THE WAREHOUSE RECEIPTS SYSTEM OPERATIONAL MANUAL

MADE UNDER SECTION 6 OF WAREHOUSE RECEIPTS ACT NO. 10 OF 2005

VERSION TWO

DAR ES SALAAM,
Year 2013
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ACKNOWLEDGEMENT

This document is the result of collaborative efforts between the Tanzania Warehouse Licensing Board (TWLB) and the Strengthening of Warehouse Receipts System Project (SWRSP).

TWLB would like to express its gratitude to all who have assisted in preparing this manual. In particular: the TWLB project and staff team, various stakeholders including farmers, warehouse operators, warehouse inspectors, financial institutions, traders, government ministries, academic institutions, government and non-government organizations who provided constructive ideas in the development of this manual. We are also grateful to Mr. Fidelis Temu, Mr. Nicolaus Kaserwa, Mr. Joseph Massao and Msafiri Zombe for their constructive technical support in preparing this document.

Much of the material and numbers of illustration presented in this manual have been adapted from various early TWLB reports and guidelines, laws associated with marketing of agricultural commodities and studies regarding Warehouse Receipts System in Tanzania.

Special acknowledgement is made of the funding support generously provided by the Government of Tanzania through the Ministry of Industry and Trade and the Alliance for a Green Revolution in Africa (AGRA)
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FOREWORD

Tanzania Warehouse Licensing Board is the government agency under the Ministry of Industry and Trade. This agency was established under the Warehouse Receipts Act No. 10 of year 2005. With its mission of regulating and promoting the Warehouse Receipts System that ensures a fair and sustainable accessibility to formal credit and commodity marketing systems, is expected to be met by performing its functions of licensing the warehouse business, warehouse operators and inspectors and by administering the system in general. In doing so TWLB aim to reach its vision of being the leading organization in linking commodity producers to formal credit marketing using an effective way and efficient of Warehouse Receipts System.

Since its establishment, TWLB keeps on implementing its functions through legal framework under the Warehouse Receipt Act, Warehouse Regulations, Operational Manual and periodic guidelines.

It is my view that, in efficiency and effective operation of Warehouse Receipts System, this manual helps key practitioners to have a common understanding, knowledge and focus regarding the procedures, their roles and rights in operating this system. It was prepared based on experiences, challenges and success observed during the entire period of operating the system on various crops and geographical areas in Tanzania.

Elizabeth Kimambo
Managing Director
## ABBREVIATIONS AND ACRONYMS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Act</td>
<td>Warehouse Receipts Act No. 10 of 2005</td>
</tr>
<tr>
<td>AGRA</td>
<td>Alliance for a Green Revolution in Africa</td>
</tr>
<tr>
<td>BOT</td>
<td>Bank of Tanzania</td>
</tr>
<tr>
<td>CBT</td>
<td>Cashew Nut Board of Tanzania</td>
</tr>
<tr>
<td>CFC</td>
<td>Common Fund for Commodities</td>
</tr>
<tr>
<td>CP</td>
<td>Certificate of Pledge</td>
</tr>
<tr>
<td>CT</td>
<td>Certificate of Title</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>ISO</td>
<td>International Standards Organization</td>
</tr>
<tr>
<td>Kg</td>
<td>Kilogram</td>
</tr>
<tr>
<td>MAFC</td>
<td>Ministry of Agriculture, Food and Cooperatives</td>
</tr>
<tr>
<td>MIT</td>
<td>Ministry of Industry and Trade</td>
</tr>
<tr>
<td>MT</td>
<td>Metric Ton</td>
</tr>
<tr>
<td>RCN</td>
<td>Raw Cashew Nuts</td>
</tr>
<tr>
<td>Regulations</td>
<td>Warehouse Regulations, 2006</td>
</tr>
<tr>
<td>SG</td>
<td>Standard Grade</td>
</tr>
<tr>
<td>TBS</td>
<td>Tanzania Bureau of Standards</td>
</tr>
<tr>
<td>TCB</td>
<td>Tanzania Coffee Board</td>
</tr>
<tr>
<td>TRA</td>
<td>Tanzania Revenue Authority</td>
</tr>
<tr>
<td>TWLB</td>
<td>Tanzania Warehouse Licensing Board</td>
</tr>
<tr>
<td>UG</td>
<td>Under Grade</td>
</tr>
<tr>
<td>WRS</td>
<td>Warehouse Receipts System</td>
</tr>
</tbody>
</table>
CHAPTER 1

1.0 INTRODUCTION

1.1 Background
In Tanzania, agriculture is still one of the most important economic sectors contributing about 26% of the National GDP and 75% of the rural household income. The Sector provides 95% of the National Food requirement and livelihood to more than 70% of Tanzania population. The Sector contributes 30% of total exports and 65% of the raw material requirements for the country’s industries indicating the sectors strong influence in the national’s economy.

In order for the sector to realize the expected agricultural growth level of not less than 8% for more than ten years consecutively, it is important to ensure that there are formal commodity marketing systems in place which are capable of guaranteeing social and economic benefits to the producers, traders and consumers. The current commodity marketing system in Tanzania is yet to attain such desired qualities. The marketing systems are still fragmented, uncoordinated and unpredictable. There are general feelings among the community that farmers are receiving low prices while consumers’ prices are high with no relationship to the transaction costs. The tax regime, non-tax barriers, unnecessary government intervention are still obstacles in doing commodity trade in Tanzania. Likewise the regulatory systems, marketing institutions and enforcement mechanism are weak to the expense of farmers and sometimes consumers. In some cases farmers are problem to themselves as they do not give supportive efforts to the technocrats and political leader in different endeavours to formalize the marketing systems.

The Warehouse Receipts System has already been established in Tanzania. The crops under this system include coffee, raw cashew nuts, maize, paddy, sesame, sunflower, pigeon peas and cotton. Properly functioning Warehouse Receipts System is among critical pillars for the establishment and operations of Commodity Exchange which will utilize the advantage of information technology that enables finance, remote trading and risk mitigations among other benefits.

It is noted that Warehouse Receipts System in Tanzania benefits well from the functioning information and communication system, financial services infrastructure and improved road networks. Currently the basic structures of the Warehouse Receipts Systems are in place. These includes Warehouse Receipt Legislation with its Regulations, the Regulatory Board, farmer’s and financial organizations, local government, local and international markets and chain of warehouses in rural and urban areas. However, the smooth operation of the Warehouse Receipts Systems requires trade to be harmonized with the objective of avoiding redundancy, duplication of work and conflict of interests.

1.2 Definition of Warehouse Receipts System
The Warehouse Receipts System denotes a kind of trade by which commodities are stored in a Licensed Warehouse(s), the owner of the commodity receives Warehouse Receipts which certifying the title of deposited commodities as of specific ownership, value, type, quantity and quality (grades). The Warehouse Receipt facilitates storage,
future trade and access to credit, without necessarily moving the said commodities from the licensed warehouse. The Warehouse Receipts is therefore a document in hard or soft form issued in the warehouse by the Warehouse Operator, stating the commodities certified in the Receipts are held in the warehouse and at the disposal of the person named thereon.

