



**BTC TANZANIA**



## **Beekeeping Support Project Kigoma Region**

# **Shaping The Honey Value Chain for Local Economic Development**

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**THE BELGIAN  
DEVELOPMENT COOPERATION**



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## 1. INTRODUCTION

### 1.1 Background information

The Beekeeping Support Project in Kigoma Region (BSPK) is located in northwest Tanzania and covers five districts of Kigoma Region namely; Kibondo, Kasulu, Kigoma Rural, Uvinza and Kakonko. About 45% of the total land surface in the project area (37,000 sq. km) is covered by natural forest. Most of the natural vegetated areas are protected and managed as Game- and /or Forest Reserves by the Ministry of Natural Resources (MNRT). Beekeeping is being regarded as traditional practice and a source of extra income to many rural families living around the protected areas.

Kigoma has over two million inhabitants and although its soil is fertile and big forest are still available, the region still faces many challenges. It is the fourth poorest region within Tanzania and transport and communication are often difficult.<sup>1</sup>

In an earlier cooperation between the Belgian and Tanzanian governments, good progress has been made in increasing the production of bee products. After this first project, implemented between 2007 and 2010, the current project aims to make this improved production profitable.<sup>2</sup>

### 1.2 The Project

The project falls under bilateral cooperation agreement between the Belgian government and the Tanzanian government. It is executed by the Belgian Technical Cooperation (or BTC) and the Tanzanian Ministry for Natural Resources and Tourism (or MNRT).

BSPK has four main aims that, overall, will contribute to a sustainable beekeeping sector in Tanzania. These aims are (1) to increase the incomes of Beekeepers through improvement of production and business skills. (2) Improve the efficiency of honey value chains through coordination and capacity building in order to respond to market opportunities. (3) Beekeeping stakeholders and institutions implement models for protection of key forest and bee forage areas. And (4) an enabling environment for sustainable beekeeping development is enhanced at local, district and national levels. Almost 5000 beekeepers and their families, plus traders, retailers, processors, cooperatives and beekeeping groups are benefiting from, and participating in, the project.

Looking at the above goals, the project is thus not only trying to eradicate poverty in the region, it is also trying to protect the existing forests and environment. These four elements will contribute to a sustainable and viable honey subsector in Kigoma Region and beyond.

## 2. OUR APPROACH

The four goals of the Beekeeping Support Project in Kigoma region are achieved by implementing a score of activities. Together, these activities pilot a model that will not only be used in Kigoma Region, but also elsewhere in Tanzania.

The model can be presented in a conceptual framework, explaining how different actors work together to improve the efficiency of the value chain. The project focuses mainly on:

