in the growing networks in Kenya, Uganda and Tanzania between the 2nd February and 26th March. Field visits were made with NMC regional managers and the RKN project country coordinators. The schedule for the field visits can be found in the table below.

Mentoring focussed on two of the most important challenges facing the RKN:

1. The development of commercial operations and
2. The growth of the business networks.

Work on commercial operations concentrated on the identification and development of trial deals. Marketing business opportunities were identified with the Regional managers and explored with the relevant MACs and IBMs. Each business opportunity was then developed into small 'deal' trial. Details of these deal trials were provided in the mid-term report. NMCs and their regional managers along with a number of the better established MACs were mentored in the development of their IBM networks. The current status of the network of each NMC showing Regional Managers, MACs and IBMs was presented in the mid-term report.

Table: Schedule of field visits

| Date | Activity | Location |
|------------|--|--------------------------------------|
| Mon 2 Feb | Drive to Embu Visit Embu MAC on Sunflower contracts Drive to Nairobi | Progressive Park Hotel, Nairobi |
| Tue 3 Feb | Meeting AgriTrade and Drumnet on BIDCO sunflower deal | Progressive Park Hotel, Nairobi |
| Wed 4 Feb | Meeting AgriTrade and Drumnet on sunflower crisis Meeting with IFAD Robson Mutandi on programme collaboration | Progressive Park Hotel, Nairobi |
| Thu 5 Feb | Meeting AgriTrade and Drumnet on sunflower crisis and Horti deals | Progressive Park Hotel, Nairobi |
| Fri 6 Feb | Meeting with AgriTrade on strengthening commercial operation Meeting Declan McCormack on filming in Embu | Progressive Park Hotel, Nairobi |
| Sat 7 Feb | Meeting with Kasa Invest on Horticulture deal | Progressive Park Hotel, Nairobi |
| Sun 8 Feb | Drive to Babati (TANZANIA TRIP SUPPORTED BY FIRSTMILE PROJECT) Visit MAC and IBMs in Manyara region | White Rose hotel Babati |
| Mon 9 Feb | Visit Babati MAC Drive to Same | Elephant Motel, Same |
| Tue 10 Feb | Visit TAGMARK Agrodealers in Same Drive to Muheza Visit MUMAC in Muheza | AM Lodge, Muheza |
| Wed 11 Feb | Drive to in Dar Meeting with Marketing Partner and RMs on collaboration with TAP | Regency Park Hotel, Dar es Salaam |
| Thu 12 Feb | Meetings with SDC and IFAD on programme collaboration Meeting with RUDI on programme collaboration Meeting with ACT on TAP collaboration | Regency Park Hotel, Dar es Salaam |
| Fri 13 Feb | Meeting with TAGMARK on programme collaboration Meeting with ADL on TAP collaboration contract | Regency Park Hotel, Dar es Salaam |
| Sat 14 Feb | Meeting NURU sms on market intell platform Meeting with Mobilinfo on market intell platform Meeting Amour Usi on laptop trial | Regency Park Hotel, Dar es Salaam |

Table: Schedule of field visits (continued)

| Date | Activity | Location |
|-------------|--|--------------------------------------|
| Sun 15 Feb | Drive to Morogoro Visit Morogoro market IBMs Drive Morogoro to Ifakara Visit TAGMARK Agrodealers and IBMs in Ifakara | Nshanga Guest House Ifakara |
| Mon 16 Feb | Visit MAC and IBMs in Ifakara Visit TAGMARK IBMs Visit RUDI rice farmer association Visit rice millers in Ifakara Drive to Mikumi | Veta Hostel, Mikumi |
| Tue 17 Feb | Meeting Mark Farahani on District collaboration Drive to Gairo Visit IBM and agrodealers in Gairo Visit Kibaigwa market Drive to Morogoro | Mehilacy White Lodge Morogoro |
| Wed 18 Feb | Meeting with Marketing Partner on ACT progress report, MIS development, IBM tracking data bases | Mehilacy White Lodge Morogoro |
| Thu 19 Feb | Drive to Dar es Salaam Meetings with ACT on collaboration programme with TAP Meeting with Mobileinfo on market intell platform | Regency Park Hotel, Dar es Salaam |
| Fri 20 Feb | Meeting Tanzania regional managers on business plan action plans Meeting ACT on TAP programme collaboration | Regency Park Hotel, Dar es Salaam |
| Sat 21 Feb | Drive to Arusha | Everest hotel, Arusha |
| Sun 22 Feb | Drive to Nairobi Meeting AgriTrade and MUMAC on Orange marketing deal in Nairobi | Progressive Park Hotel, Nairobi |
| Mon 23 Feb | Visit with Orange Traders at Wakulima market Nairobi Meeting with Agritrade on commercial strengthening actions | Progressive Park Hotel, Nairobi |
| Tue 24 Feb | Meeting Pride Africa on programme collaboration | Progressive Park Hotel, Nairobi |
| Wed 25 Feb | Drafting business plan development guidelines | Progressive Park Hotel, Nairobi |
| Thu 26 Feb | Ueli departs Meeting AgriTrade regional managers on IB roll out strategy and deals Drive to Othaya | Silent Hotel, Othaya |
| Fri 27 Feb | Visit IBMs in Othaya and Allaken MAC Visit IBMs in Nyeri and Amarouna farmers on horticulture deal Visit IBMs in Ndaragwa for horti deal Drive to Nyaharuru | Thompsons Falls Lodge, Nyaharuru |
| Sat 28 Feb | Rest day | Thompson Falls Lodge, Nyaharuru |
| Sun 1 Mar | Rest day | Thompson Falls Lodge, Nyaharuru |
| Mon 2 Mar | Visit IBMs, Ward Chief and farmer groups in Sibukio and Wesege Drive to Nakuru Visit Nakuru market IBMs | Hotel Kunste, Nakuru |
| Tue 3 Mar | Meeting with Municipal council engineer Nakuru on IB licenses Visit IBMs in Nakuru markets Meeting Bidco on sunflower deal for March season Visit farmer group in Moro on sunflower sourcing Drive to Kisumu | Kisumu Hotel, Kisumu |

Table: Schedule of field visits (continued)

