



# AMDT

AGRICULTURAL MARKETS DEVELOPMENT TRUST



# Annual Report 2019 – 2020

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**AMDT**  
AGRICULTURAL MARKETS DEVELOPMENT TRUST

# Annual Report 2019 – 2020





## VISION

An agricultural sector where productive poor women, men, and youth in Tanzania have increased and sustained income and employment opportunities.

## MISSION

Our mission is to unleash large scale systemic change in the agricultural market systems that are critical for the productive poor in the agriculture sector.





## **ABOUT THE AGRICULTURAL MARKETS DEVELOPMENT TRUST (AMDT)**

**T**he main goal of the Agriculture Markets Development Trust (AMDT) is to increase incomes, employment opportunities, and sustainable livelihoods for people living in poverty particularly marginalized women, and youth in Tanzania. AMDT fulfills this goal by supporting better coordination between value chain development initiatives hence contributing to improved productivity and market access for Micro, Small, and Medium Enterprises (MSMEs).

The Trust's main target beneficiaries are the productive poor women, men, and youth involved in smallholder agricultural production also referred to as smallholder farmers. These can also be found in other agricultural on-farm and off-farm economic activities as employees earning a wage or self-employed.

AMDT works with a wide range of stakeholders including the Government (Ministries, Research Institutes, and Agricultural projects), Non-Governmental Organizations and Civil Society Organizations, the Private Sector, Small-scale and Commercial Farmers, and Development Partners.

AMDT's interventions are guided by diagnosed constraints from different existing agricultural systems, which inform the strategic direction of the Trust. As such, its focus is on establishing better functioning rural market eco-systems around the productive poor women, men, and youth engaged in selected agricultural value chains. In so doing, enabling them to take advantage of income and employment opportunities as the market systems around them improve.

# TABLE OF CONTENTS

<b>LIST OF ABBREVIATIONS</b>	<b>7</b>
<b>EXECUTIVE SUMMARY</b>	<b>8</b>
<b>1. INTRODUCTION</b>	<b>10</b>
1.1 CURRENT AGRICULTURE SECTOR CONTEXT	11
1.2 WHAT IS BEING REPORTED ON	12
1.3 AMDT OBJECTIVES IN THE 2019 - 2020 FINANCIAL YEAR	12
<b>2. DESCRIPTION OF ACHIEVEMENTS AND EMERGING SYSTEMIC CHANGES AGAINST THE OBJECTIVES</b>	<b>14</b>
2.1 OVERALL KEY ACHIEVEMENTS	14
2.1.1 PROGRESS OF SPECIFIC VALUE CHAINS AGAINST THE ANNUAL BUSINESS PLAN	15
2.2 PERFORMANCE OF SPECIFIC MARKET SYSTEMS	17
2.2.1 EMERGING SYSTEMIC CHANGES IN THE SEED MARKET	17
2.2.2 EMERGING SYSTEMIC CHANGES IN AGRICULTURAL EXTENSION	18
2.2.3 EMERGING SYSTEMIC CHANGES IN AGRICULTURAL TECHNOLOGY MARKET	18
2.2.4 EMERGING SYSTEMIC CHANGES IN THE BDS MARKET	19
2.2.5 EMERGING SYSTEMIC CHANGES IN ENABLING CONTRACTUAL ARRANGEMENTS	19
2.3 PERFORMANCE IN BUSINESS ENABLING ENVIRONMENT	20
2.4 PERFORMANCE IN GENDER INTEGRATION AND YOUTH INCLUSION	21
2.5 PERFORMANCE ON KNOWLEDGE MANAGEMENT AND COMMUNICATION	22
<b>3. CHALLENGES ENCOUNTERED DURING THE REPORTING PERIOD</b>	<b>24</b>
<b>4. PROGRAMME MANAGEMENT, OPERATIONS AND FINANCIAL MANAGEMENT</b>	<b>25</b>
4.1 FINANCIAL PERFORMANCE AND MANAGEMENT	26



## LIST OF ABBREVIATIONS

<b>ABP</b>	Annual Business Plan (for AMDT)
<b>ACT</b>	Agricultural Council of Tanzania
<b>ARI</b>	Agriculture Research Institute
<b>BDS</b>	Business Development Services
<b>BEE</b>	Business Enabling Environment
<b>BEST-Dialogue</b>	Business Environment Strengthening for Tanzania – Dialogue
<b>BMO</b>	Business Membership Organisation
<b>BSPS IV</b>	Business Sector Programme Support - Phase 4
<b>CSA</b>	Climate Smart Agriculture
<b>DANIDA</b>	Danish International Development Agency
<b>DBC</b>	District Business Council
<b>DCED</b>	Donor Community of Enterprise Development
<b>EAGC</b>	East Africa Grain Council
<b>ESG</b>	Environmental, Social and Governance
<b>FAAB</b>	Farming As A Business
<b>FI</b>	Financial institutions
<b>FSDT</b>	Financial Sector Deepening Trust
<b>FY</b>	Financial Year
<b>GAP</b>	Good Agricultural Practices
<b>GALS</b>	Gender Action Learning System
<b>Ha</b>	Hectare
<b>ICT</b>	Information and Communication Technologies
<b>ITC</b>	International Trade Centre
<b>KM</b>	Knowledge Management
<b>KMC</b>	Knowledge Management and Communication
<b>LGA</b>	Local Government Administration
<b>LIC</b>	Local Investment Climate (BSPS IV component)
<b>MA</b>	Market Actors
<b>MAFC</b>	Ministry of Agriculture, Food Security and Cooperatives
<b>M4P</b>	Markets for the Poor
<b>MF</b>	Market Facilitators
<b>MRM</b>	Monitoring and Results Measurement
<b>MSA</b>	Market Systems Analysis
<b>MSD</b>	Market Systems Development
<b>MSM</b>	Market System Manager
<b>MSME</b>	Micro, Small & Medium Enterprises
<b>OPV</b>	Open Pollinated Varieties
<b>PAG</b>	Policy Analysis Group (Coordinated by MSU)
<b>PHH</b>	Post-Harvest Handling
<b>PPD</b>	Public-Private Dialogue
<b>QDS</b>	Quality Declared Seed
<b>RBC</b>	Regional Business Council
<b>SDC</b>	Sunflower Development Company
<b>SIDA</b>	Swedish International Development Agency
<b>SUA</b>	Sokoine University of Agriculture
<b>TADB</b>	Tanzania Agricultural Development Bank
<b>TARI</b>	Tanzania Agricultural Research Institute
<b>TIRA</b>	Tanzania Insurance Regulatory Authority
<b>TOSCI</b>	Tanzania Official Seed Certification Institute
<b>TPN</b>	Tanzania Pulses Network
<b>TZS</b>	Tanzania Shillings
<b>VBAA</b>	Village-Based Agricultural Advisers
<b>VOF</b>	Vintage Organic Foods
<b>VSLA</b>	Village Savings and Lending Association
<b>VfM</b>	Value for Money
<b>WYEE</b>	Women and Youth Economic Empowerment



## EXECUTIVE SUMMARY

This Annual Report provides a synopsis of AMDT's overall performance for the period 2019/2020. It provides an overview across the targeted areas of engagement and explores some priority areas which have been identified as having the potential to grow to scale. The report also provides information on the agency's financial health. The performance of the various interventions of the program, as measured against the results indicators, are available in the report's annex and provide a better understanding of outcome-level progress and trends within the portfolio. The AMDT is committed to further strengthening its Monitoring and Evaluation (M&E) practice, ensuring that evidence and lessons from across the portfolio are available to inform management decisions.