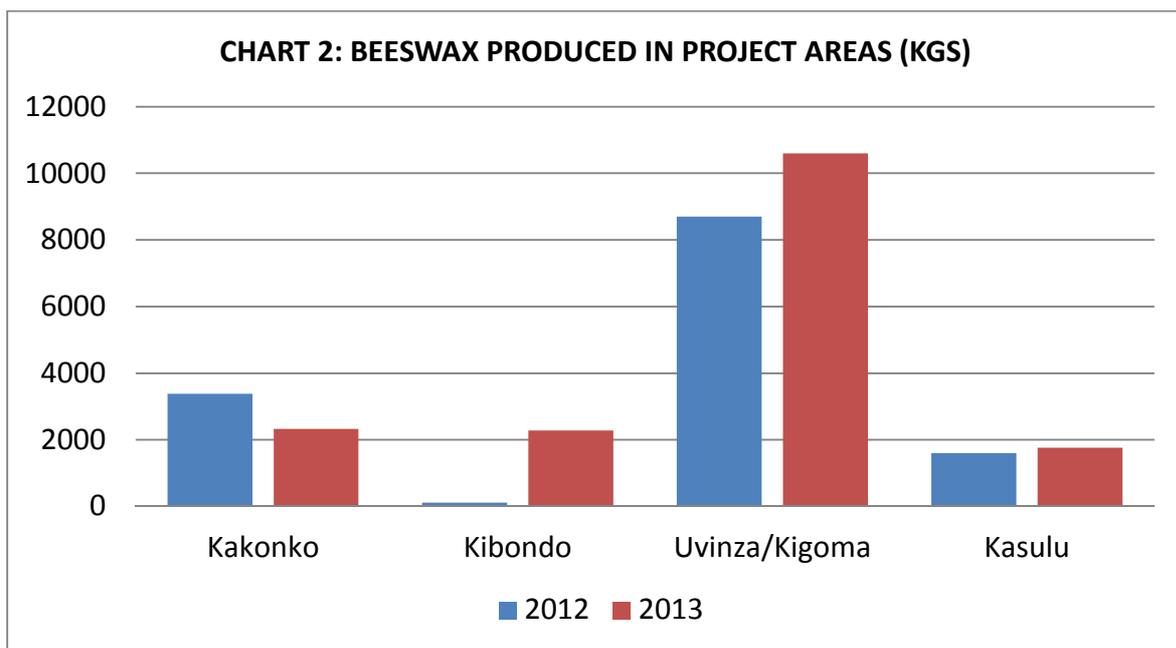
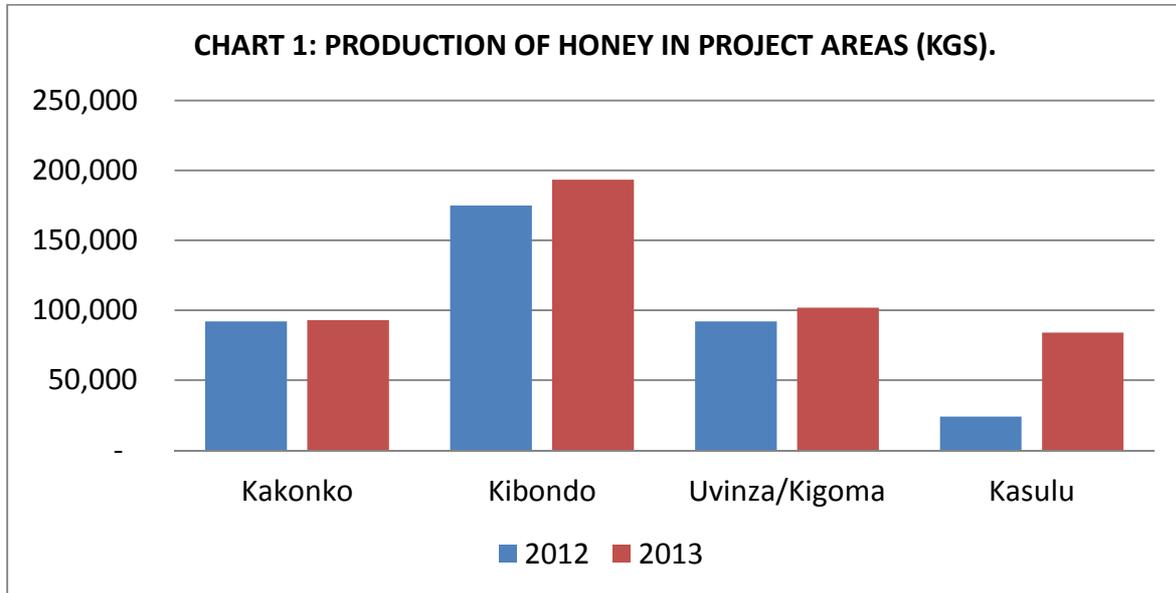
- Involving all actors to work together to increase both quality and quantity of the production of bee products (see chart 1&2). This improved production will then be validated through improved business skills of beekeepers and their cooperatives.
- To improve efficiency (upgrading) of the value chain of bee products by providing (market) information to value chain actors and by linking beekeepers to service providers and buyers. Note that the initial honey and beeswax sub-sector map and gross margins of key primary actor is presented in annex i&ii.

