

EAST AFRICAN TEA TRADE ASSOCIATION

**FINAL VALIDATION REPORT
ON THE PROPOSED AUCTION MANAGEMENT INFORMATION SYSTEM
PROJECT**

3rd September 2012

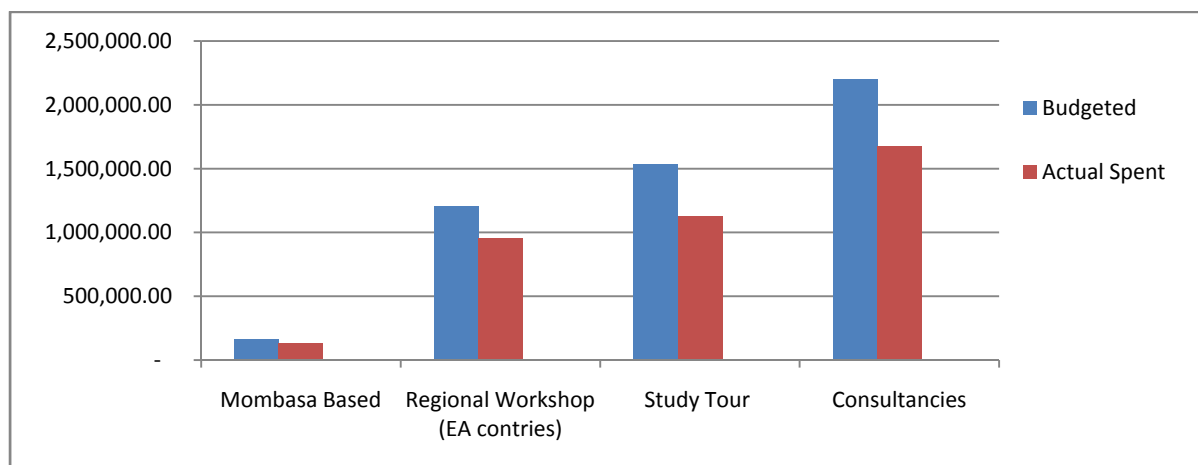
1.0. Executive Summary.

The Board on its 10th sitting approved the ICT Committee to carryout sensitization and seeks consensus / buy-in from all its members on the implementation of the proposed AMIS project. EATTA has been in communication with stakeholders on the possibilities of implementing the AMIS project.

Over the period of April – August 2012, EATTA has been conducting sensitization workshops to all its focus group (Brokers, Buyers, Warehouses, and Producers as indicated on the table below.

#	Date	Stakeholders Workshop	Location	Status
1	26/04/2012	Tea Broker Association	Mombasa EATTA	Completed
2	10/04/2012	Tea Buyers / Packers Association	Mombasa EATTA	Completed
3	25/05/2012	Tea Warehouse Association	Mombasa EATTA	Completed
4	15/06/2012	Rwanda Tea Association	NAEB Offices	Completed
5	20/06/2012	Uganda Tea Association	Kampala - Golf Course Hotel	Completed
6	13/07/2012	Kericho Tea Producers, Kenya	Kericho - Rays Place	Completed
7	18/07/2012	Nairobi, Kenya	Hilton Hotel, Nairobi	Completed
8	27/07/2012	Nyeri,– KTDA East of Rift region factory	Green Hills Hotel	Completed
9	10/08/2012	Tea Association of Tanzania	New Africa Hotel - Dar es Salaam	Completed
10	23 rd & 24 th 08/2012	E-auction Demonstration / Validation Workshop for All Members	Mombasa EATTA	Completed

Table 1: Project Progress status



Graph 1: Budget Vs Expenditure Analysis

2.0. AMIS PROJECT VALIDATION WORKSHOP

The Managing Director introduced the validation workshops objectives by explaining the genesis of the project and workshop expectations. He also presented the executive summary of the AMIS project and to the membership for deliberation. *See Appendix E.*

Each membership category presented their submissions on their position on the implementation of E-auction project giving the reasons FOR or NOT favoring the introduction of electronic auctioning.

2.1. Voting

Members agreed to vote so as to decide on whether as an industry EATTA should implement the Auction Management Information System as proposed or NOT. The voting was done by all members present and it was agreed by a larger majority, that Members do not want any change of the current outcry system “Hammer”.

Some of the highlighted reason on the submissions included;

a. **Reasons for NOT FOR** (*See appendices 1A, 1B, 1C & 1D*)

- The need to rethink the AMIS proposal and break it down to smallest phases and target automation of all other redundant processes.
- The need to phase the initiative by automating only the major processes that are not yet automated but the hammer (outcry) should remains as it functions.
- The Cost of implementing the project should have been well explored and explained to the stakeholders as this was one of the fears of members.
- Brokers to automate and avail auction and post auction data to EATTA for analysis and report generation.
- Any directive from regulatory body should not be communicated as an intimidation/scare to the membership but should be made as information guidance.
- Before any projects are initiated and executed membership should be informed and the committee involved should gain consensus / buy in from all.

b. **Reasons FOR**

- **KTDA** felt that it has done major automation from farm to factory to warehousing and its management systems and the only part that is remaining is the auctioning processes. According to KTDA it spends a lot of farmer’s money to pay casual clerks to rekey in the auction data which should be captured and submitted online once the auction is completed. They agree that the project should be phased out to accommodate other members who are not fully automated. (*see attached appendix 1D*)
- **James Finlays** and **Sotik tea** felt that EATTA should automate live capturing /recording of data and information , but said NOT replace Hammer with the Mouse (*see attached appendix 1D*)

c. **Voting Outcome**

- The Stakeholder agreed to retain the current Manual Outcry Auction System and NOT replace it with the electronic platform (E-auction) BUT allow any other relevant automation of processes Pre and Post the auction.

3.0. Way Forward

The members agreed and proposed EATTA to perform the following;

3.1. Conduct Feasibility Study

- To carry out feasibility study and identify the all business processes along the chain to quantify the automation levels for consideration.
- To present the proposed redundant processes and need for enhancement to be automated for members acceptance and approval before any execution.
- To propose and Implement relevant automation with the view of guaranteeing transparency i.e. install CCTV cameras and stream live proceedings via website to all producers.
- Seek funding from donor organizations for automation of the proposed processes. e.g. EATTA owned Tea payment System.
- EATTA to review AMIS sensitization report and identify all learning lessons emanating from report and design further internal public relation (PR) programs to enhance EATTA members' capacity both technical and commercial.

4.0. Attachments

Appendix 1 A: Tea Buyers Association Position

Appendix 1 B: Tea Brokers Association Position

Appendix 1 C: Uganda Tea Association Position

Appendix 1 D: Tea Producers Position

Appendix 1 E: MD Remarks AMIS Validation Meeting

Appendix 2 A: Executive Summary to AMIS Project (Sensitization) Final Report

Appendix 2B: AMIS Project (Sensitization) Final Report (To be Circulated on Mail and uploaded on the Web portal)

APPENDIX 1 A: TEA BUYER ASSOCIATION

MEMORANDUM TO THE BUSINESS DEVELOPMENT, STRATEGY AND TECHNOLOGY COMMITTEE

TEA BUYERS ASSOCIATION POSITION REGARDING INTRODUCTION OF E-AUCTION SYSTEM

The Tea Buyers Association held a meeting on Thursday 9th August 2012. During this meeting the buyers deliberated on their position in regard to the e-auction platform proposed as part of the AMIS project. It was agreed that the position the buyers would be determined by a vote. By an overwhelming majority the buyers voted to reject the implementation of e- auction as part of the AMIS project. The Buyers Chairman formed a working group to prepare a memorandum that will be presented to the Business Development, Strategy and Technology Committee of EATTA.