Fiscal 2019/2020 was punctuated by two operating conditions: a funding freeze for project activities and the outbreak of the novel COVID-19 pandemic. In response to the two conditions, several assessments including a remedial plan were approved as well as a Business Continuity Plan 2020 – 2021 focusing on enabling the AMDT and its partners to adapt to the pandemic situation.

Given that this report coincides with a planned second phase of the program, it includes a background on the operations and stages that the AMDT has undergone since its inception in 2015.

At the start of the fiscal year, the AMDT had planned to continue to test and validate models that focus on how different market actors work with smallholder farmers and others in the value chains, through which the program hoped to reach a target of 300,000 farmers across three value chains of sunflower, maize, and pulses; further develop market facilitation capacity in Tanzania leading to scalable and sustained pro-poor changes in the sector with a demonstrated value-for-money leverage and synergize efforts through enhanced collaboration and coordination and to build the capacity of Business Membership Organisations (BMOs) in advocacy as they support smallholder farmers and Small and medium-sized enterprises (SMEs).

While the ambitious plans were not fully accomplished predominantly due to operational conditions as well as fragile internal systems, several successes were however achieved during the period. The successes include positive changes in the seed market system where new private sector-led initiatives can be seen including local production and multiplication of sunflower hybrid seeds for the first time in the country. Though limited, market actors are engaging with farmers on their own while an organic sunflower seed cake trader managed to have over 19,000 farmers certified as organic sunflower farmers at his own cost. Financial institutions including the state-owned Tanzania Agricultural Development Bank (TADB) and the Tanzania Postal Bank (TPB) are already trusting the relations created between farmers and off-takers in AMDT interventions consequently providing loan guarantees to the National Microfinance Bank (NMB) and the TPB to finance off-takers including women entrepreneurs. As a result, TZS 2.55 Billion has been credited to sunflower processors and smallholder maize farmers in the southern highlands alone during the fiscal year. At least TZS: 1 Billion has gone to 820 women entrepreneurs and smallholder farmers. ICT model providers are redesigning solutions to meet the needs of the farmers as brokerage becomes an important service to access and manage credit. Equally, the AMDT succeeded in pulling together other institutions to discuss the implementation of the Blueprint for Regulatory





## Reforms with the public sector.

Several institutional challenges and opportunities to improve were highlighted predominantly by a Mid Term Review team, the AMDT governance bodies, and internal reflections. On the financial side, the funding freeze never had any dramatic impact on the operations of the Trust as well as those of the sunflower market facilitators. Only 32% of the budgeted amount was received during the year and was used to largely cover operational costs. At 50.4% against 49.6%, there was an insignificant difference between operational costs and market development costs during the year mainly due to having fewer activities on the ground. For market development, out of the sunflower investments worth USD: 1,284,007.44, 62% was utilized for BDS services, 9.6% went to extension, 8.5% for the seeds system, 5.9% to access to finance, 3.5% to technology, and 9.6% on contractual arrangements.

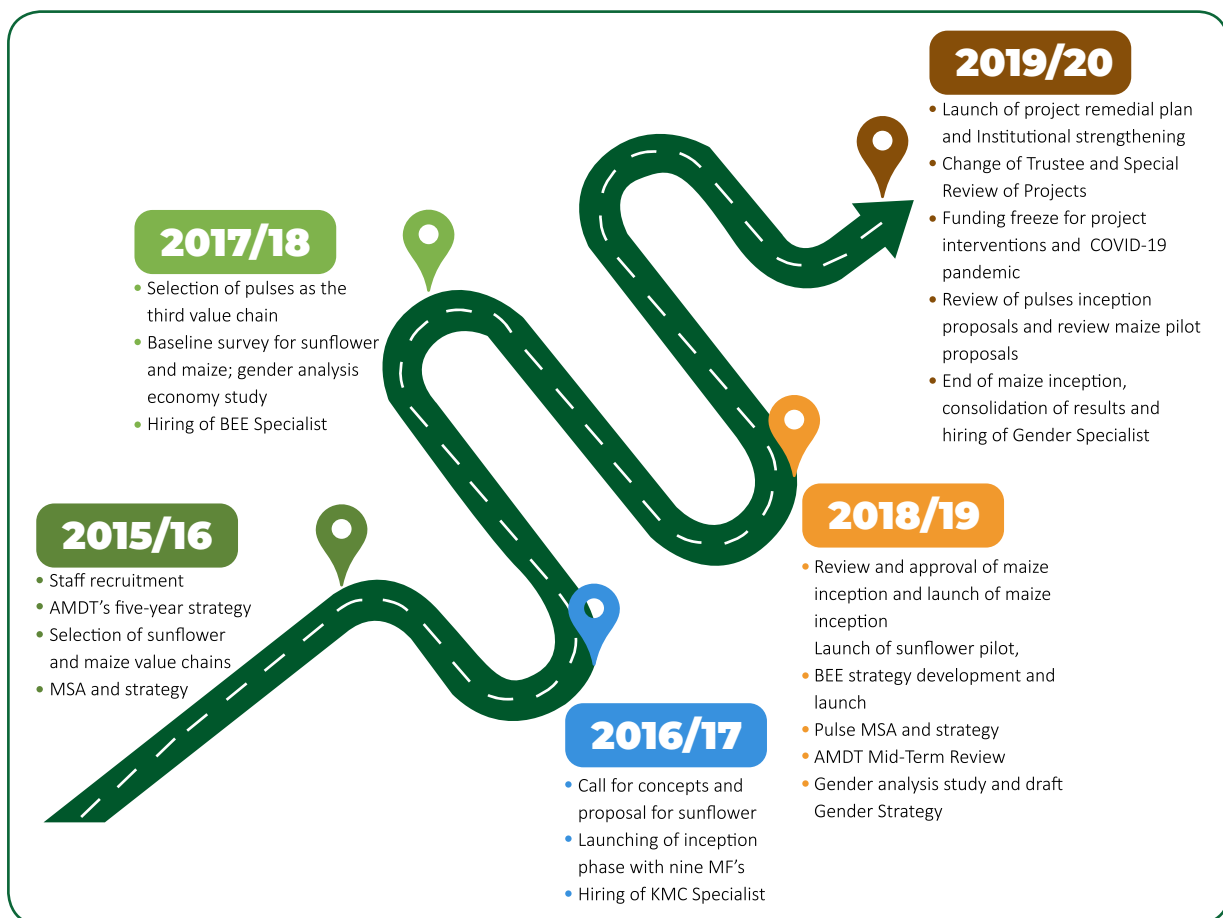
## INTRODUCTION

Over the past five years, the AMDT has selected three commodity value chains consisting of sunflower, maize, and pulses. Sunflower and maize were selected in 2015 while pulses were selected in 2017. The selection of these value chains was based on three basic criteria and underlying principles of the M4P, which considers the existence of failing and or struggling systems to serve the needs of the productive poor and provides opportunities to act on a systemic action to correct the failings; provides an opportunity for sustainable change and has the potential for large scale impact with interventions that benefit large numbers of the productive poor. Therefore, the three value chains proved to provide an opportunity for growth, relevance to the poor, and the feasibility to stimulate change in the market system.

