

Table of Contents

Table of Contents	i
List of Figures	ii
List of Pictures	ii
STATEMENT FROM THE CHAIRMAN OF THE TGT BOARD OF TRUSTEES.....	1
TANZANIA GATSBY TRUST.....	3
1.0 PROVISION OF CAPITAL AND FINANCIAL SERVICES TO SMEs	5
2.0 ZANZIBAR CREDIT REPORT FOR THE YEAR 2007	7
3.0 MARKET DEVELOPMENT PROGRAMMES THAT ASSIST SMEs IN THE MANUFACTURING SECTOR TO ACCESS LOCAL AND INTERNATIONAL MARKETS.....	8
4.0 ENTREPRENEURSHIP SKILLS DEVELOPMENT TO BUILD THE CAPACITY OF THE SMEs	12
5.0 COMMUNITY BANKS ASSOCIATION 2007 REPORT	17
6.0 APPROPRIATE TECHNOLOGY ACQUISITION & TRANSFER TGT/CoET COLLABORATION- 2007 OPERATIONAL REPORT	19
7.0 TREE BIOTECHNOLOGY PROJECT	21
8.0 IMPROVING THE QUALITY OF LIVES OF MILLIONS TANZANIAN THROUGH COTTON VALUE CHAIN PROGRAM	23
9.0 TGT HOUSING SCHEME 2007 REPORT.....	27
10.0 INSTITUTIONAL DEVELOPMENT OF THE TRUST	29

List of Figures

Figure 1: Number of Clients 2006-2007	5
Figure 2: Overall outreach performance of the various credit schemes	6
Figure 3 : Portfolio analysis of the three types of credit schemes for 2007.....	6
Figure 4: Three Years Comparative Performance	7

List of Pictures

Picture 1: The TGT Branch Manager Zanzibar Mrs. Teddy Kunulilo and Kitope Ward Coordinator signing TGT Loan Agreement Forms	7
Picture 3: Wine Making Asilia Fruit Products.....	9
Picture 4: Lord David Sainsbury's Visit to Sengerema Gatsby Club.....	10
Picture 5: TGT client Marvelous Batik on Exhibition; her products managed to enter International Market.....	11
Picture 6: Pre Credit delivery training	12
Picture 7: TGT Pre Credit Delivery training of Chiseko Members	13
Picture 8: TGT Trustee Mirza presenting a cheque for loan worth Tshs. 5.6 million to Kiboje Ward Women group Leaders	14
Picture 9: Tailoring Products from SMEs supported by TGT	15
Picture 12: Delegates to the CBA Annual General Meeting posing for a group photo at Protea Hotel Courtyard Dar es Salaam during the launching ceremony of CBA held on 18 th June 2007	17
Picture 13: Participants to the training on Fraud Detection and Control organized by CBA in year 2007 posing for a group photo with the General Manager for TGT Mrs. Olive D Luena (standing 5 th L).....	18
Picture 14: Green house under construction	21
Picture 15: Lord Sainsbury visit to Kwamarukanga site	22
Picture 16: Kwamarukanga Clonal Nursery Office completed	22
Picture 17: Lord Sainsbury visit to Ginnery in Shinyanga	24
Picture 18: A Demonstration Farms for the cotton project.....	25
Picture 19: The Impact Food security with Cotton production.....	26
Picture 20: Stabilized Soil Block (SSB-Block) and house built using them	27



Chairman, TGT Board of Trustees Mr. Epianeto Toroka

STATEMENT FROM THE CHAIRMAN OF THE TGT BOARD OF TRUSTEES

On Behalf of the Board of Trustees, I am pleased to present to all our stakeholders TGT's Year 2007 annual report and accounts. Since its inception in 1992, Tanzania Gatsby Trust has been striving together with others to create an enterprising Tanzania in which prosperity is widely distributed. In so doing TGT continues to enjoy the cooperation and mutual support of virtual all stakeholders at all levels within and outside Tanzania

Much has been accomplished yet there is still a lot more to be done given the scope of the SMEs needs in Tanzania

Year 2007 was a very eventful year. TGT was privileged to host Lord David Sainsbury – the founder of the Gatsby Charitable Foundation in UK .He visited Tanzania in January and in September during which time he was exposed to various projects programme and stakeholders with which TGT is networking. Lord Sainsbury witnessed significant achievements made by the Trust over the years. We thank Lord Sainsbury for support which he provides to TGT though the Gatsby Charitable Foundation of UK and encouragement he gave the Trust during his visits.

The details provided in the subsequent pages of this report highlight the strides that the Trust has made especially in provision of financial services to SMEs. The Trust by far surpassed the outreach target as well as the disbursement amounts, attaining a very high loan recovery rate of 98.36%. The few defaulters will continue to receive follow up attention until the last cent is paid because a loan is a debt which must be paid. We commend borrowers who have honored their obligations on time and urge those who lag behind to learn from their well performing colleagues.

Marketing services support to the entrepreneurs working with TGT was quite rewarding. Product quality is generally much better though there is much more to be done in this front. There are many opportunities in the domestic as well as export markets which participating client companies can access provided alertness, aggressiveness, high productivity, high quality and price among others, are right.

Low Costing Housing Project completed a third year of implementation. It is gratifying to note that the clients are managing the opportunity/facility very responsibly thereby

encouraging the Trustees of TGT to expand the Zanzibar portfolio and consider extending the initiative to Mtwara, Rukwa and Kilimanjaro Regions in due course.

The University programme has continued to inspire stakeholders through various interventions which are linking rural and urban micro and small enterprises to the higher institution of Engineering and Entrepreneurship knowledge in Tanzania. The gap is being bridged quite fast. Each one of us should contribute to fruitful fast tracking of SME-CoET (College of Engineering and Technology) collaboration that TGT is spearheading.

The coming to Tanzania of Lord David Sainsbury that I alluded above has created a new intervention in the cotton and textile sector encompassing the whole value chain. Programme implementation in 2007 involved a very exhaustive study of the sector, validation of the study and aligning the requisite support to cotton growers, ginneries, textile mills, research stations and regulation bodies. During this process TGT experienced exceptionally rewarding support and cooperation from all stakeholders, and look forward to successful recovery and advancement of the sectors involved.

Year 2007 was my first year as Chairman of the Board of Trustees. I wish to thank my predecessor and founder Chairman Ibrahim Hassan Seushi for a sterling job done over the decade and half. He was not alone, the Trustees, management team led by Mrs. Olive Luena our CEO, clients and other stakeholders played their roles quite commendably in the years up to 2007. We thank Mr.Seushi for the wonderful leadership and the rest for the cooperation and support rendered.

I thank each and everyone for the encouragement support and teamwork in my first year in office and request that we continue doing more during years ahead of us.

**Epaineto Toroka
Chairman, Board of Trustees**



TGT CEO Mrs Olive D. Luena

TANZANIA GATSBY TRUST

Tanzania Gatsby Trust (TGT) is registered as a charitable Trust in Tanzania since 1992 under the Trustees' Incorporation Ordinance, Cap 375 **for poverty alleviation by enabling hundreds of Small and Medium sized Enterprises** (SMEs) to carry out productive and profitable enterprises. The SMEs sector is estimated to contribute about 30% of the gross domestic product. They consist of nearly three million enterprises engaging 3-4 million persons, that is to say, about 30% of the labour force.

