

## **farip Newsletter December 2017**

English Version

On the last two newsletters we got the feedback that we should concentrate on a few things only and come out more frequently. We therefore only do three extensive accounts of selected ventures and then only shortly point out the others. Of course everything can be seen in it's full breadth on the website at [www.farip.ch](http://www.farip.ch). Also the earlier newsletter can be downloaded [here](#)

### **Overview:**

- **Charbrikettes:** The new briquetting machine works well. Now we are testing the market with the first brikettes. We can already see that new small enterprises can emerge here in the charring operations, in the briquetting, in the making of boxes, and in the marketing. [More below](#)
- **Metal silos:** 100 tons of maize are now waiting in 100 silos in 100 households for marketing at a profit in April-June. Now we are faced with the challenge to a) arrange for the start-up company TBM to expand at least somewhat towards the existing demand of 1'000 silos and b) to increase the management competency of TBM. [More below](#)
- **GRACOMA:** „Growing Assets Collateral Management“, is a new venture of farmers. GRACOMA shall ensure that growing trees belonging to farmers are checked every 6 months so they can be collateral for loans. While implementation looks to be rather complex, the potential for making investments in the village infrastructure and in the village economy is huge. [More below](#)
- **Beans and dona, and a village brand:** Adelinas beans venture is on its way. The dona venture could not yet be tackled due to lack of funding (farmers want to mill their maize into wholegrain flour, package it, and sell directly to retailers in town). For both the beans and the dona a village brand has been requested and we hope it will be registered by end 2017, so that in 2018 the beans and maize can be marketed with the brand.  
More on the beans-venture see [HERE](#)  
More on the dona-venture see [HERE](#).
- **Pressure Irrigation:** The Swiss company RAPP has installed and instructed on a new system: Flexible hosepipes (from fire brigades) attach at fixed pressure points to feed sprinklers and water canons. This system is now under long-duration testing. We are now observing how best to operate this system to achieve the income generating effect among farmers. From that we will later have to help the initiators devise a business model for ensuring sustainability of the system.  
More on pressure irrigation see [HERE](#)
- **The Scouting:** The Unique Selling Proposition (USP) of *farip* is its search for entrepreneurial ideas among villagers and their further development towards an investable enterprise. For this strategic activity *farip* must look for dedicated funding. [More below](#)
- **Meeting of an exchange group in Bern:** A further meeting took place in Bern. It was suggested such meetings should happen every 2 months and that an Email-Exchange group should be organized for interested people to discuss and explore the emerging challenges. [More below](#)

### **Charbrikettes**

See the [last newsletter](#) on the ecological, economic and social reasons for brikettes made from charred biomass (anything except cut trees)



Pressing and drying the brikettes now works. The company Hüsler in Heimisbach in the Emmental constructed and installed a new prototype of a simple hydraulic press. It works satisfactorily and therefore this bottleneck is dealt with. The next question was on combustion quality of the brikettes. Various tests with households have shown that brikettes burn slower but hotter than normal charcoal from trees. First marketing efforts in the nearest trading town Makambako have provided reasons to feel confident that there will be good demand for brikettes.



A further challenge is the transport of briquettes. Traditionally charcoal is sold in big bags to dealers at the place it is produced in the forests. But the briquettes are expected to crumble more easily during transport on rough roads and while dumping bags during offloading. The solution seems to be to pack briquettes in reusable wooden crates that exactly fulfill the standards of the market for transporting vegetables. The crates can therefore be sold again. They are made from offcuts cheaply available from the sawing operations in the plantation forests. So making such crates is another potential income opportunity we could introduce in the villages.

So now for the first time we have covered the full value chain from forest to end customer in town. We can already foresee that four distinct opportunities emerge for small enterprises, each with its own income streams:

1. The **charring** of the biomass in the forests/bush and fields, strictly without ever cutting down a single tree. The chardust producers sell their chardust to the people making briquettes and are paid per bag or drum of chardust.
2. The **briquetting**, drying and packaging at a central semi-industrial place in the village. The briquette makers sell crates packed with ready made briquettes to the marketing people
3. Die **crates**-makers. They sell crates to the briquette makers
4. Die **marketing** people. They buy crates packed with briquettes from the briquette makers and bring them for sale to the town.

It is foreseen to keep the full value chain transparent in a way that each involved actor along the chain will know who earns how much for having done what. Care must be taken to maximize the value additions in the village itself, through the Transaction Security Services.

The next great challenges will be:

- A. To organize the marketing channels to the consumers in town to be as cheap and as reliable as possible.
- B. To enhance the efficiency along the whole value chain to the extent that a) the consumer price of charbrikettes can compete with normal charcoal, and b) the actors in the value chain can still earn more.
- C. To build the competency among entrepreneurs to cleanly operate the small emerging enterprises, and to organize their cooperation in the value chain..

It can be seen that soon various small enterprises might get themselves launched in all four of the above mentioned business opportunities. They will need small credits. This is where **farip** will have to come in to help channel funds. More on charbrikettes [HERE](#)

### **Metal silos**

In the [last newsletter](#) and on **farips** website you will find an extensive account of this first major venture of **farip**. The big activities have come to an end. The 100 tons of maize stored in 100 silos wait in the households for marketing in April-June. Now we must concentrate on these two challenges::

1. TBM company must learn to **reliably and correctly manage its information and data in a timely manner**, ie. where is which silo with how much maize in it, which household has already been paid how much advance, what are the direct costs coming up, the accounting must at all times be able to track the money flows, etc. **farip** shall coach TBM during this start-up phase to become competent and thereby become trustworthy for investors.
2. By June 2018 we want to organize loans so that **TBM can expand by at the very least another additional 100 silos in Msowero**. However, the demand in 2018 is already considerably higher at up to 1'000 silos, so we aim as high as possible. For each silo we reckon with about 400 USD in order to purchase it new and to pay the advance to the farmer for a first filling with clean and dry maize. On top of that we will require for each silo another 50 USD grants in order to ensure the coaching and capacity building of TBM. **farip** assists TBM to find loans (eg. through crowd-loans from Switzerland) and to raise the 50 USD grants. So early in 2018 we again plan to organize a fundraising campaign, this time not only through donations but also through loans.

