

# **MWANZA DISTRICT AGRICULTURE OFFICE**



## **MARKETING PROGRAMME OF TANGERINES FOR THE 2012 HARVESTING SEASON IN MWANZA DISTRICT**

**EXTENSION DEPARTMENT**

**AGRIBUSINESS SECTION**

**MWANZA DAO**

**P.O. BOX 99**

**MWANZA**

## INTRODUCTION AND BACKGROUND

Mwanza is the highest tangerine producing district with over **680, 946** fruit trees and an estimated production of **119, 229** metric tonnes with an average yield of **117kg** per tree. Though the production is high, farmers do not realise profits from their produce. This problem is caused by **disorganised selling and low pricing** where by *3kg/dozen of tangerines can sale at as low as MK25/dozen*. The maximum price was **MK60/kg** last year 2011 harvesting season. When it is close to tangerine ripening season, vendors come to the district and buy in bulk at farm gate and at a low price. Farmers sell at that time just to meet an immediate household need. At times vendors place an order on a tree that has not started bearing fruit at a fixed price with a deposit to close chances of negotiation at a time the fruit is ripe. When the fruit is ripe and plenty on the market, **prices drop**. Delegations of farmers, chiefs and concerned people have been approaching the agriculture office to seek assistance in sorting this problem. It is with this background that the agriculture office decided to prepare this programme for the marketing of tangerines.

The office has devised an organised marketing programme through lead farmers in group village headmen across the district. The tangerines will be sold to the furthest point in the marketing chain where by the Malawi 72 produce markets will be mapped according to the data provided by the weekly price bulletin of the ministry of agriculture as below.

LIST OF WEEKLY MARKETS IN MALAWI			
MISUKU	BVUMBWE	NSUNDWE	NKHATABAY
NTHALIRE	MWANZA	NAMBUMA	CHINTHECHE
CHITIPA	NENO	KASIYA	DWANGWA
KARONGA	LUCHENZA	LILONGWE	NKHOTAKOTA
CHILUMBA	CHILINGA	MITUNDU	MWANSAMBO
RUMPHI	PHALOMBE	NANJIRI	SALIMA
HEWE	MULOZA	NKHOMA	DOWA
MZUZU	CHIKWAWA	THETE	NTCHISI
MZIMBA	NGABU	MTAKATAKA	MALOMO
EMBANGWENI	NCHALO	CHIMBIYA	MPONELA
JENDA	BANGULA	MCHINJI	MADISI
MPAMBA	NSANJE	MKANDA	BOWE
CHATOLOMA	NKHAMENYA	CHAMAMA	KASUNGU

These markets will be supplied with tangerines on a regular basis based on models developed by agribusiness specialist of the district. Sales at these markets will be on wholesale basis whereby the tangerines will be sold per dozen or case to retailers based around these markets. This marketing arrangement will ensure that vendors are removed from the market picture thus make farmers earn a bigger margin out of the final price of the produce. This will also prevent competition of one type of produce by farmers from the same district that meet at one market.

The district has over 300 lead farmers who were selected by members of their villages through a democratic and competitive process and these enjoy a degree of trust by their communities. Taking

advantage of this trust these farmers will be utilised to ensure that all orchard owners commit to sale their tangerines through this arrangement by administering cards whereby each farmer will state the quantity and grade of the tangerines to supply at a given time. Once these cards are filled then the Zipatso cooperative will amalgamate the quantities to bulk and organise for transport to the designated markets. The Zipatso cooperative will be designating a sales agent to accompany the vehicle to a market to sale. The whole programme will follow the approach below.

## **APPROACH**

### **1. ZONNING**

The whole district will be zoned according to the **agricultural schools** established for the training of lead farmers in each section. There are 24 schools across the District which will be designated as collection centre. Each school has an average of 15 lead farmers that meet every week on Thursday.

Alternatively, the group village headmen will **choose a site** that is central and reachable by farmers in that location.

### **2. BUYING AGENTS**

The **lead farmers** will be used as the buying agents. They will be responsible for mobilising tangerines from their villages to the agriculture school or area chosen by group village headmen which is the collection centre. The lead farmers will issue and **collect cards** and advise fellow farmers on how to grade their tangerines. Buying agents will be paid a commission of about 1 – 2% of the sales.

### **3. CARDS AND GRADING(1,2,3)**

The tangerines will be graded into **three categories** i.e. grade 1, 2, and 3 waste. Grade 1 will be the best and grade 2 the small and less attractive ones. The waste category comprises of all tangerines that get damaged in transit and diseased ones. The waste will be used by Zipatso Cooperative to process into juice (modification of zipatso processing machinery). The three categories will have different prices depending on the quality.

