

## Newsletter June 2022

### Security that grows on trees as loan collateral

**GRACOMA:** Ragpa Tweve and his wife Christina are farmers in the southern highlands of Tanzania. Like almost everybody in Magunguli village, they've used the poorer soil to plant trees. One day, the trees will bring in good money for the wood – but the farmers have to wait 15-20 years.

To bridge the gap, they came up with a great idea: using their still growing trees as “collateral” – security for much-needed loans.

Understandably, lenders want to be sure the trees are protected until the credit is repaid. The association of tree planters in Magunguli therefore set up GRACOMA «Growing Assets Collateral Management». The organisation documents tree growth and reports to the lenders. The Swiss-based [Ithaka Institute](#) also got interested. As a CO<sub>2</sub>-certifier, they demand strict registration and careful checking.



Supported by **farip**, GRACOMA started with a small pilot. It registered the first Magunguli plots in 2019 and hired Ragpa as a part-time forest warden. Christina takes care of the nursery, raising indigenous trees such as the mikusu (photo, left), known for its delicious fruits. Thanks to the nursery, other farming families can also plant more forest plots.

With your donation, **farip** and GRACOMA can professionalise the entire certification, control and reporting process. That will give a major boost to this innovative scheme conceived in Magunguli. The goal is for lenders and CO<sub>2</sub>-certifiers to accept the registered forest plots as collateral. The trees thus give cash-strapped families access to loans for their own development projects. At the same time, they contribute to the global reduction of CO<sub>2</sub> in the atmosphere.

**farip** promotes innovative business ideas: Among them are women who want to run a business on their own, like Fatuma with her [cookshop](#), or Lucy who turns 50kg bags of [beans](#) into small packages for family consumption. [«MTM»](#) uses waste biomass from harvested fields to produce charcoal dust. This is processed into briquettes as a charcoal substitute, reducing the consumption of solid wood. [GRACOMA](#) is an experiment to test how private forest ownership can be used as collateral for bank loans. This complex project encompasses a wide range of areas such as fire protection, forest maintenance, tree nursery and monitoring and evaluation of the growing trees. [‘Scheduled Cargo Service’](#) SCS wants to provide agricultural producers with reliable transport to markets. [TSS](#): A fair trading model, distributing surplus to producers. **farip** aims to sustainably strengthen the agricultural production chain in the countryside and to stabilise and improve farmers' income situation.



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### News from current ventures

**Dryness:** Eastern Africa is experiencing a great drought; the maize of this year's harvest in Msowero is drying up in the fields.

*farip* supported the marketer «TBM», to establish sheet metal grain silos for one tonne of grains on farms. Farmers could store maize and benefit from seasonal price increases. However, what families have left on stock from last year's harvest is now their own food security.



It is good to see that the grain silos play a vital role, but the revenues are not forthcoming because of their own needs. How should it continue? The silo farmers in Msowero are now looking into solutions with marketer «TBM».

*farip* is prepared to suspend loan repayments until they can adjust production and marketing to the changed circumstances.



**Rising prices:** The massive rise in wheat prices is also causing problems for Fatuma's restaurant, which is supported by *farip*. The Ukraine war is hitting Tanzania hard! Wheat cultivation areas in East Africa have been systematically neglected due to cheaper wheat imports from Russia and Ukraine. That now takes its toll. Nevertheless: «TBM» now wants to organise direct deliveries of traditional wheat from Tanzania's southwest for Fatuma's restaurant.



**Vegetative carbon:** News from the «Boma» project: *farip* has found a partner for «Terminal Carbon Sequestration in Soils» - the [Ithaka Institute](http://IthakaInstitute.org) in Valais. TECASESO is the final sequestration of CO<sub>2</sub> from the atmosphere by introducing plant carbon into the soil.

For example for vegetable cultivation mixed with «boma» manure from cattle. Ithaka helped *farip* to clarify how processes for CO<sub>2</sub> certification can be made practicable.



It became clear that forest plots must be part of the equation, in order to improve the efficiency of the CO<sub>2</sub> landfill.

This is where the link with the [GRA-COMA](http://GRA-COMA.org) approach of surveying and securing forests comes in handy. Once again, mutual linkages and reinforcements between several business ideas show benefits on the ground: Carbon dust from biowaste, vegetable cultivation, CO<sub>2</sub> certification, marketing with fair «TSS» trade.

«Scouting» How does an interesting idea in rural Africa turn into a successful small business? It takes scouting! *farip* picks up ideas brought to us by locals. We look into them and ask: Who are the potential entrepreneurs to tackle this? How can they organise themselves? What practical tests can show whether the idea is feasible? And where is the market for the products? Many ideas have to be abandoned; only the best make it to be supported by *farip* as a venture. The initiators receive funds to reach the proof of concept in defined stages. *farip* acts like a venture investor, giving loans for the critical stages in venture development, and support through coaching and exchange of experience - until the ventures become interesting for investors.