The exchange group (see below) wants to have a close look at the mechanisms and procedures of financing this venture and to work out the most efficient way for **farip** to go about this.

More on metal silos [HERE](#)

### **GRACOMA = Growing Assets Collateral Management**

Several years ago farmers in the southern highlands of Tanzania came up with the idea they could provide the growing trees they had planted on their own lands as collateral for loans. This is a great idea because of the immense values gradually growing up out there, and therefore investments would become possible in development in the village. But who then makes sure that such private forests in ownership of smallholder farmers can retain or even increase their market value over a timespan of 20 years?



As a solution to this question the farmers proposed an independent company “Growing Assets Collateral Management” GRACOMA, that will check and certify the value of growing trees every 6 months on behalf of the credit givers, so GRACOMA in effect will be the collateral manager. The details of implementing this idea appear to be somewhat complex because a wide range of conditions have to be met. Also a lot on successful smallholder forestry has yet to be explored and learned together with the smallholders as well as with financial institutions and their field staff, and of course with the forest service and its strict rules. The Swiss association “[Emmental Forest Cooperation](#)”

has taken up the challenge to bring the experience and know-how of the Emmental in smallholder forestry to bear on the Tanzanian situation. Recently also internationally active finance experts have taken note of this approach, but they must see successful pilot demonstrations in order to apply the leverage they might provide.



**farip** is now challenged to coordinate the further process of searching for and experimenting with some initial small actions so that the farmers who have come up with this GRACOMA idea will soon have at least something to show for their efforts. We are here still deep in the “scouting” (see below). However, first investable proto-enterprises can already be envisaged:

1. The establishment of a first **private tree nursery** as an enterprise that will propagate trees, specializing on indigenous species. Propagating indigenous trees is an innovation with ramifications right into biodiversity, conservation, etc.
2. Build the small enterprise of a first **Mtunza Misitu (Forest warden)**, who will do the work in the registered private forests so that their growing value can be regularly certified.
3. First test runs of loans with trees as security. For this **farip loans** for other items could be used (eg. for metal silos, briquetting, irrigation, etc). The GRACOMA procedure in its full length could thereby be worked out and demonstrated.

The need for coordination is high during this phase. **farip** will have to raise the required funding. This is a highly interesting yet complex venture. It can already be seen what the effect might be when farmers can forward the certified growing value of their own growing trees as a means to finance the development in their villages. More on GRACOMA see [HERE](#)

### **Scouting: Exploring new entrepreneurial ideas of rural Africans**

In the [last newsletter](#) we explained what we mean by “scouting”. Here again a summary: A specialty of **farip** is that we take ideas of farmers very seriously at a very early stage. They don’t have to prove to us that their ideas really work, they can approach **farip** already while figuring out an idea before actually trying it out. **farip** then is their coach to think their idea through until it becomes clear how a test run would need to be done in order to have a check whether it might really work. As soon as it becomes clear who wants to take this up as his/her own enterprise and therefore also takes up the responsibility of further developing it, the idea then can be proposed to the **farip** board to become an “active venture” of **farip** (see the website for the presently [active ventures](#)).

The challenge for **farip** now is that such scouting is a time-consuming and considerable effort. Raising funds for such scouting is - provided we go about this in a classical way - rather difficult because the outcomes and deliverables of the effort can not be defined beforehand. Of course deliverables might be regularly emerging active ventures, whereby many ideas should also be allowed to fail. GRACOMA (see above) is a good example of such scouting with farmers.

The board of **farip** in its last meeting has acknowledged that **farip** must also raise funds for this somewhat poorly definable scouting, ie. beyond the typical overhead costs for well defined “active ventures”. **We would very much appreciate to get into contact with people who may want to financially support the “scouting” undertaken by farip.** We would earmark such funds specifically for scouting and report about their use in scouting as we report about ongoing active ventures.

On the website you can see a selection of fairly advanced scouting efforts [HERE](#)

### **Exchange ideas and together explore via an Email-List**

We will soon launch an exchange group, starting at first with just an E-mailing list. Ueli Scheuermeier will for the time being take up the facilitation of the exchange. What shall be discussed is yet to be worked out among the participants in the exchange, although it is clear we intend to tap the ideas and contacts of interested people for advancing the agenda of **farip**.

One important topic has already emerged: Some participants in the last meeting in Berne would like to discuss the financial arrangements in more detail, ie. **how to channel loans and equity into such small proto-SMEs in rural Africa such as farip is coaching, and what will be the role of farip in this?** This discussion will help **farip** a lot to implement our mission much more effectively and efficiently (on the mission see [HERE](#)).

### **Mailinglist?**

*We hope that a few among the readers of this newsletter may become interested in joining the exchange group as described above. Note: One does not always have to be active, one does not need specific knowledge or qualifications to participate. One may also just watch and come in when one discovers something one may want to contribute to. Whoever wants to be included in this mailing list, please send an Email to Ueli Scheuermeier [ueli@farip.ch](mailto:ueli@farip.ch)*