The SMEs are active in both the urban and rural areas providing an important source of non-farm incomes, which have a stabilizing effect (reducing seasonality) and providing potentials for diversification. They contribute a considerable share of household incomes in the rural areas.

With its Vision of "**working in partnership with others striving towards an enterprising Tanzania in which prosperity is widely distributed**" TGT as one of the stakeholders in the SMEs Development in Tanzania, pursues relentlessly it's Mission which is "**to harness, channel and unleash human energy to build Social, Financial and Physical Capital through Entrepreneurship Development.**"

Year 2007 was the second year of the implementation of the current three years (2006-2008) strategic plan which TGT embarked upon in 2006, whose major goals are:-

- 1 Provision of capital and financial services to SMEs
- 2 Market development programmes that assist SMEs in the manufacturing sector to access local and international markets
- 3 Entrepreneurship skills development to build the capacity of the SMEs
- 4 Appropriate technology acquisition and transfer
- 5 The provision of incubators, workspace and low cost housing
- 6 Becoming a more effective and efficient Institution/Trust.
- 7 Broadening the financial base of the Trust.

Year 2007 was dominated by the following major events:-

- External review of TGT's activities since its inception
- Lord David Sainsbury's two visits to Tanzania in January and September which brought a new impetus to the operations of the Trust
- Coordination and hosting the Cotton Study Stakeholders Workshop (resulting from Lord Sainsbury's visits to Tanzania) which was held on 19th September 2007 drawing participants from the major cotton growing parts in Tanzania, Ginners, Manufacturers, Policy Makers, Artisans and delegates from overseas.

On the whole, in year 2007 the Trust performed well at all levels achieving the objectives and targets that were set.

1.0 PROVISION OF CAPITAL AND FINANCIAL SERVICES TO SMEs

TGT continued to operate various credit schemes aimed at providing capital to SMEs. These credit schemes are categorized into four types:

- **Retail:** Funds were lent to groups of women based on the traditional savings and credit societies popularly known as UPATU or KIBATI
- **Wholesale:** Funds were provided through intermediary partner microfinance institutions for lending for micro credit rural outreach
- **Individual Loans:** Extended to those who have graduated from the group loans schemes and whose enterprises growth demanded larger inputs.
- **Food Processors Credit scheme:** This is a specialized credit scheme for entrepreneurs involved in the food processing value chain.

The Outreach for the UPATU-(Traditional Saving and Lending Groups), wholesale, group and individual lending schemes was **22,377** SMEs against the plan of **5,820**, attaining a repayment rate of 105% .Some of the SMEs paid ahead of their contractual repayment schedules

The total Disbursements for UPATU, wholesale and individual loans was TShs. **967,466,000**, against plan of TShs **585,000,000**. (During the year 2007 the total loan portfolio of loans was TShs **1,718,773,000/-**)

Total disbursements for the Food Processors were TShs **110,102,000** against the plan of TShs **105,000,000**. The outreach for new loans was 67 SMEs against the plan of 112, thereby attaining a level of 60% in outreach and 105% in disbursements. The total loan portfolio for Food Processors during the year was **173,000,422**.

The interest earned from the 2007 loan portfolio was TShs. **252,250,000**, with an average repayment rate of 98.36 %.