Resulting from the 5 year strategic plan of 2006 it was proposed that EATTA would automate the auction system. There has been a lot of activity carried out as part of this initiative including a feasibility study that was carried out in 2010; various committees have been formed to look into the introduction of the e- auction.

The Tea Buyers had not had an opportunity to sit together and agree on a common position on whether they wanted an e- auction system or not until the meeting of 9th August. Whereas the Tea Buyers are of the view that technology advancement is beneficial, the e-auction platform raises a lot of concern among the buyers.

Reasons against the e- auction system

1. Transparency

The Tea auction is a public sales in which a bidder offers an increase in price over another and what is sold goes to the highest bidder, the open outcry system fulfills this requirement more than a computer because when the bidder is visible it fulfills the "public sales" part of the auction definition and the very name "open outcry" denotes openness therefore transparency while bidding through a computer that openness is lacking because the bidder is unseen. The proposed electronic system misses out on the human interaction that is crucial when a buyer is making a bid.

2. E- auction will work against price discovery mechanism

The main advantage of open outcry is that buyers can read the body language and facial expressions of other buyers. This intangible information is essential for many of the traders on the floor. Being able to see a buyer's anxiety or excitement offers much more than watching a chart on your computer.

3. E- auction will work against market discovery mechanism

Similarly, the open outcry system enables two buyers selling to the same market to openly compete with each other. The e-auction model presented does not provide that opportunity as

all bids are captured through a computer system and the bidders will not know who they are competing with in the auction.

4. Risk of failure of technology (power outages, network failures)

A major concern of the buyers is that challenges such as power outages and network failures can disrupt the auction. Mombasa is prone to power fluctuations and without a generator that provides uninterruptable power supply the auction would be affected. The reliance of high speed internet connectivity is also an important requirement for the e-auction to perform optimally. The level of infrastructure required to make such a system operate flawlessly is not currently available to EATTA.

5. Lack of technical capacity to implement the project

The e-auction system will require a level of technical expertise for routine maintenance and repair work that may not be readily available.

6. Ergonomics concerns

Typically the auction runs for eight hours on the main auction day. There are no health breaks throughout the course of the day. Making a buyers sit in front of a computer screen for that long is a health hazard.

7. Efficiency of the system

The e-auction has the risk of introducing inefficiencies instead of reducing it. The open outcry system has been in use in the Mombasa Auction for more than 50 years. It takes many years of experience for a buyer to develop the skills required to get the best possible price for each purchase. The inefficiencies may cause producers to be required to pack their teas in larger sizes to get them to go through the auction as quickly as possible.

8. Unknown factors such as long term costs and liabilities

There are very many unknown variables that have not been addressed that need to be looked at before the buyers are comfortable to embrace the e-auction platform. These include;

- a) Who will implement the system
- b) How much will it cost to implement it
- c) Who will own it
- d) What will be the running costs of the system

So far these questions have not been addressed. The tea industry will require a lot of reassurance that the system will not add another cost burden considering that the auction already is seen to be expensive.

9. Comparison with India

Using the India experience in implementing the e-auction is wrong for various reasons. The e-auction system was introduced by the Indian Government to stem the problem of tax evasion by buyers. This was not an industry driven initiative. The overwhelming majority of tea traded in the Indian auction is for domestic consumption, not for export. The Mombasa auction centre is primarily for the export market. The dynamics are totally different

Way Forward

Buyers are not against automation of various processes in the tea auction system. Some of the benefits promised in the e-auction system can be achieved through interventions as proposed;

Real time access to accurate data

Buyers want to have access to accurate data relating to the auction on a real time basis. This can be achieved by introducing a system where the data is captured as the broker is selling tea by the two supporting people who assist the broker capture the sale details into the catalogue. Instead of capturing the details manually the data can be input into a computer connected onto a screen displayed in the auction room. The data will also be captured on a server so that the secretariat will be able to provide updates of the auction as it is happening and will also be able to provide accurate reports at the end of the day.

This will reduce redundancies of each buying company entering the same data. This can be centralized at one entry point and will cut the costs for the buyers.

Webcam camera to enhance transparency

Producers have on many occasions raised concern that they would like to know how the broker is performing in selling their tea. A camera can be set up in the auction room that captures the trading. The footage can be fed live through the internet onto the EATTA website and through password restricted remote access producers will be able to follow what is happening in the auction. This brings about a level of transparency in the Mombasa Auction Centre.

Conclusion

No business can operate in an environment of uncertainty. This is particularly the case where the uncertainty relates to how the business accesses the products it trades in. The implementation of the AMIS project has been handled with very little light shed on fundamental aspects such as the cost and ownership. This is the reason for a lot of suspicion among the members. Another reason for the uncertainty is the fact that the only other auction that the e-auction platform has been implemented has not been a success. Appended to this memorandum is an article making reference to a report by a Parliamentary Committee where it explains in detail the challenges that the users of the e-auction are having with the system ***Appendix I***.

It is our view that the implementation should be stopped and an open forum is conducted where all stakeholders are invited to deliberate on the way forward.

On behalf of all buyers

Chairman, Tea Buyers' Association

APPENDIX I

Review tea auction system, says Parliamentary panel

SANTANU SANYAL



KOLKATA, AUG. 14:

The department related Parliamentary Committee on Commerce, in a report on the tea industry submitted to Parliament a few days ago, has urged the Commerce Ministry and the Tea Board to take a fresh look at the tea auction system in general and the e-auction system in particular.

The committee feels that the present auction system does not always guarantee remunerative prices to growers who often find it hard to pass on the cost to consumers once tea is offered at auction where prices are determined by free interplay of market forces.

The electronic auction system on the other hand, the committee notes, causes problems for sellers not connected electronically and access to computers and Internet is a problem in many parts of the country. The committee has, therefore, urged the Commerce Ministry and the Tea Board to “revisit the present e-auction system and come out with an optimal solution”.

The committee has expressed grave concern over the Commerce Ministry’s “unpreparedness” to deal with unscrupulous exporters importing cheap tea from other countries and re-exporting it without any significant value-addition under false certificates as Tea of Indian Origin, thus, eating away at the value of Indian tea by undercutting. It, therefore, suggests strict monitoring system for tea for exports and import of tea for exports. Also, utmost care must be taken in regard to issue of licences in this regard.

The committee, comprising more than 40 members both from the Rajya Sabha and the Lok Sabha and headed by Shanta Kumar, was constituted in August 2011 and it submitted its report to Parliament a few days ago.

The committee has noted with concern that between 2007 and 2010, the country's tea production steadily declined from 986.43 million kg to 966.4 mkg, whereas during the same period China's production increased from 1,140 mkg to 1,475 mkg. The gap in production between China and India thus widened from 154 mkg to more than 500 mkg during the period.

