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## Kiponzelo SACCOS and AMCOS

Today we are visiting Kiponzelo. This is a village a little over an hour Southwest of Iringa. The Kiponzelo Agricultural Marketing Cooperative Society (AMCOS) is not yet registered and has not yet become a member of the Iringa Hope Joint AMCOS (IHJA). We think that they are ready to become registered. Later this year when they become registered and become a member of the IHJA, they will be a candidate for funding for an Integrated Development Center (IDC)



We are making introductions to start the meeting. (left to right) Venance Msigala, Norm Siekman, Dickson Msungu, Esterina Bangi, SACCOS board member, Jackson J. Msilu, Secretary of SACCOS.

The Chairman of the Savings and Credit Cooperative Society (SACCOS) convened the meeting. Introductions were made by the Kiponzelo SACCOS and AMCOS members followed by introductions by the members of the Iringa Hope staff. There are 18 members of the Kiponzelo SACCOS and AMCOS that are present.

Dickson Msungu began his presentation by explaining the advantages of having a registered AMCOS. He told the members that if they completed their

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registration, they would be a candidate for funding for a new IDC building to be constructed in their village in 2019. Dickson also explained the Warehouse Receipt Program and told the members that the funding of the Warehouse Receipt Program would only be available if they completed their registration.



Members attending the meeting.



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After Dickson's presentation, there were a number of questions. The first question was whether members could obtain loans for cash, not just for farming inputs. We responded that obtaining loans for farming inputs is simpler by applying through the AMCOS and having the AMCOS deliver the supplies to the village, but members could still apply for loans for other business purposes, as they have in the past.

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Another question was asked whether the officers of the SACCOS could also serve as the officers of the AMCOS. We responded that the regulations of the Tanzania Cooperatives Development Commission (TCDC) require that the two cooperatives must be separate legal entities and requires that the officers of one cooperative cannot serve as officers of the other cooperative.



Members attending the meeting.

Members reported that representatives of the Rockefeller Foundation were in the village a week ago. They were offering loans to purchase farming input supplies. Members replied that they were not interested. They planned to obtain their credit and their farming input supplies through Ininga Hope. Members also said that representatives of the Tanzania Agriculture Development Bank (TADB) had been to the village. However, members said that their interest rates were too high.

A member of their Board of Directors asked the members if they were ready to move forward with their registration. Members replied that they believe that they will benefit from the construction of an IDC in their village and the availability of the Warehouse Receipt Program. They are ready to begin work on their registration. The Board member stated that he would begin the process by contacting Lino Selunga, the Cooperative Officer for Ininga Rural and would schedule a meeting with him.

The AMCOS group already has TZS 1,709,0000 from entrance fees and shares purchased by members. The Cooperative Officer recommends having TZS 2,000,000 in a bank account before registration, so that should not be a problem.

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A member stated that Warehouse Receipt Programs are available through other organizations, but their interest rates are much higher than the interest rate available through Iringa Hope.



After the meeting, members gathered outdoors for a group photo.

The Board member said that members will need additional training on how to store their grain supply safely.

He promised that the AMCOS would move quickly on the registration process. He urged members to respond quickly when a meeting with the Cooperative Officer is scheduled. The meeting ended and we moved on to hold two interviews with members.

Our first interview was with Adelaidi Dalu. Adelaidi is 58 years old. She is married and has three children. She has two daughters, ages 32 and 27, and a son, 23. Her son is in Dar es Salaam and works at a medical factory.

Adelaidi has been a member of the SACCOS for 6 years. She has a farm and runs a restaurant as a small business. In the six years that she has been a

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member, she has taken 2 loans. Her first loan, in 2015, was for TZS 500,000 (about \$220). She used the loan to purchase farming input supplies. From her 2 acres, she harvested 26 bags of maize. This is the equivalent of about 50 bushels/acre.



Adelaiddalu

In 2017, she took a loan of TZS 900,000, (or about \$400). With this loan, she bought 2 acres of land, purchased fertilizer, and spent money to renovate her house. She also inherited 2 acres of land. This year, she also grew potatoes. She was able to harvest 12 bags of potatoes and 72 bags of maize, which she sold at TZS 20,000 – 30,000 per bag. We estimate that, with the loan of TZS 900,000, she was able to generate income of more than TZS 2,000,000 (or about \$885).

With her profits, she is able to send three grandchildren to school. She has three orphans living with her. Two of the children are her daughter's children and one child is a relative's child. She also has bought several of the Purdue Improved Crop Storage (PICS) bags, to store the maize that will be used for consumption

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by her family. The PICS bags are a new development that enables families to store their maize in hermetically sealed bags that limits the damage done by insects. When families store maize, they can lose 20% to 40% of the maize that is stored to insect damage.



**Rajab Martin Msenga**

Our next interview was with Rajab Martin Msenga. Rajab is 44 years old. He has 3 children, ages 18, 14, and 11. His oldest son is in the first year at the University and is studying economics and engineering.

Rajab has been a member of the SACCOS for 6 years. He farms 15 acres of which 5 acres is in maize, 2 acres in beans and 8 acres in vegetables. In the 6 years that he has been a member, he has taken 3 loans. He took his first loan in 2015 for TZS 1,000,0000 (or about \$440). With the loan, he purchased fertilizer, hybrid seed and sprays. His yield for the year was 38 bags of maize, 4 bags of beans and 6,000 buckets of tomatoes. He stored the maize until 2016. The price for maize was very high at the time that he sold the bags. He was able to get a price of TZS 120,000/bag of maize. By comparison, today, maize is

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typically between TZS 30,000 and 50,000. For his loan of TZS 1,000,000, he received income of about TZS 6,000,000 (or about \$2,600).

For his second loan, Rajab took a loan of TZS 2,300,000. With the loan, he purchased fertilizer, hybrid seed and sprays.

For his third loan, he took a loan of TZS 1,500,000. Again, he purchased farming input supplies of fertilizer, hybrid seed and sprays. His crops are still in the field, so we will not know until the fall what his income will be.

Rajab has been approached by the Tanzania Agricultural Development Bank (TADB), but they wanted him to be a member of an AMCOS for three years before making a loan to him for the purchase of farming inputs.

The Clinton Foundation managed a demonstration plot and introduced soybeans to the area. They convinced a number of farmers to grow soybeans. However, after farmers grew the soybeans, they found that there was no market for the soybeans. Often, there are NGO's who are well-meaning, but don't understand the territory or the markets.

He was also approached by the Access Bank, who wanted to provide him with a loan. However, they were charging 5.5% per month. The Mukoba Bank also approached him. They want to make a loan to him, but their interest rate was 20% and they wanted payments made twice per year.

Rajab would like to take out loans of up to TZS 30,000,000 – 40,000,000, if possible.

Rajab thinks that the SACCOS and AMCOS are very important. He plans to order his farming input supplies from the AMCOS. So far, with the services of the SACCOS, Rajab has been able to, increase his farming activities, and he has been able to send his children to primary school, secondary school and to the University. He is working hard so that the next generation will have as much opportunity for success as possible.