



AFRICAN COFFEE SECTOR

Addressing national investment agendas on a continental scale

Tanzania Case Study

Sector study conducted by Agri-Logic and Valued Chain by assignment of
the Global Coffee Platform
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INTRODUCING NATIONAL COFFEE INVESTMENT AGENDAS FOR AFRICA



CHALLENGE:

- Currently Africa only supplies 10% of global coffee volumes, while coffee was first discovered in Ethiopia.
- In most African origins, yields are low, quality is inconsistent, and supply chains are inefficient.

OPPORTUNITIES:

- Buyers value certain coffees from Africa for their quality, and there is a potential to increase volumes to meet growing demand.
- Coffee may contribute to sustainable development in Africa's rural areas.

INVESTMENT AGENDAS:

- Greater understanding of challenges and opportunities in mainstreaming sustainable coffee production.
- Insight into required funding, return on investment, and possible public and private contributions.
- Insight into impact of investment based on quantitative research and stakeholder consultation. Benchmarks and analysis are based on 2015 data.
- Full reports available on the GCP website for Angola, Burundi, Cameroon, Côte d'Ivoire, Ethiopia, Kenya, Rwanda, Tanzania and Uganda.



CONTENT OF THIS REPORT

- Executive summary
- Positioning of coffee from origin
- Production areas in origin
- Supply & demand trend and
- Market interest in sustainability
- Value chain structure
- Farm level production systems
- Supply chain efficiency
- Differential competitiveness
- Cost of production
- Current farmer business case
- Production and price effects of investments
- Impact, cost and return per intervention
- Effect on farmer business case
- National sector business case
- Proposed public and private contributions
- Conclusion



INVESTMENT OPPORTUNITIES ANALYSIS

- The following slides describe the required investment (cost) and expected returns (revenue), as well as the expected impact on price, volume, quality and livelihoods.
- Investments are analysed on a sector level: total increased revenue in relation to total additional cost. On a sector level, all of these opportunities present a positive return on investment.
- Cost and benefits may not be attributed to the same actor in the value chain (e.g. government and buyers pay for farmer training, while the farmer gains most of the additional revenue from yield increase).
- Also, specific interventions may not lead to additional value creation, but to a redistribution of value within the chain (e.g. farmer grouping can lead to higher farm gate price, while export price and GDP contribution is not affected).
- Investment contributions are indicative based on stakeholder input. Investments and conditions to be negotiated within national public private platforms taking into account amongst others international competitiveness, governance, transparency and accountability assurance.



INVESTMENT AGENDA FOR THE TANZANIAN COFFEE SECTOR – EXECUTIVE SUMMARY

- Since 2001 **coffee supply from Tanzania has declined by 0.32% per annum**. Robusta volumes grew over that period by an average of 2.97% while arabica declined by 2.01%. Farming systems tend to be diversified with a mix of food crops and coffee. In times of low coffee prices other crops receive more priority.
- Tanzania has an estimated 321,000 coffee farmers according to the 2012 Agricultural Census. The Tanzania Coffee Board assumes 400,000 farmers. **Cost of production at farm level is low and fairly stable over the past 8 years**. Even with additional investment in inputs and rejuvenation, cost of production in Tanzania would remain competitive compared to Vietnam, where prices for labour in particular have increased significantly. **Tanzania differentials are among the highest for robusta coffee and leave little room for inclusion of additional costs in the price. Arabica differentials could grow if consistency of quality is addressed.**
- Coffee farm sizes are small, but much larger than in neighbouring Uganda, on average 0.7 ha, while total farm size is estimated at around 3.0 ha. Productivity is already among the lowest in Africa presenting much scope for improvement. **The small farm sizes, low productivity and high rate of intercropping make it difficult for a coffee farming family to surpass the international poverty line from coffee alone.**
- The internal market is dominated by licensed buying agents that run small-sized dry mills and by exporters. The top-5 exporters control around 44% of the exports. All the international exporters are or have been investing in farmer support programmes. **The bulk of Tanzanian exports go to markets that show a medium to high willingness to invest in sustainability.** Smuggling of coffee to Uganda, where cess is far lower, is an issue in the North-West. **Estimates of smuggled volumes reach 20% of supply in that region.**



INVESTMENT AGENDA FOR THE TANZANIAN COFFEE SECTOR – EXECUTIVE SUMMARY

- There is significant potential to increase the coffee sector value in Tanzania through selective investment in farmer training, farm rejuvenation, use of inputs and quality improvement. **Over a period of 10 years a cumulative investment of ~80.95 million USD** (~31 million USD in farmer training, 15 million in rejuvenation, 32 million in inputs and 1.5 million in quality improvement) **can create 1.11 billion USD in additional value** over the same 10 year period at today's coffee and input prices.
- **The share of certified sustainable exports from Tanzania is ~7-8%**, significantly more than the continental average of 4%. The Net Present Value for further investment in certification is negative, largely due to small farm sizes and low volumes per farmer.
- **Productivity could increase by 86%** over 7 to 9 years. This requires large-scale investment in a combination of farmer training, rejuvenating 30% of the tree stock and facilitating access to inputs.
- Much of the added value created through such investments flows into the rural economy.
- **Farmers' income can grow 1.6 to 1.8-fold (60 to 80%) depending on coffee type grown**, but coffee alone will not provide sufficient income to lift the average farmer household above the poverty line of 1.9 USD/day. A 7-fold increase is required for that.



