



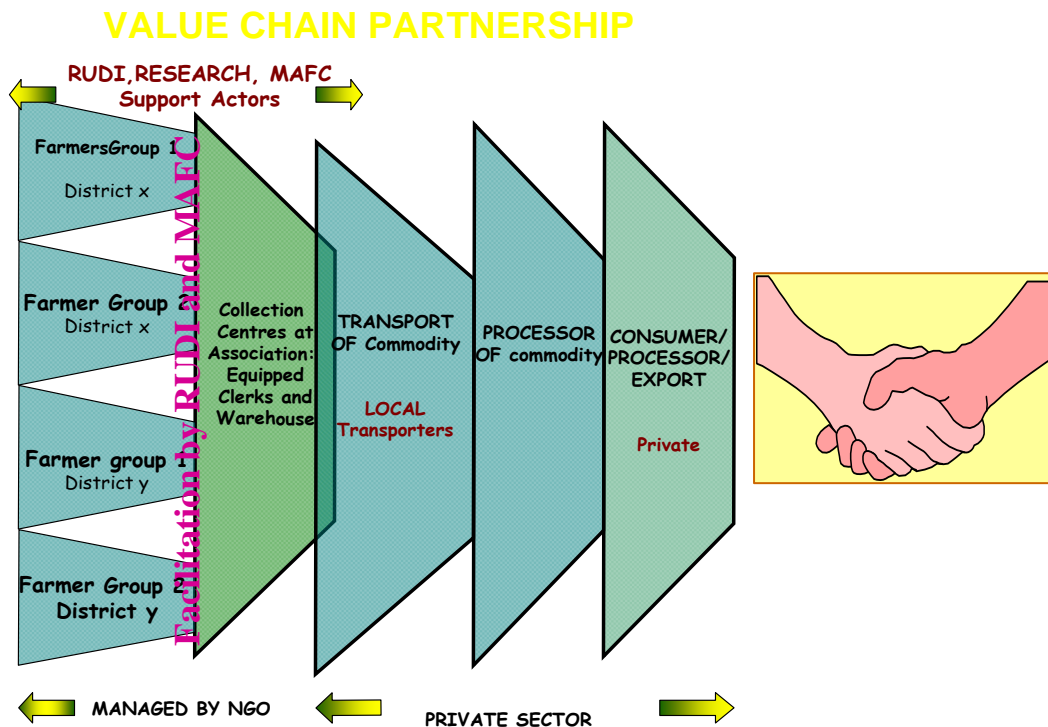
Rural Urban Development Initiatives

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ASSOCIATION DEVELOPMENT – RUDI MODEL.

1.0 RUDI has gained considerable experience in association development through practice in the last 7 years. RUDI uses a value chain development model (See figure 1) which the farmers associations are formed with a purpose of engaging effectively with other value chain actors. Specifically a farmer association is an anchor point for farmers to access Business development services (BDS), input supply, credit, collective marketing using Warehouse Receipt System (WRS) and private public dialogue (PPD) through a multi stakeholder process.

Figure 1: Typical Value Chain



2.0 Levels of associations:

There are three levels of Associations (Please see figure 2) .