1.3 The Objectives of Establishing Warehouse Receipts System in Tanzania

The main objective of establishing Warehouse Receipts System in Tanzania was to foster the efforts of the government to formalize the existing marketing system aiming at minimizing various constraints hampering effective production and marketing of the agricultural produce. These constraints include post-harvest losses, poor quality, price fluctuations, lack of reliable market information, poor finance and polarized trade.

The government also aims at formalizing cross boarder business of agricultural commodities within and beyond the region of East Africa Community. It is the expectation of the government to improve the earnings of smallholder agricultural producers and small-scale traders of the commodity trade by reducing vices such as selling produce prior harvest, selling without using standards and approved weighing equipment, minimize of trade tariff barriers which will ultimately increase their shares and volumes in the marketing channels and encourage value addition.

It is also the ambition of the Government of Tanzania to mitigate agricultural marketing risks. This will be achieved through applying modern instruments such as price hedge, future trade, quality and quantity assurance during delivery, remote trade, and broaden of tax base. Having a structured, formal and reputable agricultural marketing system will make the sector attractive for investment for medium and large scale commercial farming.

Picture No 1: Lack of Proper Storage

Post-harvest losses and quality deterioration caused by lack of proper storage was one of the objectives of establishing Warehouse Receipt System in Tanzania

1.4 The Benefits of the Warehouse Receipts System

The benefits of the WRS include
Enabling holder of Warehouse Receipts who is the owner of the commodity to access loan from financial institutions;

ii. Minimizing risks and transaction costs to commodity traders and farmers in undertaking commercial operations;

iii. Empowering small scale farmers, traders and processors to participate more effectively on business of commodity to improve their efficiency and effectiveness in the market supply chain;

iv. Providing quality assurance and certification system;

v. creating a mechanism of getting reliable marketing information to different stakeholders;

vi. Increasing participation of indigenous commodity traders in the international trade;

vii. Encouraging local processing of primary products with a view of value addition and promotion of industrialisation

viii. Enhancing access to proper crop storage facilities, reduce post-harvest losses and enhance food security;

ix. Supporting linkage for input supply sub-system;

x. Creating employment and contribution to national efforts in enhancing poverty reduction especially in the rural areas

**Picture No 2: Sorting of Commodities**

Cleaning and sorting of commodities is one of the activities done by depositors before they are brought to the licensed warehouse. Improving quality enhance the value of the commodity.
Box No 1: The Case of Commodity Grades

Prior to introduction of Warehouse Receipts System in Tanzania, Mtwara and Lindi Rural Districts were known for the production of poor quality cashew nuts. Most buyers used to offer very low prices to farmers based on this argument. During the beginning of the marketing season 2007/2008, the first truck of 125 bags, each weighing 80 kg from Nanyamba PCS (Mtwara Rural) was received in the Micronix System Warehouse at Likombe Industrial Area. The warehouse operator’s quality control clerk conducted a quality-cutting test with a results of out turn 45 lbs. this was regarded as Under Grade (UG). The value of UG was Tshs 488 per Kg. The depositor (Pcs) was asked either, to re-sort all bags for quality improvement or to let the stock be received as UG. Sorting was done at their own cost (Tzs 60,000) whereby 5 bags (400 Kgs) were rejected and resulted to Standard Grade (SG) of 120 bags (9600 Kg) which was valued at Tzs 5,796,000 (the price of SG was Tzs 610 per Kg). By sorting farmers were able to gain Tzs 91.60 per each Kg summarized below:

Table 1: The Advantage of Proper Grading of RCN by Farmers.

<table>
<thead>
<tr>
<th>Item</th>
<th>Quantity</th>
<th>Value (Tzs)</th>
<th>Sorting Gain (loss) Tzs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bags</td>
<td>Kgs</td>
<td>SG (610/kg)</td>
</tr>
<tr>
<td>Before Sorting</td>
<td>125</td>
<td>10000</td>
<td>-</td>
</tr>
<tr>
<td>Sorting</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quantity of Rejects</td>
<td>5</td>
<td>400</td>
<td>-</td>
</tr>
<tr>
<td>Cost of Sorting</td>
<td>120</td>
<td>9600</td>
<td>(60,000.00)</td>
</tr>
<tr>
<td>After Sorting</td>
<td>120</td>
<td>9600</td>
<td>5,856,000</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>5,796,000.00</td>
</tr>
<tr>
<td>Gain per Kg</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Tanzania Warehouse Licensing Board, 2007

~ 4 ~
2.0 THE COMPONENTS OF THE SYSTEM

In order for the Warehouse Receipts System to work properly it should have the key components. These components envisage the existing various laws, government structure and policies in the efforts to develop rural and agricultural marketing systems in Tanzania:-

i. Tradable commodity;
ii. Depositor;
iii. Licensed Warehouse;
iv. Licensed Warehouse Operator;
v. Buyer;
vi. Financial Institution.

2.1 The Tradable Commodity

Section 25(1) requires TWLB to issue a notice of commodities applicable under this Act. This list is periodically updated by the TWLB. The list is available at TWLB or through its web site http://www.wrs.go.tz/resources.php. There is a need to observe the list before the application of the license is done.

2.2 Depositor

Section 3 of the Act defines Depositor as “Any person who deposits a commodity in a warehouse for storage and who is the legal owner or holder of the outstanding Warehouse Receipts, or who is lawfully entitled to the possession of the commodity after the Commodity has being sold”.

Section 6(1)(I) of the Act gives powers to the TWLB to set guidelines and standards of the depositors. At the moment the TWLB had already approved two categories of depositors as per guideline number 3-2012 which is available at the TWLB. Any interested person to use the system is urged to visit http://www.wrs.go.tz/resources.php as this guideline is amended from time to time to meet the current requirements.

2.3 The Licensed Warehouse

The Warehouse is defined in section 3 of the Act as "any building, structure or other protected enclosure, approved by the TWLB to be used or usable, for the storage or conditioning of commodities or buildings used in relation thereof or including operations of the warehouse". The same Act defines the licensed Warehouse as “any warehouse for which the TWLB, subject to other terms and requirement of the Act, has been issued with a License”. This License is termed as Warehouse Business License. The License issued, extends to buildings used in relation thereof, such as offices, sample room, laboratories, weigh bridge, conditioning and processing rooms and all enclosures inside the fenced area related to commodity under which the License was issued. The Board has final decision to determine the credibility of other
activities conducted in the same premise of the licensed warehouse before and after the license has been issued.  
Section 16(1) of the Act and Regulation 28 requires any warehouse which shall be used in WRS to be licensed by the TWLB. The applicant is required to fill in Form No 1 and comply with the requirements prescribed in Form No 5 which are obtained from the TWLB or its website.

2.4 The Licensed Warehouse Operator

A warehouse operator is a legal person engaged in the business of operating a warehouse for checking quality, receiving, storing, and delivering according to the instructions of the owner of the commodities and upon Receipts of the prior issued Warehouse Receipts and other required document.