TANZANIA

Focus on yields, rejuvenation and processing capacity

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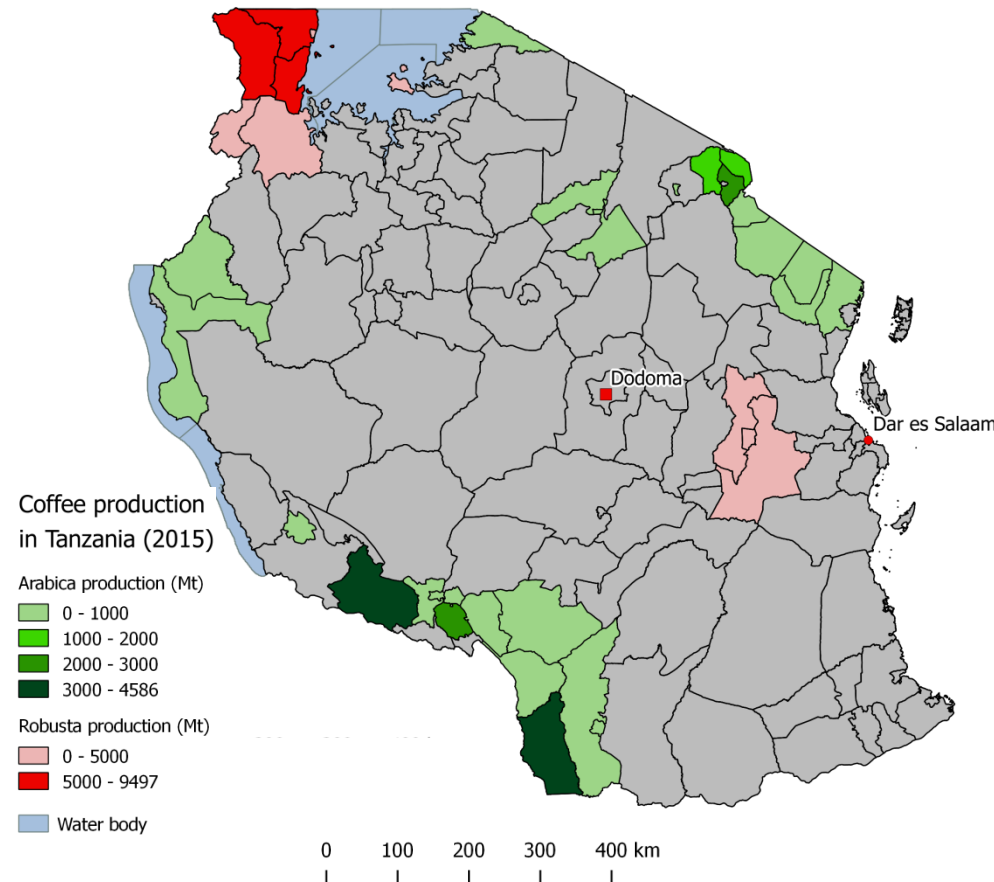


POSITIONING OF TANZANIA

Item	Value
Total volume (3 year average)	55,600 Mt
% of global production	0.60%
% Arabica – Robusta	55% – 45%
% natural – semi-washed – fully washed	45% – 35% – 20%
Compound Annual Growth Rate of coffee production (2000-2015)	-0.32%
Main export markets	EU, Japan, USA
Market segments	High quality arabica and mainstream robusta
GDP	52.05 billion USD
GDP – agriculture	16.40 billion USD
GDP – coffee	0.12 billion USD

Where possible and useful, robusta and arabica analysis will be presented separately

