Assessment of the Local Learning in National Back Up Support
(Deliverable No. 14 First Mile Phase 2, IFAD-Agridea)

Introduction

Our learning on identifying what kind of back up support MACs need from the national level in order to develop focussed on the following areas of support: (for details of learning agenda see Deliverable #5)

- Support to ensure appropriate ICT connectivity
- Support to deal making
- Support to market intelligence
- Support to setting up a commercial enterprise
- Support for identifying and developing income streams
- Support to new ventures
- Support to using the LLL learning platform

The learning agenda was implemented through online mentoring via the Informing Commercial Enterprises (ICE) InstantTeam and field visits to selected MACs with AMSDP and RKN project coordinators. An assessment meeting was conducted in Arusha in April 2008.

Lessons Learned

Support to connectivity

The company FUNEA Softnet in Dar es Salaam was identified and determined to have the technical skills as well as experience in working on rural connectivity issues. This company will also be probably suitable as a partner for exploring the rental operations for electronic equipment, including the testing of solid state laptops.

Support to deal making and commercial operation

Due to heavy workloads of AMSDP coordinators and delays in setting up the RKN little support was given in deal making at the national level. Nevertheless, contacts were made to some large buyers, such as for instance the UUNAT orange processing plant in Morogoro. One of the key lessons that have been learnt in this regard is the fact that it is not at all difficult to find large buyers willing to pay a very good price for reliable delivery of good quality (begin from the demand side). It is much more difficult to find products of farmers suitable for the already existing demand by big buyers (begin from the offer side). It is therefore seen to be much more efficient and effective for putting money into the pockets of small producers by sourcing for the large buyers rather than by marketing for many small producers. This is a win-win for both producers and large buyers.

Support to market price information

How can national back up ensure reliable and relevant market price information for all the clients in the networks? An initial effort was to collate information on *spreadsheets* and regularly send them to the MACs. This approach was not useful and soon got superseded because the data was always too old. It was realized that beside Trade Agents who can take care of local market price collection and exchange, there need to be specialized *enumerators* in the main markets, who can reliably upload actual prices each day. First explorations in Makambako revealed that such enumerators must be among the owners of the market or be mandated by the owners to do this. This approach is closer to the original concept of "Shushushu", except that the information is now broadly accessible. For ensuring the

relevance of market information it must be broadly available and timely. This requires the online-platform that is also accessible only via SMS, as envisaged by the First Mile concept. ***Tradenet.biz*** was identified as an already operational and functional platform that may take up this task.

Support to setting up commercial enterprises

AMSDP and RKN coordinators provided some legal advice to ex-core groups of AMSDP intending to set themselves up as MACs. Soon it was discovered, however, that going through a formal registration process and raising the initial capital was too high a threshold for a group to become operational. Furthermore it soon turned out that such groups are intrinsically unsuited for launching commercial operations, and therefore this line of approach was replaced with the emergence of individual "Trade Agents" as precursors to MACs (see above). No serious legal concerns have yet been encountered in this beyond the need to establish close relationships with the District Council offices involved in market development.

Support to income streams.

It was discovered that operating Information Boards could be a small rural enterprise in its own right. Combined with the activities of a Trade Agent, this now appears to be a viable business, though still in need of testing. A further lesson was that many ideas emerge for making money with SMS feeds and subscriptions, once they become available. However, it was also learned that actually such SMS feeds can first be done "manually" by normal procedures using mobiles, before using the automatic broadcasting done by a specialized platform such as Tradenet. Manual sms can be taken up immediately in order to gain experience and fast income streams.

Support to new ventures

An important new venture emerging from MAC experiences is in financial services. The challenges on the finance front are now seen to split into three categories:

1) Cashflow problems in trading (trader cannot pay farmers because he himself hasn't been paid either).

2) Payments on delivery (the headache of paying many diverse producers on delivery in a safe and cash-less way acceptable to the producers).

3) Access to venture credits (the challenge that Trade Agents and MACs are on the one hand too small, inexperienced and without assets for normal commercial credits, but on the other hand too big to be able to cope with the small available amounts and administrative hassle of microcredits).

Further indications of this were encountered after interacting with Mobipawa (payments via mobiles), and Drumnet in Kenya on payments via mobiles and internet. It was discovered that the Financial Services Deepening Trust of DfID has an interest to support 'trials' in financing services.

Support to using LLL-platform

Over the year many ideas for improvements have emerged that could simplify the interaction among users. We learnt that there tends to be info-overload when too many discussions threads occur simultaneously. It is too difficult for newcomers to find their way through the maze of threads and discussions, with people reporting "sterile visits", meaning they visited but could not decide where to engage in the many threads going on or could not find the topic

that really interested them. There will therefore have to be an effort to separate various discussion threads into separate topical mailing groups that are easily tracked (for details on online discussions see Deliverable #13)

Furthermore the DDS, First Mile and ICE learning teams must be more clearly separated thematically. Experiences in establishing viable operations at MAC trade agent level are shared in the DDS team, while the ICE team takes care of issues at the national and regional level. The First Mile team focuses on all the technical issues regarding ICT access (for details on learning teams see Deliverable #11).

Alerting people with SMS to important postings on the LLL platform did result in a high reaction rate by those alerted. An attempt should be made to see how alerts can be automatically generated by the system for messages on topics which the member of the platform can define.

These insights suggest the following for further developing the capacity and competence for supporting MACs in their struggle to establish themselves as viable Transaction Security Businesses.

Conclusions

In conclusion, based on the last six months experience, we recommend that:

1. Learn to work with FUNEA Softnet to implement a pilot rental effort.

2. Organize the whole market enumeration as a service that can financially sustain itself. Make Tradenet operationally available to Trade Agents and emerging MACs. Organize the relationships with the mobile phone providers. Engage enumerators at the national markets and explore remuneration that is linked with the reliability of the collected information.

3. Explore how newly emerging ICT-products can help in the challenges of tracking and tracing products, cashflow problems, payments on delivery and access to venture credits. Interact with the financial services people in Tanzania to explore ways to collaborate in overcoming the identified bottlenecks.

4. Improve InstantTeam and user-access to it. (SMS to blog, discussion alerts, discussion sign ups within teams, etc). Develop choice to sign up to individual topical threads in the discussion.