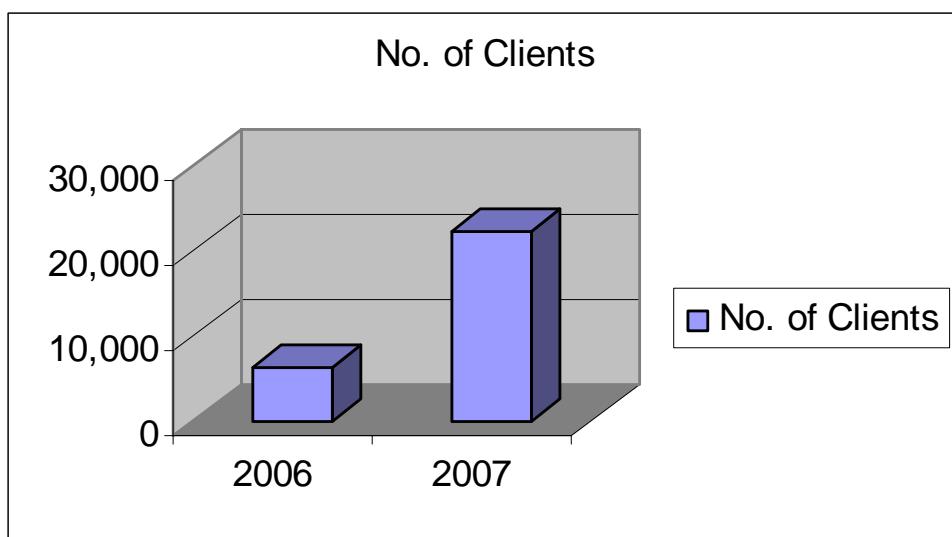


Figure 1: Number of Clients 2006-2007

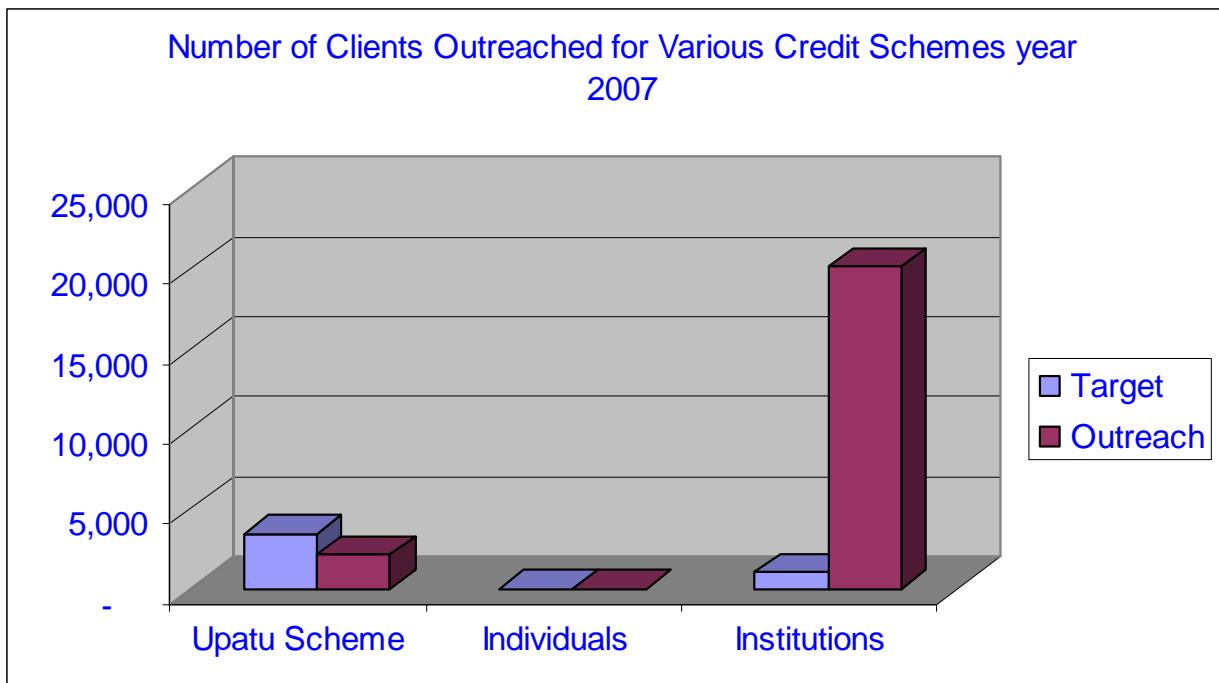


Figure 2: Overall outreach performance of the various credit schemes

Loan Portfolio Analysis by Value of Lending

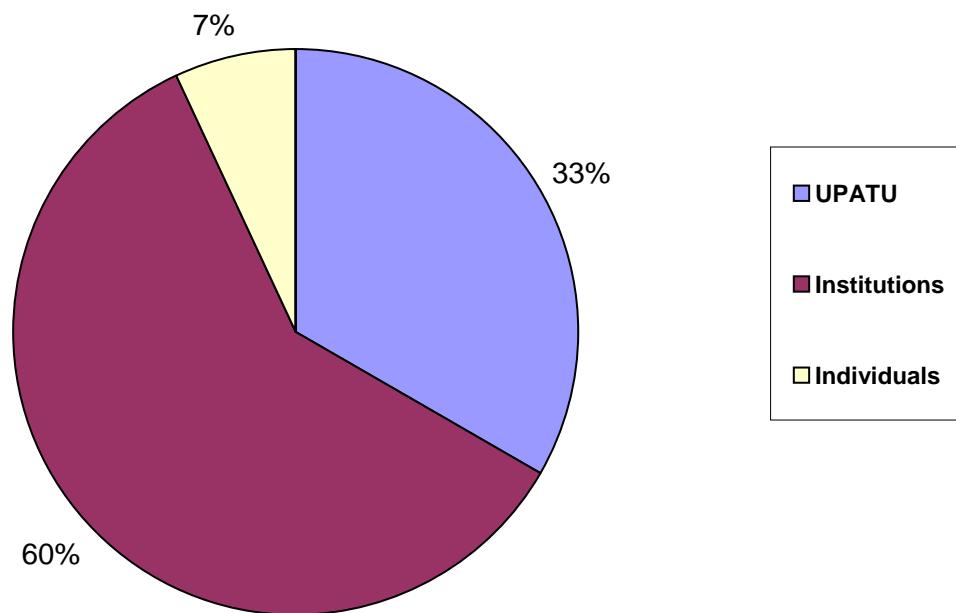


Figure 3 : Portfolio analysis of the three types of credit schemes for 2007

2.0 ZANZIBAR CREDIT REPORT FOR THE YEAR 2007

2.1 Loan Portfolio and Outreach

In the year 2007, TGT planned to reach 300 clients with a total loan portfolio of TShs. 90 million. The actual output as at 31st December 2007 was 1,326 clients with a total loan portfolio of TShs.154.41 million from which TGT Zanzibar branch collected total interest of TShs. 46.323 million which was ploughed back to grow the loan portfolio. Average repayment rate for Zanzibar was 98% .

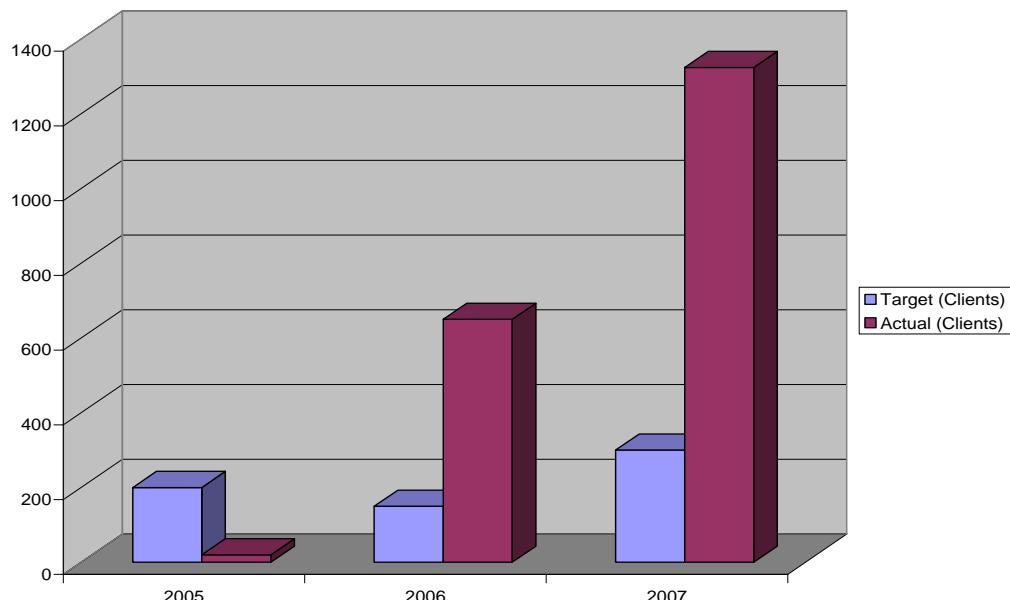


Figure 4: Three Years Comparative Performance



Picture 1: The TGT Branch Manager Zanzibar Mrs. Teddy Kunulilo and Kitope Ward Coordinator signing TGT Loan Agreement Forms

3.0 MARKET DEVELOPMENT PROGRAMMES THAT ASSIST SMEs IN THE MANUFACTURING SECTOR TO ACCESS LOCAL AND INTERNATIONAL MARKETS

TGT Objectives for SMEs marketing intervention are:

- To support producers to access markets through development of product design and quality, assurance and meet requisite standards
- To enable producers to organise local trade fairs and participate effectively in regional trade fairs
- To ensure that appropriate linkages are made with international buyers and that appropriate products are displayed at International Trade Fair's pavilion.

Through concerted efforts by TGT's Management and other stakeholders, TGT was able to achieve notable results as highlighted below.

- A. TGT provided product development support to 20 SMEs in textiles. New designs enabled the SMEs penetrate new markets both locally and internationally (MACYS in the USA)
- B. TGT supported several SMEs trade fairs which provided sales outlets and ground for knowledge on marketing and customer need assessment/demands.

3.1 Zanzibar Trade Fair

During the period under review, TGT Zanzibar office in collaboration with the Association of Small Scale Producers Zanzibar (UWAZI) organized a three days Women Entrepreneurs Trade Fair which was held from 25th to 27th August 2007 at Beit-al-jaib Forodhani. Forty (40) producers displayed various products whereby they managed to sell goods worth TShs. 3.4 million in cash and succeed confirmed orders worth TShs. 181 million. The trade fair was officially opened by the Hon. Samia Hamis Suluhu, Minister of Tourism, Trade and Investment, Zanzibar.