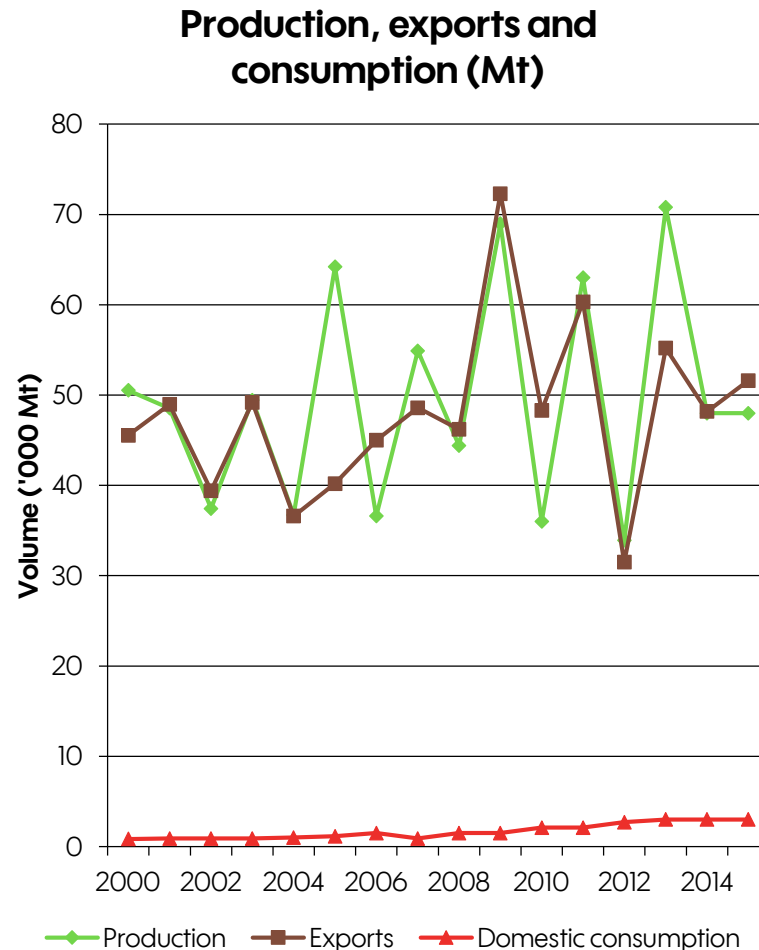
TANZANIA COFFEE PRODUCTION AREAS BY DISTRICT, TYPE AND SUPPLY LEVELS



- Robusta production is concentrated in the north-west of the country in the region of Kagera.
- In the mountainous regions in the north, south and west arabica is grown. Over the past 30 to 40 years the focus of arabica production has shifted from north to south.
- The Tanzania Coffee Board and industry insiders indicate there is scope for expansion of acreage under coffee. The Board indicates a target of an additional 10,000 ha, mostly in the arabica areas.