Cards have been designed as a tracking tool. The cards will indicate name of the farmer, grade, and amount of tangerines the farmer has bought to the collection centres. It will also indicate the price the farmer is willing to sell the tangerines (i.e. prevailing price) and total amount of money he/she will receive. As an alternative to the cards, notebooks can be used. Two notebooks containing similar information to the cards will be filled by a lead farmer and signed by the farmer. One of the notebooks will be sent to Zipatso Cooperative and one will remain with the lead farmer.

### **4. CARD HOLDER OPEN MLIMI ACCOUNT**

The farmers who pledge to sell through this arrangement will be requested to open mlimi accounts with any bank that does not attract interests and have a relatively low cash requirement to open the account for example Standard bank has a minimum deposit is MK200. The accounts will be used for payment to eliminate malpractices that come into play due to handling cash.

## **5. COOPERATIVE FACILITATION OF TRANSPORT AND SALES**

Zipatso Cooperative will be used to facilitate the transfer of tangerines from the agricultural schools to the selected markets. The cooperative will enter into an agreement with transporters to transport tangerines from schools at a set day and time to the markets. The cooperative will be responsible for assigning a sales agent to the transporting vehicle to sell the tangerines.

Alternatively, farmers can arrange their own transport to carry their tangerines to the designated market. The farmers as a group at a centre will contribute to the transport expense and sell on their own produce at the designated markets.

The cooperative will also pay the money into the farmers account according to the card details.

## **6. SALES AGENTS COOPERATIVE SECRETARIATE**

The sales agent employed by Zipatso Cooperative will escort the transport to the agricultural school then to the set market.

The agent will sell the tangerines and return to Zipatso with the money. He will be paid a commission (about 2-3% of sales) by Zipatso Cooperative out of the bulk sold.

## **7. MAPPING CENTRES (ZONE)**

### **a. DISTANCES**

The program will involve developing a map for the district. The map will assist Zipatso, the agribusiness specialist and the transporters to calculate distance. The distance will determine fuel requirement and transport charge.

### **b. COST OF TRANSPORT**

The transporters will cost transport basing on the fuel required for the distance from the collection centres to the markets and back to Zipatso Cooperative Offices. The cost will also include charge per kilometre per truck load.

If the transporters will require upfront payment for fuel then the concerned farmers should shoulder the responsibility by contributing money in proportion to quantity supplied for the fuel cost. This money will be refunded after the sale. Once farmers find it difficult to shoulder the cost of fuel then stakeholders like council, NGOs and

faith community even politicians should come to the rescue whereby they too will be refunded their money after sale.

## **8. SALE ON COMMISSION**

### **a. SALE AT COLLECTION CENTRE**

The farmer will give produce to the lead farmer for future pay i.e., sale on commission. The lead farmer will not pay upfront but pay when the produce is sold at the final market.

Alternatively, the vendors can buy from the selling centres to allow control of prices by the farmers.

### **b. LEAD FARMER SALE OF CARDS**

The lead farmer will give the completed cards to a Zipatso Cooperative agent who will hand it to the cooperative secretariat for tracking.

After the sell, the lead farmer will be paid a commission (about 1-2%) out of the revenue realised as a fee to the services the lead farmer provides.

### **c. BONUS OPTION (NON MEMBERS)**

The price the tangerines will fetch at the market will be different from the price at the collection centre. The price will include cost of transport, a commission to Zipatso and a commission to the lead farmer. The commission to Zipatso will be used to pay their selling agent among other purposes.

The produce might fetch higher price with a margin left after deducting expenses incurred. The margin will be paid back to the farmer as a bonus. This will be done this year only because most farmers are not members of Zipatso Cooperative. In the next season, the bonus will be paid to Zipatso members only as well as dividends.

## **9. TRANSPORT SCHEDULE**

### **a. FARM FIELD SCHOOL SCHEDULE**

The agribusiness specialist and Zipatso will draw a schedule for the transporters to arrive at a particular centre at a given time of the week. This will ensure proper mobilisation of the tangerines and ample time for grading. Tangerines should arrive at the centre on the same day. Where not possible should arrive a day before however the owners must take responsibility for security overnight.

## **CHALLENGES FOR DISCUSSION**

- i. Not all farmers will choose to sale through this program. This will still create competition from vendors.
- ii. Some farmers already sold their trees to vendors
- iii. Misconceptions might arise due to incomplete information transfer to farmers.
- iv. Some farmers start harvesting unripe fruits that affect shelf life and palatability

- v. Lack of trust in the cooperative because it failed before
- vi. Lack of funds of transport to initiate the programme
- vii. Unreliability of transporters
- viii. Congestion at the final market
- ix. Diverting tangerines earmarked for sale through this arrangement
- x. Theft of tangerines in the field
- xi. Lack of trust in lead farmers to lead this activity
- xii. Jealousy

#### **WAYFORWARD**

- i. T/A, group village headmen should take a leading role in explaining the program to their people and ensure some local arrangements (bylaws) are made to eliminated the disorganised marketing
- ii. Each school will be provided with two bicycles to facilitate the programme and other extension activities in the areas.