Picture 2: In the middle Hon Samia Suluhu (MP) Zanzibar Minister of Tourism, Trade and Investment who was the guest of honour at the Zanzibar Trade Fair

3.2 National Women's Trade Fairs (WAWATA, WED and TAFOPA)

In the year 2007 a number of women groups/organisations working in production were supported by TGT to attend/ or organise Trade Fairs. The support and market support portfolio of TGT help expose the women groups and SMEs to markets as outlined below:

- TGT in collaboration with Kwanza Collection supported WAWATA with the organization of the National Trade Fair which took place in September 2007. TGT co-financed TShs 6 million for the Trade Fair. The exhibition brought TShs 7.5m in cash sales and TShs 41m in orders.
- TGT provided a co financing of TShs 2 million to WED for the organization of the Lake Zone Trade Fair
- TGT Provided TShs 14 million to TAFOPA to organize the First National Food Processors Trade Fair. The Fair attracted many local supermarkets and other local buyers. The exhibition brought TShs 12.7 million in cash sales and TShs 71.2 million in orders.
- TGT Supported the newly created Tanzania Women Chamber of Commerce with a total TShs 6.8 million which enabled the Women SMEs exhibit their products at the International Trade Fairs both in Dar es Salaam and Kigali.



Picture 3: Wine Making Asilia Fruit Products

3.3 Gatsby Clubs at Dar es Salaam International Trade Fair

Twelve (12) SMEs from five clubs participated in the 31st Dar es Salaam International Trade Fair (DITF) from 28 June to 8 July 2007 within the University of Dar es Salaam pavilion. These were Nyamagana, Ilemela, Sengerema, Nzega and Sikonge. For most of the participants (70%) this was the first time to be in an international exhibition. It was the first time to have all Clubs, except one, under one pavilion in the TGT-CoET project. Besides getting about TShs. 2m from sales of some of their items; exhibitors received several orders from within the country and made useful business contacts outside their domain of Mwanza and Tabora. They also got opportunity to visit other pavilions with similar products and learn about product quality, packaging and even products presentation during exhibitions. Sengerema Small Traders Club participated in the TCCIA exhibition held in Mwanza from 30 August to 8 September 2007.



Picture 4: Lord David Sainsbury's Visit to Sengerema Gatsby Club

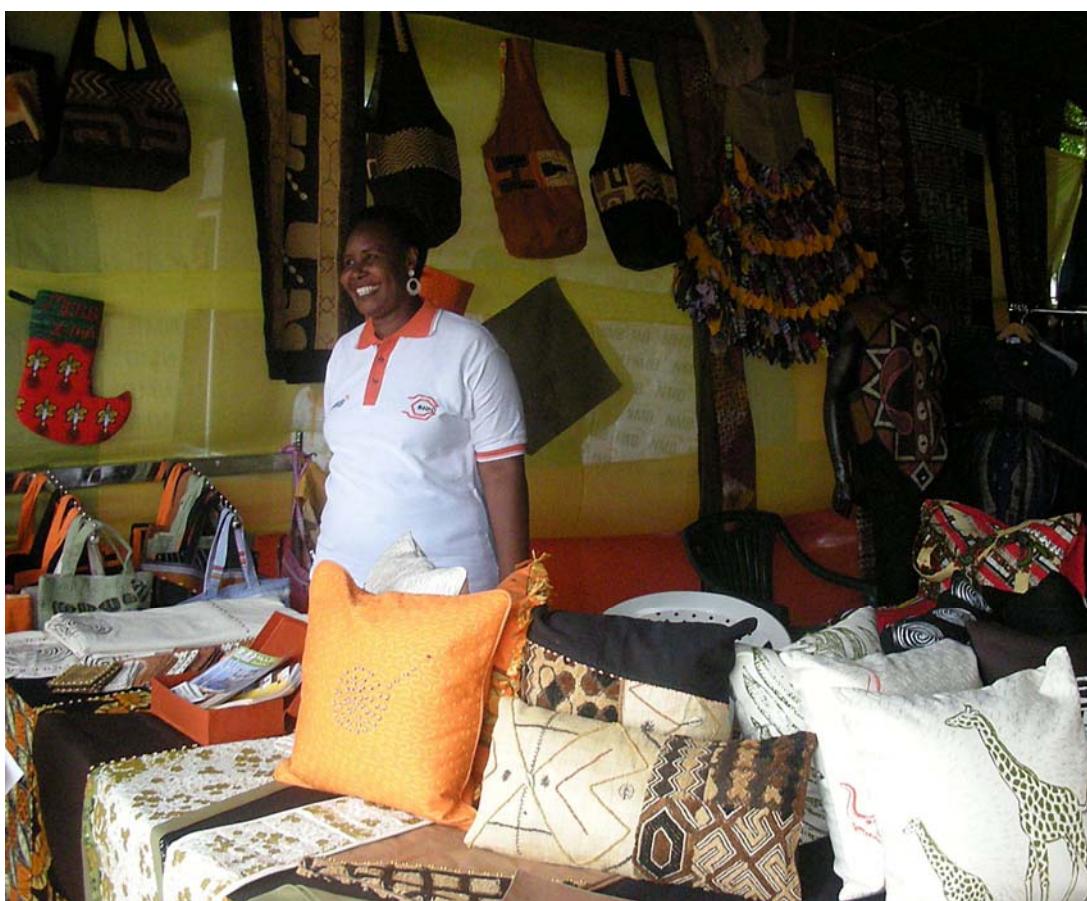
3.4 Mtwara Trade Fair

TGT supported MSEDA to carry out year 2007 Mtwara Trade Fair Exhibitions from 18th – 23rd December 2007. The financial support by TGT was TShs 4.0 Million. Mtwara Trade Fair Exhibition is a yearly event conducted since 1994 except in 1995 and 2002. Since its inauguration, TGT has been one of the main sponsors of the Exhibitions.

The Mtwara Trade Fair Exhibitions for the year 2007 were attended by the TGT's Board Chairman and the Housing Projects Officer. The Participants to the Exhibitions came from Mtwara Municipalities of Mikindani and Nanyumbu and from Arusha, Mbeya and Dar Es Salaam Regions, and as far as from Molo, Kenya. The Exhibitors were able to realise sales of TShs 16.5 million on the grounds and orders of TShs 14.5 million.

3.5 Participation on the IFAT Trade fair in Belgium

TGT sponsored MIKONO to the IFAT Trade Fair and Conference which was held in Brussels – Belgium in May 2007. The major objective of this trade fair was to connect producers from Asia, Latin America and Africa to consumers in the EU markets.