Sources: Census data, interviews, TNS, AL and VC analysis

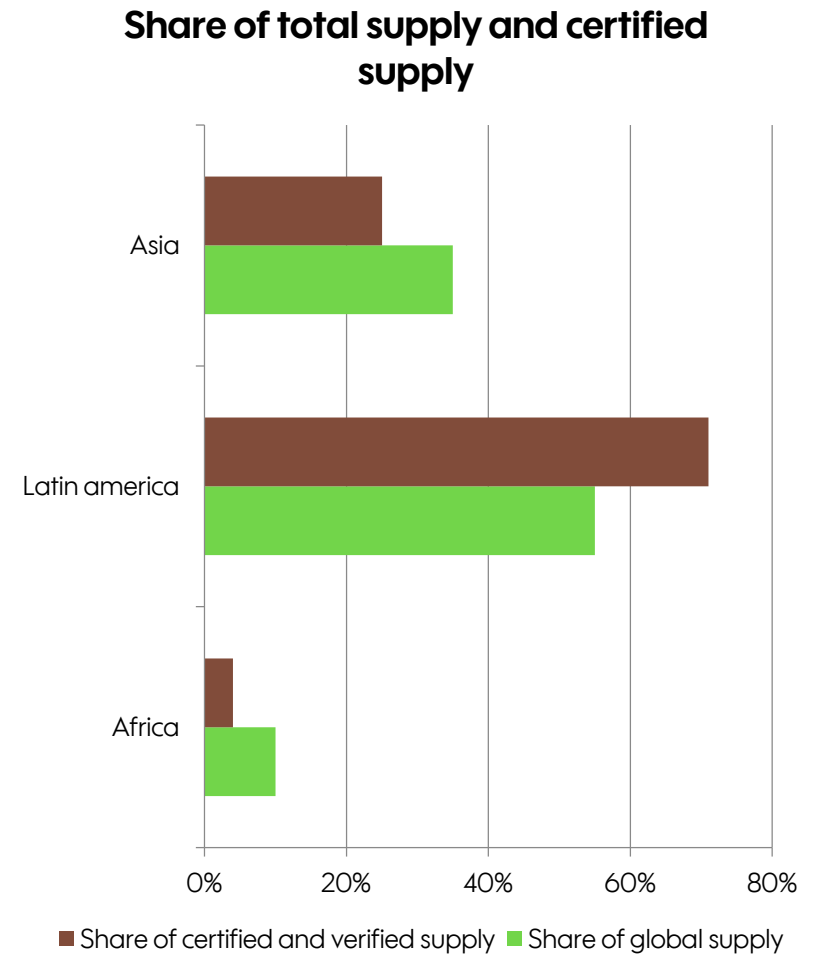
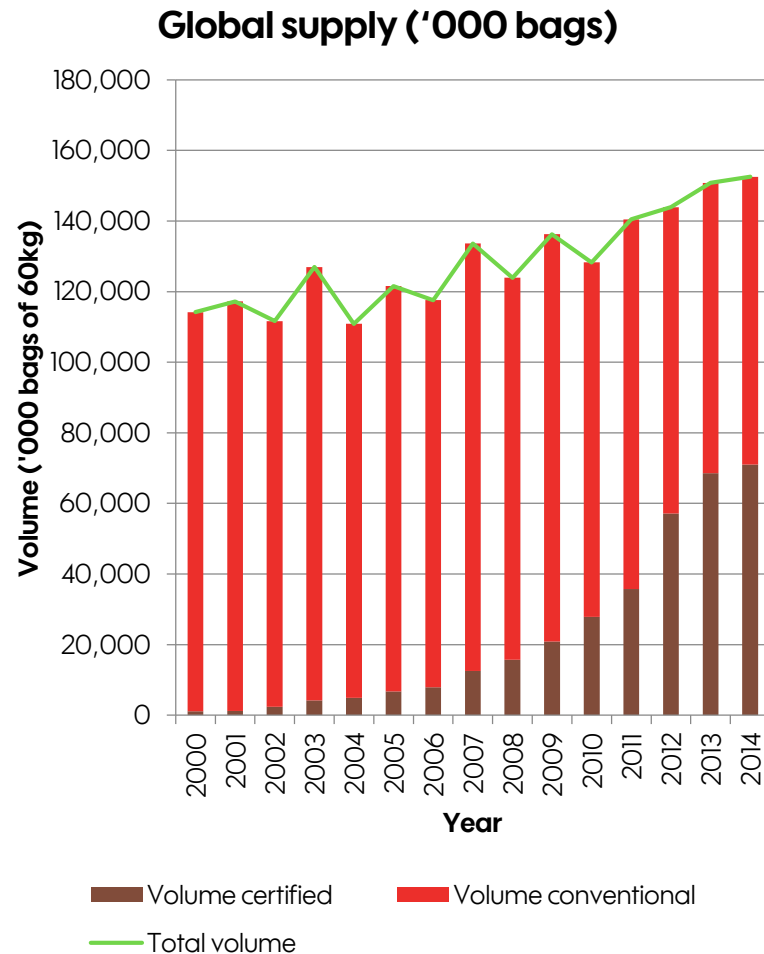
TANZANIA PRODUCTION IS HIGHLY VARIABLE AND APPEARS TO GROW SOMEWHAT



- Production (and by extension exports) are characterised by a strong bi-annual bearing pattern in both the arabicas and the robustas.
- This is often (but not always) an indication of poor crop husbandry. Trees that have insufficient access to nutrients from fertiliser and/or manure are incapable of recovering from a heavy crop in one year, resulting in a low one the next.
- Production figures may be under-estimations as a result of smuggling of coffee to Uganda, especially in the north-west of the country, to avoid the high cess levels.
- Domestic consumption amounts to around 3,000 Mt per annum and growth is minimal so this is unlikely to present a significant market any time soon.

Sources: USDA, interviews, AL and VC analysis

AFRICA LAGGING IN SHARE OF CERTIFIED SUSTAINABLE SUPPLY

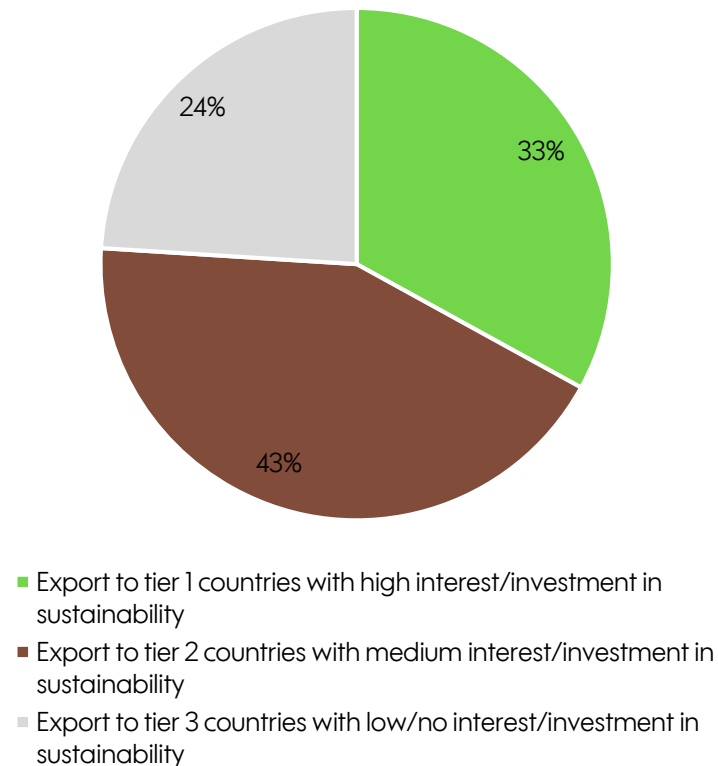


Sources: USDA, CTA, AL and VC analysis

EXPORTS OF TANZANIA TO MARKETS WITH HIGH AND MEDIUM INTEREST SUSTAINABILITY



Tanzania exports (% of total) and market interest to invest in sustainability in destinations