Section 16(1) of the Act and Regulation 28 requires any Warehouse Operator to be licensed by the TWLB. The applicant is required to fill in Form no 2 and comply with the requirement prescribed in Form No 6.

2.5 Buyer

The buyer is any legal person who participates in the trade of purchasing commodity stored in the Licensed Warehouse. The trade is conducted in orderly manner mechanism recognised by the TWLB. These mechanisms of trading may vary from one commodity to another depending on its marketing systems. Currently the holder of the Warehouse Receipt obtained from the trade is not allowed to negotiate. This means the delivery of commodity from the licensed warehouse shall not be done to the third party.

2.6 Financial Institution

Section 32(2)(a) of the Act provides for the financial institution to acquire proprietary right of the commodity if it has a binding commitment to extend loan whether or not drawn. The financial institution having a proprietor right of the commodity does not extend to the power of selling the commodity during the time of storage as indicated in the Warehouse Receipts.

Based on Tanzania Financial Regulations, this system embraces the approach of issuing credit not exceeding 75% of the total value of the commodity in question. The TWLB recommend the use of minimum weighted average of the historical price of the specified market for the respective commodity for at least past five years. For the type of crop that indicative price is determined by stakeholders, the financing institution is advised to focus on the prevailing and historical marketing situation before the rate is paged by the respective financial institution. The rate and amount of financing is upon the assessment and discretion of the financing institution which must also be accepted by the borrower.

Any borrower, who plans to use Warehouse Receipts as collateral for finance, is advised to make prior arrangement and seal the tripartite agreement between the Financing Institution, Warehouse Operator and Borrower.
CHAPTER 3

3.0 THE MAIN STAKEHOLDERS OF WRS IN TANZANIA

The Warehouse Receipts System recognizes the following main stakeholders important for the smooth operation in any commodity:-

3.1 Main Actors
   i. Depositors
   ii. Warehouse Operators
   iii. Buyers
   iv. Financial Institutions.

3.2 Facilitators
   i. Warehouse Inspectors;
   ii. Insurance Companies;
   iii. Transporters;
   iv. Suppliers;
   v. Information and Communication Companies;
   vi. Research and Academic Institutions;
   vii. Donor Organizations;
   viii. Non-governmental Organizations;

3.3 Main Regulators
   i. Regulatory Boards;
   ii. Central, Regional and Local Government;

3.4 The Functions of the Main Actors

3.4.1 The Depositor
The following are the functions of any Depositor of the commodity under Warehouse Receipts:-

   i. To collect, winnowing, drying, sorting, cleaning, primary grading and packaging according to approved standards;
   ii. To sign Form 16 obtained from the Warehouse Operator;
   iii. To transport the commodity to the Licensed Warehouse with the support of legal document such as Produce Delivery Note;
   iv. To fully observe all steps in quality certification, weighing and staking of the commodity;
   v. To check the correctness of the issued document (Quality Certificate, Commodity Received Note and Warehouse Receipts) after the commodity has been received by the warehouse operator;
   vi. To agree on the content of the written Warehouse Receipts and sign therein;
   vii. In the event finance is made against the stocks the depositor is required to submit the Certificate of Pledge to the Financing Institution;
viii. It is the obligation of the depositor to look for market, buyer and sale the deposited commodity as per Warehouse Receipts description. S/he is the final decision maker of where to sale the commodity;

ix. The depositor must provide bank account details to the buyer for which the money of the bought commodity should be paid for;

x. It is the obligation of the depositor to pay Warehouse Operator’s lien and other charges as approved by the TWLB and all levies and taxes;

xi. To agree and comply to Warehouse operator’s order to remove the commodity from the warehouse;

xii. The depositor is the custodian of the Warehouse Receipts (Certificate of Title and Certificated of Pledge) before selling.

3.4.2 The Warehouse Operator

The Licensed Warehouse Operator is required by the law and Regulations to execute the followings:-

i. To certify grading of the commodity before weighing;

ii. To weigh the commodity;

iii. To tally the number of package;

iv. To receive, store, and deliver the commodity as per Warehouse Receipts without discrimination;

v. To separate the commodity covered by each owner unless stated otherwise;

vi. To display approved schedule of charges for services;

vii. To ensure the quality and quantity of the stored commodity is preserved during the time of storage;

viii. To prepare all documents as required by the law;

ix. To keep in a secured place a complete and accurate set of all records and accounts for all transactions pertaining to the respective commodity in which Warehouse Receipts was issued;

x. To pay all fees, levies and taxes to the TWLB, local and central governments respectively;

xi. Before license, to file with TWLB a bond of equivalent amount as may be prescribed by TWLB.

3.4.3 Buyer

A buyer is any licensed company, legal person who gives an offer and accept to purchase (contract) the commodity in the Licensed Warehouse. The offer should be issued through sales catalogue which is usually prepared by the Depositor or agent, whereas offer to purchase is done by the buyer who ultimately receives sales invoice of the referred commodity. Any buyer who holds outstanding Warehouse Receipts is the incumbent depositor of the respective commodity and has all proprietor’s right. Before any Buyer is allowed to participate under WRS, s/he is required to fill in Form number 16. This form is also available in the office of any Licensed Warehouse Operator or through TWLB website link www.wrs.go.tz/downloads.php.

Any buyer has the following major functions in the Warehouse Receipts System:-

i. To agree on the content of the written Warehouse Receipts;

ii. To make payment of the commodity purchased;
iii. To acquire Certificate of Title and Pledge from the depositor or agent;
iv. In the event finance was made against the commodity, the Buyer is required to collect Certificate of Pledge and Release Warrant from the Financing Institution;
v. To submit the supporting document of Release Warrant, Warehouse Receipts and Delivery Order to the Licensed Warehouse Operator;
vi. To fully observe all steps in tallying, loading, weighing, quality verification upon receiving the respective commodity;
vii. To check the correctness of the issued document (Quality Certificate and Commodity Delivery Note) after the commodity has been delivered by the warehouse operator;
viii. To pay the Warehouse Operator’s lien and other statutory charges as approved by the TWLB;
ix. To agree and comply with warehouse operator’s order to remove the commodity from the warehouse;
x. The buyer is the custodian of the Warehouse Receipts (Certificate of Title and Certificate of Pledge) after buying;

3.4.4 The Financial Institution
The financial institution referred under this system, is any institution which is licensed by the Bank of Tanzania or Registrar of Cooperatives. It has the following major functions:-

i. It is a payment point for all financial transactions made under this system. In any case cash payment is strictly prohibited;
ii. To finance commodity trade under the system. The finance can be made to depositor, buyer, warehouse owner and warehouse operator by considering The particular nature of the business in question;
iii. To provide training on procedure and requirement for any financing facility under this system;
iv. To provide information to the Board as may be demanded from time to time.