The age profile of our tea bushes is another area of concern. An estimated 37 per cent of tea bushes are more than 50 years old whereas in Kenya younger plantations account for more than 70 per cent of the total tea area and in Sri Lanka it is 68 per cent. In Vietnam, the entire tea area is not more than 20 year old, whereas, nearly one-third of China's tea bushes are less than 10 years old. The special purpose Tea Fund created by the Tea Board in partnership with the Commerce Ministry, it is felt, needs to be recast to meet present-day requirements.

The share of Indian tea in the world market declined from 48 per cent in the 1950s to 12 per cent in 2011. One major reason for this is growing domestic demand. But apprehensions have also been expressed over tariff reduction and tariff removal by according Most Favoured Nation status to Sri Lanka and signing of Free Trade Agreements with ASEAN countries.

Assam, West Bengal, Tamil Nadu and Kerala are the four major tea producing States and the committee is upset to note that tea production in States other than these four has not developed. "It is saddening to see that tea growing region remains by and large unchanged since the pre-Independence days and, even after 65 years of Independence, the Tea Board has failed to ensure addition of new areas under viable cultivation in a significant manner," the report adds.

APPENDIX 1 B: TEA BROKERS ASSOCIATION

The Brokers Position on the Electronic Tea Auction

The EATTA Ltd Company proposed in its strategic paper that the tea auctioning process would go electronic by the year 2013.

Under a system christened AMIS , all operations including the price realization of the teas going through the auction would be electronic.

The question of the benefits that such a move would bring to the stakeholders prompted the brokers who are charged with the task of price realization to research on the gains / losses that would emanate from such a move.

The brokers funded a fact finding mission to India, the only country in the world that runs tea E-auctions. This was aimed at enabling them to answer the many questions that started coming from some producers and some buyers on the way forward.

The team also visited SriLanka a key tea producing country with key IT skills but which has yet to adopt electronic auctions .

A team from the ICT committee including the independent Director/consultant /AMIS workshop trainer made a similar trip after the brokers.

The brokers report is annexed.

The brokers have held two open workshops with the trainer and can now put forward their observations as follows:

- The tea selling process is already over 90 per cent electronic. Most of the pre-auction processes and the post auction processes are being handled electronically
- Reports and data emanating from the auction sale process are readily available to the stakeholders.
- Data collection and analysis is important but is a secondary and not a primary aspect of all the stakeholders in the tea business.
- The producer expects to achieve the maximum price possible for the teas offered in the auction in the most transparent and competitive manner which the current system achieves.
- The buyer expects a fair and open market competition regardless of his/her size or influence.
- The broker would like to be able to exhaust the market market price potential for the teas traded through the auction.

For the purpose of IT, data processing will be faster .However, efficiency can only be qualified if the main objective of the business is met. Realizing the highest price for the producer and offering the teas to the buyers openly for fair competition is the main role of an auction. If any of these aspects is compromised, then the test on efficiency fails.

The Indian Darjeeng teas have to date not been put through the e-auction, with the reason being that the bids can sometimes go too high and way out of the electronic auction bid timings.

Such scenarios are repeated every other week in the Mombasa Auction center.

Workshops.

The constituent's classes of the EATTA membership are unclear about the motive behind rush to an electronic tea bidding platform.

A buyer's session will be told that the brokers and producers have owned up the AMIS, a broker's session will be told that the buyers and the producers have owned up the system while the producers are told that the buyers and the brokers have owned up the system.

Change will only be worth if it adds value to the stakeholders and not on who owns or does not own the same.

As brokers we welcomed and assisted in the development of the electronic tea payment system because it enhanced efficiency and had no effect on the true and fair price realization which is any broker/ buyer/producers goal. Hence this section of the membership cannot be purported to be opposed to change. It is the erosion that the system would bring on the tea prices, employment and potential cartelization that we foresee.

The cost burden of acquisition and the long term maintenance may in the long run overtake the stakeholder's returns.

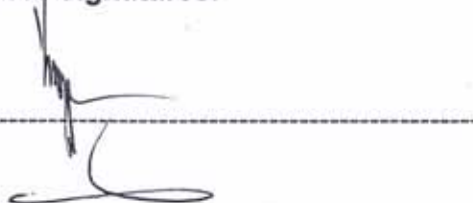
IT is an enabler but not a core business of the tea industry and should only apply where it adds value.

Over 90% of the auction data and information processes are already automated .We do not see the value that the purported AMIS electronic auction bidding system will add to the tea business.

In confirmation of the above we the below listed members of the EATTA Tea Brokers association append our signatures:

Signed:

AFRICA TEA BROKERS LTD

A handwritten signature in black ink is written over a horizontal dashed line. The signature is stylized and appears to be a cursive name. The line extends to the right of the signature.

ANJELI LTD

[Handwritten signature]

BICORN EXIM LTD

[Handwritten signature]

CENTRELINE TEA BROKERS LTD

[Handwritten signature]

CHOICE TEA BROKERS LTD

[Handwritten signature]

COMBROK LTD

[Handwritten signature]

PRUDENTIAL TEA BROKERS LTD

[Handwritten signature]

TEA BROKERS EAST AFRICA LTD

[Handwritten signature]

UNION TEA BROKERS LTD

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VENUS TEA BROKERS LTD

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INDIA/ SRI LANKA BROKERS' STUDY TOUR REPORT – 19th **January to 3rd February 2012**

Executive summary

The Tea Brokers Association, in its role as the custodian of the producers and buyers in the auction system felt duty bound to study the e-Auction system deeper. In its quest to understand and support the implementation of the proposed e-Auction, an ad hoc committee to study the auction system was appointed. Ultimately, the ad hoc committee was to visit India and Sri Lanka to see the auction systems in place and interview users to capture their experiences.

Members of this team (Ad hoc committee) included Mr. Patrick Kingori (Centreline), Mr. Sam Otieno (Choice) and Mr. Francis Muteria (Bicorn).

The study tour to India and Sri Lanka sought to investigate the alternative auction systems practised in the two countries. India has adopted the e-Auction. Some segments of the trade in Mombasa indicated that Sri Lanka too was said to have adopted the e-Auction. Facts were therefore to be established in the course of the study tour. Pros and cons of the adopted auction systems were to be cross-examined. The team would also endeavour to get the validation of the adopted system in the respective countries.

Kolkata Auction Centre in India, and Colombo Auction Centre in Sri Lanka were visited. The team adopted individualised companies approach in administering its interviews. This is as opposed to invitation of respondents in a forum under one roof where there is a tendency of getting spineless answers as respondents avoid friction with authorities and other stakeholders. The questionnaires were personally administered by the team to ensure the sampled respondents were the ones supplying the data and providing any clarification, probing and prompting of appropriate responses in the questionnaires. This ensured a good return rate of the questionnaires.

The main factor considered in determining the sample size was the need to keep it manageable enough. This enables the team to derive from it detailed data at an affordable cost in terms of time, finances and human resource. Those interviewed in India included:

- Representatives of the Tea Board of India, Including the e-Project Advisor,
- System developer- NSE IT,
- Representatives of Calcutta Tea Trade Association,
- 3 Large Producers cum Packers,
- 1 Large Producer cum Exporter,
- 1 Large Producer,
- 1 Large local market Buyer,
- 1 Large Broker,
- 1 Medium sized Broker

Tea Brokers Association India/Sri Lanka Auctions Report

In Colombo, Sri Lanka, the respondents were:

- 3 Large Brokers
- 2 Large Buyers

In order to assure the respondents that all information submitted will remain anonymous, and will be used purely for the purpose of this study, the names of the respondents and their companies shall be undisclosed.