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<sup>1</sup> Tanzania is organised in 30 regions.

<sup>2</sup> The Beekeeping Improvement Project (BIP) was implemented in Rufiji, Kibondo and Kigoma Districts from 2007 until 2010.

- To establish and monitor Bee Reserves and Beekeeping Zones within existing reserves. This way key bee forage areas will be protected.
- Strengthening capacity of five Districts in Kigoma Region and the MNRT so they can support the beekeeping sector optimally.

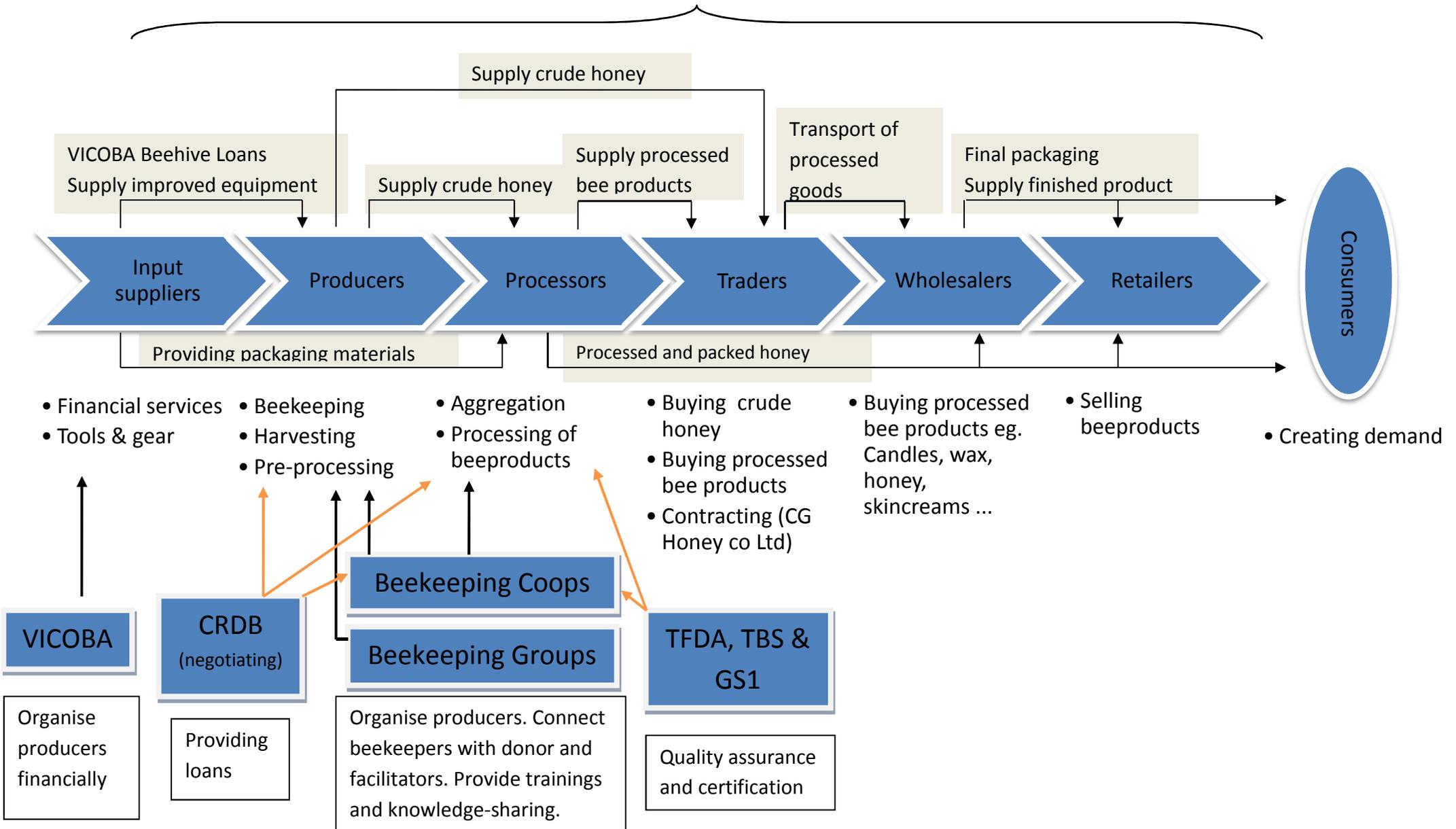


The model currently being piloted has evolved in the course of implementation, so it's still under development. Any input to improve the efficiency of the value chain is welcome. From here on, this paper will focus on the existing value chain of bee products in order to explain the whole Beekeeping Support project in Kigoma region.

In the next page the model is presented schematically.

# Facilitators: Belgian Technical Cooperation (BTC) & MNRT, Regional and Local governments

Training | Beekeeping Policy | Protecting Bee Forage Areas | Market linkage facilitation | Provide means | District Value Chain Platforms



The model above is based on the actual situation on the ground in Kigoma, Tanzania. It shows how the bee products value chain is currently organised within the Region and who is involved in this value chain. As a project, BSPK is trying to improve the organisation and efficiency of this Value Chain for the benefit of all actors involved.

For those not familiar with the concept of a value chain, here follows a short and basic definition. Other definitions exist and other interpretations are made, but the following captures the core of a value chain:

*“A vertical alliance of enterprises collaborating to achieve a more rewarding position in the market”*

In other words, a value chain is the idea that a product goes through a process of adjustments in which each actor adds value to the products. This is also called a value addition process. By adding value to the product, each actor also receives a part of the profit margins. In a well-functioning value chain, all actors get a fair part of the margins and are therefore inclined to structurally improve the working of the value chain.