3.5 The Function of Main Facilitators
3.5.1 Warehouse Inspector
The Warehouse Inspector is a staff who is appointed or licensed legal person or company by the TWLB for the purpose of observing the receiving, storing, conditioning, shipping and handling of commodities. He is also responsible to inspect Warehouse, stored commodity, property and records used in the system. Any Warehouse Inspector has the following major functions in the Warehouse Receipts System:-

i. To assess the status of warehouse for which the license has been applied about its suitability for receiving, storing, delivering of commodity;
ii. To inspect all relevant documents with regards to the license of warehouse, warehouse operator, warehouse receipts, agreement and any document which may be necessary for compliance to the act, Regulations and Board’s guidelines;
iii. Advises on the appropriate measures required to rectify any established anomalies;
iv. To advise the TWLB on all issues pertaining to warehouse business and operations;
v. To report to the TWLB on the progress of any assignment as per the terms of references which are provided by the TWLB.

3.5.2 Insurance company
This is a legal company, agent or broker registered and regulated by Tanzania Insurance Regulatory Authority. The main function of insurance companies in this system is to offer insurance policies to the main actors. The insurance policy in this system among others includes fire, burglary and fidelity.

3.5.3 Central, Regional and Local Government
These are the administrative government institutions established by laws and operate in the United Republic of Tanzania. The following are major functions of Central, Regional and Local Government in the Warehouse Receipts System:
i. They have general mandate pertaining to all policy issues on production, marketing, taxation, construction of public Commodity and poverty alleviation;
ii. Through various interventions develop marketing systems of various commodities in Tanzania;
iii. To support the TWLB in the development of system through formal and non-formal training;
iv. Develop, rule and enforce other regulations and act associated with the Warehouse Receipts Act.

3.5.4 Transporters
Is an institution or any person who owns a truck(s) or has the capacity to hire it, desire with ability and capacity to transfer commodity from the aggregation point(s) to the licensed warehouse and from the licensed warehouse to the buyer’s delivery point(s).
The transporter has the following functions:
   i. To transfer commodity to the specified point;
   ii. To ensure all documents which are required for the movement of the commodity are dully and correctly fill by the owner of the commodity;
   iii. To ensure security and safety of the commodity while on transit;
   iv. To deliver the commodity at the destination point whole and in good condition as was at the time of loading;
   v. To observe all law and Regulations governing transportation of commodities and all instructions from the warehouse operators.

3.5.5 Regulatory Bodies
These are all government institutions, stakeholder forums which have a legal mandate to advocate, recommend, approve, and enforce issues related to policies, regulations, standards and guidelines regarding smooth operation of the Warehouse Receipts
System. The following are the main regulatory boards whereby their functions have a strong impact to the system:-

**Tanzania Warehouse Licensing Board (TWLB)**

The functions of the TWLB are defined in section 5 of the Act. The additional functions are also mentioned in Regulation 4. TWLB has patient role of promoting the system which ensure quality and quantity in receipts and delivery of the stored commodity. It also has the moral obligation to build trust among actors of the system. This shall be done by providing efficient and effective warehouse operation through safeguarding the interests of all stakeholders. Under these auspices the TWLB is the final regulator of this system.

**Box No 2: The Case of Union to Run Away with Tender Box**

The cashew nut stakeholders agreed for the crop marketing season 2011/2012 to use CBT conference as trading platform. Prior to the trading day the buyers drop their bid documents Unfortunately some leaders of Cooperative Union went at the CBT offices and forcefully shifted the tender boxes to their offices (Union) where was done. No legal action was taken by the Board (CBT & TWLB) due to conflict of the two laws guiding the CBT and that of Warehouse Receipts System. This act showed weaknesses in enforcement mechanism, as it was against the stakeholders agreement. The sales agent to administer the trading process miss oversight regulation which may lead to curtails, collusion between buyers and sales agent. This scenario may result to trade being done based on unrealistic prices and or conducting fraud. There is a need of harmonising the laws that affects Warehouse Receipts System operations.

**Other Regulatory Boards**

These include institutions like Crop Boards, Tanzania Bureau of Standards, Weight and Measures Agency, Tanzania Food and Drugs Authority, Tanzania Revenue Authority, Tanzania Ports Authority and Tropical Pesticides Research Institute. All these institutions operate under specified laws. These laws give them mandates to regulate specified activities which strengthen and develop Warehouse Receipts System implementation. The specific activities for the above mentioned institutions in the Warehouse Receipts System are listed below:-

**Crop Boards:-**

In Tanzania there are various crop boards established under specific Laws. Generally, they are mandated to regulate production, marketing and development of the subsector. The functions of each board are defined in the specific law which among other things include:-

i. To set the main backbone of the marketing systems and its channels for the specific crop;

ii. To give no objection to the implementation of Warehouse Receipts System;

iii. To ascertain the compliance of the Warehouse Operators on quality of crops certification;

iv. To verify quality to buyer;

v. To arbitrate in case of dispute between buyer and seller.
Tanzania Bureau of Standards (TBS):-
TBS was mandated to undertake measures for quality control for products of all descriptions and to promote standardization in industry and commerce. Its main functions in this system include the following:

i. To prepare, frame, modify or amend National Standards of commodity;
ii. To undertake measures for quality control of commodities, services and environment of all descriptions and to promote standardization in industry and trade.

Tanzania Foods and Drugs Authority (TFDA):-
TFDA is a regulatory body responsible for controlling the quality, safety and effectiveness of food, drugs, herbal drugs, cosmetics and medical devices. The authority is responsible for the following function:-

i. Inspection and surveillance;
ii. Post marketing product risk analysis;
iii. Laboratory analysis for quality, safety and effectiveness;
iv. Product promotion control.

Weights and Measures Agency (WMA):-
WMA is a law enforcement agency that ensures all traders in weights and measures comply with the requirements of the Weights and Measures Act. (Cap 340); in order to protect consumers against malpractices. Thus the Mandate of WMA is to verify and re-verify all weights, measures, weighing or measuring instruments used or intended to be used for trade in Tanzania Mainland. In this system the WMA has the following function:-

i. To protect consumers in trade, health, safety and environment in relation to weights and measures;
ii. To control pre-packaging of products.

Box No 3: Reference of Disputes for Commodities with Crop Boards
Below is the list of nature for various disputes in the system that needs to be referred to the specific Crop Board:

- Lost / missing bid of buyer;
- Collusion in the bidding process;
- Buyer paid no stock in the warehouse;
- Buyer win the tender but refuse to pay;
- Buyer win the tender but seller refuse to issue invoice.

- All weights and measures used in WRS must be verified and re-verified by WMA
- All pre packaging of commodity must conform to the WMA packaging standards depicted in schedule 1 of this manual
Tanzania Revenue Authority (TRA):-
This is regulated by law, and it is responsible for administering impartially various taxes of the Central Government. These taxes include:-
   i. **Value Added Tax (VAT)** charged on service provided by warehouse operators;
   ii. **Service Development Levy (SDL)** charged on gross salaries and wages of the warehouse operators employees;
   iii. **Withholding Tax** on rent of the warehouses;
   iv. **Stamp Duty** of the annual rent of the lease agreement of the warehouses;
   v. **Corporate Tax** on the trading profit of the warehouse operation;

The stakeholders are also obliged to pay all statutory levies, fees and charges which are legally imposed:-
   vi. Local government / municipal **Service Levy** of the annual turnover of the warehouse operation.