### THE ADMT PATH

The AMDT has come a long way since its inception. Below, an infographic provides a snapshot of the path that the Trust has traversed over the years.

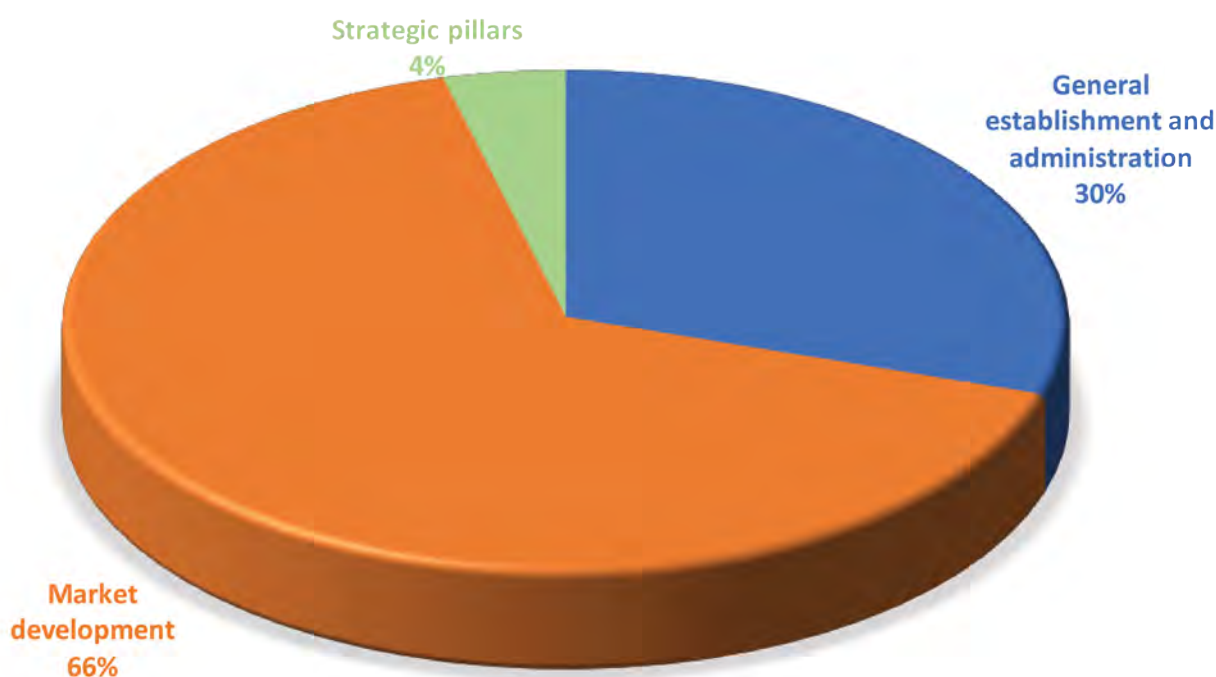
**Figure 1: Timeline of AMDT milestones**





In terms of financial investment, the AMDT had by June 2020 received a total sum of US\$: 24,245,601 from the funders of which US\$: 23,776,011 has been fully disbursed. The utilization has been in the general establishment and administration (US\$: 7,155,841), market development (where US\$:13,015,609 went to sunflower; US\$: 2,271,437 went to maize; US\$: 318,612 went to pulses) and US\$ 469,589 went to strategic pillars (Figure 2). The higher expenditure in the sunflower value chain was due to its maturity that can already be equated to the results being witnessed within the market system. However, it is important to note that based on several learnings on how to perfect facilitation, future value chains will not require the same amount of resources as those spent in the sunflower value chain.

**Figure 2: Utilization of financial investments**




### 1.1 Current Agriculture Sector Context

Agriculture remains central to Tanzania achieving inclusive economic growth. In recent studies, it is still affirmed that the sector accounts for 27% of the country’s GDP, supports 75% of the poor people, indirectly benefits up to 15% of the population through economic activity along with the middle and downstream agricultural value chains, and remains the key source of income for traders, transporters, processors, and retailers of different agricultural outputs, overall providing 67% of the jobs in the economy (World Bank report 2019).

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The government continues to take key actions to improve the business environment and has been engaging particularly the financial services sector to encourage financing and investing in the sector and has now embarked on ensuring that economic activities align with the national



industrial policy. Interventions around enhancing the business environment for agricultural MSMEs continue to focus on enhancing private-private dialogue as well as public-private dialogue from district level through to national level.

Interventions in the three value chains of pulses, maize, and sunflower aim at sustainably integrating poor productive people, especially women and youth who are predominantly in the rural areas so that they can take advantage of emerging opportunities as recognized and respected business partners. Support to government efforts in the implementation of the Blueprint for Regulatory Reforms is central to this effort.

## **AMDT Response to the COVID-19 Pandemic**

The AMDT developed a Business Continuity Plan during the third quarter of the fiscal year within the context of an evolving pandemic with uncertain duration and strength. The plan focused on the following priorities in the short term:

- i. Prevent exposure of AMDT staff to COVID-19.
- ii. Enable a secure and protected working environment, should work in the office resume.
- iii. Create capabilities within the AMDT and among partners to respond to the pandemic in the short and the intermediate-term.
- iv. Minimize the loss of productive assets that the AMDT has enabled beneficiaries to access, the market opportunities that were beginning to open, and any potential crop or food losses.
- v. Coordinate with selected stakeholders and current AMDT partners to identify and utilize emerging opportunities provided by the prevailing situation and work towards an intermediate goal of achieving resilience.

Notwithstanding the adverse operating conditions, the AMDT's approach and adoption of interventions that address systemic changes ensured the achievement of progress and outcomes in several areas.

### **1.2 What is Being Reported on**

This report highlights the various opportunities that the program has identified for action in the next fiscal and which resonate with the program. Opportunities here refer to either those that are internal to the AMDT or those that are external, and which relate to market actors or the market ecosystem within which the program operates.

### **1.3 AMDT Objectives in the 2019 – 2020 Financial Year**

The AMDT set out to meet four objectives during the fiscal year:

1. Continue to test and validate models which focus on how different market actors work with smallholder farmers and others in the value chains to provide appropriate products and services that reach the productive poor at scale. For FY 2019 – 2020, an outreach target of 300,000 farmers had been set across the three value chains of sunflower, maize, and pulses.
2. To further develop the market facilitation capacity in Tanzania to have competent facilitators that also demonstrate value-for-money, so that MSD practices can be adopted widely in the country, leading to scalable and sustained pro-poor changes in the sector.