| Date | Activity | Location |
|-------------|---|-----------------------------|
| Wed 4 Mar | Meeting Busia district and divisional livestock officers on dairy cows procurement. Visit RAB agrovet and IBMs in Funyula Visit Busia Agrovet and IBMs Visit farmers on dairy cow procurement business Drive to Busia | Blue York hotel, Busia |
| Thu 5 Mar | Drive to Bungoma Visit Bungoma MAC and IBMs Visit Ndivisi Sunflower farmer groups Drive to Kimilili | Mount Crest Hotel, Kimilili |
| Fri 6 Mar | Meeting with DAO Bungoma North on ShoMap collaboration Visit to Kenya Seeds Kitale Visit IBMs in Navakholo Visit Budonga farmer group on sunflower Drive to Kakamega Visit Karosa MAC | Golf Hotel in Kakamega |
| Sat 7 Mar | Rest day, Ueli returns to Uganda | Golf hotel, kakamega |
| Sun 8 Mar | Drive to Malabar boarder Uganda Meeting with AgriNet on performance tracking | Prime Hotel, Tororo |
| Mon 9 Mar | Visit AgriFeeds flour mill in Tororo Drive to Mbale Visit Budaka FFS on soyabean and rice marketing Visit Doho rice irrigation scheme | Landmark Hotel, Mbale |
| Tue 10 Mar | Drive to Kyere Visit Kyere IBM and warehouse operation Drive to Soroti Visit Soroti MAC and IBMs. | Landmark Hotel, in Soroti |
| Wed 11 Mar | Drive to Lira Visit MAC and IBMs in Lira | Pacific Grand Hotel, Lira |
| Thu 12 Mar | Visit IBM and farmers on maize beans warehouse in Barr Ueli visits IBMs in Gulu | Pacific Grand Hotel, Lira |
| Fri 13 Mar | Drive to Hoima Meeting with AgriNet on emerging deals for MACs and IBMs | Kolping Hotel, Hoima |
| Sat 14 Mar | Visit IBMs and traders at Hoima Market Visit to farmer group on soyabean contract farming Drive to Kampala | Mosa Courts, Kampala |
| Sun 15 Mar | Meeting with AgriNet on business performance tracking databases Meeting with UCE on warehouse receipt systems Meeting with UNADA on framework for collaboration | Mosa Courts, Kampala |
| Mon 16 Mar | Meeting AgriNet on market intelligence operations Meetings with NIDA and AgriNet on business plan development and performance data bases | Mosa Courts in Kampala |
| Tue 17 Mar | Visit IBMs in Bukolobi and Nakasero main markets, Kampala Meeting AgriNet on UNADA collaboration agreement | Mosa Courts in Kampala |
| Wed 18 Mar | Visit BCI MAC and IBMs in Mityana Meeting with East African Basic Foods Ltd on services of AgriNet | Mosa Courts, Kampala |
| Thu 19 Mar | Meetings with AgriNet on business plans and emerging deal trials Meeting with UNADA on framework agreement for collaboration | Mosa Courts, Kampala |
| Fri 20 Mar | Drive to Tororo Meeting with AgriNet regional manager on performance database and deal tracking | Landmark Hotel, Tororo |

Table: Schedule of field visits (continued)

| Date | Activity | Location |
|-------------|---|--------------------------------|
| Sat 21 Mar | Drive Tororo to Malabar boarder with Kenya Drive to Kisumu Meeting with AgriTrade regional manager on deals and ibm rollout status | Kisumu Hotel, Kisumu |
| Sun 22 Mar | Meeting with AgriTrade regional managers on Dairy cow and Banana deal trial Drive to Nakuru Visit IBMs in Nakuru markets | Midland Hotel, Nakuru |
| Mon 23 Mar | Meeting with AgriTrade regional manager on deals and IBM rollout Drive to Nairobi Meeting with Kasa Invest on horticulture deal | Parklands Sports Club, Nairobi |
| Tue 24 Mar | Visit IBMs in Nairobi markets Meeting with AgriTrade on deal trials and performance tracking Meeting with AGMARK on programme collaboration | Parklands Sports Club, Nairobi |
| Wed 25 Mar | Meeting with AgriTrade on service demos to AGMARK and ShoMap programme collaboration | Parklands Sports Club, Nairobi |
| Thur 26 Mar | Meeting IFAD Robson Mutandi on ShoMap collaboration service demo Meeting AgriTrade regional manager on deal trials | Parklands Sports Club, Nairobi |

2. Mentoring Online Learning Topics

Online mentoring occurs on the LLL-platform www.linkinglearners.net. The following are the topics of discussion on the MAC team:

Commodity Chains

Here the mentors picked up on commodity chains that the members were exploring for potential business. Discussions made sure the chain perspective came to the fore, and then probed for participants to come up with ideas on where the bottlenecks may be. Only few commodity chain explorations came to closure.

Info boards

Setting up and operating Information Boards was a challenge to be met, agreed by all the members. The task of the mentors here was to chase up and then query concrete experiences. Mentors mostly had to ask back to make it clear what exactly the experience was and what can be learned from it for others attempting to set up Information Boards.

Services Offered

This discussion was installed once it became clear in the learning process that many members were struggling to clarify exactly what services they will provide and how to earn money from them. The mentors then collected all relevant entries into this discussion and pushed the debate further, aiming for clarity on what the services would be.

Market Information Flow

This is a repository installed by the mentors for price information that was being posted by members, sometimes querying how these prices were collected in order for other members to be able to learn from this.

Access markets

Here the mentors pulled together queries by members on how to access markets, and allowing

them to help each other with ideas how to go about it.

Organize Auctions

A very recently launched discussion that picks up on a particular opportunity that presented itself in face-to-face period between the mentor and some members during a field trip in northern Uganda. What the mentor does here is present the preliminary insights and request for feedbacks on whether this could work in other areas too, thereby launching a learning exchange.

Business Opportunities

This is where ideas for business opportunities are raised and discussed. Ideas that have emerged through the discussion are synthesized. Then mentors ask for feedbacks and clarifications for all to learn from.

Loan learning

Here the mentors made sure that applicants adhered to a set of questions that needed to be answered, and then queried the applicants to think their proposals through, helping them also to configure their argument and their figures. This has led to successful applications that were then taken up in Loan running. Other applicants came to the conclusion that they hadn't thought it through well enough or found another solution, and withdrew their proposal. In the loan running discussions the challenge for the mentors is to make sure the loanees share their experiences, and to check back and query what the lessons may be for the other members who are watching their venture.

Deal Trials

This discussion shares experiences on the deal trials that each regional manager is carrying out. The role of the mentor is to identify what exactly the members wanted to try out, then formulate the procedures for the members to then agree with it or make changes, before then going ahead and giving it a try. Deal trials that were formulated in this way included:

- Oranges from Muheza-Tanga to Nairobi
- Rice from Ifakara and Magugu
- Potatoes from Iringa to Dar es Salaam
- Tomatoes to Dar es Salaam
- Timber from southern Highlands
- Finger millet
- Maize Auction in Barr village outside Lira
- Groundnuts Auction in Ongako trading center outside Gulu
- Simsim, Groundnuts, Beans Auction in Gulu
- Oranges from Soroti to South Western Region
- Cassava from Kyere to Main Markets
- Soyabeans guarantee farming and auction
- Potato Auction in Kabale
- Honey from Bushenyi, Kabale and Lira
- Sourcing sunflower for Bidco in long rains
- Sourcing sunflower for Bidco in short rains
- Marketing tea for Kaimosi Tea Estates
- Sourcing dairy cows for smallholder stall feeding milk producers
- Banana Auction from Bungoma to Nakuru market
- Sourcing dairy goats for peri-urban Nakuru

- Sourcing 'grade 2' french beans, beetroot, eggplant
- Sourcing tomatoes for Kabazi Cannery, Njolo Cannery
- Sourcing 'grade 2' french beans for vendors in Wakulima market
- Sourcing Red Mango and Pink Water Melon for main markets
- Sunflower contracting with 2 farmer groups
- Sunflower Auction to local millers and feed manufacturers
- Livestock Marketing for AWF
- Livestock Marketing for Keekonyokie
- Meat Marketing for KWS
- Meat Marketing for Conservation Beef trading

A brief description of each trial was shared in the mid term report and is reproduced here in Annex B.

General Information

This is a depository of important information for the team members. One of the main tasks of mentors is to pull together discussions and synthesize the learning that has taken place. We do this in short "Briefs". The same applies for "Stories" that describe concrete cases of the learning that has been achieved, and the lessons that can be learned.

3. Mentoring Procedures and Practice

What is a mentor?

"Mentor" is a Latin word which is closely related to the Latin "mens", which is related to the English term "mind". When I have a mentor this means I have somebody who is mindful of my concerns and challenges and helps me see through them. The mindset of a mentor is that of a friend who accompanies the mentored person on his or her learning journey.

