



## **SOCIAL DEVELOPMENT THROUGH OUTGROWER SCHEMES**

### **THE PRIVATE SECTOR KILOMBERO BUSINESS LINKAGE PROGRAM**



### ***KILOMBERO BUSINESS LINKAGE PROGRAM***

- \* THE PROBLEM**
- \* THE KILOMBERO SOLUTION**
- \* THE RESULTS**



### ***THE PROBLEM OF SOCIAL DEVELOPMENT IN RURAL AFRICA***

- LIMITED GOVERNMENT CAPACITY :HIPC :LDC PREDOMINATE
- LACK OF EDUCATIONAL FACILITIES
- LACK OF MEDICAL FACILITIES
- POOR INFRASTRUCTURE TO ASSIST DEVELOPMENT
  - WEAK LAND TENURE / COLLATERAL
  - LOW TECHNICAL SKILLS
  - POOR ACCESS TO BUSINESS INPUTS.



## **A Model for the Development of a Rural Community in Africa**

**Kilombero Sugar Company  
Tanzania**



**OG areas are closer to the mountains where rainfall is heavier, as is cloud cover**

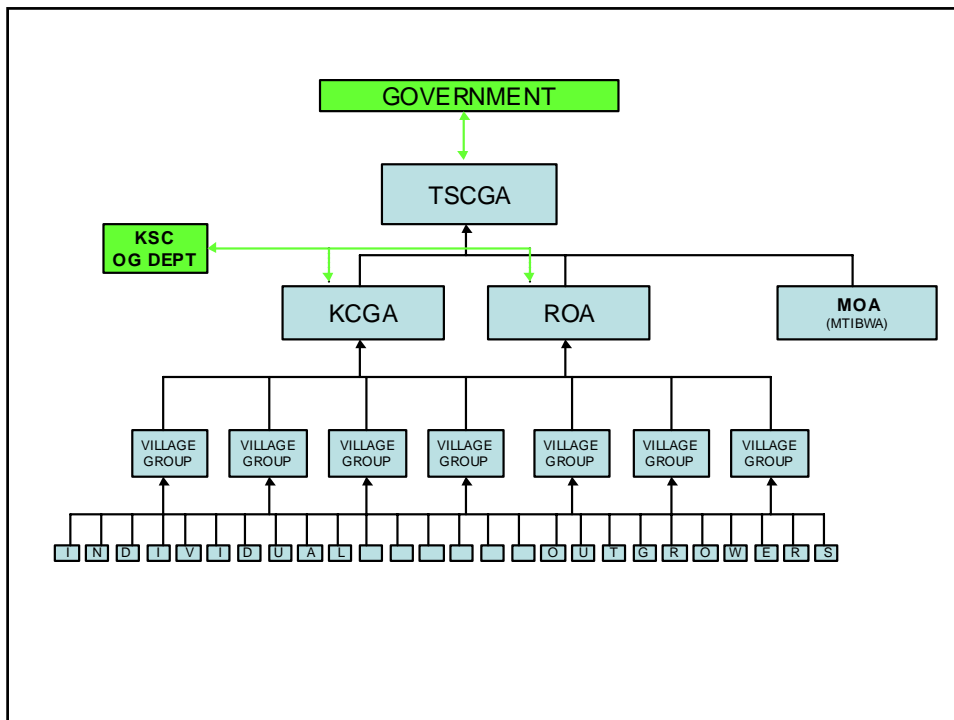


1998 Outgrower distrust of Sugar Cane Growing due to Cash Flow Problems



**IFC (APDF) / KILOMBERO FUNDED PROJECT TO PRODUCE A BANKABLE PROPOSAL**

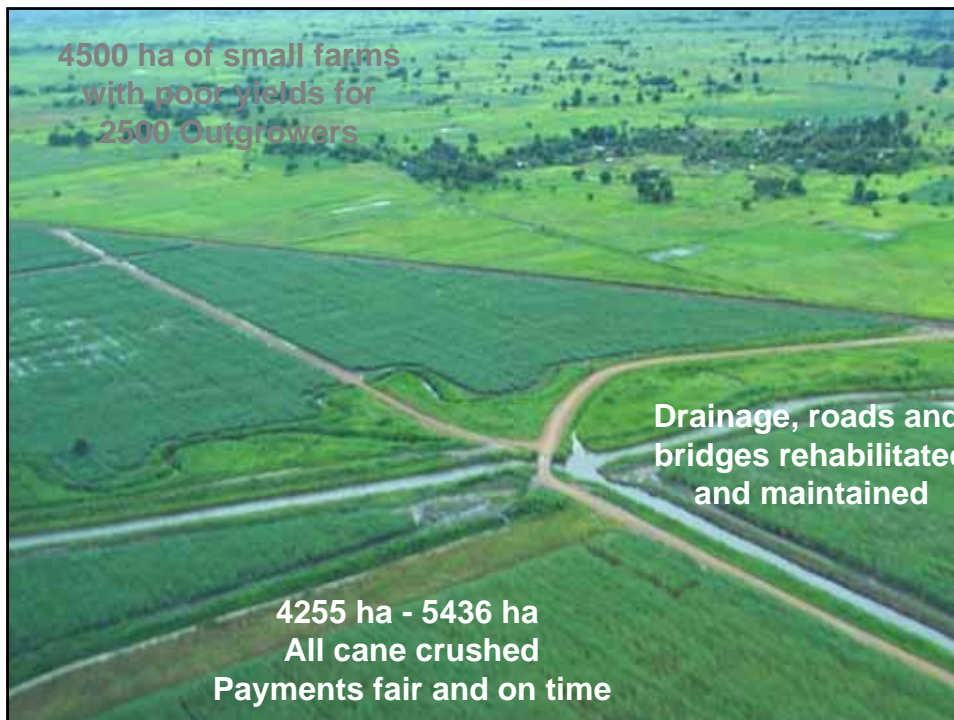
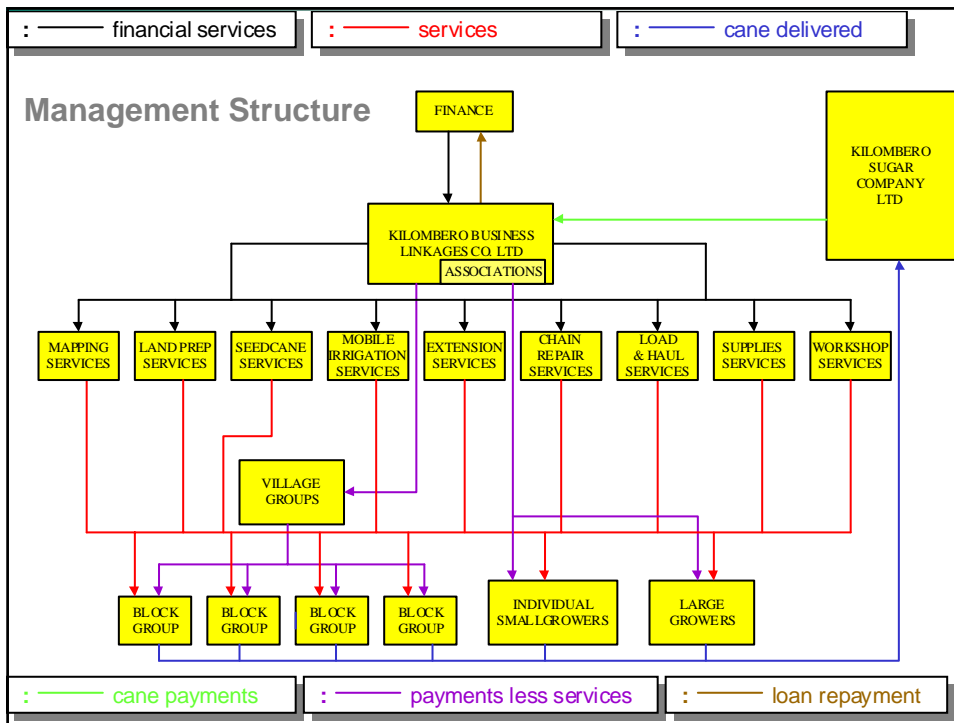
- REGISTERED FARMER ASSOCIATIONS
  - GROUP LOANS WITH DEFAULT GUARANTEES
- CANE PAYMENTS SYSTEM LINKED TO LOAN REPAYMENTS
- FINANCIAL / COMMERCIAL FACILITATOR
  - CENTRALISED DATA BASE MANAGEMENT SYSTEM
- TECHNICAL ASSISTANCE & SUPPLIER SUPPORT
  - LOANS & GRANTS
- IMPROVED LAND TENURE SYSTEM
- SEED CAPITAL FUNDING
- PROFORMA BUSINESS PLAN
- SME DEVELOPMENT



## Kilombero Business Linkages - KBLP



- **World Bank, IFC, APDF and KSC**