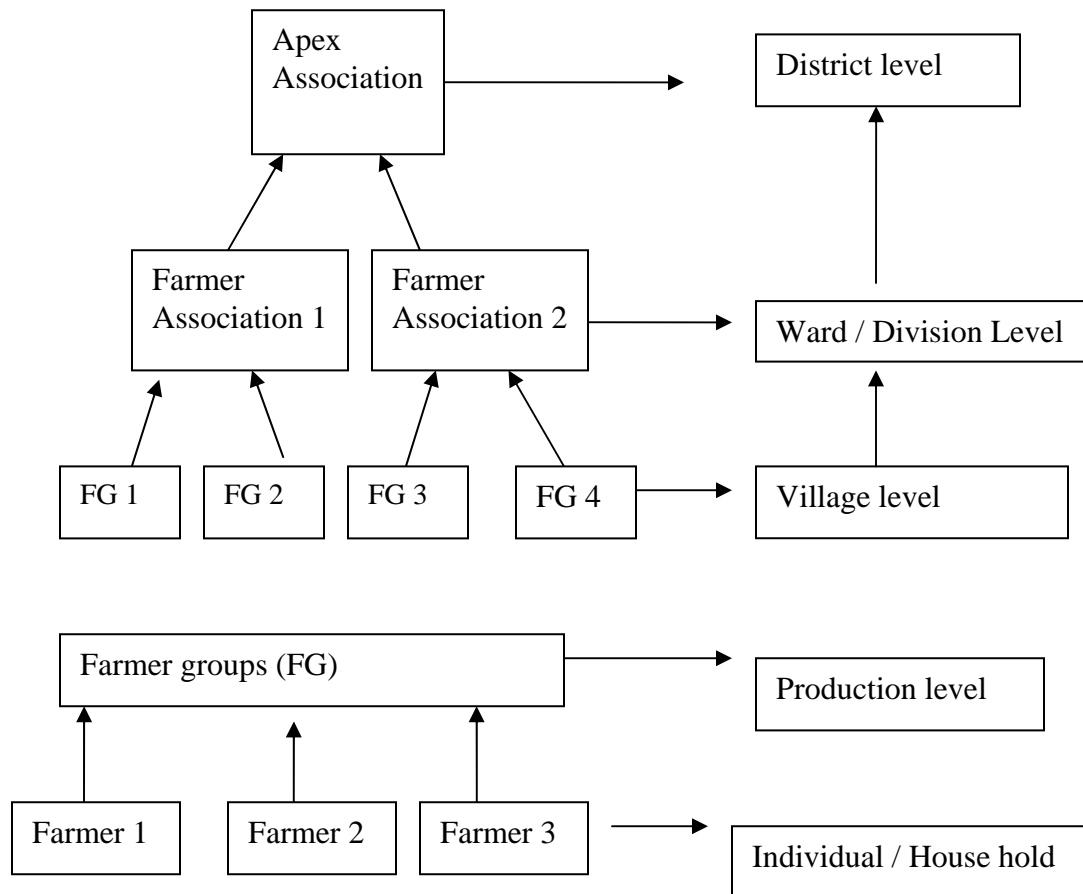
- i) Village based associations
- ii) Ward/district associations
- iii) District Level Apex association

3.0 Best Practices in association development

Farmer organization that wish to form an Association should have :

- Good leadership and active participation of members in group meetings and activities.
- A high degree of solidarity among members
- Well defined group income generating activities and high level of self – reliance
- The capacity to deliver valued benefits or services to their members
- The ability to manage their financial affairs efficiently and to repay debts promptly
- Sufficient group savings to cover their own needs and any risks or costs associated with forming and developing their Association
- A demonstrated interest in cooperation to solve common problems that affect individual members
- Confidence that cooperation will bring them concrete and social benefits.

Figure 2: RUDI Association development model



4.0 Effort required developing farmer associations.

It takes quite an effort to build a sustainable farmer association. Minimum time required is two years but typically 3 to 5 years. A sustainable association should have financial muscle to run pay for minimum costs of office management.

The process of association formation is set below:

- 1) Sensitization to members on the importance of forming associations
- 2) Conduct workshop on different ways of registering associations in Tanzania
 - a) Cooperative Societies – Registrar of cooperatives
 - b) Associations (Ministry of Home Affairs)
 - c) NGO – Vice President’s office
 - d) TRUSTEES: Ministry of law and constitutional Affairs
 - e) Company & Partnership– Ministry of Trade and Industries
- 3) Set dates for elections of key leaders a) Chairman, 2) Vice Chairman 3) Secretary
- 4) Treasurer and representatives
- 5) Conduct Elections seminar
- 6) Elections of interim leadership

- 7) Leaders prepare draft constitution
- 8) Exchange visit: Leaders visit well organized and functioning associations
- 9) Leaders prepare draft budget
- 10) Presentation of draft constitution to all members
- 11) Finalize final version of the constitution
- 12) Registration of the association
- 13) Conduct strategic planning workshop
- 14) Implement strategic planning outcomes: Conduct various training etc
- 15) Establishing an office
- 16) Identifying income generating activities
- 17) Hiring of manager

The above process requires facilitation of an NGO like RUDI or as part of a development project cost.