A mentor is NOT a teacher or instructor. A teacher or instructor knows what to do and how to do it, and shows the pupil. A mentor on the other hand will accompany somebody in his or her learning without knowing exactly what that person will learn. The mentors' task is to listen and add perspective by providing for another view point so that the person can see the challenges from various angles and come to better conclusions about what to do.

A mentor is NOT an advisor or consultant. An advisor or consultant has specialized expertise on a problem. S/he is contracted to assess a situation and make recommendations for a way forward. A mentor does not always have expertise on the problems and challenges the person faces. Rather the mentor is asked to help because s/he has experience in how to tackle problems and think them through or experience in how to learn lessons from experiences.

A mentor is NOT a coach. A coach will show the person how to achieve the skills for a task that has been defined before. A mentor however will be useful when it is not entirely clear what the challenge is, what the task will be and what needs to be learned. A mentor will assist the person in finding his/her way through all these issues by being somebody with whom to discuss ideas and who can critically check whether the person is making sense in his or her reasoning. A mentor must be very critical of what the person says, like a very good friend.

Mentor contract

Usually the role of the mentor must be clearly spelt out, eg: "My task is to help you see through this challenge and help you decide what you must do". The other person must agree with this, what is called an "informal mentor contract".

An experienced mentor will never provide his services unless explicitly given this task by the person asking for this service. This can be in short meetings and discussions, or for several years. The relationship between a mentor and the mentored person must be managed carefully, ie. it has to be clear that "okay, now I mentor, and now I finish mentoring" in order not to confuse the mentoring relationship through other social dynamics.

Also, the roles can change, ie. a good consultant or coach can switch to mentor and back. But this switch must always be explicit and clear to both sides, ie. "now I switch to being a mentor", or "now I am no longer mentoring, now I am instructing".

Typical interaction-instruments of mentors:

1. *Comparing questions*

These are questions that help the person to see further perspectives to the challenge, to see it from various viewpoints, such as:

- What makes this different to what others say?
- Why is this different here than at another place?
- What makes this different to what was done before?
- What is different this time than what you have been thinking before?

2. *Causal chain questions*

- Why do you think it is like this?
- If you do this, who will be affected, and how will they react?
- What other alternatives do you have for doing this, and how will people react differently then?

3. *Constructing various options*

- Let's explore further reasonable explanations why it is like this.
- What is the good thing about how this is going? Why is it good? For whom is it good? Who is opposing? What are their reasons? What are their good reasons for opposing?
- What happens if somebody else does this instead of you? Who insists that you must do this? Why? Did you discuss it?
- What are the positive reasons why people oppose this? What can you do to take care of their concerns?

4. *Learning hypotheses*

- What have you learned so far? Are you sure about the usefulness of the lesson you learned here? For what? Do you want to test it out? How would you test it?
- Can you please write that down in a way that you can use it as a manual for your future work, then we can look at it together.

5. *"Constructing truth" in puzzling situations*

This is required when the situation is puzzling, particularly when the behaviour of certain people or whole groups of people with whom the person is interacting is puzzling to him or her.

Inexperienced persons often make explanations for such behaviour that are detrimental for further interaction (eg. "she doesn't like me, that's why she behaves like that", or things like "these big guys don't care about us, that is why they are not responding", or intrigue-assumptions like "there must be something going on that I am not informed about, that is why this is happening"). Under such conditions the mentor must help the person to break out of it by asking:

- Give me at least three different reasonable explanations for the behaviour that you are observing (sometimes it also helps to ask others who have witnessed the same behaviour).
- Which of these explanations is most useful for you to do something about it (note: It is not the reason that is felt to be the correct one that counts, but the one where the person has the best leverage for beneficial action to break out of the situation).

6. Role plays

"Okay, let's play this through: Tell me all about the person you are worried about how to interact with. Then I will play that person, and you play yourself".

(Another option that often triggers many more insights is when the mentor plays the mentored person, and the mentored person plays the role of the person s/he is worried about).

7. Hypothesis generation

Develop with the person hypotheses on why things are happening and how they will happen in the future. Then explore alternative hypotheses. Then discuss with the person what he or she can do to check out which of the hypotheses are useful for designing further action and which are unhelpful for further action.

Mentoring Online

The same rules apply online too. There is no fundamental difference between f2f-mentoring and online mentoring during synchronous exchanges (such as on skype or while chatting). However there are interesting differences with asynchronous mentoring (Emails, Discussion groups, etc). In asynchronous exchanges people are forced to write down and formulate. This process of formulation helps in clarifying the ideas and reasoning. The most effective mentoring happens between people who know each other well face-to-face and regularly meet (but not too frequently), and who use online tools to exchange between their meetings.

GOOD PRACTICE AUCTION PROCEDURES**Auction Procedures**

1. NMC-MAC checks availability and quality of produce for auction at the farmers place.
2. Sign agreement with farmer group to auction the produce within certain period. (see attached)
3. Find suitable buyers who may be interested in the produce
4. Explain to each buyer how the auction works (also see this list):
The price he bids is the price that farmers will be paid. He must however also calculate:
 - transport
 - loading
 - auction feeThe bidding price is for the price to farmers, the auction fee will be 10% of total value paid to farmers. So he must calculate the bidding price by keeping these other costs in mind.
5. Launch the auction, collect bids from buyers
6. At final date of auction, provide the farmer group with list of three top bids and the names of the buyers.
7. Farmer group decides which bid they take, and inform MAC.
8. MAC informs the winning buyer and signs the buying agreement with him: 50% immediate payments, fee for NMC etc. (see attached)
9. MAC insists for 50% of total value of produce to be transferred to bank account of farmer group within 1 day. If failing to transfer money within 1 day, the next buyer on the bidding list gets the chance to buy.
10. When money is transferred, buyer informs MAC and farmer group when he is sending truck.
11. Transaction time: Truck arrives, produce is loaded, balance of money is paid to farmer group. The truck can only leave when all payments to farmer group are finalized.
12. MAC checks with buyer to see how satisfied he is, and how to improve the operation.
13. Buyer pays auction fee to NMC.
14. In case everything works out nicely, both the buyer and the farmer group will be listed on NMC website as reliable. Otherwise they will be listed as unreliable and have last priority for a next deal.

Agreement for Auction

Between

Farmer Group (enter particulars), represented by (enter particulars)

And

NMC (enter particulars), represented by (enter particulars)

Purpose:

The purpose of this agreement is that NMC organizes an auction for the Farmer Group for the specified produce.

Produce:

(enter commodity, quality, package, amount)

Times:

The final date for bids is (enter date)

The final date of collection is (enter date)

What Farmer Group will do:

1. Keep the produce safe and clean up to collection time.
2. Not sell the above mentioned produce for the duration of this auction (final date of collection)
3. Decide which buyer they pick.
4. Provide bank particulars to NMC.
5. Inform NMC immediately when 50% of total value has been paid in their accounts by the winning buyer.
6. Make sure they can collect balance of payments at collection time.

What will NMC do:

1. Organize the auction among interested buyers and collect bids
2. Inform Farm Group of 3 best bids and the names of buyers
3. Make auction contract with winning buyer upon decision by Farmer Group
4. Be present at collection time and solve any problems that may arise.

Cases:

1. In case Farmer Group manages this well, they will be registered as reliable for future deals.
2. In case Farmer Group side sells and there is not enough produce at the collection point, this Farmer Group will be listed as unreliable and be at the bottom of the list for future deals.

