

PROMOTING INTRA-REGIONAL TRADE IN EASTERN AFRICA PROJECT NEWSLETTER



SPECIAL ISSUE: PACKAGING SERVICE CENTRE LAUNCH IN TANZANIA

Promoting intra-regional Trade in Eastern Africa is a 3-year project to strengthen agricultural value chains in Kenya, Tanzania, and Zambia. The objective is to boost the export competitiveness of smallholder producers and SMEs in the mango, chili, honey and spices sectors and to improve the performance of Trade and Investment Support Institutions (TISIs).

HIGHLIGHT October 2016

TANZANIA

A Packaging Service Centre for SMEs was set up at the Small Industries Development Organisation (SIDO) in order to avail a facility for SMEs to increase value addition of agri-food products and to expand trade within the region. The packaging centre is a one stop hub to offer a range of packaging services to SMEs in Tanzania. Such services include a full range of packaging materials, some packaging facilities in terms of machinery/technologies, training and demonstrations, packaging and labels designing, packaging advisory services, warehousing and distribution of packaging materials, assorted affordable technologies and equipment, and platform for exchanging idea and expertise between SMEs.

OFFICIAL LAUNCH IN DAR ES SALAAM

Dar es Salaam, Tanzania 11 October 2016

The SIDO Packaging Service Centre for SMEs was officially opened by SIDO's Director General, Prof. Mpanduji, Deputy Head of Mission of the Embassy of Finland in Tanzania, Mr. Simo-Pekka Parviainen and ITC Director of the Division of Country Programmes, Mr. Ashish Shah.



Mr. Simo-Pekka Parviainen, Deputy Head of Mission of the Embassy of Finland, delivering his speech and cutting the ribbon below



The Packaging Services Centre is an exciting opportunity not only for the SMEs and packaging material suppliers but also for SIDO, as it will help SIDO fulfil its mandate of serving SMEs towards value addition and industrialisation in Tanzania.

This centre will contribute in supporting SMEs to invest in processing industries and increase the level of value addition to agro products and reduce post-harvest losses.



There is high interest shown by the local SMEs and sector associations which attended the event in large numbers



A FACILITY CRUCIAL FOR COMPETITIVENESS OF TANZANIA SMES

The Packaging Services Centre addresses the need for enhanced access to packaging for small enterprises because big packaging suppliers cannot accommodate the orders of the small enterprises which are too low to meet the suppliers' Minimum Order Requirements.

Hence the Packaging Service Centre for SMEs at SIDO will be receiving small packaging orders from numerous small SMEs. Such a business model will work for the SIDO Packaging Centre because the centre will be able to hold stock of packaging materials or aggregate small orders and purchase as one big order from relevant suppliers of packaging materials, be they local, regional or from abroad.

Most of the equipment was procured from Kamat Exports from India



LOCAL EXPERTISE TRAINED IN USE OF MACHINERY



Human capacities have also been enhanced for the Packaging Services Centre as a result of coaching and advisory services provided to SIDO by the ITC Senior Packaging Expert on how to operate the equipment and run the centre. In 2015 and 2016, technicians from India and ITC Packaging Experts travelled to the Packaging Services Centre for installation of the machinery and training of SIDO staff on its use.

In addition, a one week residential training program was organised in October 2014 for a SIDO staff member in Mumbai at the Indian Institute of Packaging (IIP). Visits were arranged to some packaging conversion factories and a technical institute. The factories were Jayana Packaging Pvt Ltd, Minipack and Essel Propack for laminates and coextruded plastic tubes.

In April 2014, three staff members from SIDO (Ms. Happyness Mchomvu, Mr. Henrich Mbede and Mr. Ignace Frederick) gained insights into the current East African market and exposure to new technological drivers and innovative developments related to packaging, labelling and printing through participation organised under the project at the PROPAK East Africa Packaging Conference in Nairobi.

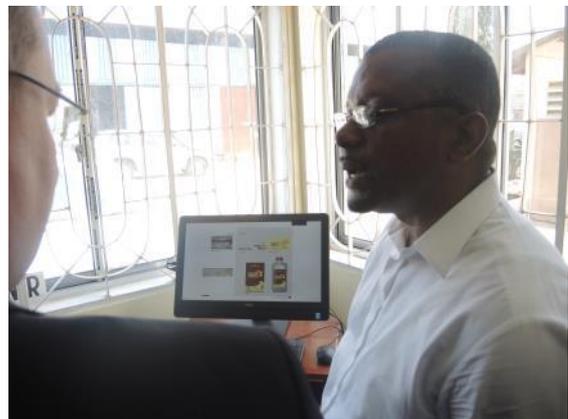
Throughout the exhibition, SIDO managed to establish contacts with various packaging manufacturers and suppliers who, in the context of establishing a Packaging Service Centre at SIDO, can be contacted to supply some of the packaging technologies. This was also an opportunity to leverage on the experience of the Institute of Packaging Professionals in Kenya in the establishment of the Packaging Services Centre in Tanzania.