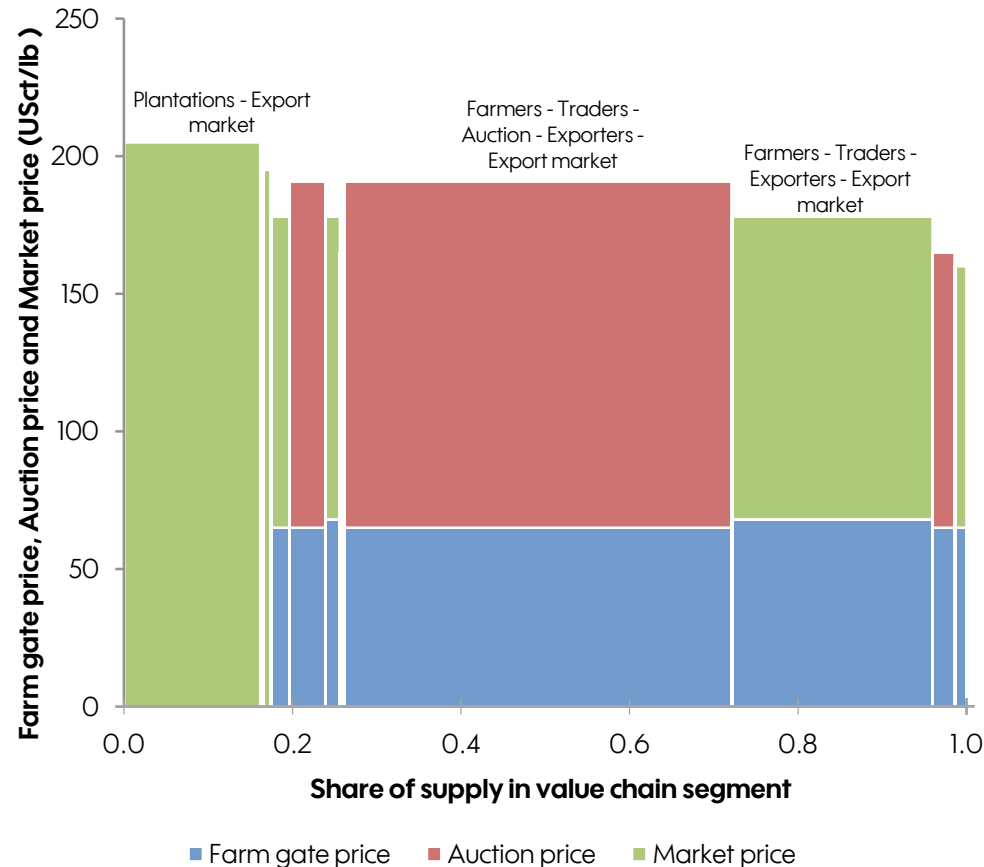
- Tier 1 markets: USA, UK, Switzerland, Germany, Netherlands.
- Tier 2 markets: France, Belgium, Italy, Spain, Scandinavia.
- Tier 3 markets: rest of southern Europe, all others.
- Most of Tanzania exports (76%) to tier 1 and 2 markets, assuming no re-exports from first destination.
- Significant investment from the roasting industry and donors continues to take place in Tanzania in arabicas and to a lesser extent in robusta.
- Limited domestic investment is also present, with part of the cess being used to finance the operations of the Tanzania Coffee Board and Tanzania Coffee Research Institute.