3. Enhanced collaboration and coordination with other development partners and projects in the program areas, so that leverage and synergy are maximized. This was aimed at ensuring the scalability of AMDT interventions.
4. Build the capacity of at least 17 private sector organizations (10 BMOs and 7 rural media) and 30 district level public institutions in advocacy and dialogue, to enhance the capacity for inclusive business reforms starting with the rural business environment where farmers and market actors operate.

## DESCRIPTION OF ACHIEVEMENTS AND EMERGING SYSTEMIC CHANGES AGAINST THE OBJECTIVES

This section describes the overall achievements of the AMDT during FY 2019 – 2020.

### 2.1 Overall Key Achievements

***Some of the notable achievements include:***

- i. Momentum around improved availability and accessibility of sunflower seeds across the country continues. For 11 new seed varieties that have come onstream, the respective seed companies have adopted plans to expand seed production based on this initial work. Four of these are oleic seed varieties that the AMDT has directly supported under Quality Food Products (QFP), and now under East Africa Seeds. Following government coordination efforts and engagement with private seed companies, the Agricultural Seed Agency (ASA), and TARI Ilonga, have projected that seed production and availability would increase from 1,265 MT in FY 2018 – 2019 to potentially up to five times this amount in FY 2020 – 2021.
- ii. Off-takers continue to engage a limited number of farmer organizations in both maize and sunflower, but this is largely on their own. By implication, this means that some of the models and solutions being tested in the maize and sunflower value chains are beginning to take root.
- iii. Efforts to develop and reach niche markets for sunflower organic cake are taking shape after the private sector partner in Dodoma was issued with organic certification covering 19,000 smallholder farmers. It is hoped that during this crop buying season, processing and export will take place and certified farmers will earn premiums from their work, thus increasing incomes.
- iv. Some financial institutions, working with the agro-input market actors that the AMDT has been engaging, have provided loans to some AMCOS previously supported by the agency during FY 2018 – 2019. Notably, the NMB has extended loans to market actors in sunflower in the southern highlands of Mbeya through a TADB bank loan guarantee.
- v. Service providers that the AMDT has engaged with in testing ICT-based solutions for providing extension and information services to farmers are transitioning their business models towards digitized platform players with a growing range of integrated business services such as brokerage services. These service providers now have the potential to grow and provide effective services across the rural market ecosystems and supply chains that the agency is supporting.
- vi. Concerning the business environment, the AMDT was able to initiate an investigation of the private-public dialogue mechanisms that would lead to increased participation of farmers and agribusinesses in the dialogue processes, especially at the district level. The AMDT was able to initiate this in 30 of the 52 districts where there is limited traction within their business councils. As a result, advocacy groups such as the Agricultural Council of Tanzania (ACT) now look up to the AMDT as a credible institution to collaborate with.



## 2.1.1 Progress of Specific Chains Against the Annual Business Plan

### 2.1.1.1 Sunflower Value Chain

*The following were prioritized for the fiscal year.*

1. Testing the viability of models related to access to inputs, finance, insurance, mechanization services, Business Development Services (BDS), post-harvest technologies, and for contractual arrangements, to reach a larger number of farmers, with a collective outreach target of 170,000 by the end of the fiscal.
2. Support women processors in the access to finance and produce for their processing facilities.
3. Test the viability of climate change services and technologies, to establish scalable provision and outreach to a wider number of farmers in the sub-sector with at least two market actors being able to test the model viability at scale.

### Progress Towards Achievements

Unlike other commodities selected for intervention, the sunflower market systems development has been undergoing implementation since 2017 when inception was commissioned, and later pilot projects were designed and launched at the beginning of 2018. Despite limited implementation especially after the second quarter of the last financial year, some good results have been captured.

Many farmers are reported to be using improved seeds primarily Record variety as well as imported and locally produced hybrid varieties reaching about 86 MT for imports. The demand for seeds is rising, and farmers are witnessing increased productivity. As a result of the demand, local production of hybrid and new Open Pollinated Varieties (OPV) was also certified by the (Tanzania Official Seed Certification) TOSCI. Additionally, new technology companies such as Hans Machinery promoting and selling handheld mechanization tools are expanding their businesses not only in the project areas but even into other regions. The use of paraprofessionals or village-based agents has expanded input financing mechanisms, especially in Njombe and Iringa. Women entrepreneurs are also expanding their processing capacities after receiving financing from the local financial institutions in Mbeya. Despite the challenges encountered during the year, there has been an increase in the number of farmers reached and are benefiting from the program. A cumulative number of over 87,000 farmers were recorded in December 2019.

### 2.1.1.2 Maize Value Chain

During the year, the following four results were planned for the maize value chain:

1. Testing the viability of models related to access to inputs, finance, insurance, mechanization services, BDS, post-harvest technologies, and contractual arrangements, to reach a larger number of farmers, with targeted collective outreach of about 80,000.
2. Develop and test the distribution of inputs and value-addition processing opportunities for youth and women in the value chain to confirm future scalable business opportunities for youth and women in the subsector. At least 500 women and youth were to be targeted, individually or in groups.
3. Test the viability of climate change services and technologies, to establish scalable provision and outreach to a wider number of farmers in the sub-sector; with at least two market actors testing the model viability at scale.
4. Enhance sub-sector coordination at the national and sub-national levels.



## Progress Towards Achievements

Market actors continued to engage farmers in accessing markets, accessing financial services, and accessing inputs with minimal involvement of the AMDT. In addition, market actors continued to test and engage with models that were being tested during fiscal 2018/2019, albeit with a limited number of farmers.

Pilot phase proposals from market facilitators were reviewed and await a final assessment. The initial review went in line with the rationalized scope of interventions and will now be finalized based on where there is further evidence of incentives by the market actors in testing different solutions. During the review process, guidance was provided to the market facilitators and market actors on how to integrate gender in the proposed interventions so that more women and young people both men and women would engage and benefit through the value chain.

The management and the technical committee together with the market facilitators that were engaged in the inception phase during fiscal 2018/ 2019 reviewed the portfolio. A rationalized scope of interventions was agreed to, and the following intervention areas were identified as those that the AMDT could best make an impact during phase one:

- a. Enabling sustained access to smallholder farmers.
- b. Building farmers' organizations so they are independent, self-sustaining entities and are desired partners in the value chain including:
  - i. Embedding gender integration in the governance, legal, and other institutional development processes of the farmer organizations.
  - ii. Enhancing the performance of the BDS market around the farmer organizations.
  - iii. Enhancing the information and extension services system.
  - iv. Enhancing the financial services systems available to the farmers and enhancing the post-harvest systems to reduce losses as well as to improve the quality of sellable production volumes by farmers into profitable markets.

### 2.1.1.3 Pulses Value Chain

Among the priorities that were identified for pulses which were selected as the third value chain because of its potential economic benefits to women was enhancing access and availability of improved common bean seeds and good agricultural practices among women, men, and youth small holder farmers. In addressing this challenge of seed breeding and multiplication by the public and private sector, the AMDT would enhance the capacity of private companies and public research institutions to ensure availability and access of improved seed varieties through:

- a. Facilitating farmer capacity to produce Quality Declared Seed (QDS).
- b. Facilitating the breeding capacity of the private and public research institutions to avail new and improved seeds and
- c. Facilitating agro-dealer distribution networks.