Date:

Signed Representative of Farmer Group

Signed Representative of NMC

Agreement for Auction

Between

Winning buyer of auction (enter particulars)

and

NMC (enter particulars), represented by (enter particulars)

Purpose

The purpose of this agreement is to commit both parties to speedy fulfilment of the auctioned transaction.

Produce:

(enter commodity, quality, package, amount)

What will the Buyer do:

1. Immediately transfer 50% of the total value of the produce to the bank account of the Farmer Group as instructed by NMC representative.
2. Send truck to pick up produce at or before (enter final date)
3. Immediately pay the balance to the Farmer Group before the truck leaves.
4. Feedback to NMC on how well it went.
5. Pay the Auction Fee to NMC within 3 days of collection.

What will NMC do:

1. Check the quality of produce.
2. Be present at collection time to solve any problems that may arise.

Cases

1. In case the buyer does not transfer the 50% by (specify date and time) to the Farmer Group this contract is void and the Farmer Group is entitled to pick another buyer.
2. In case there is less than 80% of the promised amount of produce at the collection point, NMC will refund half of the transport costs.
3. In case the buyer has fulfilled all his commitments without any problems, he will be registered on NMC website as a reliable buyer and have priority for next deals.

Date:

Signed: Buyer

Signed: NMC representative

GOOD PRACTICE CROP SOURCING PROCEDURES

Sourcing Procedures for Collection Points

| Step | Action |
|------|--|
| 1 | Farmers harvesting, winnowing and drying. |
| 2 | NMC and buyer identify collection point. Buyer informs NMC when collection of crop is to be done. NMC informs IBM/MAC of pick place and date when truck coming (Day, time and truck number). |
| 3 | Buyer provides bags to NMC for IBM to use at collection point. |
| 4 | Farmers deliver seed to collection point. |
| 5 | MAC informs NMC crop ready for collection. |
| 6 | MAC transfers produce from farmer bag to buyer bag. MAC weighs checks quality & tags. NMC provides weighing scale/ balance, moisture meter and buyers bags. Tags provided by buyer (to have farmer group name, farmer & kgs) and tagged at collection. |
| 7 | MAC does paper work of produce movement document given by NMC. |
| 8 | MAC informs buyer when ready. |
| 9 | SMS from MAC informing bags ready for collection to transporter. |
| 10 | Truck upon arriving, MAC and transporter weighs bags, checks quality and loads bags. Paper work by transporter includes recording quantity in produce movement document. |
| 11 | MAC completes transactional record in triplicate. Farmer receives copy showing what they delivered, another copy to MAC. Transporter fills quality, kgs, vehicle number & ID. Signed by transporter and MAC. |
| 12 | MAC sms NMC what kgs per farmer on one sms. |
| 13 | MAC pays the farmers on authorization sms from NMC |
| 14 | NMC raises invoice to buyer based on sms and transaction record. |
| 15 | Buyer receipts delivery of produce and requests for invoice |
| 16 | The buyer pays NMC 48 hours after delivery to warehouse/factory |

Sourcing contract

between

Buyer:

Name

Physical address

Phone number

Email

and

NMC

Physical address

Phone number

Email

For the purpose of sourcing high quality (enter commodity) for the buyer

1. Transaction unit

The buyer will buy the commodity as follows:

1. (enter commodity)
2. (enter quality, eg. moisture content, etc...)
3. (enter package, eg. 50kg bag)
4. (enter labelling requirements of the buyer)

NMC tags on each unit will identify it as a unit checked by NMC. The tag can be used to trace back a unit to the individual producer. So if there is a complaint with one unit, then this can be followed up.

2. Transaction place and time (collection point)

The delivery of product by producers and payment of producers by buyer will happen at (enter locations of collection points)

The date of collection of produce will be

(for each collection point enter date of collection and time by which the truck must be loaded and ready for leaving).

| Collection point locations | Date and time of collection |
|----------------------------|-----------------------------|
| | |
| | |

The produce will be quality checked at the collection point according to specifications of the transaction unit. Each unit is paid to the farmer on the spot after passing quality checking. After payment to farmers the produce belongs to the buyer.

3. Price per unit:

The minimum price for each transaction unit paid to producers is agreed to be minimum (enter minimum agreed price)

In case local market prices have increased beyond the minimum price, the buyer can increase this price to ensure delivery.

4. Transport unit

The transport unit is

(enter unit, eg. 10 ton truck)

The buyer will buy only in installations of transport units.

5. Transport

Alternative A: Buyer sends his own trucks or organizes transport himself.

Alternative B: NMC organizes trucks to take produce from collection point to buyer. Transporters are paid by buyer at delivery at buyers place.

(strike out the alternative that does not apply)

6. Total amount of produce

The buyer will buy

(enter total maximum volume of produce to be bought)

This amounts to (enter number of transport units, ie. truckloads).

7. Total value of produce paid to farmers

(Enter total value paid to farmers. This calculates as price per transaction unit (above 3) times transaction units per transport unit (above 4) times maximum number of transport units (above 6))

8. Duties and Responsibilities:**Buyer:**

1. Train and instruct NMC staff on quality requirements so that they can do the checking at the collection point. Alternatively the buyer can send his own staff for doing the checking.
2. Provide funding to NMC 3 days before transaction time so NMC can pay farmers on delivery Cancel this point. See below NMC duty No. 4.
3. Provide bags. These must arrive at the collection point 3 days before the collection time.
4. Transport alternative A: Send truck that will arrive on time. Advance notice is given to NMC when truck is on its way (strike out this point if Alternative B applies, see point 5 below).
5. Only accept bags that have a NMC tag attached. NMC will be held responsible only for NMC-tagged bags.
6. Inform NMC if there is any issue with the content of a bag by indicating the tag number of that bag.

NMC:

1. Inform farmers of the opportunity and register farmers who promise to bring produce to the collection point.
2. Organize the collection point and do quality checking and re-bagging into correct bags at collection point
3. Attach NMC tag to each quality checked bag. The tag shall allow to trace the handling of each single bag back to the individual farmer.
4. Pay farmers on the spot on behalf of the buyer after their bags have passed quality checking. NMC will advance funding to buyer in order to buy from farmers on buyers behalf.
5. Transport alternative B: Organize transport to (enter the location of offloading truck at buyers place). Advance notice is sent to buyer when truck leaves the collection point (Strike out this point if Alternative A applies, see above point 4)

9. Sourcing fee for NMC

The fee paid by buyer to NMC is (enter percentage) of total amount paid to farmers and additional to what is paid to farmers. This fee includes all activities of the NMC up to checking the produce, paying farmers, and supervising uploading of trucks at collection point.

10. Payments:

1. Buyer pays 3 days in advance for each collection point to NMC, so that NMC can pay farmers immediately after their produce passes quality check. NMC advances funds for buying from farmers.
2. NMC pays farmers at collection point at time of delivery by farmers
3. Buyer pays transport at delivery at his gate
4. When each truck arrives at buyers location, within **one hour** the buyer checks the produce and pays the advance made by NMC while the produce is still on the truck. Offloading only happens after proof of payment is made to NMC.
5. Latest one week after the whole transaction is terminated, NMC pays the sourcing fee to NMC.