Live auction sessions were witnessed by the team in Kolkata- India and Colombo- Sri Lanka.

Information disclosed to the team revealed that India has adopted the e-Auction platform to a certain degree. Sri Lanka maintains the manual auction system. Different stakeholders had different expectations of the auction system adopted by their respective countries. The actual experience of the two auction systems will be enumerated later in the report.

Interestingly, in spite of an e-Auction system in Kolkata, Brokers were observed to be prompting buyers to bid up to meet at their reserve price.

Attempts to establish the cost of the e-platform was futile, as all respondents were elusive in their answers. What remained clear is the Government of India has finance the development and support of the e-platform.

Whichever the auction method that was to be adopted, both India and Sri Lankan governments were keen on establishing an effective way to monitor their respective tea trades to facilitate effective revenue collection.

Rationale for the study

This document gives the team's findings of the actual auction experiences. It endeavours to give the advantages and the disadvantages of the different auction set up in light of the fact that EATTA intends to embrace an e-Auction. It attempts to answer the following questions:

- a. What are automation levels in the Indian and Sri Lankan tea industry?
- b. What are the established indicators of efficiency due to automation function?
- c. What is the relationship between automation and impacts tea prices?
- d. What is the effect of automation on income to the tea farmers?
- e. What are the advantages of an e-Auction over Manual or vice versa?

Objectives

The aim of going e-Auction in India was:

- To provide a platform that enables stakeholders to access the auction application from anywhere
- To reduce transaction cost and auction time
- To establish a robust price discovery mechanism

Tea Brokers Association India/Sri Lanka Auctions Report

- To ensure a quantum increase in the transparency of the overall trade
- To increase the quantity of tea sold through auction as opposed to private sales
- To provide real time information to stakeholders at every stage of the auction
- To realize a faster means of settling trading transaction dues in real-time

Perceived Benefits

The following were the perceived benefits to various stakeholders of the tea industry in India, with the adoption of the e-Auction:

To Buyers:

- Immediate availability of auction catalog after publishing date enabling buyers to plan and build their "My Catalog" much before the auction date
- Enabling buyers to judiciously place bids via the real time buying plan v/s actual purchased data tool
- Ability to monitor multiple lots simultaneously via features like auto bids and parallel bidding
- Identify a trend in the demand and pricing of various marks vis-à-vis other similar comparable marks via post-auction information
- Faster settlement process via electronic movement of contract note and delivery orders

To Producers:

- Ability for over 159,000 tea growers located in different tea growing states in India to view the auction sale information in real time
- Ability to know which specific mark / grade commands a premium via post auction reports available at the click of a button
- Realizing better prices by producing more of the right mark/grade tea via knowledge of mark/grade premium
- Identify a trend in the demand and pricing of various marks vis-à-vis other similar comparable marks via post-auction information
- Faster settlement process via electronic movement of contract note and delivery orders

To Brokers:

- Ability to begin lot tagging, sampling and sample delivery process much in advance and thereby effective planning of the auction catalog via information available in the "Kutch Catalog"
- Ability to revise the "Base Price" and "Valuation Price" based on the demand / supply and other sentiments till 24 hours before the auction day
- Ability to control the "Reserve Price" to knock down lots
- Ability to monitor multiple lots simultaneously via features like single button knockdown
- Identify a trend in the demand and pricing of various marks vis-à-vis other similar comparable marks via post-auction information
- Faster settlement process via electronic movement of contract note and delivery orders

To the Government:

- Access to sale information
- Easy regulation of auction participants
- Ease in administration of levies, taxes and duties.

Tea Brokers Association India/Sri Lanka Auctions Report

Findings and Business context

The Study

The underlying fear of many respondents was reprisals from the Government (Tea Board of India) for any negative publicity of the e-Auction system. This is in recognition of the fact that the Government of India funded the development and is still financing support of the e-Auction. The developers, NSE-IT are a subsidiary of the National Stock Exchange, which is a Government institution that oversees stock trading.

Sri Lanka on the other hand adopted manual auction. Through a Government (Tea Board) directive, 99% of tea is traded through the auction. The balance 1% or less that is traded through private contracts which must seek Tea Board's approval before being allowed.

Both the Government of India and Sri Lanka were looking at ways to monitor the tea trade in their respective countries. It is important to note that over 85% of tea produced in India is consumed locally (within India); while over 90% of tea is exported in Sri Lanka, making tea the leading foreign exchange earner for Sri Lanka.

The Tea Industry in both countries is under the Ministry of Commerce.

Genesis and Implementation of the e-Auction

Prices at the primary end of the market had fallen to an all-time low in 1999/2000. Those at the secondary end (retail) were stable, as the producers observed. They petitioned the government to intervene, through tea board.

In 2005/6, a model of e-Auction was introduced in various Tea auction centres across India. This had been developed by a company known as Accenture Ltd. It was modelled along the existing manual auction system at the time. Besides slowing the auction down, it was not found to add real value to any stakeholder- Producer/Auctioneer/Buyer- and was therefore disbanded.

The Government of India, through the Tea Board then engaged Prof. Madhwar, a consultant and an expert on auction systems to study the auction system, and come up with a solution. In Prof. Mawadhar's opinion, a good auction system must deliver a "fair" price for a product. It should be noted at this stage that "fair" is not necessarily "high". A fair price must reflect a true and sustainable value for any commodity and reflect it in its price, including tea! A fair price must be fair to both the Buyer and the Producer/Seller.

Extensive fact finding was conducted in 2006, with much stakeholder participation through interviews. It was also in the mind of the researchers that IT had rapidly grown and presented a window of opportunity. Many commodities in India- such as equities, spices, sale of second-hand cars, etc- were already using e-Auction successfully.

The greatest challenge then, and which still exists today, was the "change of the mind-sets."

Tea Brokers Association India/Sri Lanka Auctions Report

The expected advantages of the system were:

- ✓ Participants can participate from anywhere as the platform is internet based
- ✓ Direct participation of as many participants as possible. There are no limitations such as the size of the auction hall or the broker's ability to take bids from 1000 bidders.
- ✓ Parallel bidding by buyers is possible, i.e. buyers can pick all lots interested in at a go and concurrently from all the auction centres.
- ✓ Influence of price by the previous lot's selling price is not possible. Each lot is sold independently through randomization of lots. "go on..."dies off.
- ✓ Each lot realizes its price based on its demand against supply; quality and buyer requirements.

A directive was issued by the government of India through Tea Board. There was initial buyer resistance since the buyers felt the system was tilted towards the producers. Brokers did not have a choice as they had to do what the producers wanted.

Extensive training of all users was conducted for up to 6 months at all auction centres.

The e-auction first started in South India auctions. The system was 'cut and pasted' into North India auctions.