Now, the BSPK project aims to install a viable and sustainable value chain for bee products in Kigoma Region. The ultimate goal is to share this model with the MNRT so that other regions can also implement similar projects. Naturally, it is the people who are the core of a value chain. What follows is a short introduction to the people involved in the value addition process of bee products in Kigoma region.

## **2.1 Facilitators**

The most important facilitators for BSPK are the local governments. The District Beekeeping Officers, Community Development Officers, Cooperative Officers, Forestry Officers and many others that are working in every district are very knowledgeable and often motivated to support their communities through beekeeping.

Together with the Ministry for Natural resources and Tourism (MNRT) and the Kigoma Regional Authorities these facilitators provide most of the trainings we will discuss later. But they also set up a regulatory framework that helps to write beekeeping in the core of local development plans through facilitating the necessary by-laws.

They also facilitate market linkage initiatives such as the Value Chain Platforms that have been established in every District of the region. These platforms are opportunities for beekeepers to meet with traders, input suppliers (e.g. beehive makers and tailors), business development service providers, NGO's, beekeeping cooperatives, producer groups, distributors, and local government officers. Here, they discuss different issues related to improving the value chain, such as honey prices, taxes, market opportunities, by-laws, financial possibilities, etc. These Platforms are also a space of communication for actors with sometimes very different backgrounds and interests. Thus, value chain platforms also improve the bargaining power of the producers. Cooperation between the different parties is crucial for a well-functioning value chain.

Furthermore, the different levels of government in Tanzania are engaging themselves to protect crucial forage areas for bees. By establishing different kind of reserves the forests of Kigoma region are legally protected and the beekeepers can use (parts) of these forests to keep bees and thus raise support for the protection of the environment.

As a link between the Belgian government and the local authorities, BTC mainly provides means and organisation for the execution of this project.