Most of the people in Tanzania know cooperatives as the only way of farmer organization. However, there are many options as shown in the table 1 below. Each option has its own prons and cons.

5.0 Benefits of supporting producer associations:

The producer organizations approach to agricultural development is often associated with the following benefits:

- Increasing farmers' bargaining power through collective crop marketing and input purchasing;
- Enabling farmers to advocate for and participate in policy changes and process of decentralizing decision making and implementation to grassroots institutions;
- Acting as effective mechanism for introduction of new technology and innovations;
- Providing members with market linkages through out-grower, or contract farming schemes; and
- Facilitating access to financial services by members through group screening of applicants, group credit supervision, credit repayment peer pressure, or group guarantee – all of which reduce loan transaction costs;

Accordingly, producer organizations can play a critical role in meeting the operational targets of Agriculture Sector Development program (ASDP) and the National Strategy for Growth and Poverty Reduction (MKUKUTA) with respect to household income and food security. On the basis of a quick analysis of several 'best practices' in producer organizations in the country, a number of key success factors emerge. These are summarized below:

- **Donor support** is critical to promoting producer organizations, particularly with regard to initially equipping the members of the organization with the skills, which also constitute the key success factors;
- **Commitment to cooperate** among the self-selected producers to pursue the organization's primary mandate, but cooperation has also been vital for obtaining the best from donor support;

- **Business skills training** to all group members, through donor support, is essential because the group's primary mandate is to conduct business activities collectively;
- **Financial services** access by members of an organization through financial linkages with a micro-financial institution or within an out-grower/contract farming arrangement enables members to have access to inputs, or new technology;
- **Technical and extension services** access by members of an organization through the LGA extension service system or within an out-grower/contract farming arrangement enables members to adopt new technology or technical package;
- **Governance of the organization** is critical to group cohesion and business transparency and equity in sharing the benefits associated with the organization; and
- **Reliable market linkages** through empowering groups to do market intelligence, negotiate marketing contracts, and execute contracts in full compliance either directly with traders, processors or within out-grower/contract farming arrangements.

Table 1: Formalization and Registration Options for Producer Organizations in Tanzania

Loose Group Stage	Transition Stage	Registration Option	Registration Body	Applicable Law
Water User Group	Recognized under guardian of the Community Development Department of the District Council	Producer Primary Coop Society (multi-purpose)	Cooperative Department of District Councils. The actual registration is done at Regional Level	Cooperative Law – recently revised and is at the level of President’s assent.
Women Economic Group		Primary marketing Coop Society (AMCO) ²		
Youth Economic Group	Or A Development Project	SACCO ³	Cooperative Department at National Level	Cooperative Law
		Cooperative Union		
Agri-Business Group	SACCA ¹	Farmer Association (CBO or NGO) ⁴ for social objectives	Ministry of Home Affairs	NGO Bill
Market Link Group		A Trust Body (to allow owning properties and pursue business)	Attorney General	Law of Trust
		Company Ltd by guarantee	Registrar of Companies	Company Ordinance
	Company Ltd by shares			

Source: (P. Uliwa. MMA, 2004)

¹ SACCA stands for Savings Accumulation Association. It is a lower tier of a loose group with an option to grow into a SACCO or financial services NGO. It is normally recognized and guided by a Community (Development) Department.

² AMCO stands for Agricultural Marketing Cooperative Society. It is a cooperative society, often recommended to come up and specialize on input and output marketing issues and let the issues of savings and credit be handled separately e.g. by a SACCO. The Coop Law provides for this registration option but not obligatory.

³ SACCOs stands for Savings and Credit Cooperative Society, a specialized financial intermediary at lower level.

⁴ As an NGO/CBO you can operate at different levels beyond the groups level (local network, regional, national like MVIWATA)