Sources: TCB, VC and AL analysis

LOCAL ARABICA MARKET DOMINATED BY TRADERS, PLANTATIONS AND EXPORTERS. AUCTION PLAYS AN IMPORTANT ROLE



Value chain structure Tanzania Arabica 2015



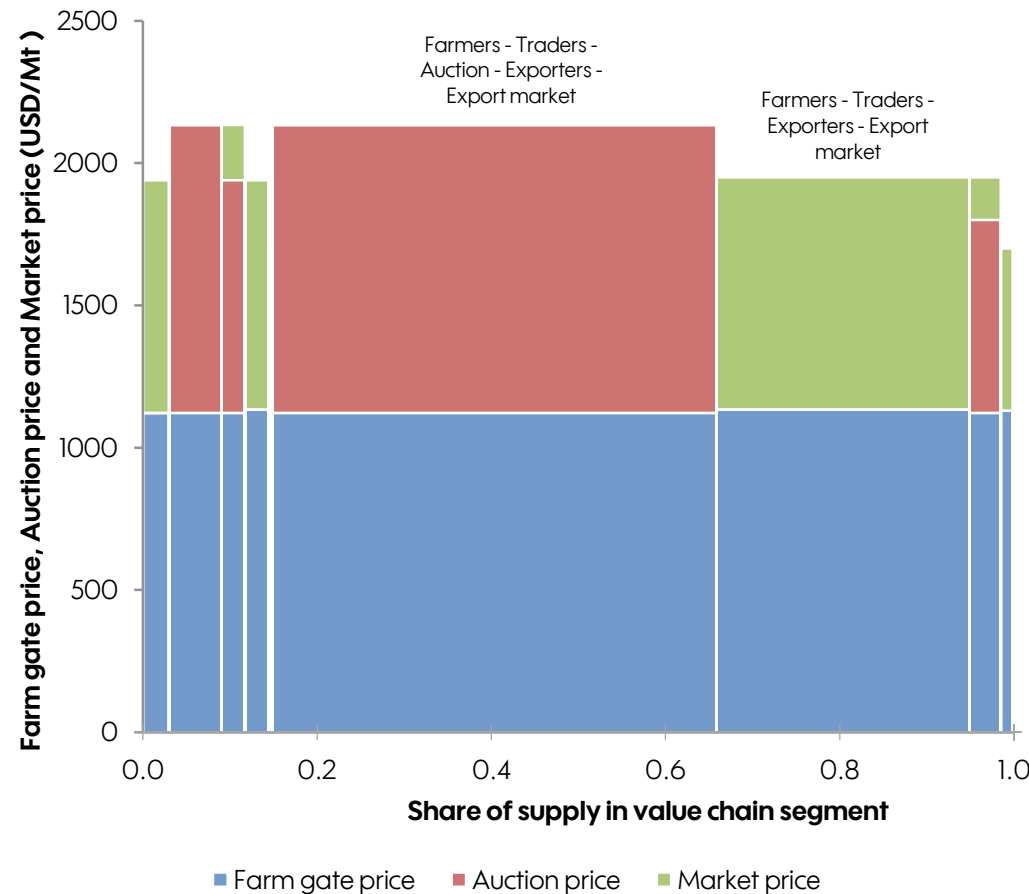
- 3 main market channels characterise the local arabica market.
- The role of cooperatives is limited, in combination with unions they have around 8% market share in arabica, as represented by the 4 small segments around the 0.2 share of supply value
- Around half of total supply enters the market through the auction, the other half through direct exports.
- Direct exports appear to obtain somewhat lower market prices. Part of the auction costs is pushed on to final clients.
- The top five companies are responsible for 44% of registered exports.
- Differentials at around 10 USDct/lb for AB South.
- Plantation obtains better prices as a result of better qualities and direct export links