Tropical Pesticide Research Institute (TPRI):-
The TPRI is Research, Training and Services Institution on Management of Pests, Pesticides and Biodiversity for food security, promotion of human health and facilitation of Internal and External Trade. Its main function is registration of agricultural chemicals used in Tanzania which are used in fumigation of warehouse and pest control of the stored commodities.

Tanzania Port Authority (TPA):-
TPA is a public corporation that has the responsibility "to manage and operate" the sea and lake ports respectively. It has the following functions which have direct connection to the Warehouse Receipts System:
   i. To provide facilities relating to harbours and to provide harbour services;
   ii. To carry on the business of stevedore, wharf age or lighter man;
   iii. To act as a warehouseman to store goods, whether or not the goods have been or are to be, handled as cargo or carried by the Authority;
   iv. To consign goods on behalf of the other persons to any place either within or outside the United Republic;
   v. To act as carriers of commodity;

*TWLB has a mandate to investigate all shipment of the commodity delivered from the licensed warehouse(s).*
3.6 The Rights of the Main Actors

3.6.1 Depositor
The depositor has the following rights:-

i. To receive the dully filled Warehouse Receipts document that was signed by both him/her and the Warehouse Manager;

ii. To sale or participate in the selling process the deposited commodities according to government procedures. The commodities which have no Crop Boards the guideline No 4 shall be used to sell the respective commodities;

iii. To receive report on receipts, delivery, withheld, condition of the commodity from the warehouse operator in relation to the Warehouse Receipts in question;

iv. To receive the selling report from the agent (if any) in relation to the Warehouse Receipts in question;

v. To claim from the performance Bond Account which is under custodian of the TWLB for the loss or mis-delivery done by the warehouse operator;

vi. To receive the respective commodities from the warehouse operator within the period specified in the Warehouse Receipts.

3.6.2 Warehouse Operator
Any Warehouse Operator licensed by the TWLB has the following rights:-

i. To be paid a lien as clearly described in the respective Warehouse Receipts;

ii. To be paid any other charges as described and approved by the TWLB;

iii. To sale the commodities of the respective Warehouse Receipts if the lien is not satisfied;

iv. To receive official document regarding deposits, sales, release warrants and warehouse receipts of sold commodities as per the respective Warehouse Receipts;

v. To claim for the performance bond account which is under the custodian of the TWLB any outstanding amount of money at the end of the licensing period;

vi. To seek approval from TWLB for addition lien in case of addition costs and prolonged period of storage.

3.6.3 Financial Institutions
Any financial institution which participates in this system has the following rights;

i. To retain/hold certificate of pledge as security before any disbursement is made to the depositor herein referred as borrower;

ii. To receive update information from the Warehouse Operator regarding the quality and quantity of the specified commodity in the Warehouse Receipts;

iii. To receive update information from the owner of the commodity regarding the selling of the respective Warehouse Receipts;

iv. To recoup the principal amount of loan and the associated interest for the respective Warehouse Receipts;

v. To claim from the performance Bond Account which is under the custodian of the TWLB for any unredeemed Warehouse Receipts;

vi. To intervene to the process of selling the commodity of the respective Warehouse Receipts if the loan conditions are not satisfied;

vii. To receive any information regarding the Warehouse Operator’s Performance Bond filed to the TWLB.
3.6.4 Buyer
The buyer has the following rights:
   i. To receive the certificate of pledge and title from the first depositor
   ii. To verify quality and quantity before the delivery is made by the Warehouse Operator;
   iii. To receive the commodity for each Warehouse Receipts from the licensed warehouse operator;
   iv. To receive official document of sales catalogue, tax invoice, Warehouse Receipts, banks’ release warranty, delivery, withheld commodity from the Warehouse Operator for each Warehouse Receipts;
   v. To claim from the performance bond account which is under custodian for any outstanding Warehouse Receipts and any delivery made below the approved weight loss and quality deterioration.

3.6.5 Warehouse Inspector
The warehouse inspector has the following rights:
   i. to enter into any licensed warehouse during working hours;
   ii. to access all documents of the licensed Warehouse Operator and relevant institutions;
   iii. to be paid approved inspection fees;

3.6.6 The Central, Regional and Local Government has the right to:
   i. To receive taxes, levies and statutory charges from main actors of the Warehouse Receipts System;
   ii. To support the TWLB regarding development of the Warehouse Receipts System in the specific location.

3.6.7 Regulatory Boards
Tanzania Warehouse Licensing Board (TWLB)
   i. To receive all required reports and information from the key actors
   ii. To receive all approved fees, charges, and compensation from the key actors;
   iii. To develop the system in any area of the Tanzania Mainland;
   iv. To perform all functions as specified in the Act.

3.6.8 Other Regulatory Boards
   i. To define and set the marketing channels for the crop in question;
   ii. To participate in all promotion activities of the Warehouse Receipts System in the specific crop.

3.7 Instrument of Warehouse Receipts System

3.7.1 Act, Regulations, Operation Manual and Guidelines
All these documents are accessible through http://www.wrs.go.tz website. The general issues and specific ones are elaborated by the TWLB by issuing periodic guidelines.
3.7.2 Warehouse Receipt
This is a document with security features issued by the warehouse operator to the depositor of the commodity. The Receipts are issued after the respective commodity is dully received and stored in the licensed warehouse. It is a title instrument which shows ownership and its nature. It has three copies for any issuance. First copy is Certificate of Title which confirms the ownership of the commodity, the second one is the Certificate of Pledge which may be used as a mortgage and third one is the book copy of the Warehouse Operator. The Warehouse Receipts shall only be used for the main three purposes as described in Part V of the Act:-
   i. Storage of the commodity for quality and quantity assurance;
   ii. Trading instrument of the stored commodity;
   iii. Mortgage instrument for the short term (overdraft) financing by legally registered financial institution.

3.7.3 Inner document
These are documents which have been approved by the Board to ensure smooth receiving, storing, delivering and record keeping during and after the license period. These documents are recognized in Warehouse Regulation 2006 in Regulation 28(2). All these documents are accessible through http://www.wrs.go.tz website. The inner documents are approved by the TWLB and must be issued by all licensed Warehouse Operators.

