



Terms of Reference

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| Title: | Feasibility Study in Farm Inputs Production in Southern Highland Zone |
| Project number: | 17nrc - 7262 |
| Mission number: | AS. 12093 |
| Period: | 16th – 24th May 2020 |
| Business advisor: | Ibrahimu Harry Mwankanye (Business Advisor) |

Introduction cooperative

The Njombe Regional Cooperative Union (NJOECU) is a cooperative union in Njombe town, capital of the Njombe region in the southern highlands of Tanzania. The union has 67 members (primary cooperatives or 'Amcos') which organise a total of 7.210 farmer members (4.802 male, 2.408 female). Originally NJOECU was registered as NJOLUMAFUCU (1985) with the main goal to provide services on input supply and crop marketing of its members. In 1995 NJOLUMAFUCU failed to perform its core business activities due to lack of working capital, and after a long period of business silence, the union restarted in 2013 following a directive by the Regional Cooperative Officer (Assistant Registrar commissioner) with the new proposed and approved name 'NJOECU'.

The important crops for NJOECU are maize and sunflowers. NJOECU has been organising trading deals between buyers and primary cooperatives and facilitates transportation, logistics and working capital, for which it receives a commission. Most of the annual turnover of the union however comes from owning real estate (90%), and only a small part is realised by agricultural related activities (10%), namely providing inputs to members and marketing of agricultural products from members.

To become more member geared and improve their agricultural business, NJOECU has to improve services to members, invest in warehouses to improve storage quality and capacity and invest in a maize-flour milling machine to add value to the raw material and move upwards in the value chain.

Background of the mission

Growth conditions are unfavorable in the southern region of Tanzania. Therefore, most farmers use fertilizers to grow crops for marketing purposes. All farmer inputs used are imported from overseas and prices are high due to transport costs and other related costs.

Due to the favorable market and high demand for farm inputs by Tanzania Farmers, the board and management team of NJOECU LTD have big ambitions for the future. The main focus of the future business ambitions is to start with an agricultural input- and fertilizer processing plant. This will help them to assist Tanzanian farmers to get farmer readily accessible inputs at a lower price.

Hence, the union has to conduct a feasibility study on Fertilizer processing activities in order to determine the exact need, use and type of fertilizer per year in the highlands of Southern Tanzania.

Main objective

To conduct a feasibility study of the establishment of a processing plant of fertilizers to address the farmers (members and non-members) in the Southern Highland Zone.

Specific objectives

In order to reach the specific objective, the following topics should be covered:

- A. Briefly describing the source of raw materials used to produce fertilizer
- B. Briefly describing the cost of production & distribution
- C. Market analysis
 - Trend analysis for Supply and Demand for Southern Highland Zone
 - Market trends, segmentation, growth, etc
 - Identifying the consumers preference
 - Identifying target customers
 - Competitors analysis + advantages of the union
- D. Outlining the union's operational plan
 - Production
 - o How and where are the union's products produced? Explain the methods of production techniques and costs, quality control, customer service and inventory control
 - Legal Environment
 - o Describe the licensing requirements, permits, health, workplace, or environmental regulations, special regulations covering the industry, insurance coverage and trademarks, copyrights, or patents (pending, existing, or purchased)
 - Preparing a time schedule for the implementation of the project
- E. Organization and personnel
 - Number of employees, type of labor (skilled, unskilled, and professional), where and how will you find the right employees? Pay structure and training methods and requirements
- F. Identify market, price and production risks related to fertilizer processing activities

Expected results

Collect information and data and draft a summary report of findings, conclusions and recommendations for the steps to take in the future. To advise the cooperative in a Go or No-go for starting with the processing plant.

Mission details

- Composition of the Agriterra mission team:
 - o Agripooler
 - o Ibrahimu Harry Mwankanye Business Advisor
 - o Translator
- Duration of the mission: The time frame of the mission will be 12 days (including international travel) in the period of May and excluding 1 day for preparation and 1 day for reporting.
- Arrangements: Agriterra will arrange and cater for flight, hotel, transportation, programme for the Agriterra mission team.

Tentative programme

| Day | Date | Programme | Available |
|-----------|----------------------|--|---|
| Saturday | 16 th May | Flight Amsterdam: 10:15am to Dar -es – salaam: 23:55pm Taxi to: SLIPWAY Hotel accommodation | Agripooler |
| Sunday | 17 th May | 9:30 Briefing Agri poolers at Slipway Hotel Discussion on objectives and working methods 10:00 Meeting with Stakeholders at Dar es Salaam: Tanzania Federation of Cooperative (TFC) Tanzania Fertilizer Regulatory Authority (TFRA) | Agripooler BA NJORECU Ltd Translator |
| Monday | 18 th May | 6:00 Flight to Dodoma arriving at 7.00 by Air Tanzania 9:00 Meeting with stakeholders at Dodoma: Ministry of Agriculture Office Cooperative Development Commission (TCDC) Ministry of Industry, Trade & Investment Office National Environment Management Council (NEMC) Accommodation at St. Gaspar Hotel | Agripooler BA NJORECU Ltd Translator |
| Tuesday | 19 th May | 6:00 to 12.00 travel by car to NJOMBE: 14:00: Visiting Regional Commissioner Office (Economic & Agriculture department) Accommodation at HILL SIDE HOTEL | Agripooler BA NJORECU Ltd Translator |
| Wednesday | 20 th May | 9.00: Visiting NJORECU LTD Office: Meeting with Board Members & Management team 10:00: Travelling by car to Wanging'ombe: Meeting with Stakeholders: District Commission Office (DC) District Executive Director (DED) MAYALE Village Government officer Visiting areas available for construction Agro inputs & Fertilizer Factory 16:00 Travel back to NJOMBE Town to HILL SIDE HOTEL | Agripooler BA NJORECU Ltd Translator |
| Thursday | 21 th May | Full Day at NJORECU LTD Accommodation at HILL SIDE HOTEL | Agripooler BA NJORECU Ltd Translator |
| Friday | 22 nd May | Final presentation, conclusions, recommendations action plan for follow up 12.00 Travel by car to Mbeya to HILL VIEW HOTEL | Agripooler BA NJORECU Ltd Translator |
| Saturday | 23 th May | 15:00 pm Flight to Dar by Air Tanzania Evening: Agripooler flight to NL | Agripooler |
| Sunday | 24 th May | Arrival at Amsterdam | Agripooler |