## Progress Towards Achievements

The inception phase for the pulses was not commissioned during the fiscal and none of the expected results were achieved. However, inception phase proposals from the market facilitators were reviewed and await a final assessment before the commissioning of inception phase projects. These proposals were reviewed in line with the rationalized scope of interventions focusing on





access to inputs, processing, and marketing of new pulses products. During the review process of the proposals, market facilitators were guided regarding how to integrate gender in the proposed interventions so that more women and young people could be engaged.

Based on the current situation, the proposals will now be finalized based on where there is further evidence of incentives by the market actors and in line with the AMDT's reassessment of the situation in testing different solutions during the fiscal year.

## **2.2 Performance of Specific Market Systems**

This was the second year of the pilot phase for the sunflower value chain whereby the AMDT partnered with various market players to test and prove some pro-poor innovations in products, services, business models, and how market actors cater to a particular market segment.

It was expected that at the end of the year, the market actors would have adopted certain changes in behaviors and practice that benefit the productive (poor women, men, youth), recognize the value of continuing with the changes without or with minimal AMDT support and made plans to invest in upholding those changes including underwriting any associated recurrent costs.

It was expected that some market actors such as those that tested the pro-poor innovations have adopted comparable changes, without programme support relative to when exactly they started the pilot phase and the nature of their intervention.

The sunflower portfolio, therefore, focused mainly on consolidating the results that had been achieved with minimized activities.

### **2.2.1 Emerging Systemic Changes in the Seed Market**

The seed market system was designed to address the shortage of sunflower seeds in the country. First, only a limited quantity of hybrid seeds was being imported into the country and even though they were of a high yield, farmers could not afford them due to exorbitant costs. Secondly, even when improved seeds were available, their accessibility by the smallholder farmers in the rural villages was limited due to the lack of a clear and structured distribution system.

#### **Tested Business Models**

A seed distribution model enjoining agro-dealers with local traders was tested in some project areas to improve the supply and delivery of high-quality and affordable inputs to smallholder farmers (SHFs) through paraprofessionals. A total of 153 paraprofessionals agreed to work with the agro-dealers on a commission basis in Iringa and Njombe regions. The paraprofessionals collect seed demand information from farmers in their localities and submit it to seed companies. The seed companies then do the distribution according to the requirements. A total of 91 village-based advisors (VBAs) were engaged in this system covering Njombe and Makambako regions.

While AMDT partners had worked with only the SDC and Bytrade companies to import, promote and commercialize four hybrid seed varieties during the inception, other companies including Silverlands and East African seeds had started supplying hybrid seeds without program support by the end of the financial year. This led to four new high-yielding hybrid varieties with high oil content - Hysun 33, Aguara 4, NSFH 136, NSFH 145, Ancila, Michel, Soleado, and Archeo - being sold to farmers in various parts of the country but mostly within the project regions.



## Local Production and Multiplication of Seeds

Silverlands registered two hybrid seed varieties- Supersun 64 and Supersun 67-, that are locally multiplied in Tanzania and are available to farmers starting the 2019/2020 planting season at a price, 60% less than the imported hybrids. Even though TARI Ilonga was supported two years ago to purify OPV Record variety, by last year it had also released three improved OPV varieties- Nalsun 1, Nalsun 2, and Nalsun 3- into the market.

## Behavioural Change Within the System

Farmers have increased the uptake and use of hybrid seeds, compared to previous years. For example, in Rukwa, Katavi, and Mbeya, 5MT of hybrid seed were sold during the 2019/2020 season compared to only 0.5 MT sold during 2017/2018.

### 2.2.2 Emerging Systemic Changes in Agricultural Extension

Even though sunflower remains a key and strategic crop with the largest contribution to the national edible oil production, there has never been a clear extension system to support its growth. AMDT interventions in this area aim at exploring the best sustainable ways to scale up extension to improve production and productivity at farmer and processor level thus increasing incomes.

During the year, the program saw a new entrant in sunflower processing. Pyxus Agriculture Tanzania which provided extension services through locally stationed agronomists and using own funds also extends seed loans to farmers and monitors the production process to ensure a quality crop.

A training package on sunflower production was developed and adopted by government extension officers agricultural training institutes as well as agro-input dealers. The role of the government is to ensure that the package is adapted and disseminated to other regions. Besides, some agro-dealers do provide targeted Good Agricultural Practices (GAP) related to specific seed varieties thus creating demand.

Farmers have been receiving extension services from government extension workers, lead farmers, and seed companies, using demonstration plots as a training ground for GAP. The participation of government staff, private companies, village-based agents (VBAs), and farmers makes financing of the demo plots cheaper as the costs are distributed amongst all the actors. The delivery of extension services through the government, private companies, and lead farmers provides assurances that the system can sustain itself beyond AMDT support.

### 2.2.3 Emerging Systemic Changes in The Agricultural Technology Market

Existing agricultural technologies that are being utilized in the production of sunflower and other crops are mostly traditional and do not address the core challenges faced by producers and processors. These challenges include low yields, labour intensity, and gender insensitivity. Interventions supported by AMDT aim at exploring and piloting technologies that are women and youth-friendly, less labour intensive, and affordable.

A few companies have set up their distribution channels for supplying farming equipment using their funds. Such firms include Hans Machinery and myAgro which operate in AMDT intervention areas of Mbeya, Rukwa, Katavi, Lindi, Mtwara, Dodoma, Singida after being linked with farmers. Additionally, AYGRO Group Limited entered the technology market providing soil testing services on demand using its arrangements and partnership with the government. This has gone hand in hand with awareness-raising among farmers so they are better placed to determine how much



of each nutrient the soil will provide to any given crop, and thereby help them in making precise recommendations for fertilizer usage and how to maintain soil fertility. Efficiency-enhancing technologies such as hand-operated planters and weeders that are easily accessible in production areas and user-friendly especially for women have also been introduced.

#### **2.2.4 Emerging Systemic Changes in the BDS Market**

Business development services especially at the farmer level have traditionally been seen by farmers as a free and public good. However, it is well known that any business farming included requires services from specific experts to grow and perform better in a market ecosystem. Equally, not many BDS providers acknowledge that there is big business potential by working with SHF and MSMEs given their large number. AMDT interventions were therefore geared towards the creation of an appetite for smallholder farmers, traders, and processors to look for services and for the BDS providers to consider the business opportunities in working with the smallholder farmers.

Among the newly introduced services, BDS providers began offering brokerage services to loan applicants including advisory services throughout the loan cycle. The recipients have found the services to be convenient and affordable. New companies such as the Tanzania Association of Professional BDS Providers (TAPBDS) have established a presence in some of the project areas and offer services to farmers and processors at a fee.