Many noted, while the manual mode was good and interactive, today, there is no interface, no interaction in trade, no tea news between buyer with other buyers, or brokers & buyers. There is too much commercialization without meeting in the auction room.

Reported Experiences- INDIA

By Producers

Producers in India who were interviewed felt that the e-Auction was pushed to them by the Government through various legislations. The producers are the driving factor of the selling of their tea. If they say no to e-Auction, then it will fail. The largest producer of Assam sells 100% of his tea through open cry auction on his insistence.

Some producers felt there is reduced competition with the e-Auction. The auction, which has been handling over 60% of total production, has been losing 3-4% annually, but not necessarily because of the e-Auction.

Suspensions of cartelization were strong amongst some producers.

A confidential letter was shown to the team by one of the respondents petitioning the Government through Tea Board to withdraw its requirement of sale of Orthodox tea through the e-Auction. This was prompted by a decline in price of these teas by 40 Rupees per Kg (around 1 US\$) in one year since going e-Auction.

The 14 days prompt period did not change with the e-Auction.

Tea Brokers Association India/Sri Lanka Auctions Report

Other concerns by producers were on high out-lot percentages, particularly in a difficult market. Information revealed to the team showed this goes up to 50%.

Producers of premium quality teas are happy and have gained good prices and sales percentages. Medium and lower quality producers are dissatisfied by the prices and high out-lots percentages.

Many producers have opted to go for private sales, rather than through the e-Auction. This was driven by the need to improve their cash flows following decline in average prices as well as high out-lot percentages. Also quoted as a driver for private sales was the attempt by some producers to avoid scrutiny by the Government on all their sales, basically to evade paying taxes.

Although the system has the advantage of giving real time information and much statistics to producers, many producers were found not making use of it either due to poor connectivity in the Estates or due to lack of interest.

By Buyers

Buyers had to engage IT savvy personnel to buy or sell tea; which in itself is an additional cost. The IT savvy buyer, normally not being the owner of the company as is in the manual auction case, cannot make spot on decision. He depends on instructions from his employer. To justify his relevance to the company, they have commercialized the trade and buy teas at lowest prices possible with the intent to please their employers. This has largely compromised the value for quality.

"The joy of the auction, the joy of tea buying is gone. It is now commercialized...", one interviewed buyer stated.

Buyers expressed their concern over the following:

1. The speed of keying in on the computer gives a buyer advantage over a slow one. Buyers afraid of use of the computer to buy tea normally ask others to buy for them, hence compromising competition.
2. Buyers are also concerned about getting timed out when increasing bids in the last seconds.
3. Time factor (timing out) may form the basis of confusion to a buyer. Many may fail to cover quantity or overshoot as timing puts them under pressure and disillusion. This by extension causes disruption of a buyers blending schedule. To cover this, blenders contract teas from the producers on private sale basis as they endeavour to cover the shortfalls.
4. Orthodox teas, introduced to the e-Auction since sale 30/2011 have not caught up well.
5. Buyer division is not satisfactory.

Tea Brokers Association India/Sri Lanka Auctions Report

6. Access to membership is possible at any point in the world meaning there is potential of loss of clients if they opt to buy directly.
7. The smaller buyers still feel edged out by bigger buyers. A bigger buyer may indicate 0 on share quantity thereby declining to give him a share.
8. The system is intended to obtain the best price from buyers. Buyers felt the system evokes the buyers to pay artificially higher prices when 2 have placed an auto-bid as they tend to push each other to the top prices.
9. Lot numbers do not come sequentially. This confuses buyers bidding.

They were however happy that:

1. Data is available from the system e.g. competitors buying pattern, grades competitors are buying...
2. Mobility- with login ID and password means the system is accessible from anywhere. Many buyers do not now maintain multiple offices.
3. Big buyers can still fix a price.
4. Buyers can now operate centralized offices instead of fully fledged offices in all auction centres. This is a cost saving.

By Brokers

With the e-auctioning, the expertise of an auctioneer may be lost. Broking services will continue being required.

The brokers will continue to provide their services like tasting, valuation. Tea unlike equities is a physical commodity that will need the physical services of a broker. The broker will be there to monitor quality and advice producers of the dynamic market requirements. Other services offered by the broker included:

- Giving an independent quality perception
- reviewing the market trends
- advising producers on market trends
- advising buyers on what is happening in production

He will also be useful to maintain integrity in the system. The broker is the strength between a buyer and a seller. Through a broker, the sample is guaranteed to the buyer. Brokers are well known by producers and buyers over a long period. They command respect due to their professionalism.

2 brokers still sit in the auction room to adjust the reserve price as they monitor the auction. They also prompt buyers for bids when close to the reserve prices.

Tea Brokers Association India/Sri Lanka Auctions Report

Brokers were unhappy with the tendency by buyers to withhold their bids until the last few second before time-out to avoid being pushed by competitors. This compromised price realization.

Backend data revealed to the team showed a progressive decline in the number of active bidders per lot, pointing at reduced auction participation by buyers. There are fears that cartelization has grown boldly behind the IT curtain. Some teas have seen a 40 INR price drop in the last one year.

Other Broker's view on the system was:

- The system is good and straight forward
- It allows brokers to concentrate on key broking business; and not clerical work such as invoicing/accounts sales.
- E-platform does not encounter any interruptions such as funny comments or arguments/clarifications in the auction
- Brokers in the past had a list of buyers who could get D.Os before payment and before prompt. Some could get up to 100% of their D.Os without payment! With their prototype of EBB, this happens no more.

By the Government- Tea Board

According to the Tea Board, e-Auction in India was prompted by the following:

1. Many commodities in India had gone for e-Auction, and the government felt Tea needed to adopt the same.
2. To encourage direct participation by as many buyers as possible from anywhere.
3. It was also expensive in travel to the 6 auction centers and in the need to maintain buying offices in each auction centers. They needed a solution.
4. To reduce Auction time. There are over 500 buyers.
5. To allow "real price" discovery. The practice of a big buyer pushing a competitor's price was felt not to lead to the real price.
6. To allow anonymity in bidding.
7. To reduce duplication of common tasks by allowing immediate generation of auction documents and statistics by the system.
8. To have transparency, basically to monitor tea trade. This would improve revenue collection.

Tea Brokers Association India/Sri Lanka Auctions Report

The Government continues to closely regulate tea trade through the auction. Through gazetted notices, various practices are enforced. For instance, a legal notice seen was made by the government to enforce the clause of anonymity in bidding hitherto not practised in Kolkata's e-Auction during the time of the study tour.

Some producers and buyers opt for private sale arrangements for the following reasons:

- Buyers are taking advantage of lower prices at the factory since they are pegged on auction prices that have nose-dived.
- Producers, who are already earning less in average prices and need to get quicker finances to support their operations. Buyers have used 'faster receipt of funds' as their catch phrase to woo producers into the direct sales contracts.
- Buyers need to top up the auction purchase shortfall for their blends, since randomization of lots has thrown their buying plans in disarray.

To counter the growing trend of growth in private sales, the government intends to have these conducted through the e-Auction system, but as private sales, to facilitate continued monitoring of all tea transactions.

Sri Lanka

Over 99% of tea is sold through manual (open cry) auction in Sri Lanka. This includes tea from producers who may have stakes in some exporting companies. This follows a Government directive through Tea board, enforcing this. Any private sale transaction must be sanctioned by Tea Board.

