

Kwamtili visit report

Peter Boswell

21 October – 3 November 2014.

Overall concept

Peter met Frank Chambo, the TFS District Forest Officer, several times and went with him twice to Kwamtili Estate. The overall concept for Kwamtili Estate is:

- The estate is gazetted as a national forest reserve (i.e., the 2 titles of occupation are relinquished to the TFS). The reserve will probably become linked to neighbouring reserve as a large national park. Kwamtili could serve as HQ.
- It should be noted that the titles have been handed over by the majority shareholder for safekeeping by the UsitawiNetwork Foundation in Switzerland. Peter also obtained Dennis's share certificates that will also be placed in safekeeping. An agreement is being drafted giving the terms under which these documents would be returned (basically returned once payment has been made by Dennis or his successors for agreed expenditures). To monitor expenditures, monies are deposited in a UsitawiNetwork Kawamtili Forest bank account and payments made against receipts.
- Discussion of these arrangements in public, and the possibility of attracting support through a Friends of Kwamtili Forest account, cannot be made until annexation of the estate in the forest reserve is well advanced as there is likely to be opposition.
- There will be a MoU between Kwamtili Estate Ltd and TFS that leaves the commercial rights to Kwamtili to remain with the company. These were outlined in the letter sent by Dennis to the TFS Executive Director as was agreed at the May 2014 meeting with the TFS and others. The rights relate to cocoa production, tourism, spices and similar. One assumes that tenancies will be relinquished.
- Chambo says that tenants will be expelled so the MoU will probably have to protect the rights of those who are in the Kwamtili Group (essentially long-standing staff and workers, 15 in all, see below). Many have plots on Kwamtili and they should be allowed to remain.
- The MoU will become part of the gazette notice that is published for 3 months to allow opposition to gazetting to be registered. So the MoU is an important document.
- The TFS has already started the process of gazetting. Peter and Frank were accompanied by a TFS lawyer on one of their visits to Kwamtili.
- The Kwamtili Group, in exchange for the entire proceeds of the cocoa production (harvesting, upkeep, factory processing, use of factory and factory upkeep, etc) will be responsible for security on Kwamtili. This and other responsibilities need to be clearly laid out in a Group Agreement with Kwamtili Estate Ltd. Once again, this document will be important because it establishes the Group's rights now and when the estate is incorporated into the forest reserve.
- The security aspects of the agreement must ensure that there is no liability on Kwamtili Estate Ltd for security breaches or personal injury. It is anticipated that the Group may hire security guards.
- An inventory needs to be made and referred to in the agreement so that the Group knows what is expected. This inventory must specify the areas (to be marked out by Kwamtili Estate Ltd.) occupied by tenants. Making is with paint and pegs.

- The list of tenants and their payment status must be recovered by Bakari Ali. Hopefully Omari has copies and records. Peter to follow up. Unfortunately Omari, the nominal group leader was not available for Peter's second, more substantial, meeting when he and Frank spoke to 8 group members.
- The Kwamtili Group needs to be properly established. Elections of Chair, Secretary and Treasurer would be normal. It can be registered fairly simply. Frank said that new funds are available from the TFS for such groups working at the local level in forest reserves. An application needs to be made for funds in due course for amounts of typically 50 million TZS.
- The Kwamtili Group will have only rights to cocoa, which is sufficient. The November production was at least 2t and possibly nearer 3t at the end, sufficient for export if this is arranged. Peter authorised the Group to remove the cocoa for storage in Kwamtili Village in the government office as there had already been suspicious activity. The Group needs a letter saying that it is the owner of the cocoa.
- The Group has in total loans amounting to 720k TZS to Magoggo (it seems as a personal loan). This sum was to be deducted by him from the sale proceeds of the cocoa. Group members will now have to settle directly with him.
- Aside from cocoa due diligence and security of named items, the agreement with the Kwamtili Group may include other responsibilities in exchange for payment. This could involve managing tourism facilities (e.g., a campsite with its access and fee collection). It is not clear how items such as this would be incorporated into the gazette notice such that Kwamtili Estate Ltd retains the commercial rights even though the Group is managing forest reserve assets.
- Certainly the MoU and the Group Agreement would need to refer to areas designated, and agreed with the TFS, for commercial activity (spice growing, cocoa, tourism, tenants plots, etc.). The Group Agreement needs to be discussed with the TFS.
- It is envisaged that the proceeds of tenants agreements should be shared with the Group (but as an investment, not a cash handout), Bakari, as a performance bonus, and Kwamtili Estate Ltd.
- Somehow, the Group must report to the TFS about the security situation, at least until the estate is annexed (Peter to look into this).
- Kwamtili Estate Ltd needs to prepare an agreement for 2015 for tenants that remain and rescission notices for the new (2014) tenants, now about 80 Magoggo having not in fact rescinded agreements as announced in July 2014 but added new tenants (about 40). Peter has to prepare these and get them to Jongo for printing who gets Bakari to deliver them, with copies to the Kwamtili Group, the District Council and the TFS (Frank Chambo). It is probably necessary to prepare drafts that can Bakari can discuss with the Group and tenants.
- The TFS wants to recover the road along the Muzi River and extend it. So that inspections can be done. Apparently the bridge over the river is indeed planned, but the access road needs work.
- The TFS envisages that the old cultivated areas would be converted to teak plantations and similar.