## 2.2 Primary actors

At the beginning of the chain are the input suppliers. Beekeeping is a relatively simple business that requires limited inputs. This makes it a very suitable *income generating activity*. The most important input suppliers that are part of the value chain are carpenters who make the hives locally, metalworkers who craft bee-smokers and hive tools locally, tailors who create the protective suits and veils locally. But there are also shopkeepers selling storage buckets and companies selling packaging materials. There are print shops printing labels. And there are micro-finance institutions providing beekeeping groups and beekeeping cooperatives with the necessary financial means.

BSPK has invested heavily in making all these inputs available locally. The project facilitated trainings of carpenters, metalworkers and tailors. Contacts are facilitated between beekeeping cooperatives and suppliers of packaging equipment and labels. BSPK also took a two headed approach on the micro-finance suppliers. On the one hand local banks were approached for soft loans. On the other hand, beekeepers were trained and encouraged to start their own VICOBA's and SACCO's.

Thus, all these services are not only available for the beekeepers, they are also accessible.

The beekeepers rely on these input suppliers to run their business. Since they produce the honey, BSPK is focussing heavily on supporting the beekeepers. Trainings are organised on all practical, technical and organisational aspects of beekeeping. How to keep stingless bees? How to use these modern beehives, tools and gear? And why should we use it in the first place? For these trainings, the project relies entirely on the knowledge of the different District Beekeeping Officers, District Beekeeping Assistants, and the beekeeping officers of the Tanzanian Forest Service (TFS). However, as written above, the project is working with almost 5000 individual beekeepers all over the region. This number is simply too high to provide an effective outreach to every single beekeeper if they would not be organised in groups or (preferably) cooperatives. Therefore, the project also trains the cooperatives and beekeeping groups on bookkeeping, management skills, negotiating skills, etc. In other words, the project is focussing on technical, financial and operational capacity building. The producers sometime sell raw honey to traders, but mostly sell their produce to processors.

The beekeeping groups and cooperatives help with the processing of bee products. Most processing in Kigoma Region is done by the producers or organisations run by producers. This way, the beekeepers can add extra value to the product they present to buyers. However, processing is a crucial element in producing a marketable end-product. There are a number of regulations and rules that need to be respected if the producers and processors want to sell their produce on the official markets. In Tanzania, this means you need to receive labels from both the Tanzanian Bureau of Standards and Tanzanian Food and Drug Authority. The project is supporting processors to obtain these labels and thus deliver a final product that is up to standards. Considering the fact that this included several investments such as collection centres and the right tools, processing is mostly done on the level of beekeeping cooperatives. Processed bee products are sold to traders, but sometimes also directly to consumers, or retailers.

The traders sell bee products from processors, beekeeping groups, beekeeping cooperatives and individual beekeepers. Most traders in Kigoma do not engage in contract arrangements but simply show up at the gate of the farmer or cooperative. Therefore BSPK works on capacity building for Beekeeping Cooperatives to enable them to negotiate contract

arrangements and formalise this link of the value chain. Traders in Kigoma come from within the region, from other areas in Kigoma, and from neighbouring countries (Burundi, Rwanda, Uganda and even Kenya are all relatively close and consume large quantities of honey). Traders sell to individual consumers, shopkeepers and retailers. The project is including traders by involving them in so called Value Chain Platforms. Together with all the other actors discussed here, traders are invited to discuss issues directly with producers and processors, exchange ideas, etc.

As of today, there are very few wholesalers of bee products active in Kigoma Region. These normally buy the products from traders and provide the final value addition before reselling in bulk to retailers. These retailers offer the end product to individual consumers. In the case of Kigoma bee products, the consumers buying from retailers are mostly urban consumers with limited possibilities of direct contact with either producers or processors. Often retailers in Kigoma Region purchase honey, candles and other beeswax products directly from beekeeping groups, beekeeping cooperatives or local traders. Retailers are also part of the Value Chain Platforms as organised by BSPK.