BA = Ibrahimu Harry Mwankanye, Agriterra Business Advisor

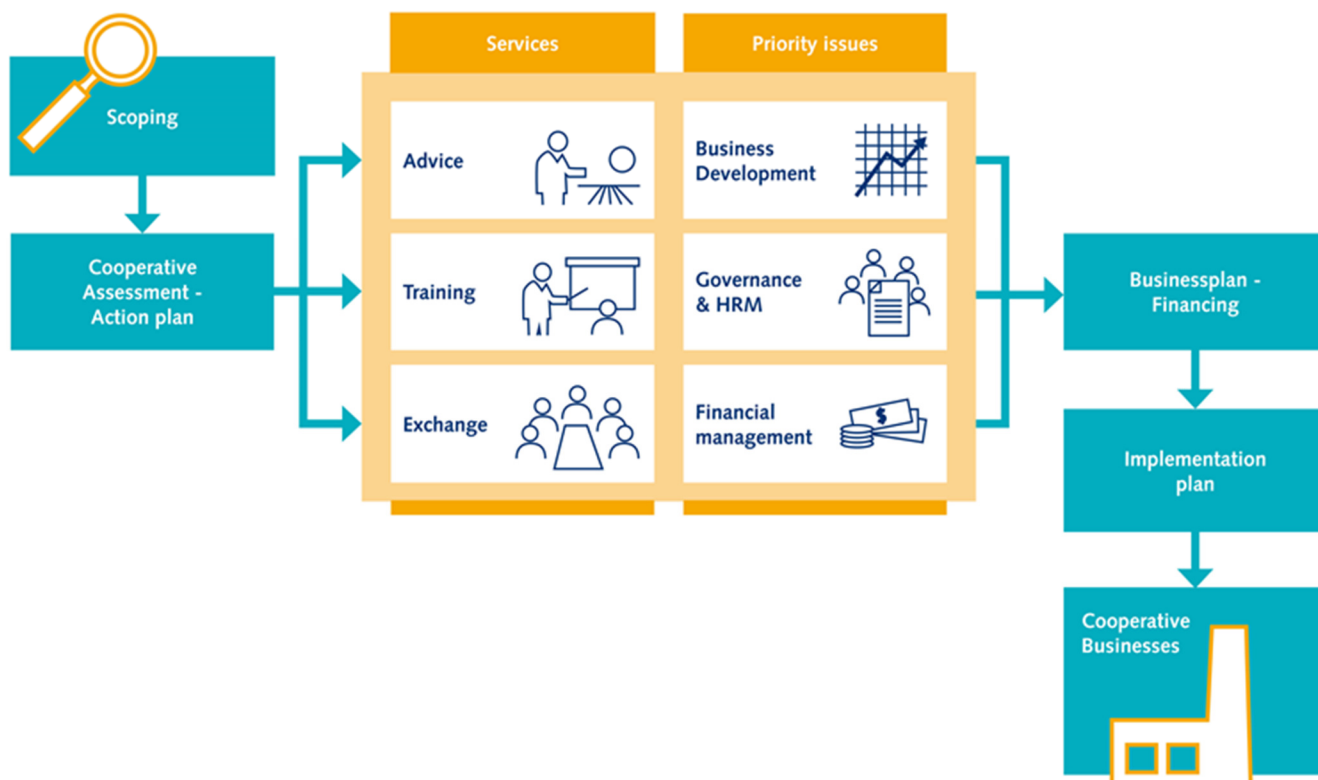
LC = Translator

Agripooler:

Annexes

- NJORECU LTD Cooperative Assessment report

Agriterra, for cooperatives



Agriterra provides high quality, and hands-on advice, training and exchange services, to cooperatives and farmer organisations with maximum impact for socio-economically strong and productive rural areas. In 2018, with 117 employees, Agriderra advises 208 cooperatives in 17 countries. With our programme we reach more than 500.000 farmers. In the last two years we have already mobilised more than 20 million euro made available through policy changes. More than 40 cooperatives are linked to banks with a mobilised loan for working capital and investments of more than 15 million euro, while 33 clients have a processing facility with increased production.

Through professionalising and strengthening cooperatives in Latin America, Africa and Asia, Agriderra contributes to positive economic development and better income distribution. Farmers organised in strong, competitive and trustworthy cooperatives are indispensable for a vibrant rural economy, fostering agricultural development and off-farm employment in rural areas.

Agriterra draws on a century of cooperative knowledge in the Netherlands disclosed via its extensive network in the Dutch agri-food sector. These experts and Agripool experts from farmers organisations all over the world, work together with business advisors from the Netherlands and national business advisors in the countries where Agriderra staff is based.