3.7.4 Weighing and Quality Equipment
These are equipment which gives assurance to depositor and the buyer regarding the quantity and quality of the commodity. They are provided for in Regulation 47. The Weighing equipment includes large, medium and laboratory weights and measures which must be certified by Weight and Measures Agency before are used by any licensed warehouse operator. All warehouse operators are required to use recognized national, regional and international standards to grade and weigh any commodity before it is stored or delivered from the warehouse. This is provided for in Regulation 44 and 45. Table No 2 below shows important parameters for the commodity under WRS.
### Table 2: Standards Used in the Warehouse Receipts System

<table>
<thead>
<tr>
<th>Sn o</th>
<th>Name of Commodity</th>
<th>Packaging</th>
<th>Weight (Kg)</th>
<th>Max Moisture Content (% w/w)</th>
<th>Annual Allowable Shrinkage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Beans, grain and peas</td>
<td>Jute / Sisal / POP</td>
<td>90</td>
<td>10</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>Cashew nuts (in shell)</td>
<td>Jute / Sisal</td>
<td>80</td>
<td>10</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>Coffee (Parchment, Buni)</td>
<td>Jute</td>
<td>50</td>
<td>12</td>
<td>(20, 50)*</td>
</tr>
<tr>
<td>4</td>
<td>Coffee (Clean)</td>
<td>Sisal</td>
<td>60</td>
<td>12</td>
<td>2</td>
</tr>
<tr>
<td>5</td>
<td>Maize grain</td>
<td>Jute / Sisal / POP</td>
<td>90</td>
<td>10</td>
<td>2</td>
</tr>
<tr>
<td>6</td>
<td>Simsim / Sesame</td>
<td>POP</td>
<td>90</td>
<td>7.5</td>
<td>2</td>
</tr>
<tr>
<td>7</td>
<td>Rice</td>
<td>POP</td>
<td>50</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>8</td>
<td>Rice paddy</td>
<td>POP</td>
<td>75</td>
<td>10</td>
<td>2</td>
</tr>
<tr>
<td>9</td>
<td>Sunflower seed</td>
<td>POP</td>
<td>40</td>
<td>8</td>
<td>2</td>
</tr>
</tbody>
</table>

* Curing Loss

**Source:** WMA 2008; TBS, 2013: TCB, 2003; CBT, 2010
CHAPTER 4

4.0 THE OPERATIONALISATION OF THE WAREHOUSE RECEIPTS SYSTEM

The diagram below depicts the ideal model on how the Warehouse Receipts System works in Tanzania. It shows categorically the beginning to the final step which must be followed chronologically by the key actors. If these steps are followed and the required internal controls are adhered by all members, it is expected no incidence of damage to any of the main actors in the system. Any key actor is required to follow this simple algorithm:-

i. **Deposit** of commodity in the Licensed Warehouse;
ii. Receive the **Warehouse Receipts** for trading or financing;
iii. **Trade** the Warehouse Receipts of the stored Commodity;
iv. **Pay all** statutory taxes, levies, bank interest and charges to the respective institution(s);
v. **Deliver** the commodity to the buyer;

**Chart No 1:** The ideal Model of Warehouse Receipts System in Tanzania

4.1 The Procedure for Depositing the Commodity to the Licensed Warehouse

The detailed procedure which must be followed by the depositor is explained hereunder;-

i. Depositor transport the commodity to the Licensed Warehouse
ii. One time registration of the depositor is done by filling in Form number 16
iii. The employee of the depositor register particulars of the commodity and truck at the gate of the warehouse;

~ 18 ~
iv. The employee of the depositor handover the required supporting document (produce delivery note) to the Warehouse Manager;

v. After receiving an instruction from the Warehouse Manager, the quality controller undertakes the inspection and grading the commodity in the presence of the depositor;

vi. After receiving an instruction from the Warehouse Manager, the weighing staff weighs the commodity in the presence of depositor;

vii. After receiving an instruction from the manager of the warehouse, the storekeeper tallies and stores the commodity in the appropriate stakes of the depositor

viii. All original copies of the inner document are compiled and verified by the warehouse documentation clerk;

ix. Based on the document compiled by documentation clerk and her recommendation, the Warehouse Manager prepares by filling all required information and signs the Warehouse Receipts;

x. Two copies (Certificate of Title and Pledge) of the Warehouse Receipts are issued to the depositor.

xi. For the commodity which needs to undergo processing while in the licensed warehouse must also meet the following requirement:-

- The description of the unprocessed product and its by-product(s) of the commodity must be recorded in the respective Warehouse Receipts.

**Picture No 3: Quality Check**

![Quality Check](image)
Chart No 2: Procedure for Receiving Commodities in the Warehouse

1. Start
   - Registration
   - Depositor Identification
     - 1st
     - Not 1st
       - Check PDN
         - Instruction Note
           - Check Quality
             - Grade I or II
               - Instruction Note
                 - Weigh the Stock
                   - Instruction Note
                     - Count Bags
                       - Instruction Note
                         - PDN=Weight=Count?
                           - Yes
                             - Warehouse Supervisor Receives and Stores Stocks
                               - Issue Warehouse Receipt
                                 - Record
                                   - Bin Card
                     - No
                       - Delay
                         - No
                           - PDN=Weight=Count?
                             - Yes
                               - Go Grading to Improve
                                 - Stores Multi Documents
                                   - Instruction Note
                     - Correct
                       - UG
                         - Instruction Note
                           - Go Grading to Improve
                             - Stores Multi Documents
       - Correct
         - Instruction Note
           - Verify
             - Grade I or II
               - Instruction Note
                 - Weigh the Stock
                   - Instruction Note
                     - Count Bags
                       - Instruction Note
                         - PDN=Weight=Count?
                           - Yes
                             - Warehouse Supervisor Receives and Stores Stocks
                               - Issue Warehouse Receipt
                                 - Record
                                   - Bin Card
                         - No
                           - Verify
                             - Bin Card
                               - Record
                                 - Instruction Note
                       - Correct
                         - UG
                           - Instruction Note
                             - Go Grading to Improve
                               - Stores Multi Documents
             - Verify
               - Bin Card
                 - Record
                   - Instruction Note
4.2 Storage and warehousing

The following should be observed during the storage and warehousing of the commodity under this system:

- i. To ensure that all commodity received from depositors are stored in clean, dry, well lit and ventilated spaces protected from dust, condensation, fumes, odours pest or other sources of contamination. Such storage does not put at risk of commodity safety / quality aspects;

- ii. All bags with commodity shall be stored in the warehouse and clearly labelled bin cards attached to each different depositors consignment showing the name of depositor, quantity received, issued and the remaining in warehouse and the fumigation date and date of next fumigation;

- iii. The storage shall be done in such a manner as to allow a clear distance from the floor (using pallets), the wall and the roof;

- iv. The storage of all commodity in the store shall be such that there is an allowance for easy and quick inspection of one stake to another. The stock rotations shall be appropriately followed to allow easy practise of FIFO (First in First Out). Except for the homogenous commodity in quality and quantity of commingled stocks with solely storage instruction;

- v. Proper pest control measures shall be enforced in stores;

- vi. Regular cleaning shall be carried out.

For the commodity which undergoes processing while store in the warehouse, the warehouse operator must observe the followings:

- i. The warehouse operator must have approved processing facility;

- ii. There must be an agreed national conversion factor for the processing losses;

- iii. Processing and packaging will be done by considering the description of the relevant Warehouse Receipts.

Picture No 4: Storage of Commodity

4.3 Storage of Chemicals and Equipment

The following should be observed during the storage of chemicals and equipment:

- i. All chemicals, cleaning materials needs to be stored in a segregated area labelled as chemical store with only authorised accessibility;
ii. All chemical agents/lubricants stored in commodity condition or grading areas needs to be stored at safe distance from all the commodities to prevent risk of cross contamination;

iii. All bins or bottles containing chemicals needs to be stored in a separate location away from commodity handling areas to prevent cross contamination risk.

iv. All chemical agents shall be appropriately identified through appropriate labelling;

v. The commodity safety data sheets shall be made available.