The idea behind this scenario in Sri Lanka was to consolidate the forces of demand and supply to a specific time and date on weekly basis, for effective price realisation. Available statistics show Sri Lankan black teas continue to fetch highest prices in the world. The table below show the average prices in 2011 in Pakistan market.

PAKISTAN IMPORT STATISTICS

JANUARY - DECEMBER 2011

BLACK TEA							
S/NO	ORIGIN	PKGS	NET KGS	AVG	VALUE US \$	NET KGS	%
1	ARGENTINE	18000.00	1026000.00	1.47	1508158.44	1026000	0.84
2	BANGLADESH	16489.00	941141.40	1.35	1269155.63	941141	0.77
3	BURUNDI	46131	2871106	3.05	8752827	2871106	2.34
4	CHINA	26574	1624223	0.70	1142511	1624223	1.33
5	CONGO	1920	108588	1.95	212141	108588	0.09

Tea Brokers Association India/Sri Lanka Auctions Report

6	ETHIOPIA	7780	445600	1.93	859029	445600	0.36
7	INDIA	363685	23944966	1.39	33385278	23944966	19.54
8	INDONESIA	56187	3318316	2.32	7684517	3318316	2.71
9	KENYA	935753	64124493	3.18	203865582	64124493	52.33
10	MADAGASCAR	1260	71208	2.04	145542	71208	0.06
11	MALAWI	29252	1752243	2.02	3532754	1752243	1.43
12	MOZAMBIQUE	60	3272	0.97	3175	3272	0.00
13	NEPAL	1074	73525	1.51	110763	73525	0.06
14	RWANDA	107370	6948081	2.78	19321276	6948081	5.67
15	S.AFRICA						
16	SRILANKA	18810	1057780	3.36	3557015	1057780	0.86
17	TANZANIA	62787	3650256	1.95	7104462	3650256	2.98
18	UGANDA	83806	4931318	1.99	9798012	4931318	4.02
19	VIETNAM	89343	5268449	1.33	7004319	5268449	4.30
20	ZIMBABWE	5640.00	329760.00	1.56	513345.24	329760	0.27
21	P. N. GUINEA						
22	U.K.						
23	IRANIAN	971.00	39630.00	0.65	25659.90	39630	0.03
	TOTAL	1872892	122529955	2.53	309795522	122529955	100.00

While the mode of auction may not be the only contributing factor in the price realised, it is apparent that in spite of producers getting information on sales, they have not been utilizing it to their advantage.

Sri Lanka intends to automate pre and post auction processes, and leave the actual auction manual.

Conclusion

The e-Auction may have some obvious benefits, mainly reduction in the amount of work and quick flow of information/statistics. It, however, fails to address the most vital factor, i.e. business sense.

The producer is not assured of realising a high price. The term "high" has been deliberately replaced by "fair". A few best quality teas are seen to sell well, but the medium and plainer types remain unsold, and have plummeted in price.

Buyers have no assurance of their business continuity. It must be noted at this stage that trade in India is by the Indian Rupees. It is under control of the reserve bank of India. This gives assurance of being contained within the country. In the case of Kenya, tea sales are by the US Dollar. This is an international currency under control of the Reserve Bank of USA. This opens a window for a Buyer's client registering an office in Kenya for the sake of participating in the auction, but from the comfort of his home in Karachi.

It should also be borne in mind that a company trading from overseas will normally opt to default payment than take a loss in case of a declining market. This has happened in the past with these same companies returning with different trading names.

Participation by companies registered in Kenya but operating from overseas also means loss of tax revenue for the Government.

Tea Brokers Association India/Sri Lanka Auctions Report

Tea is continuously produced and must be sold at the same rate to avoid flooding the market. Going by the out-lot percentages seen under the e-Auction, more thoughts need to be put to the effectiveness of this auction system in making a sale.

Integrity of the system has been put to question. The e-Auction system creates an enabling environment for players working in a cartel behind the "virtual curtain".

Finally, it is important to have a more detailed study of the back end of the existing e-Auction system. Analyse the trend of the number of participants per lot over time. Compare the results with the visibility in their respective markets. Analyse the price trends... The result of such a study will allow an informed decision of the appropriate auction system.

Signed.....

TEA BROKERS ASSOCIATION

APPENDIX 1C: UGANDA TEA ASSOCIATION

POSITION ON PROPOSED E-AUCTION PROJECT

From: George | UTA [mailto:george@utasso.com]

Sent: Friday, August 24, 2012 3:12 PM

To: edward.mudibo@eatta.com; info@eatta.co.ke

Cc: gm@ugandateacl.com; vadera@africaonline.co.ug; prinsloo@tamteco.com; tea@tamteco.com; info@ugandateacl.com; mwera.nkl@iwayafrica.com; mwera.tea@iwayafrica.com; admin.kayonza@ugatea.com; kayonza@ugatea.com; bsingh@mcleodrussel.co.ug; kijurateaco@gmail.com; ssegujjal@yahoo.com; nkawalya@starcom.co.ug; mabaletea@iwayafrica.com; mpangatea@iwayafrica.com; namayiba@yahoo.com; igara@iwayafrica.com; eagletea@utlonline.co.ug

Subject: No to Electronic Auction system for tea

**The Managing Director
EATTA
Mombasa**

Dear Sir,

This is to inform you that we have contacted all our tea producer members concerning the introduction of the E-auction system at Mombasa tea trading centre. A vast majority of them except two have expressed **NO** to the introduction of the system. This they have done after carefully consulting and sharing information about the system.

Some of the reasons given for rejection of the system include:

- Not so well a developed IT system in the country where all the sellers will have access to computers and internet all the time.
- Many parts of the rural areas of Uganda where tea is produced continuously suffer from power black outs
- Likely loss of negotiation advantage of face to face hence the system will reduce transparency
- There seems to be a rush for introduction of the system when not every producer is on board and they wonder why?
- Some Members have made consultations with a country like India and have learnt that all is not rosy with the system there.

Once again this is to confirm that due to majority expression the position of the Uganda Producers is **NO** to e-auction for now.

Kind Regards,

Ssekitoleko G.W

CC. All Members of the EATTA Board

APPENDIX 1D: TEA PRODUCERS VIEW ON E-AUCTION

Country		Company	Representation	Comments
1.	Kenya	Eastern Produce of Kenya	1. Chris flowers	Agrees with the Buyers and Brokers that they do not want E-Auction
2.	Uganda	Uganda Tea Association	2. Purity Mbae	They do not want E-Auction (see Appendix 1C)
3.	Kenya	James Finlay	3. Hilda, Eric and Roberts	They said yes to automation and recording of data and information , but said NO to the Mouse and the retention of the Hammer
4.	Kenya	Sotik Tea	4. Mr. Leakey -MD	They said yes to automation and recording of data and information , but said NO to the Mouse and the retention of the Hammer
5.	Kenya	KTDA	1. Agnes Muriuki 2. Muriuki Karuiru 3. David Mbugua 4. Ken Nyaribo 5. John K. Bett 6. Charles K. Muguzu	The entire team agreed to the introduction of the E-Auction
6	Rwanda	Rwanda Mountain Tea	Nyokahuku Bela Kenge Iruta Charles	NO to E-auction due to Finance / cost of implementing the system vs Benefit to be accrued by producer.