Picture 5: TGT client Marvelous Batik on Exhibition; her products managed to enter International Market

4.0 ENTREPRENEURSHIP SKILLS DEVELOPMENT TO BUILD THE CAPACITY OF THE SMEs

4.1 Objectives

Tanzania Gatsby Trust sees the need for SMEs capacity building as articulated in the TGT's three years strategic plan (2006-2008). During the year 2007 TGT planned to organize capacity building programmes for SMEs, Associations, Groups and Community Banks through their Association so as to :

- To consolidate the business achievements by the groups and associations to enable them to achieve economic growth, acquire new skills, techniques and technologies.
- To step up the activities of the groups and associations so as to the graduate to other systems e.g. business developments and financial service suppliers. This will facilitate their growth into bigger business and will ensure sustainable development.
- To disseminate information as a resource for local needs
- To empower the groups and enable them undertake the role as facilitators, conveners around significant community/association issues which benefit the community or associations of members
- To build their capacity for mobilizing own resources from within the communities/members and be able to attract external resources and effectively respond to the needs of members
- To empower communities, members of the associations or Gatsby Clubs to embrace change and be able to initiate action where necessary
- To raise productivity and efficiency in managing the affairs of their Community, Associations /clubs or banks



Picture 6: Pre Credit delivery training

4.2 Training for Credit Management-Mainland Tanzania

Training for Credit Management is part and parcel of TGT credit provision and falls under capacity building programs for TGT. This year TGT managed to conduct pre-credit delivery training and a special entrepreneurship course to 1,051 clients in the mainland as summarized in Table 1 below. The training was vital in order to equip them with the requisite business skills for the management of their loans and income generating activities

Location	No. of Groups	No. of Clients
UPATU Morogoro	80	576
Gatsby Njombe	49	271
CHISEKO	33	204
Total	162	1,051

Table 1: Training for Credit Management Mainland Tanzania



Picture 7: TGT Pre Credit Delivery training of Chiseko Members

4.3 Training SMEs in Zanzibar

With regard to the captioned heading, in year 2007 TGT Zanzibar branch conducted pre-credit delivery training and a special entrepreneurship course to 982 Clients in Unguja Island as detailed in **Table 2**.

Location	No. of Clients
Bumbwini	370
Kiboje	87
Kitope	104
Makunduchi	40
Kiombamvua	33
Kihinani	33
Mtende	25
Makoba	49
Chuini	35
Kiboje	30
Kombani Tumbatu	26
Machuwi	32
Gamba	16
Kiwengwa	102
Total	982

Table 2: Training Activities in Zanzibar



Picture 8: TGT Trustee Mirza presenting a cheque for loan worth Tshs. 5.6 million to Kiboje Ward Women group Leaders

4.4 Advanced Business Simulation Training Seminar

Ms. Juliet Y. Gossi of Asilia Fruit Products and Mary Siwingwa of Mzinga Creek Pottery attended the Advanced Business Simulation Training Seminar held in Mauritius from 19 to 23 March 2007. The Seminar was organized by Ronald Brown Institute in collaboration with SEHDA.

The Advance Business Simulation “ComSim” company simulation is general business skills training program designed to enhance the understanding of the participants on application of experiential learning, business awareness knowledge and skills on the following areas:-

- Business strategy
- Planning
- Implementation and control
- Understand about the Key Department (operation, sales, Human Resources and Business Finance)
- Managing Changes and Transitions
- To show how different thinking style amongst Managers influence the effectiveness of teams
- Enhance the leadership skills of the participant in a practical business application
- Identify possible areas for further personal development.

4.5 Training of SMEs in the Textile Sector

Tanzania Gatsby Trust provided a one year grants of Tanzanian Shillings 13,738,600 made payable in two instalments to ADAT for training to develop textile skills of the SMEs in the sector.

- Training of 85 women beginners for a period of six Months in Textile Skills, Batik, and Tie & Dye
- 20 advance members in Product design development and E-Marketing

As a result of this Training programme, 85 new enterprises have been established employing 450 people. Some ADAT Members are now making tremendous progress e.g. good performance to meet the standards in accessing the AGOA opportunities.



Picture 9: Tailoring Products from SMEs supported by TGT

4.6 The African Food and Traceability Conference

Ms Clara Ibihya from the TGT/CoET incubator in Kibaha was sponsored to attend the African Food and Traceability Conference. The Conference was a forum for food processors to share case studies from other nations and to understand the global standards being sought and introduced especially for perishable produce and the food industry. Through the contacts made during the conference the Director of the South African Fresh Produce Traceability Project visited Tanzania and met some food processors that TGT is supporting.

Picture 10: Trustee Ndemanyiswa Mbise and TGT Project officer admiring Mrs. Palangyo application of Simple technology in milk processing during one of the Trustees Monitoring visits to TGT projects



In 2007 TGT spent TShs 114,324,764 for SMEs business development/support activities i.e. in training and marketing support. On the overall as a result of the business development/support and training provided by TGT and the Collaborators, SMEs are increasingly becoming better managers of their enterprises as they strive for scale.

Picture 11: A customer admiring processed Spices from one of TGT clients of The Food Processing Credit scheme



5.0 COMMUNITY BANKS ASSOCIATION 2007 REPORT

Tanzania Gatsby Trust have been receiving requests from various communities to assist them in formation of community based financial institutions and participating in their establishment. Community Banks Association (CBA) is derived from TGT need to support the creation of peoples owned Community financial structures such as Rural Community Banks as way of providing financial deeping services to SMEs. The year 2007 marks the second year of reporting since inception of CBA. As TGT looks back it is an opportunity to reflect on the Association's remarkable achievements made and highlight the strategic way forward on its activities for the year 2008 as per the CBA three years strategic plan (2006-2008).

The Association is mandated to provide non-financial services to Community Banks in form of technical support. In 2007 has seen CBA start to move towards its stated objectives by

- Organizing capacity building trainings for community banks' staff whereby 22 participants from member banks acquired new knowledge and skills.
- Engaging in strengthening a network between existing Community Banks through meeting with the Board of Directors as well as all CBA members.
- Provision of technical assistance to newly upcoming community banks such as the licensing of Tandahimba Community Bank (TCB) which is about to start operation soon, proposed Meru Community Bank Ltd (MCBL), and Njombe Community Bank (NJOCOBA) which are at the fund raising stage.

Apart from that other CBA activities in the year 2007 included facilitating local study tours to promoters of community banks project, development of policy manuals for new community bank projects and conducting feasibility studies for establishment of the proposed Singida Yetu Community Bank (SYCB), Singida region. It also organized a forum in which numerous hurdles being faced by member banks were addressed to the regulator (Bank of Tanzania-BOT). This included coordinating the commenting of the new Regulations and Prudential Guidelines issued by BOT to all financial institutions from CBA member banks.



Picture 12: Delegates to the CBA Annual General Meeting posing for a group photo at Protea Hotel Courtyard Dar es Salaam during the launching ceremony of CBA held on 18th June 2007

In the course of performing its stated objectives, CBA is facing some challenges such as:

- Availability of limited funds to cover its operating costs. Plans are underway to increase CBA ability to generate its own fund/sustainability of the association, but in the mean time support from donors is highly needed.
- Lack of reliable on-lending fund facilities to the CBA members which in turn limit their ability to overcome liquidity constraints caused by seasonality trend in their business.
- Limited number of existing community banks in Tanzania which is being hampered by number of factors some of which are political.

To overcome challenges, CBA intends to work closely with member banks more specifically in the areas of

- Supporting and strengthening internal auditing functions, strengthen and continued support on capacity building of community banks' staff,
- promote exchange of business experiences among members,
- Lobby and advocate to regulators and other stakeholders on the interest its members,
- Organize study tour for CBA members to one of the West African countries where community banks are well developed.
- Provide technical support and guidance in starting new community bank projects so as to reduce their set up costs
- Engage in promotion of community banking business by sensitizing members' communities on the need of mobilizing share capital required for establishment of these banks.



Picture 13: Participants to the training on Fraud Detection and Control organized by CBA in year 2007 posing for a group photo with the General Manager for TGT Mrs. Olive D Luena (standing 5th L).