4.4 The Procedure for Financing Commodity Trade against the Warehouse Receipts

Any depositor who wishes to take loan by using Warehouse Receipts as a mortgage must observe the following minimum procedures:-

i. Apply for the loan facility in a convenient time, before marketing season begins;

ii. The depositor must have a signed loan contract with the respective financing institution;

iii. The financing institution must have contract of undertaking with the warehouse operator;

iv. The financing institution must disburse the money on timely bases and sequentially against the Warehouse Receipts received.

4.5 The procedure for trading the Warehouse Receipts

4.5.1 Trading conditions

Any warehouse receipt issued by the warehouse operator shall be sold in a formal and organised trading platform with clearly stipulated trading conditions. These trading conditions must ensure the following minimum requirements are fulfilled in holistic approach:-

i. The platform must be one point in a given locale;

ii. The platform must be open to any legal person to participate;

iii. Any proceeds from the trade must be done through financial institution account;

iv. If there is prior finance arrangement by the financing institution the up hand will be given for them to intervene in the trading process when the amount of finance and its associated cost is not realised during the trading;

v. The proactive of transparency must govern the whole trading process;

vi. Rights of the seller and buyer must be safeguarded;

vii. The clear custodian platform of the Warehouse Receipt must be established by the main actors;

viii. The depositor must surrender the warehouse receipts to the custodian platform;

ix. The selling of the commodity shall ensure selling is done based on the specified Warehouse Receipts;

x. The buyer must have access to collect the bought Warehouse Receipts;

xi. The Warehouse Receipts must be redeemed by the Warehouse Operator after the sale;

xii. Delivery must be done against Warehouse Receipts.

4.5.2 Commodities with Crop Boards
In Tanzania we have Regulatory Boards regarding specific commodity. These Boards are governed by specific law which stipulate the marketing system of the respective commodity. In this regard, the selling of the commodities which are under this system will use the existing procedure of the regulatory board for the specific commodity in the marketing of the stored commodity. The TWLB shall have a mandate to ensure that the trading process is done smoothly.

4.5.3 Commodity which undergoes processing before the sale is done
For any commodity which undergoes processing before selling, the TWLB needs to ensure the following additional condition are in place before the implementation of the system:

i. Selling of main and by-product of the commodity may be done separately

ii. The pricing of the processed commodity shall consider the main and by-products separately for the respective Warehouse Receipt;

4.5.4 Commodities traded without Crop Boards
These crops include all types of commodities which do not have a mandatory trading mechanism established by the respective Board. Any commodity of this nature shall use guideline trading procedure issued by the TWLB. Trading Guideline Number 4 (www.wrs.go.tz/resources.php) is currently in use and enforceable.

4.6 The procedure to Redeem Warehouse Receipts

i. All payments about selling of the Warehouse Receipts must be paid through legally registered financial institution. In any case cash payment is strictly not allowed;

ii. The financing institution must receive in the account of the depositor all payments of the respective Warehouse Receipts used as a mortgage;

iii. The financing institution must deduct the principal amount of the loan facility plus the accumulated interest for the period of loan and application fees for the loan;

iv. Once the deductions at item (iii) above are done by the financing institution for the respective Warehouse Receipts, the release order (warrant) accompanied by the respective Warehouse Receipts (the Certificate of Pledge) are issued to the incumbent owner of the commodity;

v. The certificate of title for the respective Warehouse Receipts shall be redeemed from the primary depositor or her agent;

vi. The release warrant has two major objectives :-

   ➢ To notify the warehouse operator about the change of ownership of the commodity of the respective Warehouse Receipts and

   ➢ To deliver the commodity according to the order (instruction) of the holder of the Warehouse Receipts;

vii. The remaining amount of money from the sale is the right of the depositor to meet other obligations.

For the commodity which undergoes processing will have the following exception:-

   ➢ Delivery for the partially sold commodity shall be done based on the release warrant only.
4.7 The Procedures for Delivering Commodity to the Buyer/Depositor

The detailed procedures to be followed by the Warehouse Operator in releasing specified commodity of Warehouse Receipts are explained hereunder:

i. The depositor (buyer) submits Certificate of Pledge and Title of Warehouse Receipts to the Warehouse Manager;

ii. If the commodity has a finance element from the financial institution, the depositor (buyer) shall also submit a release warrant from the same institution regarding the respective Warehouse Receipts to the Warehouse Manager;

iii. The depositor (buyer) or her agent is required to bring to the Warehouse the transport facility to collect required commodity from the warehouse;

iv. The depositor (buyer) is bound by the law to raise order to deliver to the Warehouse Manager. The order must conform to the respective Warehouse Receipts descriptions and other information such as the number of truck and the name of the driver;

v. After receiving an instruction from the warehouse manager, the quality controller undertakes the verification of grading of the commodity of the respective Warehouse Receipts in the presence of the depositor;

vi. Weighing clerk of the Warehouse weighs and tallies the commodity in the presence of depositor. This is done after receiving an instruction document from the Warehouse Manager;

vii. After receiving an instruction note from the Manager, the store keeper deliver from the appropriate stake of the depositor the required commodity;

viii. All original copies of the inner document are compiled and verified by the documentation staff of the Warehouse;

ix. Based on the document compiled by documentation staff of Warehouse and her recommendation, the Warehouse Manager prepares by filling all required information and sign the Warehouse Receipts Issue Note;

x. Two copies (Certificate of Title and Pledge) of Warehouse Receipts are cancelled and kept under a safe custody.

**Picture No 5: Weighing**

*The commodity needs to be properly weighed in the presence of the buyer before being delivered to him/her.*
Chart No 3. Procedure for Delivering Commodities to the Buyer/Depositor
5.0 Other Issues to Be Considered in the Operationalization of WRS

5.1 The Application of License

From time to time TWLB specify the period of application for all type of license. The TWLB may appoint focal liaison official from either Regional Administrative Secretary or District Executive Director to represent Board in matters pertaining to the Warehouse Receipts System.

5.1.1 Warehouse Operations

The applicant of warehouse operation license shall dully complete Form No. 2 for application of warehouse operation. This form is also available in TWLB website: www.wrs.go.tz or from its office. On proper filling in Form No.2 applicant needs to have the following important document among others:

i. Memorandum and Articles of Association of the company;
ii. Certified pictures of company Director and Warehouse Manager;
iii. Business License;
iv. Certificate of Incorporation;
v. Letter from bank confirming existence of bank account;
vi. Insurance cover for fire theft and burglary;
vii. Sign performance bond with TWLB. The bond can be title deed, cash or bankers guarantee;
viii. Copies of academic qualifications and current curriculum vitae of the key staff;
ix. Employees contracts at least of one year.