11. Cases:

1. In case the buyer fails to provide the funds 3 days in advance of a collection point, NMC is entitled to find another buyer. In case buyer fails to pay the produce within one hour after arrival of a truck, the contract is void and NMC is free to find another buyer.
2. In case not enough farmers promise to deliver for the total amount of produce up to 15 days before the collection time, NMC will inform the buyer at that time and assess with the buyer what shall be done. There may be a need to increase the buying price to farmers.
3. In case the buyer fails to send a truck on the specified collection time (transport alternative A), the produce will be warehoused at the buyers cost up to maximum 1 week. After that this contract is void and NMC is free to search for another buyer.
4. In case the transport is organized by NMC (transport alternative B) and is late, the produce will be warehoused at NMC costs.
5. In case everything happens as defined in this contract, NMC will commend the buyer on its publicly accessible website.
6. In case the buyer fails to provide the sourcing fee within one week after delivery of the produce at his gate, or in case of any other irregularities that are in breach of this contract, NMC will register the buyer and the irregularity on its publicly accessible website. In case the buyer fails to pay within **one hour** of arrival of the trucks at his gate and/or fails to pay the sourcing fee, or in case of any other irregularities that are in breach of this contract, NMC will register the buyer and the irregularity on its publicly accessible website.

Dates and Signatures...

ANNEX A. BUSINESS NETWORK MEMBERS
Uganda

| REGION | DISTRICT | MAC | | IBM | | LOCATION | | |
|-----------------------------|-----------------------------------|-----------------------|---------|----------------------------|--------------|-------------------------|---------------|--------|
| | | Business Name | Name | First name | Surname | | | |
| EASTERN Gaudencious OPIO | Iganga Mbale Kumi Tororo | | | Dick | | Iganga | | |
| | | | | Jonah | Akol | Mbale | | |
| | | | | | Epodoi | Ngora | | |
| | | | | Paul | Kodoko | Mollo -Kodoko | | |
| | | | | Jacinta | Namubiru | Tororo | | |
| | | | | Brenda | Asayo | Tororo | | |
| | | | | Zeblon | Ejomu | Ocaapa-Brooks corner | | |
| | | | | Donald Walter | Emaju | Soroti Municiple Market | | |
| | | | | Nelson | Omoding | Gweri | | |
| | | | | Tonny | Agobe | Soroti main market | | |
| | Soroti | | | | Tom | Ebuju | Arapai market | |
| | | | | | John | Ejuu-Eswilu | Otuboi market | |
| | | | | | William | Olr | Kyere s/c | |
| | | | | | John Micheal | Okiror | Katine market | |
| | | | | | Zeblon | Ejomu | Ocaapa | |
| | | | | | Stephen | Eruku | Kyere/Ocaapa | |
| | | | | Budaka | | Francis | Innyalio | Kasilo |
| | | | | | | Marshal | Owere | Kyali |
| | | | | | | Paul | Nkola | Kyali |
| | | | | WESTERN 1 Sarah MAYANJA | Kabale | Excel Hort Consult | Alex Ariho | Denis |
| Denis | Twahirwa | Kanungu | | | | | | |
| Godwin | Kakoko | Kisoro | | | | | | |
| Rose | Atukwase | Mbarara | | | | | | |
| Alfred | Ahibisibwe | Kabale | | | | | | |
| Julius | Byahuka | Rukungiri | | | | | | |
| Robert | Turyamureeba | Rwamucucu Noozi | | | | | | |
| Keith | Rwamahe | Kabale central market | | | | | | |
| Bushenyi | | Robert | Esimu | | Kyanamira | | | |
| | | Grace | Rusiima | | Bushenyi | | | |
| | | | | | Bushenyi | | | |

Network in Uganda (continued)

| REGION | DISTRICT | MAC | | IBM | | LOCATION |
|------------------------------|------------------|---------------|--------------------------------|--|--|---|
| | | Business Name | Name | First name | Surname | |
| WESTERN 1 Sarah MAYANJA | Ibanda | | | Fred Rosette Umaru Vincent Robert Kihosho Ritah | Mugisha Tindyebwa Kakwihikire Tumwsigye Tumwebaze Rutebuka Nimusiima | Bushenyi Bushenyi Bushenyi Bushenyi Bushenyi Ibanda Ibanda |
| WESTERN 2 Grace NALUKWAGO | Hoima | | Ntume Barnabus | Barnabus Sulait Phillip B Moses David Morine Kisembo Anatoli Donosub Josephat Donosius | Ntume Bbale Mugenyi Byaruhanga Byaruhanga Kabakuube Omuhereza Kwizera Byaruhanga Amatutule Bihemaiso Byaruhanga | Hoima-Kyangwali Hoima central market Kitoba Dwoli s/c Busiisi subcounty Mairirirwe-Bugambe Kizirafumbi Kyangwali Kyangwali Butoli Kyangwali Kasonga Kyangwali Camp Birungu-Kitooba Kasanga-Kyangwali |
| NORTHERN John Peter OPIO | Lira Gulu | | Leo Odongo Juliet Akumu | Juma Leo David Richard Rex George Nelson David Joseph George | Ogwal Opio Odwar Ongu Alele Odwar Ayella Ocan Dr Otto | Lira main market Nambieso trading centre Obanga ber Barr sub county HQ Obanga ber Kyere farmers store IBM Gulu Gulu Gulu Town main Market |

Network in Uganda (continued)

| REGION | DISTRICT | MAC | | IBM | | LOCATION |
|-----------------------------|----------|---------------|------|---|--|---|
| | | Business Name | Name | First name | Surname | |
| NORTHERN John Peter OPIO | | | | Richard David | Odongo Richard Otika Komakech | Can opwony Ongako FFS Network Trade agent |
| CENTRAL Sarah MAYANJA | Mityana | | | Henry Diito George Moses Florence | Dick Ssebalamu Ssebabenga Mubiru Kijjambu Akello | Mityana town Maanyi Sselinya trading centre Anema Agro Shop Kwikiloko |
| KAMPALA Eva KABEJJE | Kampala | | | Vicent Moses Joseph Bruhan Tonny Stephen Nasser Haji Traders Bruhad Jane Hakim | Muhoozi Kasumbsa Nsubuga Lutaayaa Mugabi Bogere Kasasa Lubinga Musa Nsanja Ngobi Lubega | Nakasero Nakasero Owino Market Bugolobi Kalerwe Nakawa Nakawa Nakawa Kalerwe Container Village kalerwe market Musajjawaza farmers group Nakawa Market |

Network in Kenya

| REGION | DISTRICT | MAC | IBM | LOCATION |
|-----------------------------|---------------|-----------------------------------|--|---|
| WESTERN Solomon MULINDI | Busia | Busia Agrovet | Anthony Wahome Miriam Kamene Sinani AgroVet Edina Buluma Susan Nduku Mrs.Gitonga | Burumba Nambale Butula Busia Boarder |
| | Teso South | Yanse | Isaya Masinde Gideon | Chwele mkt |
| | Bungoma West | Chwele Agrovet | Chrisantos Masibo Michael Muchele Fred Namasaka Enock Benson Ndalia Stanley Nogesa Rose Akonya Solomon Kiprono Samuel Bwire Ajiambo | Bungoma Town Mabanga Mayanja Bukembe Eshisiru Kapsabet |
| | Bungoma South | Bungoma MAC | Job Ate | Funyula Malakisi mkt |
| | Kakamega | Karosa | | |
| | Samia | RAB Agrovet | | |
| | Teso North | Malakisi Agrovet | | |
| MT. KENYA James KANYI | Embu | Ketagla MAC | Davis Ephantus Njagi Douglas Muriithi Elizabeth Noki Simon Ngatia Leanard Ngaine Francis Njeru Benard Mwangi | Runyenjes |
| | Embu | | | Kithimu Market |
| | Meru | Allaken Marketing | | Maua |
| | Kirinyaga | | | Gathoge |
| | Nyeri | | | Othaya |
| | Chuka | | | Chuka |
| | Mbeere | | | Siakago |
| Nyandarua | Ndaragwa | | | |
| SOUTH RIFT Michael KIBUE | Kajiado | Keekonyokie School Keekonyokie | Isaac Nemuta Wilson Odungo | Kiserian Olo orien |
| | Narok | Ramati | KST LDF | Suswa Loita |