- **Outgrower infrastructure, technical assistance and micro-finance (125-800,000 t. cane by 2010)**
- **Assistance for SMEs in engineering, supplies, transport, building, catering**
- **Other opportunities in contracting, tourism and horticulture**







**\$2.8m + spent on  
infrastructure, training,  
subsidised services**



## **Kilombero Trust Farm - KCTF**



### **➤ The Trust**

- **1200 ha KSC land leased to KCT at Peppercorn Rental**
- **Donations and loans from Illovo, Unitrans, BP and other sub -contractors ....415 ha planted + 185 + 500 later**
- **2004 \$50,000 surplus put back into the community**



## The Kilombero Model



- **Translating concepts, strategies and frameworks into practical development projects**
- **A partnership between the private sector, governments, donors and local communities to identify opportunities and turn them into sustainable businesses**
- **Creating a conducive environment for the growth of SMEs through BLPs**

## KILOMBERO



	NUMBER OF			CANE			TOTAL TONNAGE
	SMALL	MEDIUM	OUT-GROWERS OTHER	SMALL	MEDIUM	OTHER	
1999/2000							72000
2000/2001 *KBLP*							125130
2001/2002 KILOMBERO TRUST							192980
2002/2003	3384	8	3	196144	11832	50809	258785
2003/2004	4102	5	5	324925	17728	86979	429632
2004/2005	5050	6	6	449577	11856	126618	588051
2005/2006	5718	56	11	362030	103055	147065	612150

+1 - \$10,000,000 CANE REVENUE INTO THE COMMUNITY

# KILOMBERO



**The End**