Among the challenges, some of the market actors that were received funds from the project failed to deliver agreed services to farmers citing a lack of funds from the co-facilitators. This has raised questions about their business cases and the sustainability of their interventions. Equally, some market actors failed to honour their contractual obligations resulting in farmers not getting the benefits they expected from the programme. To address these challenges, the AMDT has been in contact with the co-facilitators to ensure the market actors comply with their contractual obligations, reflect on the business cases, and identify areas for improvement or adjustments required in the business model.

#### **2.2.5 Emerging Systemic Changes in Enabling Contractual Arrangements**

Despite the many potential benefits of contract farming especially in ensuring markets for the producers and inputs for processors, there has been general skepticism on the side of farmers. Even where it has been tested especially for crops such as sunflower, maize, and pulses, there are reports of largescale side selling on the part of the farmers and low prices being offered by buyers. This has created a general lack of trust amongst these key actors along the value chain. AMDT interventions have been geared towards enabling systems that promote trust and rewarding markets to smallholder farmers especially the productive men, women, and youth in the catchment areas.

As a result of project facilitation in terms of contract farming awareness, there are reports that processors and buyers have now built business relationships with farmers, an indication that there is an element of trust and increased understanding of the benefits in terms of quality and quantity of the agricultural produce for the processors as well as guaranteed markets and predetermined prices for the farmers. In addition, the processors provide contract farmers with input credit using their funds, an indication that this new practice could be sustainable. Nondo Investors Company Limited, a food processing outfit in Mpanda, is a good example operating in the Katavi Region which has developed strong relationships with over 1,000 farmers, 25% of whom are women. Other buyers involved in such agreements include Pyxus, Sekenke Kwetu, JJ Oil Mills and Nuru Oil Mills.



A common challenge involved some farmers selling to a buyer other than the one with whom they hold a contract, something that tainted the business relationships that were starting to build up. At the same time, some buyers such as Vantage Organic Foods (VOF) that is engaged in the organic sunflower business did not honour a commitment to purchase the crop despite farmers having been certified as organic. The AMDT has had discussions with ADDA, which is the market facilitator dealing with the organic farming project to find a solution. ADDA has engaged Pyxus as a new buyer of the organic sunflower grains while at the same time discussions continue with VOF.

### **2.2.6 Emerging Systemic Changes in the Financial Services Market**

Access to finance has always been a challenging factor for SHFs and MSMEs primarily due to a lack of credit history, types of products, repayment periods, bankable collateral, limited consideration for agricultural seasons, lack of financial management, and book-keeping records, and an unclear produce market among other factors. AMDT interventions for this market system have been designed to allow BDS providers and financial institutions to consider the business potential by developing appropriate products and models that meet the needs of the target beneficiaries.

During the period, the financing model by the Tanzania Postal Bank (TPB) for local traders was tested. Farmers are provided with input loans that include crop insurance cover against related farming risks. The 2018/2019 season was reported to be successful. Additionally,

Credit guarantee facilities offered by the TADB have enabled six AMCOS and 22 processors to access loans from commercial banks through facilitation by the AMDT. A total of TZS: 430 Million has been guaranteed in the Mbeya region during the 2019/2020 season out of which over TZS: 245 Million went to four women entrepreneurs engaged in sunflower processing. All the credit received by the women entrepreneurs has been used for the purchase of sunflower seeds from contracted smallholder farmers, which in turn helped to build confidence in the entrepreneurs for honouring their contractual obligation of paying on time and at the pre-agreed prices. On the other hand, input credit valued at TZS: 2.250 Billion was extended to 2,268 maize smallholder farmers. The actual credit value to 817 women was TZS: 765 Million while the remaining TZS: 1.486 Billion went to 1,453 male smallholder farmers in the southern highlands.

## **2.3 Performance in Business Enabling Environment**

The strategic objective under advocacy and dialogue is to enhance the capacity and incentives of selected market actors in the agricultural markets targeted by the AMDT for evidence-based initiation, influencing, and sustenance of inclusive business reforms so that the business environment including rules, norms, regulations, policy, information and knowledge, coordination, and trust are improved for the benefit of the productive poor.

To this end, four intervention areas were prioritized for fiscal 2019-2020:

1. Building the capacity of 12 BMOs around institutional strengthening, advocacy, and dialogue skills.
2. Strengthening of 30 Public-Private Dialogues (PPD) and private-private dialogue networks in AMDT intervention areas.
3. Supporting BMOs to generate evidence on BEE challenges related to AMDT targeted value chains and
4. Building the capacity of seven local radio stations to produce research-based and audience-driven programmes focusing on the business environment issues affecting farmers and rural agribusinesses in general.





## Progress towards Achievement


During the period, a needs analysis was commissioned concerning building the capacity of BMOs around Institutional strengthening, advocacy, and dialogue skills. Additionally, a baseline study and training needs assessment of PPD platforms was commissioned by and the results showed several gaps in the functioning of these fora. The study findings and recommendations informed the planning of interventions to address the gaps as well as low-cost practical approaches. Two BMOs (SUGECO and TPN) submitted requests to conduct studies. The AMDT reviewed the proposal from SUGECO and provided comments for consideration. However, the requests could not be supported due to the circumstances related to the operating conditions. A due diligence exercise for three radio stations that were earmarked for pilot interventions was conducted and concluded by AMDT staff, however, no other activities that were planned for the radio station intervention could be implemented due to operating conditions.

In collaboration with the Agricultural Council of Tanzania (ACT), the AMDT facilitated a private-private dialogue to raise awareness among the public and private stakeholders and provide feedback to the government on the implementation status of the Blueprint for Regulatory Reforms. The awareness-raising meeting brought together market actors from the government as well as the AMDT's targeted value chains. The output from the meeting included critical regulatory issues that had not been captured in the Blueprint for Regulatory Reforms; as well as valuable feedback that would inform the government's monitoring and evaluation of the blueprint implementation. The evidence generated by the meeting would additionally be used as an advocacy tool by the private sector actors in the targeted value chains.

### 2.4 Performance in Gender Integration and Youth Inclusion

Gender mainstreaming strategy has been an integral part of the work and activities of the AMDT. Consequently, gender activities had been seen to be best applied in program design, implementation, and evaluation, especially by the market actors. Over the fiscal year, steps were taken to strengthen internal systems in this regard by having a dedicated specialist to build the capacity and support market systems managers and the co-facilitators in ensuring timely and quality inputs to mainstreaming gender into programme planning, implementation, monitoring, evaluation, and reporting.

As part of that process, a draft Gender Strategy which was developed during fiscal 2018/2019 was reviewed. The agency also commissioned a Gender Assessment and Youth Empowerment Study covering three value chains in three catchment districts. As a result of the review, specific constraints and opportunities for youth and women were brought to the fore. Equally, the review of the Gender Strategy also led to the development of a Theory of Change which would guide the intervention's design and the planned outcomes. The review also involved the refining of its implementation plan and the roles of various AMDT staff in ensuring the operationalization of the strategy. Towards strengthening inclusion and mainstreaming gender in the AMDT projects, market facilitator applicants for the pulses value chain inception and pilot projects for maize were provided with guidance on how their proposals could come up with interventions and business models that promote income and employment opportunities for women and youth. Additionally, a gender orientation session was held with market facilitators and market actors in the sunflower and maize value chains. The rationale was to ensure that all of them had a working knowledge of why gender is important to economic growth, value chains, and market systems development. During the year, a similar internal capacity building was conducted for all AMDT program staff. Since this internal training, a better understanding has been noticed amongst the team members.