Network in Kenya (continued)

| REGION | DISTRICT | MAC | IBM | LOCATION |
|-------------------------------|------------------------|---------------------------------------|--|--|
| NAIROBI Michael KIBUE | Dagoretti Nairobi | Dagoretti Young & Ready Enterprise | Paul Karara Samuel Mugo Peter Karanja Joseph Mwangi Shadrack Kinuthis Macharia | Dagoretti Nairobi Kangemi Kawangware Muthurwa & Wakulima |
| CENTRAL RIFT Moses GICHURU | Nakuru | Moses Gichuru | Yuvelalis Mokaya Elijah Kinyanjui Anthony Wambugu Hilda Kimaiyo Simon Mwangi Davi Njari Kariuki | Ponda Mali Main Wholesale mkt Markiti (Top) market Iten Free Area Gilgil |
| EASTERN Churchill AMATHA | Makueni Makueni | Penguin Kathozweni | Samuel Oranja Andrew Leiyen Bonface Wambua Lucy Stephen Kioko Teresa Kiio Gregory Mutunga | Wote Emali Matiliku mkt Kathonzweni market Makindu market Kitei market Kitise market |

Network in Tanzania

| REGION | DISTRICT | MAC | IBM | LOCATION |
|-------------------------------------|------------------------------|------------------|--|---|
| SOUTH-WEST Rosemary STAKI | Iringa Mbeya Ruvuma | Mwakaguo Thadey | Mgina Jane Mwanasimba John Kombo Juma Mbwilo Justin Mnenuka Mr. | Makambako main market Mbeya main market Songea town Magunguli-Division Hanga division-Namtumbo Madab division – Songea |
| | Mufindi | Tweve Bahati | Nyanzali Nuswe Mdelule Thomas Majaliwa Nyipeta Kalolo Leonard Mtandi Jastin Chaula Obadia | Mufindi-Magunguli Mafinga town Ihomasa Igowole Makungu Magunguli Isimani |
| CENTRAL Felix MAGANJILA | Morogoro Dodoma Kilosa | KIRSEC | Kisota Steven Mgaya Salama Mark Farahani Mbwambo Juma Mapunda Laurent Mloneole Bakina | Morogoro main market Kibaigwa main market Kilosa Town Gairo Kidete Lumumba |
| | Kilombero | Mwinyimvua Hiari | Mgti Bohari Kileo Christopher | Ifakara Town Mkamba Mngeta |

Network in Tanzania (continued)

| REGION | DISTRICT | MAC | IBM | LOCATION |
|-----------------------------------|---|--|--|--|
| CENTRAL Felix Maganjila | Morogoro Rural | Kisota Steven | Kiwanga Charles Abbasi A. Rehani Ngwalla Lawrence Makawia Peter Mirando Slim | Mlimba Morogoro Matombo Mlali Ngerengere Mikese / Bwawani |
| COAST Haji DACHI | Dar es Salaam Tanga Korogwe | Steven Peter Mbwana William Mlindoko Amina | Mkemi Fatuma Mdoe Idd Waziri Idd Shakilage Anna Shaibu Mohammed Said Mbuguni Erick Willy | Dar es Salaam Tandale main market Tanga city Uzunguni Mlango wachuma Mgandeni Ngamiani Kisosora Makorora Korogwe town |
| NORTH Freddy MUMBULI | Arusha Arumeru Babati | Lebanus Juma Msapalla Sebastian Mchome Stanley | Moleli Christopher Omari Maimuna Simioni Jerome | Kilombero main market Arusha town Arumeru Magugu Galapo 1 Galapo 2 |

Network in Tanzania (continued)

| REGION | DISTRICT | MAC | IBM | LOCATION |
|--------------------------------|----------|---------|----------------|-----------------------|
| NORTH Freddy MUMBULI | Karatu | | Tambo Maria | Karatu town |
| | Tengeru | | Modest | Tengeru |
| | | | Maturo Julius | Tengeru |
| | Same | Mwanguo | Mwenguo Zawadi | Kisiwani Same town |

ANNEX B. DESCRIPTION OF DEAL TRIALS

TANZANIA

Oranges Muheza-Tanga to Nairobi

Presently oranges are transported in bulk from Muheza in Tanzania to Wakulima main market in Nairobi. There they are offloaded into bags by retailers who then take them to satellite markets, where they are then sold to petty traders operating stalls, from which customers then buy. This system has huge inefficiencies. The deal involves a trial with 1-10 truckloads as follows:

- a. The Nairobi-markets MAC of AgriTrade will collect orders from satellite market retailers for half-bags of oranges of acceptable quality.
- b. These orders are forwarded to Muheza MAC.
- c. Muheza MAC organizes collection point where oranges are checked on quality and directly bagged in half-bags, each tagged for quality and traceability. These are then loaded onto a dedicated truck.
- d. The truck bypasses Wakulima market and goes straight to the satellite market retailers, making a predetermined round. Retailers are informed in advance that their ordered bags are on the way and they need to be ready to pick them up and pay for them on the spot.
- e. Bags are bought in cash at delivery.
- f. Payments are into AgriTrade accounts, and from there to Muheza farmers accounts.
- g. Next time round the satellite retailers will have to pay 50% deposit in order to be sure to get their bags of high quality Muheza oranges.

Rice from Ifakara and Magugu

Presently paddy is bought by itinerant petty traders directly at the farmgate, then stocked at mills. After finding a buyer for the rice, the paddy is then milled in poor quality mills (high percentage of breakage) and sold to rice traders. The deal trial with a 10 ton truck of rice shall try the following:

- a. Farmer association buys paddy at best prices at a warehouse and stocks the paddy
- b. Marketing partners checks the quality and availability of the paddy then makes a auctioning contract with the Farmers association.
- c. Marketing Partners auctions 10 tons among its contacts. Winning bidder must deposit 50% with Marketing Partners immediately after winning the bid.
- d. Farmer association then brings the rice to mills and takes back the rice or puts it straight onto the truck that then goes straight to the buyer.
- e. Buyer pays remaining 50% straight to the Farmer Association at pickup time, and Marketing Partner also releases the deposited 50% to Farmer Association.
- f. Farmer association pays all its expenses and distributes remaining money as dividend to the participating farmers.
- g. Buyer pays Marketing Partners the commission, to be distributed between Marketing Partners and the involved MACs/IBMs.

Potatoes from Iringa to Dar es Salaam

Potatoes for the potato chip sellers in Dar es Salaam are expensive to buy at the main markets. The idea is to bypass the main markets and provide potato bags straight to the chips producers. This shall become a regular service of delivery of ordered potatoes at the doorstep of the final buyers. A deal trial with a first 10 ton truck shall attempt this.