6.0 APPROPRIATE TECHNOLOGY ACQUISITION & TRANSFER TGT/CoET COLLABORATION- 2007 OPERATIONAL REPORT

Appropriate Technology Acquisition and Transfer is a collaboration between Collage of Engineering and Technology (CoET) and TGT that date back to 2001 aiming at enhancing SMEs' performance through Technology Development and Transfer (TDT). The agreed activities are being implemented within the framework of the Memorandum of Understanding (MoU), which was signed early in 2002 by the two institutions. The implementation of TGT-CoET programme and thus disbursement of funds is done on a yearly basis.

The project has continued to grow and show impact to the society since its inception and in the year 2007, the following activities were undertaken:

- Student projects that have relevance to SMEs;
- Operationalization of Technology/Business Incubators; and
- Operationalization of Gatsby Clubs in the Western zone.

Most of the planned activities for the year 2007 were executed as per project work plan.

6.1 Student Projects

To date, over 80 undergraduate and postgraduate student projects have been supported. In 2007, there were a total of 13 student projects that were financed. All the projects this year were at undergraduate level. The supported projects were successfully completed and most of the reports have been submitted and will soon be compiled into a final report, a copy of which will be sent to TGT. However, there has been a declining tendency in terms of the number of projects executed mainly because of lack of collaborating SMEs. This situation is expected to improve by linking this with other CoET outreach activities which involve SMEs, namely Cluster Initiatives, Gatsby Clubs and Incubators.

6.2 Technology Incubation

In the year 2007, the thrust of activities was to ensure smooth operation of the three incubators at Kibaha, Morogoro and Lushoto, which started in January 2006. The Project has managed to achieve most of the planned outputs for the three locations, which is encouraging.

In the year 2007, the Project offered some of the incubation services to tenants/clients in the three localities. Services offered included training, expert advice, and linkages to microfinance institutions. The training programmes offered are those on food processing, irrigation systems, good farming practice and post-harvest handling. In addition, training on cashew nut processing was conducted at Kibaha and Lushoto Incubator Centres, respectively. Training on cashew nut processing was coupled with launching of the two processing Centres (Kibaha and Tanga) where machines procured under the project were installed.

6.3 Operationalization of Gatsby Clubs

In the year 2007 TGT continued to support the six Gatsby clubs that were established, verified and operationalized in 2006. These are:

- | | |
|--------------------------------|-----------------|
| (i) Nyamagana, | (iv) Sengerema, |
| (ii) Ilemela, | (v) Nzega, and |
| (iii) Sengerema Small Traders, | (vi) Sikonge. |

In the same year, a baseline survey was conducted to establish credit worthiness of the club members. The report which showed that most of the Club members were credit worthy was submitted to TGT in May 2007. As a result of that report TGT agreed to extend loan to the Clubs. The CoET administered filling in of loans application forms supplied by TGT. The College also administered preparation of a newsletter which is currently in press. Other services given to clubs are as shown in **Table 3** below:

S/N	Club	Support/service delivered
1	Nyamagana	<ul style="list-style-type: none"> • Rent for the show room • Salary for the show room attendant • Supported to attend 31st DITF
2	Ilemela	<ul style="list-style-type: none"> • Rent for the show room • Salary for the show room attendant • Supported to attend 31st DITF
3	Sengerema	<ul style="list-style-type: none"> • Rent for the showroom • Salary for the showroom attendant • Salary for the showroom security guard • Supported to attend 31st DITF
4	Sengerema Small Traders	<ul style="list-style-type: none"> • Rent for the showroom • Salary for the showroom attendant • Supported to attend the SIDO-TCCIA Zonal Exhibition in Mwanza
5	Nzega	<ul style="list-style-type: none"> • Rent for the showroom • Salary for the showroom attendant • Supported to attend 31st DITF
6	Sikonge	<ul style="list-style-type: none"> • Rent for the showroom • Salary for the showroom attendant • Salary for the showroom security guard • Supported to attend 31st DITF

Table 3: Supports given to Clubs as of December 2007

7.0 TREE BIOTECHNOLOGY PROJECT

Tanzania Tree Biotechnology Project (TTBP) was a three year project planned for September 2003 to end of June 2006 with the financial support by Gatsby Charitable Foundation (GCF) through Tanzania Gatsby Trust (TGT). A total of 15 trials in 6 different ecosystems -Coastal Zone, Lowlands, Highlands, Miombo Woodlands, Arid/Semi-Arid Zone and Lake Zone are established. The clonal nursery establishment started at Kwamarukanga near Korogwe in Tanga Region N. E. Tanzania. An extension of the project was requested for one more year (from August 2006 – July 2007), using the remaining Phase I funds while negotiating with Kilimo Trust (KT) for support of Phase II for another three years. Implementation of TTBP Phase II should have started in August 2007 but updating of the project proposal has been going on in a consultative process since February 2007.

For the period of reporting (January - December 2007), Tree Biotechnology Project (TTBP) was preoccupied with clonal nursery establishment, growth assessment and data analysis of *Eucalyptus* clonal evaluation and demonstration trials. TTBP activities were coordinated from Lushoto Silviculture Research Centre while nursery activities were supervised by one Technician onsite.



Picture 14: Green house under construction

Four important visitors were received at Kwamarukanga (Lord David Saintsbury of Turville and his delegation in January 2007; Dr. Stephen Kimani – Programme Manager Kilimo Trust in April 2007; Dr. Justin - Programme Officer GCF in November 2007; and Dr. Nuhu Hatibu Chief Executive Officer Kilimo Trust in December 2007). Infrastructural development of the clonal production included the construction of Cutting House, Power House, Ablutions, Information House and Rooting area (a combination of non-mist propagators and Green House) is in good progress. At the moment Construction of different structures at the site continued. The office block is complete and it is in use, although electricity is not yet connected. The Information office, water reservoir, power house and ablution block are at the finishing stages.

Picture 15: Lord Sainsbury visit to Kwamarukanga site

Two ordinary Board Meetings were conducted, the first one in January and the second one in August 2007 both at Kwamarukanga. Two data analysis and one Kilimo Trust Grantees meetings were attended. Production of clonal and seed-origin tree plants was conducted during which time hands-on training was carried out at the site. A total of about 234,587,000 Tzs. were spent.



Picture 16: Kwamarukanga Clonal Nursery Office completed

8.0 IMPROVING THE QUALITY OF LIVES OF MILLIONS TANZANIAN THROUGH COTTON VALUE CHAIN PROGRAM

8.1 Background

Cotton Value Chain Program falls under the Appropriate Technology Acquisition & Transfer in TGT three years strategic plan (2006-2008). It was initiated from discussions between Lord David Sainsbury; the settler of the UK Gatsby Charitable Foundation (GCF) and ministers; Hon. Juma Ngasongwa, then Minister for Planning, Economy and Empowerment and Hon Basil Mramba, then the Minister for Industries, Trade and Marketing in January, 2007. It was during Lord Sainsbury's visit to Tanzania Gatsby Trust (TGT); a Tanzanian Trust funded by the Gatsby Charitable Trust where he expressed the willingness to further provide support to Tanzania in a sector that would reduce poverty at the same time set a foundation for industrial production and manufacturing. The cotton and textile sector was chosen based on its potential in reducing poverty and the experience on the sector by the supporting partners.