Prices

For the record, the coca sells for 250 TZS a kg locally and maize for 24-25k TZS locally (and much the same as for the price in Tanga). One tonne of cocoa bean is equivalent to about 17 bags. An Arab trader is apparently paying 5000 TZS for cocoa.

Bank accounts

The two Kwamtili Estate bank accounts at the CRBD Bank, Tanga Branch, are 45267400 and 44547200. They have minimum balances or close to this with no transactions for the last two years or so. Dennis says he is the sole signatory with Magoggo able to sign in his place (but not a co-signatory). Dennis would need to check in person if the accounts are still active. Peter spoke to Godwin Mhina, Manager Business Banking, about all this. Peter told Jongo that no transactions had taken place. Otherwise no action needed (Dennis leaves the accounts dormant).

Annual statement, annual provisional tax returns and registration

Peter met Abdallah Jongo and agreed that he would bring Kwamtili Estate Ltd up to date regarding taxes and registration. His normal rate for each item is 500kTZS per year. I gave an advance of USD 500 (receipt received) and signed a letter saying that his firm (Kada and Associates) is appointed as the Auditor. I will negotiate in due course a fee somewhat less than the 500k TZS per item.

Jongo will send in provisional tax returns for the 3 years missing (2012, 2013, 2014) and establish the tax position with the tax authorities. There had been a newspaper notice that failure to complete registration would lead to removal of companies from the BRLA register so we have been lucky in acting in time to avoid deregistration.

For the annual statement Dennis needs to send in a Managing Director's Report (Peter to organise). The statement has a profit and loss statement which Jongo can cook up and an Auditor's report. The statement is attached to the final annual tax return.

Maybe the Kwamtili Estate Ltd registered office should be at Jongo's office. Peter to consider.

Local cocoa producer

Frank Chambo mentioned that a local association is producing up to 150 t of cocoa annually. He does not know which sort but offered to obtain a sample. The contact is khalidmsanqi@gmail.com and the association is Jumuya ya Wakilimu wa kilimo hai Usambara Maskariki.

Bakari Ali (Dennis's brother-in-law)

It was agreed with Bakari Jnr that he would go out to the estate twice each month. He would be paid expenses (15000 TZS for buses and motorcycle from Maramba) and a fee that needs to be agreed with Laetifa. As an indication, Jongo's secretary is paid 150k TZS monthly and a housemaid typically 100k TZS. He was paid by Peter 40k TZS to cover expenses for 3 recent trips.

We need to draft a short description of tasks. Peter's proposal is that he is not given a management position in Kwamtili Estate Ltd, at least at this early stage, but acts as an independent with the title for something like "Advisor to the Board" under a short agreement, limited in time.

For reporting, it was agreed that when he meets the Kwamtili Group he will discuss with at least 5 members and not just a self-appointed "Leader" such as Omari. He would then report back to Dennis, probably through Latifa.

For rent collection, Kwamtili Estate Ltd, not the Group, will be responsible for collecting rent. The immediate task is to arrange the sale of the maize in storage at Kwamtili.

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For tenants, he will in due course have to deliver notification letters informing the new (2014) tenants that their tenancies end next year as well as tenants' agreements for the remaining tenants for 2015. Peter has to prepare these documents which will be printed by Jongo and made available to Bakari by Jongo.

Bakari was given a stamped receipt book (the new Kwamtili stamp is with Jongo, together with a second receipt book).

Bakari also needs copies of the letters sent to Magoggo. Peter asked Jongo to send copies to the Mkinga District Council (Peter to check this was done). It was agreed at the May meeting that Kwamtili Estate Ltd would do this.

Local projects

The only significant local project is a 3-year KOIOCE project on buffer zones (2 years left).

Cut firewood stacks

Peter said to leave this. Frank supported. In total we estimate that about 5 trucks of firewood were removed over 2 months at 60k TZS per truckload, equivalent to 2.4 million TZS which presumably Magoggo pocketed.

Frank Chambo

Peter has asked Frank to send CV, collaboration contacts (institutes/centres the TFS has worked with in Europe, and ideally in Switzerland, the UNESCO Usumbara eco-tourism report and the name of the KOICE lady who is the contact in Dar, and the cocoa sample.

Kwamtili Group

The named persons are:

- Omari Ramadhani (>10 y on Kwamtili)
- Stiren Kalulu (lives at Churwa village, not Kwamtili)
- Attusima Seif (>10 y)
- Theresia Iddi Mgunya (>10 y)
- Mohamedi Andrea (>10 y)
- Salima Kafi (Churwa) (>10 y)
- Hassani Iddi (>10 y)
- Salimu Kibwana (>10 y)
- Fatuma Ramadhani
- Rafael Francis (Churwa)
- Sebarua Vincent (Churwa)
- Mariam Abdala
- Fatuma Iddi (>10 y)
- Mohamedi Rajabu
- Janette Jumia

The principles for the group that need discussing are:

- All are equal and all work in the cocoa;
- Chair, secretary and treasurer elected;
- Bakari interfaces with entire group if possible and not less than 5 members (an certainly not with one "leader")
- Kalalu must be removed (he was "appointed" by Magoggo (we have a letter signed by Magoggo as "Acting MD")
- It is eventually constitute as an official group.
- There is an agreement with the Group and Kwamtili Estate limited.
- The Group knows nothing about the proposed annexation into the forest reserve.