- a. Haji in Dar collects orders from chips sellers and forwards them to Rosemary Staki in Iringa.
- b. Rosemary coordinates the collection points and instructs a MAC to take care of filling the truck with checked bags of potatoes, each of them tagged for quality and traceability
- c. Truck runs to Dar, bypasses the main markets and makes a predetermined round to all chip sellers, analogue with the oranges in Nairobi.

Tomatoes to Dar es Salaam

Tomatoes for the vegetable sellers in Dar es Salaam are expensive to buy at the main markets. The idea is to bypass the main markets and provide tomatoes straight to the vendors. This shall become a regular service of delivery of ordered tomatoes at the doorstep of the small vendors. A deal trial with a first 10 ton truck shall attempt this.

- d. Haji in Dar collects orders from tomato vendors and forwards them to Rosemary Staki in Iringa.
- e. Rosemary coordinates the collection points and instructs a MAC to take care of filling the truck with checked bags of tomatoes, each of them tagged for quality and traceability
- f. Truck runs to Dar, bypasses the main markets and makes a predetermined round to all tomato vendors, analogue with the oranges in Nairobi.

Timber from Mafinga to Dar

Timber from small scale farmers and circular saw operators goes over various steps onto 20 ton trucks in Mafinga and Makambako, that then leave for Daressalaam and Mombasa. Advance notice is not given, resulting in waiting times for the trucks, etc. There appear to be two transaction points, ie. in Mafinga to middleman who knows all the tricks of shipping timber across Tanzania ("unofficial fees!"), and in Dar to large buyer. A deal trial shall attempt with Bahat Tweves network of circular saw operators the following:

- a. Haji Dachi explores among Daressalaam buyers the most wanted pieces of timber and forwards this to Rosemary/Bahat
- b. Rosemary and Bahat Tweve organize a collection point for timber that can bulk 20 tons of these highly requested types.
- c. This timber is then auctioned by Haji among the buyers in Dar. The winning bidder has to deposit 50% with Marketing Partners immediately, or another bidder gets the chance.
- d. Transport is either contracted by the sellers, or by the buyer.

KENYA

Sunflower for Bidco in long rains Mar-July.

AgriTrade has a contract with Bidco to source a target of 30tons of Sunflower from Kakamega, Busia and Samia. The farmers price is set at 18.50Ksh/kg for the Kenya Fedha variety. The deal trial is going to try out cash-on-the-bag payment to farmers.

Sunflower for Bidco in short rains Aug-February

AgriTrade has a contract with Bidco for source a target of 150tons of sunflower from Lugari, Kakamega, Bungoma East, West, North, South, Teso North, Busia and Samia. Farmer price is still to be set. The deal trial is going to try out cash-on-the-bag payment to farmers.

Marketing tea for Kaimosi Tea Estates.

Kaimosi tea estates wants to increase its sales. The deal trial will start with buying 50kg weekly at (230Ksh/kilo) and reselling through MAC/IB network to small retailers at 300 Ksh/kilo. The trial involves MACs in Karosa in Kakamega, Yanse in Teso, Bungoma MAC, Rab Agroveter in Samia. MACs

will buy the tea for the first three months to demonstrate their service and then propose to the tea estate to put this deal on a marketing basis where Network obtains orders for tea passes them directly to the estate and receives a commission from Kaimosi.

Dairy cows for smallholder stall feeding milk producers

Farmers request for this sourcing service either through advertisements on the IB or from local Livestock development officers from the Ministry of Livestock Development. Farmers also contact AgriTrade direct as a result of seeing their neighbour benefiting from the service. The business is also beginning to show some repeat orders. The business works by Solomon using sms to inform his network to find a suitable dairy cow for the client farmer. When suitable cows are found the client goes to verify which cow they want to buy, negotiate the prices directly with the seller. Then Solomon helps with animal movement documentation and arranges the transport. The farmer who is selling the cow gives Solomon 10% commission and the farmer who is buying the cow pays Solomon's travel costs only. The deal trials will continue with Solomon Mulindi and Samuel Mugo

Bananas Auction from Bungoma to Nakuru market

Farmers in Bungoma grow and sell bananas individually at a very low price. Banana retailers buy from wholesale market at high prices. The deal trial by Solomon will arrange to bulk up the bananas with the Bungoma MAC at Bukembe market. He will link with Nakuru IBMs to identify suitable bidders for the auction. Moses Ndiritus' IBMs will identify suitable bidders for the auction of these bananas by the producers. The trial will start with an auction every two weeks for a one ton truck load. If the auctions fail then Solomon and Moses will explore with main market retailers a delivery service of bananas from Bungoma to Nakuru.

Dairy goats for peri-urban Nakuru

Dairy goats have become popular with milk producers and self help groups (Plains self help group, Kiamunyaki womens group) on the outskirts of Nakuru town. The deal trial will link up these groups with dairy goat farmers in Western with Solomon's network for German Alpine Goat and in Mt Kenya with James Kanye's network for Tonjanberg goat. Moses will find group interested to buy dairy goats work with Solomon and James to source the required animals. Moses will collect commission from buyers and Solomon/James will collect commission from sellers. If the trial is successful Samuel Mugo will start looking for dairy goat buyers in Nairobi.

'Grade2' french beans, beetroot, eggplant

Smallholder horticulture growers in Nyandarua and Naivasha suffer from export companies rejecting their crop. These grade 2 quality vegetables are often dumped or fed to animals fetching no price at all. Growers are interested to find buyers for their grade 2 quality produce. Vegetable vendors in the 'malikiti' retail market of Nakuru want to buy grade 2 vegetables. The deal trial will require the IBMs in Nakuru market to identify buyers among the vegetable vendors and the IBMs in the production collection centres to advertise the offer and price. IBMs will then arrange payment between buyer and seller using Mpesa. IBMs in collection centres are to arrange transport of produce to Nakuru on behalf of buyer. Buyer pays AgriTrade commission and transport cost on delivery of produce to Nakuru market.

Tomatoes for Kabazi Cannery, Njolo Cannery

Tomato cannery suffer from inconsistency and quality in the supply of produce to their factories. The deal trial will source a regular supply of quality tomatoes for Kabazi and Njolo cannery. The trial will start with 5 tons per week from Subukia and Mau-Nalok production areas. The offers by

agro-process are to be advertised on IB in the production areas. Farmers wanting to market with AgriTrade for this deal will register and bring product to collection point for certification by AgriTrade on specific collection days of the processor. Payment by buyer is direct to farmers using Mpesa account when the crop is picked up. Where farmers do not have Mpesa IBM will provide this service. Agritrade to be paid by processor on day of collection.

'Grade 2' french beans for vendors in Wakulima market

Vegetable vendors pay high prices for vegetables in Wakulima market. The deal trial will link producers from Ndaragwa, and Timau directly with vegetable vendors in Wakulima market. Samuel Mugo (IBM Muthurwa) will identify buyers in Wakulima. Produce will be sourced by Bernard IBM in Wiyumiririe), and Simon IBM in Timau at their collection centres. Offers from buyers to be sent to IBMs in producing areas and availability of produce to be sent to Wakulima IBM. James Kanye is to arrange transport with buyer to pay. IBMs to certify crop quality and weight that is loaded on to the truck. Confirmation is sms to Samuel and to buyer to trigger payment by the buyer direct to the farmers through Mpesa BEFORE the truck leaves collection point. When truck arrives in Wakulima the buyer pays commission to Agritrade by Mpesa.

