

bioRe<sup>®</sup>  
TANZANIA Ltd.



Annual Report  
2010 / 2011



## EDITORIAL

This year proved yet another challenging year for bioRe® Tanzania Ltd. We had anticipated improvements in yield and better quality of cotton, however the scenario changed – including an unprecedented global rise in cotton prices – and the season overall did not turn out as anticipated.

Overall in Tanzania, cotton production was not realized as envisaged by the Tanzania Cotton Board. Two of the major cotton producing areas only partly cultivated or did not cultivate cotton at all; the farmers opted for other cash crops. This compelled more conventional cotton traders entering into our district creating confusion amongst our farmers and brisk competition.

The floor price soared up dramatically after the first three weeks of opening of the season. It went up as much as 90 US cents per kilo of seed cotton, although the farmers on an average sold their entire crop for 56 US cents due to less production and much of their yield already sold within the first three weeks at the lower price. As a result, the majority of farmers did not benefit from the price hike. Further the situation was aggravated with poor quality of cotton caused mainly due to unexpected rains during the harvesting period. bioRe® farmers, however, continued to far better, earning an average price of 61 US cents per kilo of seed cotton.

In these challenging environment, bioRe® was able to collect around 52% of its yield estimates from its farmers and around 43% in Maswa District satellite.

We continued to work closely with our Satellite in Maswa District. This season we purchased their cotton certified as organic EU. This means that an additional 557 farmers from this satellite benefitted from the premium price like our 1'742 contract farmers in Meatu.

Despite the difficult economic price environment, we continued our constant efforts with training on quality issues. The farmers together with field staff were taken to visit the textile mill to study and create awareness on the consequences of poor quality cotton in the processing of cotton. We will evaluate the results from this unique training in the next season, but are happy to report many positive feedbacks from this unique experience.

With all these challenges the bioRe® team stands firm and continues to better their performance, as we ready ourselves for the upcoming 2011 – 2012 purchasing season.

With the generous support from our esteemed partners we continued with our community developments projects such as building additional shallow wells and rain water collection tanks in the schools. We express our heartiest gratitude to them.



Niranjani Pattni, Managing Director bioRe® Tanzania Ltd.

# COMPANY REPORT

## PRODUCTION

Tanzania Cotton Board forecasted 260'000 tons of seed cotton production this season however production realized was 163'000 tons only. Furthermore two of the major areas had little or no production as the farmers there had opted for other cash crops.

This led to many more conventional traders than usual entering into Meatu District for procuring whatever they could lay their hands on to fulfill their contract of advance sales.

The agents of these traders tried all gimmicks like approaching farmers at their homes, offering material gifts and even promising better prices not officially declared at the purchase centers. The season within the next three weeks of opening of the season got chaotic and confusing to farmers. These lured some of our farmers to side sell their produce. In addition this year's cotton had much more quality problem, mainly stained cotton due to rains during harvesting period. In line with our policy of not accepting contaminated or dirty cotton we had to reject some of the cotton.

From our yield estimates of 5'765 tons we could procure 3'006 tons (52%) only. On the issue of side selling bioRe® has carried out close interaction with the individual farmers as well as the recently formed Producers Representative Body. We will know how effective our interaction has been in the next purchase season.

From our satellite partners we procured 714 tons (42%) of their yield. The similar situation prevailed in Maswa District like ours. The entire production of satellite was certified as Organic as per EU standard 834/2007.

Our entire crop was roller ginned with our long time partners Bibiti Ginneries in Mwanhuzi. This season, Bibiti management took extra measures by deploying extra laborers to remove all foreign contamination prior to ginning. This is a welcome approach to improve on quality.

## FINANCES

Finances continued to be secured from overseas bank under guarantee from Remei AG.

Year	2009/10	2010/11
Sales	2'956'496	3'211'883
Profit before Depreciation	- 9'194	154'118
Depreciation	- 30'474	- 26'787
Profit after Depreciation	- 39'668	127'331
Current Tax	-	-
Deferred Tax	4'220	1'883
Net Profit	- 35'448	129'214

## MANAGEMENT & BOARD

The bioRe® team continued to perform with the same zeal as previous seasons.

The staff continued to benefit from internal as well as outsourced training consultant. With a new approach in training methodology called "Participatory Learning" the participants have been ever more active and vocal. We continue to empower our staff and raise their enthusiasm to work effectively.

Regular board meetings were held and continued to guide us on matters of strategy and operation.



## TRAINING

Training of staff and farmers alike has been an integral part of bioRe® Tanzania Ltd., with more and more emphasis put on training, on soil fertility and on quality issues.

The Participatory Training Method is proving more effective. Farmers are enthusiastically collaborating with our field staff. We never miss an opportunity to give them an opening to learn more. Last year two of our lead farmers were sponsored by us to participate in a national agriculture exhibition in Dodoma to enable them interact with farmers from different areas from Tanzania. We also organized a tour with 10 staff and 10 farmers to visit a partner textile mill in Arusha in order for them to grasp firsthand the importance of quality that we continuously discuss with them. These new gained insights are spread with other farmers and we look forward to harvesting the positive results next purchasing season.

The field trainings and trainings at the village demo plots continued play a vital role.

## INTERNAL & EXTERNAL CONTROL

During the 100% internal inspection carried out from February to May 2010, 12% of our contract farmers were identified as defaulters. The external inspection was carried out by bio.Inspecta from Switzerland from 6<sup>th</sup> June to 14<sup>th</sup> June 2010.

The bioRe® farmers were certified for EU 834/2007 as well as USDA NOP standard.

## SOCIAL ACTIVITIES

Workshop for two women groups were constructed and handed over to respective groups in Mwamishali and Bulyashi. Shallow wells were constructed in different villages. With support from Remei AG, bioRe® Foundation and donors the activities in community development continued fervently.