Sources: TCB, interviews, AL and VC analysis

LOCAL ROBUSTA MARKET DOMINATED BY TRADERS AND EXPORTERS. AUCTION PLAYS AN IMPORTANT ROLE



Value chain structure Tanzania Robusta 2015

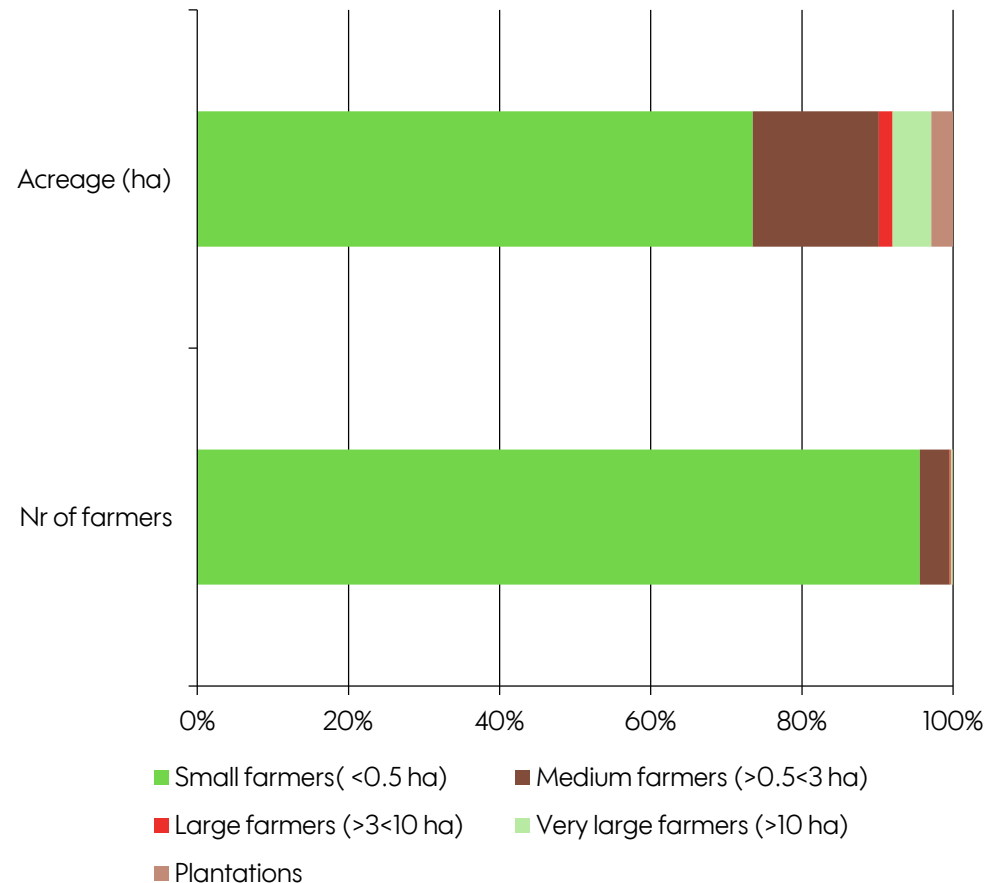


- The bulk of robusta reaches the market through traders delivering to the auction, around 50% of supply.
- Direct exports occur as well and constitute around 20% of supply.
- The smaller market channels represent cooperatives and unions supplying the internal and domestic markets.
- Sales into the domestic market are mostly the lower grades.
- We find little differentiation in farm gate prices for robusta across the market channels, although local variations surely occur.
- To our knowledge no robusta plantations are operational

SECTOR CONSISTS PREDOMINANTLY OF SMALL-SIZED FARMS OF LESS THAN 0.5 HA



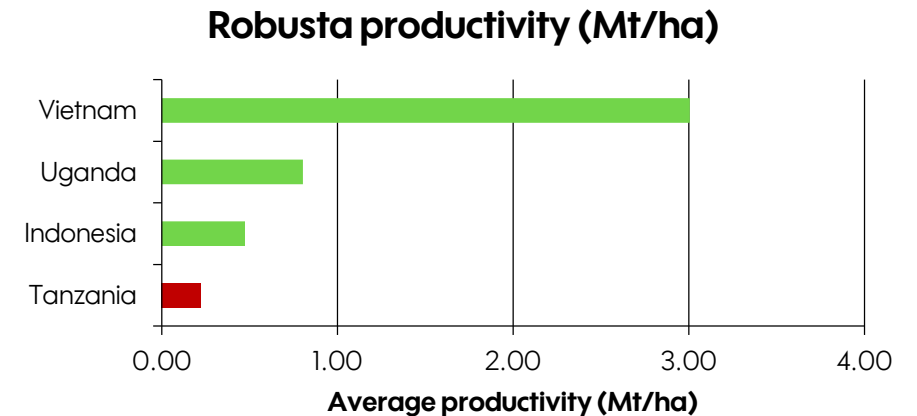
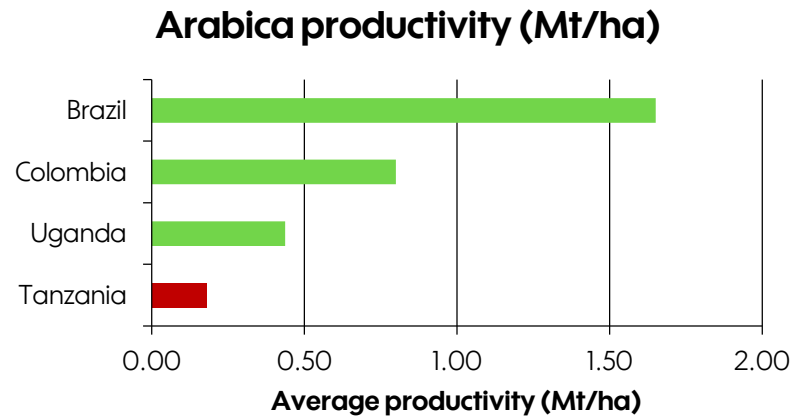
Nr of farmers and acreage distribution



- Average coffee farm size: 0.70 ha.
- Acreage and farmer numbers vary widely between sources.
- Our assumption: 321,000 farmers (2012 agriculture census) and 215,000 ha. The Tanzania Coffee Board assumes 400,000 coffee farmers.
- Land shortages are prevalent locally, especially in the robusta areas. Land availability in arabica areas appears more plentiful.
- Small to medium-sized farms make up around 90% of the acreage.
- Around 95 plantations are operational, exclusively in arabica.