SIDO has dedicated at least 3 personnel to the Packaging Services Centre: an engineer, a marketing expert and a food expert.



COMPLEMENTING WITH BRANDING SUPPORT

Training for 30 enterprises was organised in Morogoro on Packaging, Labelling & Branding. A local expert was recruited by the project to develop some brands and labels for 6 SMEs as a pilot. Since then, more SMEs have benefitted with more than 100 different graphic designs developed since June 2016.



The Packaging Services Centre was also equipped with computers and printers for designing and printing labels. Numerous SMEs have already taken advantage of this service and the local expert identified by the project has developed an independent working relationship with SIDO.

Lessons are expected to be drawn from this packaging centre so that we can replicate this initiative in other countries in Africa and have other institutions come to SIDO in Tanzania on study tours to learn more from this great initiative.

Quotes

Mr. Frédéric Couty, ITC Senior Packaging Adviser explained to the audience how packaging silently sells products. "The centre will offer innovating of different packaging material ... at much lower costs than in the market," Mr. Couty said. The costs, for instance, of a glass jar will go down to between 35 to 40 per cent.

In his speech, ITC Director of the Division of Country Programmes, **Mr. Ashish Shah** said that the work of the Packaging Centre is to be seen in conjunction with a number of other activities implemented by the project: Quality Compliance and Food Standards capacity building component has trained several local trainers and counsellors who are advising companies on procedures that ensure high quality and food standards. The same applies to other areas that include Supply Chain Management, Marketing and Branding.

Deputy Head of Mission of the Embassy of Finland in Tanzania, **Mr. Simo-Pekka Parviainen** stated that "The aim is to earn premium price of their products (after improving packaging materials), thus removing bottleneck to access new markets."

A Dar es Salaam based ice cube maker, **Mr. Joseph Mlay**, Chief Executive Officer of Mlako Purified Ice Cube said they were eagerly waiting for the commissioning of the centre because it will address their challenges.

"We hope this is the beginning of other useful and most required inputs for our entrepreneurs to upgrade most products in quality control and smooth fine finishing on international level," Mr. Mlay said.

SIDO Director General, **Prof. Sylvester Mpanduji**, said the centre offers a full range of services from packaging material, label designing to training. "Good packaging material not only increase market visibility but also increase shelf-life of a product," Prof Mpanduji said. SIDO's 2015 research revealed that 94 per cent of food processors wanted to use bottles to pack their products but the market could only supply 5.0 per cent of the total demand. Also on paper and plastic packages, the study shows that the market can only supply 36 per cent of the total demand. "Thus, this centre will work on the challenges and looking for a solution by scouting where to source the materials," Prof Mpanduji said.

PROJECT BACKGROUND

Launched in December 2013, the Promoting Intra-Regional Trade in Eastern Africa Project is a three-year initiative to strengthen agricultural value chains in Kenya, Tanzania, and Zambia. The objective is to boost the export competitiveness of smallholder producers and small to medium-sized enterprises (SMEs) in the mango, chili, honey and spices sectors. These sectors were identified by the beneficiary countries as having promising potential to improve rural economic livelihood and reduce poverty through value addition and increased trade in domestic and regional markets.

At the institutional level, the project is designed to improve the performance of Trade and Investment Support Institutions (TISIs), so that they can more efficiently support SMEs to improve their competitiveness and export capability.

The project has a EUR 4.25 million budget funded by the Government of Finland. It is implemented by ITC together with local counterparts in each of the three beneficiary countries and ends in June 2016.

In Tanzania, this project pursued activities which included the following:

- i. Providing advisory services to SMEs in Quality Compliance and Food Standards, Value-addition and Supply Chain Management in order to enhance their export competitiveness;
 - o Trainers cum Counsellors (TcCs) were trained who are advising companies on procedures that ensure high quality and food standards. Some of these trainer/counsellors are from SIDO and from Sector Associations or Standards bodies.
 - o The project has also assisted in value addition & diversification. At least 50 SMEs were trained in 2015 and 2016 on producing value-added products using honey and beeswax.
- ii. Upgrading the service delivery of TSIs such as Tanzania Honey Council (THC), Tanzania Forestry Services (TFS), SIDO, and Association of Mango Growers (AMAGRO). The Tanzania Association of Spices (TASPA) was created as a result of this project.
 - o ITC has built capacities and trained trainers in Supply Chain Management, Market Development and Access to Finance.
- iii. Expanding SIDO's packaging services to SMEs through setting up of a Packaging Service Centre. The upgrading of existing packaging capabilities will also be coupled with the implementation of branding strategies;



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