APPENDIX E: MANAGING DIRECTOR'S REMARKS
DURING THE AMIS PROJECT VALIDATION WORKSHOP AT THE AUCTION
CENTRE ON THURSDAY, 23RD AUGUST, AND FRIDAY, 24th AUGUST, 2012

EATTA stakeholders in a Strategic Review Meeting held in 2006 produced a 5 year Strategic Plan (2006-2011), and among the key strategies was the automation of EATTA business processes with a view to enhancing the efficiency and effectiveness of service delivery and auction price discovery.

Since then EATTA has been making various strides towards automation of business processes , key among them has been at Pre-auction and post auction thus the E-catalogue and Electronic Tea Payment in addition to other integration at stakeholder's levels.

As a means of integrating the major processes in the context of Pre auction, Auction and Post Auction, the ICT committee proposed to carry out a feasibility study in 2009 which proposed an AMIS project as an alternative of automating its process.

During the Africa Tea Convention, in July, 2011, H.E the President advised EATTA to embrace two fundamentals, E-Auction and Value Addition at the earliest. Tea Board of Kenya followed up with communication to EATTA copied to the Permanent Secretary for Agriculture to fast track the above.

EATTA has been in communication with stakeholders on the possibilities of implementing the AMIS project. The Board of Directors during its 10th sitting approved the ICT Committee to carry out sensitization and seek consensus /Buy-in from all its members on the implementation.

Over the period of April – August 2012 EATTA has been conducting a sensitization workshops to all its focus group (Brokers, Buyers, Warehouses, Producers) in Kenya, Uganda, Tanzania and Rwanda. All these workshops were ably handled by Ignite Consulting. Reports emanating from all the workshops were equally circulated to all the members. This includes the Final Report from Ignite Consulting comprising of all the various Membership categories and countries feedback.

The workshops offered the members the opportunity to discuss the AMIS Project requirements in light of project charter and in essence:

- Business Case,
- Project Objectives and Scope,
- SWOT Analysis (Opportunities, Threats/Challenges, Weaknesses, Strengths) and
- Critical success factors associated with the implementation of the project.

It is significant to note that yesterday, Thursday, 23rd August, was devoted to Presentations and the mock E-Auction .This has been conducted by a team of three officials from NSE IT, India on invitation by EATTA. Among them is the Associate Vice President, Mr. Krish R.V and the Project Manager, Mr. Tejas Tilia.

We are today in the final stage in which the members shall have consensus or Buy-In on whether to proceed on or not to proceed with the AMIS Project and the way forward. In the eventuality that it is a no-show, then the members shall need to guide the Secretariat on the alternative options.

As part of the process, the ICT Committee comprising of the key representative membership categories, made a visit to some E-Auction centres in India. The Study visit Report was circulated to all the members.

We have received Memorandum from the Tea Buyers Association and members of the Tea Brokers Association. We have today also received a Report from the Brokers on the Study visit to India and Sri Lanka. We have also received the views of a cross section of the Producers from Kenya, Rwanda and Uganda.

I would like to thank you all for availing yourself to this important workshop. Appreciation also goes to our members from Rwanda and Uganda who are present. I welcome your valuable contributions that shall chart the way forward for EATTA in terms of the Auction Management Information System (AMIS) project.

As members of the Association, we should also be aware that Tea Board has options to license another Auction organizer who may be willing to undertake E-Auction.

Edward K.Mudibo

Managing Director

APPENDIX 2: EXECUTIVE SUMMARY
FINAL REPORT AMIS PROJECT
SENSITIZATION.



Executive Summary

PRESENTED BY: NJERI RIONGE

Igniting Human Potential for Personal and Organizational Success

Introduction

The East African Tea Traders Association was formed in 1957 to promote the best interest of the Tea Trade in Africa. The Association's objectives are, but not limited to:

- To promote the best interest of the Tea Trade in Africa.
- To centralize Tea Trade in East Africa
- To establish facilities for the conduct of sale of tea by auction or otherwise.
- To promote close relations amongst stakeholders of the Tea Industry.
- To facilitate the settlement of disputes within the trade
- To collect and circulate tea statistics and to maintain such records.

AMIS

- East African Tea Traders Association (EATTA) is seeking to introduce an E-Auction system known as AMIS (Auction Management Information System) that will enhance efficiency in Tea trading amongst its constituent members. It is with this background that EATTA is sensitizing and collecting the views of each stakeholder within the tea sector.
- Ignite Consulting and Investment Ltd was contracted to design and facilitate a one-day workshops with the various constituent groups in different locations to:
 1. Demystify the AMIS
 2. Understand the role of all stakeholders during and after implementation of the proposed system.
 3. Re-align the stakeholders on processes and member benefits after implementation of the AMIS
 4. Collect and include input from various stakeholders within the AMIS during implementation.

OBJECTIVES

The purpose of conducting an EATTA delegate's workshop on the proposed AMIS was to accomplish the following:

- Sensitize delegates on the proposed e-auction system functionality, benefits, and expected output of the proposed AMIS.
- Gather requirements for the successful implementation of the Auction Management Information System.
- Deliberate and discuss issues arising around Change Management amongst the delegates as regards the proposed system.
- Collect the views of the delegates in different capacities around the tea industries regarding the proposed E-auction system.



CONSTITUENT GROUPS EXPECTATIONS

Igniting Human Potential for Personal and Organizational Success

BROKERS

Expectations and workshop feedback captured from the Tea Brokers on the proposed process:

- Free expression of opinions was key to the success of the final charter for alignment.
- The expectations and the charter should be fully aligned to the Kenyan Tea trade dynamics.
- Open-Mindedness is critical to take care of all the critical issues (Both Technical and Emotive).
- Negative Impact of ICT to Businesses in Kenya needed to be highlighted.
- Willingness to learn was critical (Listening).
- The objectives will be drawn from previous experiences (where has it been done before).
- The process should be ultimately producer driven.
- The brokers are not negative on the proposed system but they want to understand it fully.
- The focus group felt it is critical to have a Business case to understand it better.

17. How do you rate the training overall?

Top number is the count of respondents selecting the option.
Bottom % is percent of the total respondents selecting the option.

	Very Poor	Poor	Average	Good	Excellent
	0	0	2	8	0
	0%	0%	20%	80%	0%

BUYERS & PACKERS

Expectations and workshop feedback captured from the buyers were:

- Free expression of opinions is key to the success of the final charter for alignment. There will be no subjective discussions.
- The expectations from the proposed system should be fully aligned to the Kenyan Tea trade dynamics.
- Member need to be open-minded in order to take care of all the arising issues (Both Technical and Emotive).
- The objectives will be drawn partly from previous experiences (where has it been done before).
- Change management issues need to be tackled.
- Data security issues need be addressed accordingly.

17. How do you rate the training overall?

Top number is the count of respondents selecting the option. Bottom % is percent of the total respondents selecting the option.