5.1.2 Warehouse Business

The applicant of Warehouse Business License shall dully complete Form No. 1 for application of warehouse business. This form is also available in TWLB website: www.wrs.go.tz or from its office. On proper filling in Form No.1 applicant needs to have the following important document among others:-

On proper completion of the form No.1 the applicant shall attach among other things, the following certified copies of the document in the support of the application:-

i. Board of Directors resolution of Warehouse Owner;
ii. Title Deed or lease agreement;
iii. Policy cover on fire and burglary of the building and fixtures;
iv. Sketch map of site location of the warehouse;
v. Indicate storage capacity and any possible additions/new capacity and constructional capacity.

5.1.3 Warehouse Inspector

The applicant of warehouse inspection license shall dully complete Form No. 3 for application of this license. This form is also available in TWLB website: www.wrs.go.tz or from its office. On proper filling in Form No.3 the applicant needs to have the following important documents among others:-

i. Academic Certificate;
ii. Professional certificate;
iii. Curriculum vitae and testimonial;
iv. Photographs of the staff of Warehouse Inspector;
v. Registration certificate;
vi. Memorandum and articles of association;
vii. Board of Member’s resolution to do this business;

Any applicant is required to pay fees in the account number indicated in the application form and submit the payslip to TWLB together with the application form and all other supporting documents as may be necessary. The submission of the document must be done on hard copies of the certified copies of the originals. The fee payable is as indicated in **Schedule No. 1 for application fee structure** which is reviewed from time to time. The Board considers the application only when appropriate fee is paid for.

### 5.2 Warehouse Receipt System Charges

These are charges associated with transactions and operations of Warehouse Receipt System. **Section 6(1) of the Act**, empowers TWLB to approve those charges directly related with its key functions in this system. In doing this, TWLB involves stakeholders and update them prior to the beginning of each crop marketing season. The schedule of approved charges is obtained at TWLB or through its website [http://www.wrs.go.tz/downloads.php](http://www.wrs.go.tz/downloads.php). The charges are explained below:

#### 5.2.1 The Lien:
**Section 25 and 54 to 61 of the Act** describe this charge. It is the amount paid by depositors/buyers to the Warehouse Operator for storage of commodities in the warehouse. This amount needs to be indicated in the Warehouse Receipts and it covers the whole period of storage of commodity within the licensing period. The lien is not uniform, it may vary from one crop to another depending on the core activities of the Warehouse Operator. TWLB sets the ceiling and modes of payment sharing between depositors and buyers.

#### 5.2.2 The Application Fee:
This is the amount paid by applicants of the warehouse business, operation and inspection license to TWLB.

#### 5.2.3 The License Fee:
This amount is non-refundable paid by the applicants of warehouse business, operation and inspection license to TWLB. For the warehouse business and operation the amount is charged based on the grade of the warehouse and the capacity of Metric Tons.

#### 5.2.4 The Warehouse Receipts Administration Fee:
This amount is paid by the Warehouse Operators to the TWLB. This amount is charged based on each kilogram deposited in the licensed warehouse.

#### 5.2.5 The Appeal Inspection Fee:
This amount is paid by the Warehouse Operator, depositor, buyer or financial institution as an appeal to conduct another inspection upon not satisfied by the prior inspection.

#### 5.2.6 The Performance Bond:
This is the refundable amount or its equivalent deposited in the TWLB special account and refunded after the season end, upon assessment done and being satisfied that no party between main players of this system within that warehouse has been damaged.

5.2.7 Other charges:
This includes among others interest, loan application and administration fees, insurance, taxes, levies paid by main actors to specific institution. It is advised to contact the specific institution for details of respective charges.

The charges and responsible actor to pay is summarized in box 4 below:

<table>
<thead>
<tr>
<th>Box No 4:- Charges and Responsible Actor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charge</td>
</tr>
<tr>
<td>Lien</td>
</tr>
<tr>
<td>Application Fee</td>
</tr>
<tr>
<td>License Fee</td>
</tr>
<tr>
<td>Warehouse Receipt Administration Fee</td>
</tr>
<tr>
<td>Appeal Inspection Fee</td>
</tr>
<tr>
<td>Performance Bond</td>
</tr>
<tr>
<td>Other Charges</td>
</tr>
</tbody>
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5.3 The Warehouse Receipts System Reporting procedure
5.3.1 The Warehouse Operator
Any licensed warehouse operator has a responsibility fill in and report to TWLB on the following:

i. Form number 10 for any daily receiving of the commodity;
ii. Form number 11 for any daily delivery of the commodity;
iii. Form number 7 for any incidence of mis-delivery. This can be filled by the buyer and financial institution;
iv. Form number 8 for any condition, selling or Disposal of deteriorating commodity;
v. Form number 12 of Quality certificate before any deposit of the commodity is done in the warehouse;
vi. Form number 16 for one time registration of the depositor and buyer;
vii. Form number 19 for Notice to withhold the commodity until the lien is satisfied;

5.3.2 Selling of Commodity
Form number 20 for any commodity sold by the depositor or his agent

5.3.3 Official correspondence
Under the Act, the formal reports, letter, fax and email are considered to be official correspondence.
5.4 Dispute in the Warehouse Receipt System
The scope of dispute settlement under this system shall be covered among the main actors regarding all issues of Warehouse Receipts System only. The samples of the dispute are as mentioned hereunder:-

i. between Depositor and Warehouse Operator on quality issues;
ii. between Buyer and Warehouse Operator on amount of quantity delivered by warehouse operator issues;
iii. between a financial institution and Depositor on forged Warehouse Receipts
iv. between the buyer and financial institution on refusal to receive payment of the purchased commodity;

5.4.1 Settlement stages
i. Among the two parties
   In the event there is a dispute among the parties the process of self-negotiation is recommended to prevail. In this process the parties may ask clarification from the TWLB through writing or oral. If the amicable solution was not reached among the parties the matter must immediately be reported to the Management of the TWLB in writing.

ii. Reporting the Dispute to the TWLB Management
   When the dispute is forwarded to the Management of the TWLB by the aggrieved party, the management will consider the nature of the prevailing dispute and with reference to power conferred to TWLB, the decision of the Management will be communicated to the parties in writing within thirty days from date of receiving complains.

iii. Appeal to the Minister responsible for Marketing
   If the aggrieved party is not satisfied by the decision of the Chairperson of the Board is allowed to appeal to the Minister who is responsible for marketing within thirty days from the date of the decision of the chairman of the Board.

iv. Refer the matter to the Court
   If the aggrieved party is not satisfied by the decision of the Minister, s/he is advised to take the matter to the Court of Law of the United Republic of Tanzania at the convenient time within a period of seven days.
6.0 REFERENCES

Cashew nuts Board of Tanzania Act of 1993
Cashews Regulations of 2010
Coffee Board of Tanzania Act No. 23 of 2001
Standards Act No 2 of 2009
Tanzania Cotton Board Act No. 21 of 2001
TWLB Guidelines 1, 2, 3 and 4
TWLB Annual reports
Warehouse Receipt Act No. 10 of 2005
Warehouse Regulations of 2006
Weights and Measures Act of 2008 Cap 340