### **2.3 Service Providers**

All the above mentioned actors face several and different challenges along the value addition process. There are actors in the value chain who have specialised in providing services to others to curve these problems. In the case of Kigoma bee products and the BSPK project, these service providers mainly focus on input suppliers, producers and processors.

#### **2.3.1 Financial Service Providers**

In Kigoma region there are several financial service providers that can provide actors with the right means to invest in beekeeping and their business. These financial service providers mainly work with input suppliers, producers and processors.

Many famers and input supplies in Kigoma Region have organised themselves in VICOBA's and SACCOS. However, for beekeepers access to these saving schemes has been difficult. Therefore, BSPK has invested in training beekeepers in organising their own beekeeping VICOBA's. These provide the right capital for beekeepers to be able to buy tools and gears needed for modern beekeeping (mainly hives and protective gear).

The project also helped to establish one beekeeping SACCOS, which can provide bigger loans for more ambitious beekeepers.

On a bigger scale, the project has been brokering talks between several Tanzanian Banks and the beekeeping cooperatives active in Kigoma Region. The loans made available this way can be used to invest in the cooperative by buying larger numbers of hives etc.

#### **2.3.2 Organisational service providers**

As mentioned before, many of the beekeepers in Kigoma are organised in beekeeping Groups and beekeeping Coops. These make it possible for the project to get in touch with individual beekeepers and provide trainings etc. However, BSPK is also targeting these groups and cooperatives and is training their leadership in bookkeeping, management, contract arrangements, margin calculations, value chains, beekeeping techniques and much more. These Groups and Coops in turn train their members on many of these issues.

#### **2.3.3 Quality guarantees.**

As mentioned above there exists several institutions in Tanzania that guard food safety and standards of produced goods. These organisations provide the producers and processors

credibility and trustworthiness towards their buyers and consumers. Labels, but also barcodes, thus open up new markets for processors and producers. Therefore, BSPK has been working with TFDA, TBS and others to make sure the beekeepers of Kigoma Region have access to their services.

**3. CONCLUSION**

The foreseen Outcome of the project is the creation of a replicable model for sustainable beekeeping that will be shared with the MNRT. This paper tried to share this model as it stands so far, guided by the actual value chain. Thus, when this project will be finished in June 2016, the MNRT will have the opportunity to replicate the project in other areas with a high beekeeping potential. This is the reason why this paper is dedicated to the model we are trying to implement: this model is not only guiding the project, it will also be a means for further development of apiculture in Tanzania.

Here, at the ApiExpo, the project is happy to present this model as it stands so far. We are now over halfway and able to draw some conclusions from our interventions and our cooperation between BTC, Districts, Regions and the MNRT. Based on a value chain approach and its different stages and actors, we are to demonstrate how BSPK is able to contribute to a sustainable beekeeping sector in Tanzania for local economic development. Many challenges still remain, but together we will be able to optimise this model even further and share our experience with the rest of the beekeeping world.

**4. ANNEXES**

**Annex i: Margins for different actors in the Value Chain.**

| <b>Market Player</b>                            | <b>Gross Margin</b> |
|---|---------------------|
| Village Traders                                 | 65% - 67%           |
| Town Traders                                    | 53%                 |
| Exporters to Burundi and other nearby countries | 21%                 |
| Large Processors                                | 10% - 15%           |
| Distributors in Dar es Salaam                   | 15% - 20%           |

**Source: MMA, Honey Value Chain Analysis, 2012**

Of the listed chain actors, Village traders have better gross margins compared to the rest of the traders. The village traders receive between 65-67% of the margin, the town traders receive 53%, those who export to other countries such as Burundi, Rwanda and Kenya receives 21%, the processors receives between 10 -15% and the Distributor in Dar es Salaam receives 20%.

Annex ii: The Honey Sub Sector Map for Kigoma region as established in the Value Chain Analysis Report by MatchMakers in 2012:



Figure 5: Kigoma Region – Honey and beeswax subsector map