Over the fiscal year, the AMDT championed and collaborated with PASS and GSI Tanzania to organize the first-ever women SMEs business leadership awareness meeting that was held in Dar es Salaam. Women were brought together to discuss strategies on how they could work together to harness their capacities and create more meaningful groups.

As recognized during the previous year, gender integration remained an important means for achieving AMDT's aim of enabling large-scale systemic changes targeting market systems critical for the productive poor. With the continued realization by management that a gender policy would define AMDT's explicit commitment to advancing gender equality through its work, it has approved the process to develop and launch such a holistic blueprint in the coming year. The policy will provide a consistent guide on how the program will address gender and youth issues in all its interventions and even interactions.

As part of its resolve to improve its institutional manuals, the AMDT's human resource (HR) guide was reviewed to ensure gender responsiveness and youth friendliness perspectives in HR policies, internal processes, and systems. Through this process, specific gaps in the manual were identified and recommendations in the various processes and functional areas of HR were proposed for review and adopted by the Programme Investment Committee (PIC).

## **2.5 Performance in Knowledge Management and Communication**

Knowledge Management and Communication (KMC) within the AMDT aims at establishing a knowledge hub, as the primary exponent of M4P approaches; enhancing knowledge development and information dissemination on interventions starting with the initial three value chains of sunflower, maize, and pulses and gradually expanding to other value chains of the agriculture sectors; enhancing the knowledge management practice among select stakeholder organizations and enhancing the adoption and compliance of appropriate rules that would aid wider sharing of information, and utilization of emerging technologies, instruments and channels for knowledge exchange, while maintaining the integrity and security of the information shared and the knowledge sources.

Building from the achievements of the previous financial year, and with inputs from the Mid Term Review, AMDT planned to continue the enhancement of the knowledge management hub, and its gradual transition towards an AMDT Knowledge Management Platform as part of the digital transition of the AMDT, enhance the performance and utilization of the established learning networks to enable the furthering of knowledge development and sharing of thematic intervention learnings as well as developing know-how on the practice of knowledge management among selected stakeholders and continued engagement in national events and other forums to promote what AMDT is doing and enhance the agency as an exponent of pro-poor and M4P as a sound development approach. The seeking of systematic feedback from stakeholders to enhance AMDT's efforts in building a more coherent reputation and the enhancing of media engagement through staff capacity building, as well as media stakeholder engagements including exposure to AMDT work in the different projects, were other planned activities.

During the year, good progress was made towards transforming the AMDT's knowledge hub into a knowledge platform that integrates the agency's monitoring and reporting function, with data and learning from the eco-system interventions and transactions, log frame and different other databases including from baselines and outcome surveys and farmer and processor mapping, to mention a few. The amalgamation of the different databases was based on the realization that integration based on IT infrastructure and architecture would enhance AMDT's ability to monitor, report and capture systemic changes beyond those captured through log frame indicators thereby



improve the agency's data management and data analysis capabilities and provide better learning and improvement of interventions and internal processes. In this way, information from market actors could be assessed especially concerning risk and grants management, and enable real-time transparency. Initial plans for this integration were completed during the year with implementation now planned for the next fiscal.

Several knowledge products, among them a documentary on sunflower and 23 publications were disseminated through the web portal. Monthly publications covering key events around the program were successfully communicated during the first and part of the second quarter.

The AMDT as well as its co-facilitators participated in two agricultural fairs held in the Southern highlands of Mbeya and Morogoro in the Eastern Zone during the annual Nane Nane commemoration, a day to honour farmers and focus on the contribution of the sector to the country. Nane Nane is also sometimes called "Farmers' Day". It is a time when the contribution of farmers and all involved in agriculture of all kinds throughout Tanzania are appreciated. The fairs start on 1 August and runs till 8 August, Nane Nane Day itself. During the two events, the market development approach with a focus on productive poor inclusion was highly applauded by different stakeholders.

As for the future, the AMDT intends to continue drawing lessons through a specifically designed learning agenda focused on the sunflower project portfolio, including on what works or does not work in market facilitation, enhance the digital transformation of the AMDT 's knowledge hub into a knowledge platform, continue with strategic media engagement, and increase the agency's online presence and engagement with young people in the different areas of intervention.

Overall, AMDT will also consider opportunities for undertaking perception surveys that would provide evidence regarding how the agency and the different interventions are perceived towards the restoration of the brand's public image following a limited presence in the field during the fiscal year and as a potential for a second phase under consideration.

## CHALLENGES ENCOUNTERED DURING THE REPORTING PERIOD

### Facilitating Partnerships Between Key Project Players

The AMDT has been supporting the adoption of the M4P approach at the facilitator level as well as market actor level. At the market actor level, this has been mainly in testing solutions that address systemic constraints as well as enabling inclusion. For the market actors, the solutions, and the way they are being delivered still need some further work. However, there are some early indicators that some of these solutions have potential. There is a need to focus on the solutions development and delivery process to make it more systematic and more commercially oriented. At the same, there is also the need to improve how the market actors are engaging with the market facilitators.

### Need for Consistency in Interventions

Adoption of the M4P approaches by market facilitators has not taken a firm root, providing some downside risks for projects and incentives. In some cases, there seems to be a reluctance to adopt this approach, and in some cases, there is evidence that project staff at the co-facilitator level have not grasped the approach yet. The project has started providing continuous orientation and enabling Environment, which has been anchored on tested experience from other programs such as BEST-Dialogue, Local Investment Climate (LIC), PAG, and others, have shown promise of working; a chance needs to be provided in the final year of the first phase these to be broadly tested.

### Gender Integration

Historically, gender issues within the AMDT were mainly focused on Women and Youth Economic Empowerment (WYEE), to enhance their access to market opportunities and productive assets and services that enable them to take advantage of economic opportunities in the market systems supported by the agency. But it became obvious that these gender integration efforts were not fully addressing the underlying inequalities for women and young people in accessing productive assets and market opportunities. The gender integration approach began to evolve towards a transformative approach that examines and addresses the norms, attitudes, behaviours and social systems that underlie the unequitable access to resources and opportunities. However, the practicalities have been a challenge as this involved the need to adjust the M4P while projects and interventions were ongoing.

### Timeliness Response

Market development and subsequent interventions aim at addressing systemic constraints within a particular system and calls for prompt actions. Any delays in decision-making may lead to missed opportunities for transformation. The AMDT has learned that through the market facilitators, it needs to hone on in providing timely responses in addressing the emerging binding constraints.

It is also generally agreed that systemic change has to do with reforming the underlying causes of market system performance that can bring about a better functioning system. According to the DCED Standard for Results Measurement, a systemic change has three key characteristics including scale, sustainability, and resilience.