8.2 The Cotton Study

TGT was then tasked with responsibility to coordinate a study of cotton subsector between February and June 2007 by the consultants from Golder Associates of South Africa and Manchester University. The focus of the study was to be on the long-term potential for a major increase in the output of Tanzania's cotton and textile sector with a view to maximizing its potential contribution to the generation of increased GDP, exports, farmer incomes and manufacturing employment. The key objectives of the cotton and textile sector study were:

- I. to assess the constraints and challenges facing the cotton sub-sectors and formulate a development strategy to address the identified constraints;
- II. to raise productivity per ha of seed cotton from 750kg/ha to 1500 kg/ha by 2010 and to 2500kg/ha by 2015;
- III. to increase cotton lint production from 700,000 bales to 1,500,000 bales in 2015;
- IV. to undertake a performance audit of the textile industry in order to provide a systematic approach which will ensure that domestic consumption of cotton production is increases from 30% to 90% by 2015;
- V. to carry out a survey on garments, apparel and other textile products manufacturing; to identify critical areas of intervention; recommend a way forward and draw an action plan including costs of implementation and funding options for the short , medium and long term;
- VI. to design a sectoral integration programme which will ensure smooth coordination to facilitate backward and forward linkages in the whole value chain.

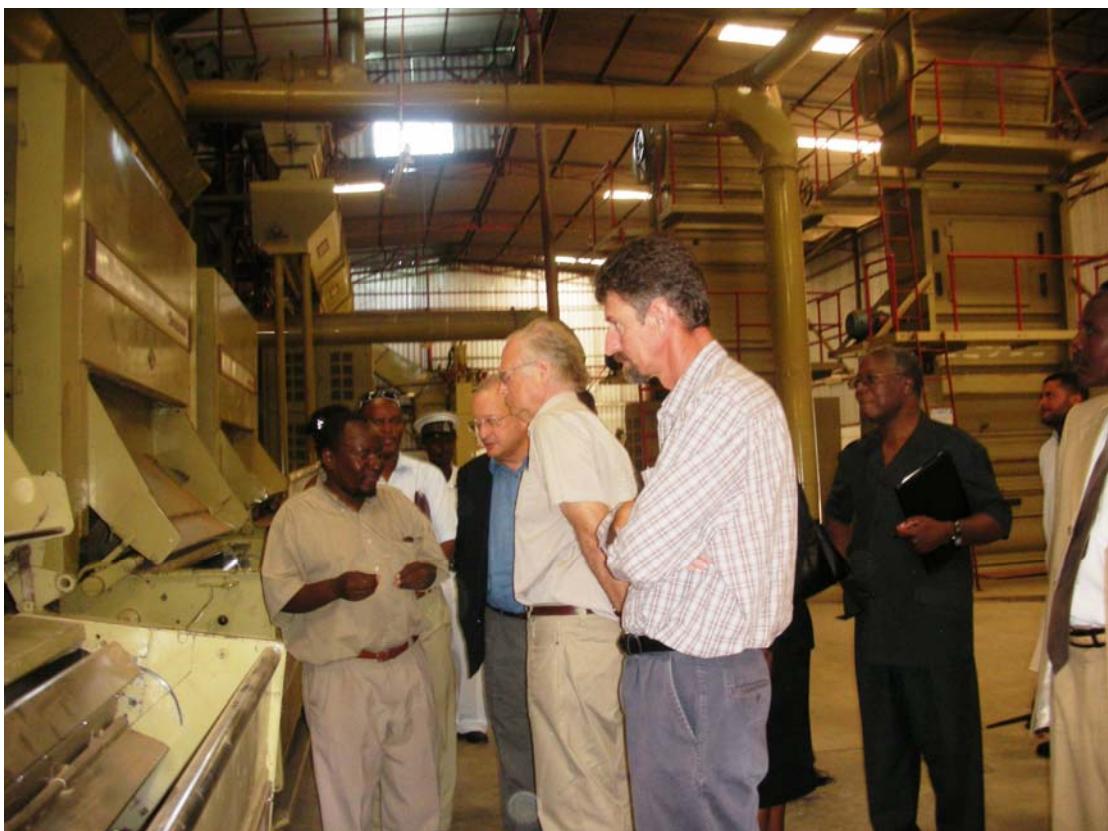
The findings and recommendations were tabled in a stakeholders' workshop on 19th September, 2007 and co-chaired by Lord Sainsbury and the Minister for Agriculture. The workshop endorsed the study findings, proposed development strategy and activity implementation plan all of which were adopted by the stockholders at the end of the workshop. An Inter-ministerial Coordinating Committee; The Cotton & Textile Sector Development Committee was set up to spearhead the implementation.

8.3 Development Strategy

The goals set in the cotton and textiles development programme are ambitious but are achievable. The goals set are:-

- I. Increase of cotton production from 700,000 bales to 1,500,000 bales per annum.

- II. Raise yields from 750kg/ha to 1500kg/ha by 2010 and 2,500 kg/ha by 2015.
- III. Increase the proportion of lint of consumed in the domestic textile industry from 30% to 90% by 2015.



Picture 17: Lord David Sainsbury's visit to Ginnery in Shinyanga

8.4 Conservation Agriculture to Cotton growing

Conservation Agriculture (CA) target the goal number one and two of the development strategy of the program. Its aim at increasing the productivity/yield at the farm level based on the well developed crop management practices. This is to be achieved by supporting farmers with extension services input and credits. This will include exploring promising practice such introduction of contact farming where farmers will be linked to ginners as contact growers. This will need to be regulated by TCB to ensure that no one is given a raw deal, but rather there is a win-win situation for the system to work. The CA is unique agriculture practice that involves simultaneously sustained use of four principles that are;

- Minimum soil disturbance (ideally no Tilling and Direct seeding)
- Permanent soil cover (ideally 100% + using crop residuals and/or Green manure cover crops)
- Multi-cropping (ideal crop rotation)
- The integration of crop and livestock production

CA adopted for the programme takes into consideration the findings of the study done it was found that where cotton was grown, maize was also grown for household food security. CA adopts the motto “labour efficient high yield maize equal more cotton and high quality” The reduced time and increased yields when producing the CA maize because of the use of

herbicides and other inputs will allow cotton planting at the correct time, greater use of manure, improved weed control and management of insects, leading to higher cotton yields and improved quality.



Picture 18: A Demonstration Farm for the cotton project

8.5 Strategy for Textile

Strategy for textile is envisage at the increasing the value addition of the domestic consumption of cotton lint. This is based on the finding from the study that presently most of the cotton produced in the country is exported raw and there is capacity to utilise it. This requires subsequent increase in investment both local and foreign direct investment. The potential is based mainly continued products (e.g. towels, bed sheets) and production of African based design themes for the export market. For this to be achieved there is a need to support the development of skills that will be able to support this productions interims of textile engendering and designs form the university to vocational college level. These include considerations for training of technicians for ginners. In this way the sector will be able to grow and absorbed the cotton produced without being constrained by lack of human resource. To this end the University of Dar es Salaam is working on plans for introducing Textile Engineering Course and the Vocational Training Authority (VETA) is to incorporate skill development training programmes required by the textile sector at foundation level. All the above rest on continues reforms and improvements of micro economic clients and that Tanzania may offer competitive advantage for investment.