Very Poor	Poor	Average	Good	Excellent
0	0	3	15	7
0%	0%	12%	60%	28%

WAREHOUSE OWNERS

Expectations and workshop feedback captured from the buyers were:

- Free expression of opinions was key to the success of the final charter for alignment.
- The expectations and the charter should be fully aligned to the Kenyan Tea trade dynamics.
- There was a need to understand the paperless aspect of the auction on implementation of AMIS.
- There was a need for them to understand the efficiencies that come with implementation of AMIS.
- It was critical for the challenges experienced during the Implementation of AMIS in other countries (E.g. India) to be highlighted.

17. How do you rate the training overall?

Top number is the count of respondents selecting the option. Bottom % is percent of the total respondents selecting the option.

Very Poor	Poor	Average	Good	Excellent
0	0	0	3	8
0%	0%	0%	27%	73%

PRODUCERS - KIGALI

Expectations and workshop feedback captured from the producers were:

- Free expression of opinions was key to the success of the final charter for alignment.
- Understanding price discovery on the proposed system.
- Understanding the commercial benefits of the proposed system.
- Simulation of the proposed system.
- The value proposition of the system to the producers in Rwanda.

17. How do you rate the training overall?

Top number is the count of respondents selecting the option. Bottom % is percent of the total respondents selecting the option.

Very Poor	Poor	Average	Good	Excellent
0	1	3	7	2
0%	8%	23%	54%	15%

PRODUCERS - NYERI

Expectations and workshop feedback captured from the Tea producers on the proposed process:

- Understand the e-Auction ,where it is applied and a Business case to the same.
- Understand how IT can be integrated in the day to day processes in the Tea trade.
- Understand enhancement of transparency in the e-Auction.
- Understand how the various stakeholders in the tea trade will be interacting within the proposed system.
- Understand how robust the system will be to deal with issues of hacking and downtime.
- Understand the controls within the system.
- Understand how AMIS creates more demand for the tea.

17. How do you rate the training overall?

Top number is the count of respondents selecting the option. Bottom % is percent of the total respondents selecting the option.

Very Poor	Poor	Average	Good	Excellent
0	0	0	9	2
0%	0%	0%	82%	18%

PRODUCERS - NAIROBI

Expectations and workshop feedback captured from the Tea Producers on the proposed process:

- To understand the e-Auction.
- The interaction with the other players in the industry
- How standardization will be achieved upon implementation of the system.
- How to deal with seasonal variances.
- How the AMIS adds value commercial (Profit margins).
- They also wanted a day of validation to be clearly stated early for planning.
- How to highlight brand visibility within the proposed system.
- Robustness of the proposed system.

17. How do you rate the training overall?

Top number is the count of respondents selecting the option. Bottom % is percent of the total respondents selecting the option.

Very Poor	Poor	Average	Good	Excellent
0	0	1	6	0
0%	0%	14%	86%	0%

PRODUCERS - KERICHO

Expectations and workshop feedback captured from the Tea producers on the proposed process:

- Free expression of opinions was key to the success of the final charter for alignment.
- Representation from the brokers in the group.
- There was a need to have a Business case to be tabled to them to appreciate business efficiency from AMIS.
- There was a need to understand how the system will lead to a better price Discovery.
- There was curiosity on how when data is centralized it won't be manipulated.
- There was a need to understand how the new system will be integrated with the existing platforms.
- Transparency while using AMIS was also a critical concern.

17. How do you rate the training overall?

Top number is the count of respondents selecting the option. Bottom % is percent of the total respondents selecting the option.

Very Poor	Poor	Average	Good	Excellent
0	0	3	8	0
0%	0%	27%	73%	0%

PRODUCERS – DAR-ES-SALAAM

Expectations and workshop feedback captured from the Producers on the proposed process:

- Understanding how on-boarding an e-Auction affect them as Tanzania tea producers.
- Having a clear Business case that highlights the benefits of AMIS to the Tanzanian producer.
- Understanding the brokers role under the proposed system.
- Understanding how transparency is introduced by AMIS.
- Understanding efficiencies under AMIS.
- Understanding the e-commerce component.
- Understanding the value add of having an e-Auction.

17. How do you rate the training overall?

Top number is the count of respondents selecting the option. Bottom % is percent of the total respondents selecting the option.

Very Poor	Poor	Average	Good	Excellent
0	0	1	9	0
0%	0%	10%	90%	0%

PRODUCERS – KAMPALA

Expectations workshop feedback captured from the Tea producers on the proposed process:

- Free expression of opinions was key to the success of the final charter for alignment.
- Representation from the brokers in the group.
- There was a need to have a Business case to be tabled to them to appreciate business efficiency from AMIS.
- There was a need to understand how the system will lead to a better price Discovery.
- There was curiosity on how when data is centralized it won't be manipulated.
- There was a need to understand how the new system will be integrated with the existing platforms.
- Transparency while using AMIS was also a critical concern.

17. How do you rate the training overall?

Top number is the count of respondents selecting the option. Bottom % is percent of the total respondents selecting the option.

Very Poor	Poor	Average	Good	Excellent
0	0	2	6	3
0%	0%	18%	55%	27%



CONSTITUENT GROUPS FINDINGS

Igniting Human Potential for Personal and Organizational Success

FACT SHEET

Buyers and Packers	<ul style="list-style-type: none"> • Enhancement of ICT capacity needs to be implemented through workshops. • Awareness, consultation needs to be encouraged amongst members. • Experience a live session of the AMIS, to understand the practical application. • More time should be allocated for awareness workshop sessions • Enhance current systems to accommodate the AMIS
Brokers	<ul style="list-style-type: none"> • There needs to be enhanced communication amongst EATTA members • Diversification of areas of expertise needs be embraced by members. • All stakeholders need to be improved in all stages of implementation. • Members need to enhance existing ICT systems and technical capacity for the same. • Need to understand Supply Chain Management processes • The attendees appreciated the incorporation of activities to the training sessions to enhance dialogue amongst members.
Warehouse owners	<ul style="list-style-type: none"> • There is a need to understand and appreciate the roles that all other stakeholders play in the auction process. • Improve ICT awareness and use. • Have all stakeholders participate in future workshops • Increase time allocation for workshop sessions to allow for more dialogue • The membership queried the robustness/ security of the entire system.
Producers (Tanzania, Kigali, Nyeri, Nairobi, Kampala, Kericho)	<ul style="list-style-type: none"> • Participants are now more receptive of the AMIS system since they have a better understanding of how it works. • There is need for human and technical capacity building for the successful implementation of the AMIS • There is a need for more awareness/sensitization sessions. • All stakeholders need to be brought together in a similar forum to better clarify all matters arising. • They appreciated the fact that all participants were encouraged to contribute to the sessions.

RECOMMENDATIONS

As a follow-up to the entire process over the past several weeks, we (Ignite Consulting & Investment Ltd) would recommend the following:

1. The EATTA management should organize a forum where all stakeholders can come together and share the outcomes of the separate group sessions, also, to understand each group's challenges and receptiveness of the proposed system.
2. ICT capacity building workshops need to be conducted so that the members can utilize the proposed system to the maximum.
3. A live demonstration of the proposed AMIS to enhance understanding/appreciation needs to be organized.
4. There is a need to conduct usability workshops and develop training manuals for all stakeholders to ensure maximum utilization of the system after implementation.
5. Involve a representation of all stakeholders in the testing phase to rule-out mistrust and miscommunication.