Red Mango and Pink Water Melon for main markets

Mt Kenya produces a large number of mangoes and water melons, but farmers fetch low prices for them. The deal trial will like producers directly with Nairobi and Nakuru main markets. Buyers in Wakulima and Nakuru markets registered by the IBMs will receive sms alerts when product is ready for pick up. IBMS in Nairobi and Nakuru to develop list of registered buyers. James to organize collection points and bulking of produce for the alerts. Once buyer has agreed to purchase he pays farmers direct by Mpesa. James arranges transport (paid by buyer). Commission is paid to AgriTrade when truck arrives in Wakulima.

Sunflower contracting with two farmer groups

AgriTrade has a contract with Bidco to source sunflower from Embu and Meru. The farmer's price is set at 18.50Ksh/kg for the Kenya Fedha variety. The deal trial is going to try out cash-on-the-bag payment to farmers.

Sunflower Auction to local millers and feed manufacturers

Local oil millers and feed makers find it difficult to get all the sunflower they need. The deal trial will auction sunflower from collection points in Embu, Mberre and Meru to local processors. James to identify potential auction bidders and collection points for produce. Auctions will be held when 3 tons becomes available. Auction announced when IBM have certified quality and quantity. Bidders have one day to send in their bids. Farmers have one day to decide which to accept. Winning buyer has one day to pay 50% to farmers to complete the auction. Buyer pays auction fee. Buyer arranges pick up date and pays balance on pick up.

Oranges from Muheza Tanzania

Sourcing for oranges from Muheza Tanzania to supply Wakulima Market and surrounding markets in Nairobi Kenya. Michael Kibue and Samuel Mugo will carry out a trial of at least 10 lorries of 10 ton each in April 2009. Haji Dachi of East Africa Orange Marketing alongside Isaya Mpulikile of Tanga Association Orange Growers to do the sourcing while Samuel Mugo (Muthurwa IBM), Benson Muchai (Africa Access Consult), Peter Ng'ang'a (True Fruit) and David Ndung'u (True Fruit) will team up at the collection points. A 10 tonne lorry carrying about 65,000 oranges would fetch Kshs 216,000/= Cess fee for the full lorry is Kshs 5,250/= which is Ksh 43.75 per ½ bag.

Livestock Marketing for AWF

AgriTrade aims to create a critical mass of livestock trade with Nairobi slaughterhouses for livestock sourced from the AWF Kilimanjaro livestock enterprise. The trial will deliver a 100 cattle per week sold in Kiserian and Dagoretti livestock markets. This is an estimated turnover of Kshs 3 million per week. AgriTrade will manage cash on horn payments through Mpesa and transaction security services to the Maasai pastoralists. AgriTrade will charge commission of 2½ % on livestock trade volume to AWF.

Livestock Marketing for Keekonyokie

AgriTrade aims to create a critical mass of livestock trade business for Keekonyokie livestock market access within the Kaputei open plains (KOPP) conservation area. The deal trial by Keekonyokie MAC will market 10 livestock per day from the KOPP pastoralists at the Kiserian livestock sales yard. This is an estimated turnover of Kshs 200,000. AgriTrade will collect a commission of 1% (Kshs 4,000) per day. Keekonyokie MAC is already undertaking activities to build capacity of the pastoralists to supply the livestock quality needed the MAC.

Meat Marketing for KWS

AgriTrade is supporting Keekonyokie MAC win a contract to supply beef per month to Kenya Wildlife Service worth Kshs 7.12 million. The beef will come from Keekonyokie slaughterhouse in Kiserian and feed the wildlife (lions, cheaters, hyenas, leopards) at Nairobi animal orphanage. The tendering process complete but not awarded because of logistical constraints and hygiene standards that are now being addressed by Keekonyokie slaughterhouse. The Keekonyokie MAC following up with KWS to lobby the awarded tender soonest. AgriTrade is already negotiating with KWS on behalf of Keekonyokie MAC to help resolve the logistical constraints that were highlighted by KWS. Keekonyokie MAC to levy 2½% commission on the deal and remit an agreed commission to AgriTrade.

Meat Marketing for Conservation Beef trading

AgriTrade aims to tender to supply conservation beef in Nairobi city under the “Green Meat” trading initiative. Target customers include hotels, institutions, schools and tourist lodges with bias to conservation of wildlife and pastoralists rangelands. AgriTrade is already capacity building private sector enterprises for the conservation beef enterprise and its promotion. Goodwill has been received from government authorities and AWF on this initiative. The Green meat market niche aim at 20%of all meat sales in Nairobi city by end of 2009 with adequate commission to AgriTrade.

UGANDA**Maize Auction in Barr village outside Lira**

The Itecokele Rice growers, a multipurpose cooperative society, has 20 tons of Maize ready in its store. These can be auctioned off to traders in Lira town immediately. An auction trial will be attempted by Leo Odongo the MAC in Lira for this 20 tons.

Groundnuts Auction in Ongako trading center outside Gulu

There are 10 tons of unshelled groundnuts ready for sale in this village. They can be auctioned immediately. An auction trial will be attempted by Juliet Akumu of the MAC in Gulu. The special case here is that warehousing is not possible. The bags of unshelled groundnuts must be checked

and tagged by the IBM/MAC in the farmers houses. The tag on each bag will identify to which farmer the bag belongs. The tag also means this bag is reserved for the auction. Each farmer will sign on a list that they agree on the auction conditions.

Simsim, Groundnuts, Beans Auction in Gulu

There are a number of important commodities (Simsim, Groundnuts, Beans) that could be auctioned fairly quickly among Gulu traders, but also including traders in Kampala and possibly also Juba. Collection points will be two centres, one to the east, and one to the west of Gulu, Ongako. Auction trials will be attempted by Abari, the mentor of the MAC in Gulu, and Juliet Akumu, the MAC of Gulu. The trial will involve their networks of contacts to attempt to source the crops, check their quality, and then attempt auctions.

Oranges from Soroti to South Western Region

Truckloads of Soroti-Oranges could be offered for sale among traders in the markets to the West and South of Uganda. A deal trail by Engineer Opio and Sarah Mayanja will attempt to find buyers among the traders, using Information Board adverts.

Cassava from Kyere to Main Markets

A large amount of cassava is produced in Soroti district and farmers struggle to find a buyer and good price. A deal trial by Engineer Opio with Kyere SACCO will attempt to pull together one truckload of cassava and then use the AgriNet network of IBMs in main markets to search for a buyer. Once a buyer has been found the deal will be registered and the produce certified.

Soyabeans guarantee farming and auction

Producers of animal feeds have difficulty in sourcing good soyabeans. A deal trial by AgriNet involves them making a contract with growers in Budaka and Hoima for producing Soya at a guaranteed minimum price. This minimum price is the promise by AgriFeeds to buy the soya at that minimum price if no better price can be found. AgriNet organizes seed and sells it at normal market prices to growers right now. AgriNet looks for good buyers (NSAVA, AgriFeeds, East African Basic Foods). Then AgriNet organizes auction of the soyabeans to interested buyers.

Potato Auction in Kabale

Potatoes are very cheap in Kabale because many farmers are producing them. So price differences between Kabale and Kampala are very high. A auction trial will be attempted involving the auction of 10 ton truckloads of potatoes from Kabale with various traders in Kampala and Sudan.

Honey from Bushenyi, Kabale and Lira

There are many honey producers in Bushenyi, Kabale and Lira who sell into local and Kampala markets. However, the prices they get fluctuate greatly. The deal trial by AgriNet will attempt to find buyers among exporters and buyers abroad who can provide better and steady prices to the honey producers.