8.6 Project implementation

The Implementation of the development programme commenced in Nov. 2007. To date demonstration plots have been set up in seven districts and recently the dissemination

programme commenced in Kishapu District, Shinyanga. A programme Coordinator has been appointed and is based at the Tanzania Cotton Board. Two advisors have been appointed; for the cotton and textiles sector development.

The advisors have commenced work. The Textile Sector advisor visited Tanzania and India and has submitted a report that shows potential for attracting investment from India. The report also shows that some local investors have shown interest in investing in textile manufacturing.

An Inter-ministerial sector committee has been set up and has held its first meeting in Nov. 2007. The committee is chaired by Permanent Secretary Ministry of Agriculture, Food Security and Cooperatives.

The Tanzania Cotton Board officials and some ginners have visited Zambia and have studied the organisation of the industry there. A briefing of this meeting will be made in this workshop. Tanzania Gatsby Trust and the Tanzania Cotton Board have invited the Technoserve to advise the stakeholders on how best to mobilize and get support of farmers to be effective players in the supply chain. Technoserve have considerable experience in Tanzania and globally in contract farming and supply chain management in agro-business.

8.7 Conclusion

The cotton and textile sector is chosen because of its potential in reducing poverty and the experience on the sector by supporting partners. In Tanzania, cotton contributes to the livelihood of about 40% of the population and was largest export earner in 2005/2006. Presently, 70-80% of cotton production is exported as lint while the remainder is processed by the local textiles industry producing variety of products at different stages along the value chain for textiles and garments. Textiles and garments have a potentially important role to play in Tanzania's economy as has been the case in many developing countries. The establishment of a garment manufacturing sector does not require massive capital investment by firms or particularly large investments in infrastructure by governments, relative to other sectors such as machinery or chemicals. So the adhering to the mentioned strategy goals and application of the Conservation Agriculture will not only add to cotton value chain but also the food security of the cotton growers' family thus improving the quality of life of millions and thus bring meaningful contribution to the country economy.



Picture 19: Food security context in Cotton production

9.0 TGT HOUSING SCHEME 2007 REPORT

TGT housing initiative is a response to housing needs of its clients that dates back to 2002, from which time considerable thought, discussion and research have taken place to develop the appropriate product for delivery via partnership and collaboration between TGT, HFHT and the University of Dar es Salaam (UDSM). An official pilot phase of project was launched in early 2005 in partnership with Habitat. The results of the project to date are:

- A prototype house built of sun dried mud blocks in Mitakawani
- 10 houses sand cement blocks at Chaani
- Evaluation of the TGT-HFHT pilot project was done September 2006
- Loan recovery of 20% of the loan value as of Oct 2007 has been achieved from the first ten houses.

9.1 Zanzibar Housing Project-1st Phase

Significant experience has been gained in Zanzibar enabling the work there to proceed. All ten homeowners are currently ahead with repayments, ranging from 1 to 11 months ahead, already paid off between 14% and 21% of their individual loans. If they maintain the same trend of repayment, the first loan would be fully repaid in just less than 4 years

In addition, further work has been done by Habitat on the development of plans for a house which can be built in stages, through the provision of incremental loans. Together with a tool that is being developed by HFHT will enable loans to be varied in size according to the ability to repay, thus to comply with the recommendations of the Pilot project Evaluation Report.

9.2 Teachers Housing -Mtwara

On the 18th Dec 2007, TGT's delegates had a meeting with the District Commissioner for Mtwara and District Executive Director (Acting) for Mtwara municipality regarding the



Picture 20: Stabilized Soil Block (SSB-Block) and house built using them

intention to launching teachers' housing project in Mtwara. The meetings ended by DED asked TGT to submit an official proposal to ask for a parcel of land to build the houses in

Mtwara municipality so that he may be tabled in the coming Municipal's management meeting scheduled for mid January 2008. Secure and serviced land is very crucial for development of a Housing project as this will guarantee that clients will be attracted to the area and it will be easier to enforce defaulters' policy ensure smooth loan recovery. The District Commissioner of Mtwara on the other hand, was very positive and indicated that land for 100 houses or any number can be set aside when TGT is ready.

9.3 Baseline Survey and loan Assessment Tools

According to the TGT three years Strategic Plan (2006-2008) Habitat was to do a Baseline Survey and develop a loan assessment tool so as to guide in achieving the recommendation put forward by the TGT-HFHT pilot project evaluation report that was submitted in November 2006. This was supposed to be implemented in the year 2007 as well as providing data to inform on the impact of housing scheme and economic development of the targeted client. TGT is to follow up with Habitat on plans; loan assessment tool and the status of impact monitoring assessment tool that as it gear up for expansion of the programmes in Zanzibar. This has been carried over and be incorporated in the year 2008 action plan.

10.0 INSTITUTIONAL DEVELOPMENT OF THE TRUST

Tanzania Gatsby Trust strives to be among the best managed and performing Non Governmental Organisations (NGO) in Tanzania. The following is what the Trust has accomplished in the year 2007 to realise that goal:

10.1 Governance

- Trustee Epaineto Toroka was appointed chairman of the Trust following the retirement of Mr. Ibrahim H.Seushi, The later was appointed as Chairman of the TGT /TAFORI Tree Biotechnology Project which hitherto was chaired by Trustee Toroka. Engineer Consolata Ngimbwa was appointed as a Trustee to TGT.
- The Board of Trustees met four times during the year to transact the business of the Trust
- The Board Manual containing all the approved TGT governance and policy Document is in place and fully operational
- The Chairman of the Board represented the Trust at several Meetings, Conferences and events

10.2 Management Development

During the year the Management Team was provided with requisite tools to improve efficiency covering various aspects relevant to TGT operations

- The General Manager and the Zanzibar Branch Manager attended a factoring course in UK and thereafter developed a factoring policy document
- The Credit Officer attended a course in Credit management in Swaziland
- The PA attended a short course for Executive Office Managers and PA management offered by the AMC International (African management Communication)
- The Finance and Administrative Manager attended the Accountant's Seminar organized by the National Board of Accountants and Auditors
- The Newly recruited Projects Officer attended a fund raising course organized by McKnight Foundation in Arusha
- The General Manager together with the CEOs of The Sister Gatsby Trusts participated in the Study Tour in India for an exposure to BASIX and attended the ISBE Conference in Glasgow

10.3 TGT Credit Coordinators Training

TGT organized a training course for 19 Gatsby Coordinators for 2 days 6-7 December 2007 at Land Mark Hotel in Dar Es Salaam. The course was to enhance the performance of all the coordinators in the Mainland and Zanzibar Island for effective credit delivery, monitoring and reporting. The topics covered were

- Introduction to lending business
- Credit Methodologies
- Loan products design
- Monitoring and supervision of credit activities
- Preparation of reports, and
- Customer care



Picture 23: From far left Trustee E. Toroka-TGT Board Chairman, Trustee B Tanna, Trustee N. Mbise, Trustee A Mirza and the Coordinator of the Tree Biotechnology Project Mr T. Msangi on debriefing Meeting in Arusha on April 2008

Picture 22: Trustee Kate Kamba one of the long serving member of TGT Board



Picture 21: Trustee B. Tanna Planting as memorial tree at the Kwamwarukanga Clonal Nursery on April 2008

Trustee Eng Consolata S.
Ngimbwa