## PROGRAMME MANAGEMENT, OPERATIONS AND FINANCIAL MANAGEMENT

### Enhancement of Staff Performance

As a learning institution, the AMDT recognizes that training and development is key to efficiency and organizational performance. The human resources function under the operational unit was continuously tasked to ensure staff have adequate capacity and skills in executing their tasks internally and when interacting with other stakeholders.

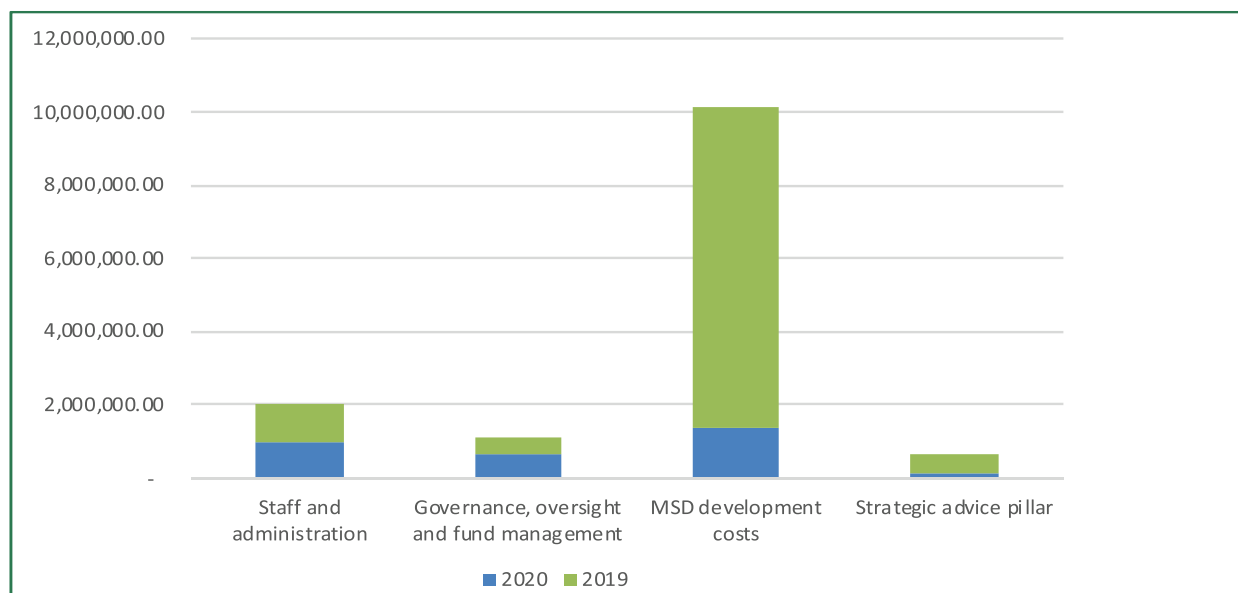
### Opportunities for AMDT Operations in Fiscal 2020/2021

Since the existing AMDT strategy is coming to an end, plans are underway to draft a new five-year strategy.

#### 4.1 Financial Performance and Management

Figure 3 below provides a summary of the AMDT's expenditure by commodities and market systems for fiscal 2019/2020.

**Figure 3: Summary of AMDT Expenditure by Market System**



### Key

**Staff and administration** (salaries and wages; staff training, development, and benefits; fixed asset additions; motor vehicle expenses; recruitment services; office running cost; audit expenses; travel expenses and exchange loss)

**Governance, oversight, and fund management** (Trust oversight; financial management and governance costs)

**MSD development costs** (market development – sunflower; market development – maize; market development – pulses)

## AMDT Team



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Executive Officer



**Godwin Mende**  
Head of Operations



**William Kihigwa**  
Finance Manager (ABA Alliance)



**Tertula Swai**  
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Procurement Officer



**Abdul Lungato**  
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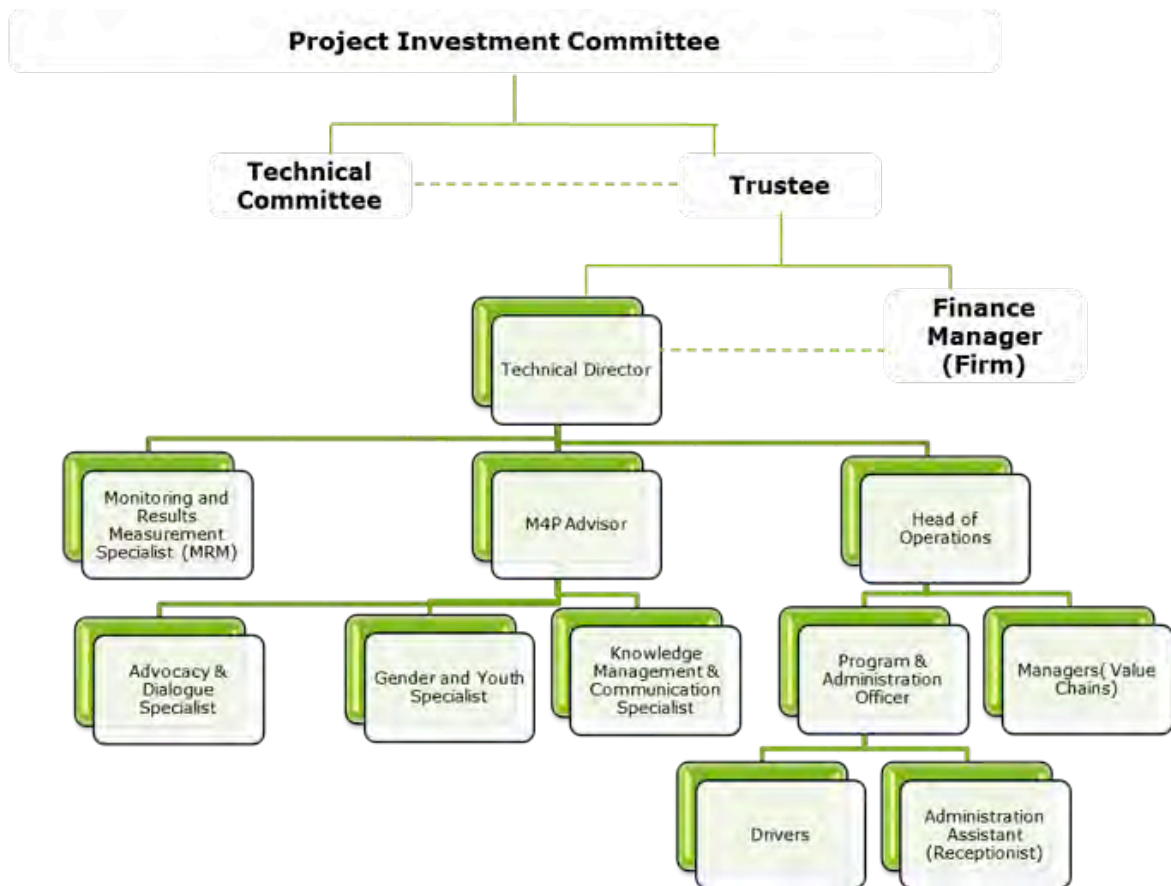
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