Sources: Agri census, PSD, FAO, interviews, AL and VC analysis

CURRENT ARABICA AND ROBUSTA PRODUCTIVITY LEVELS ARE LOW AND COULD GROW FURTHER



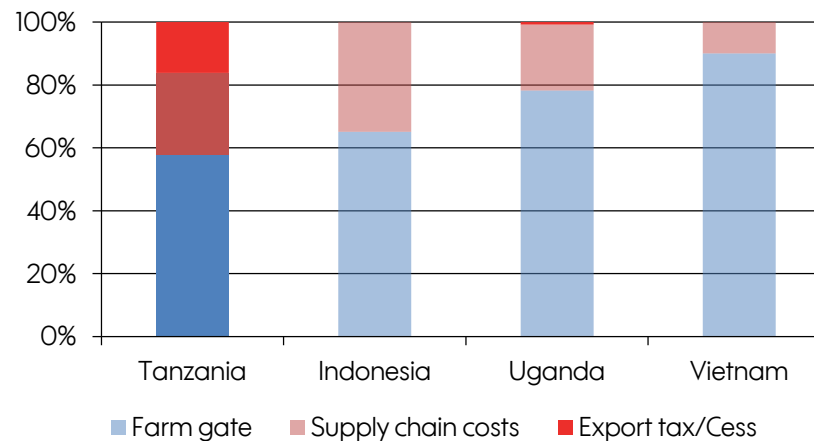
- Exact productivity figures are somewhat difficult to come by. We have used the most recent agricultural census to determine coffee acreage by district and dividing arabica or robusta supply from these districts by their production.
- For robusta this results in a lower estimate of 0.22 Mt green per ha, while the official estimate is 0.55 Mt/ha. The same method applied to arabica gives an estimate of 0.18 Mt/ha which is in line with other sources.
- For both types the yield gap with competitors is significant, indicating ample scope for improvement.

Sources: USDA, FAO, TCB, interviews, AL and VC analysis

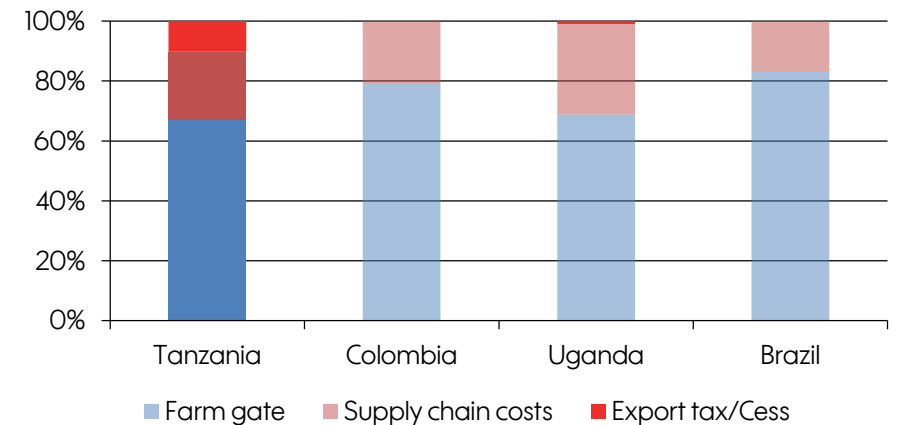
TAXATION IS HEAVY AND SUPPLY CHAIN EFFICIENCY COULD BE IMPROVED



Value distribution Robusta (% of FOB price)



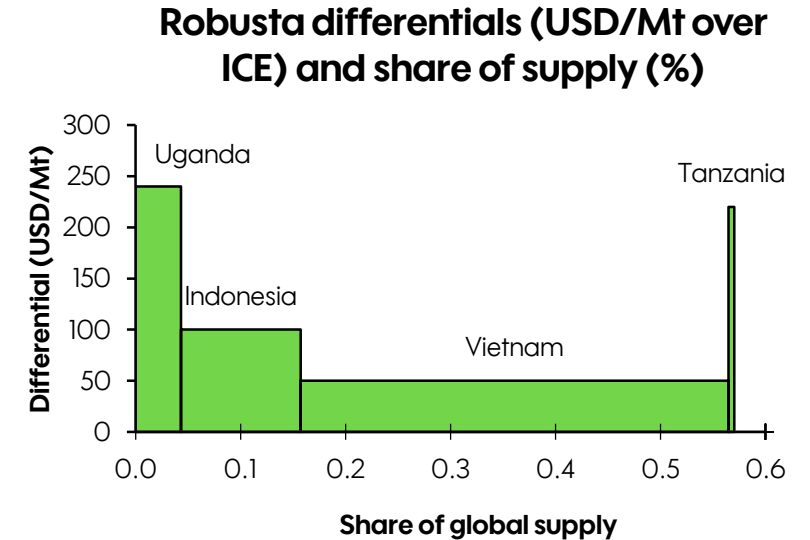
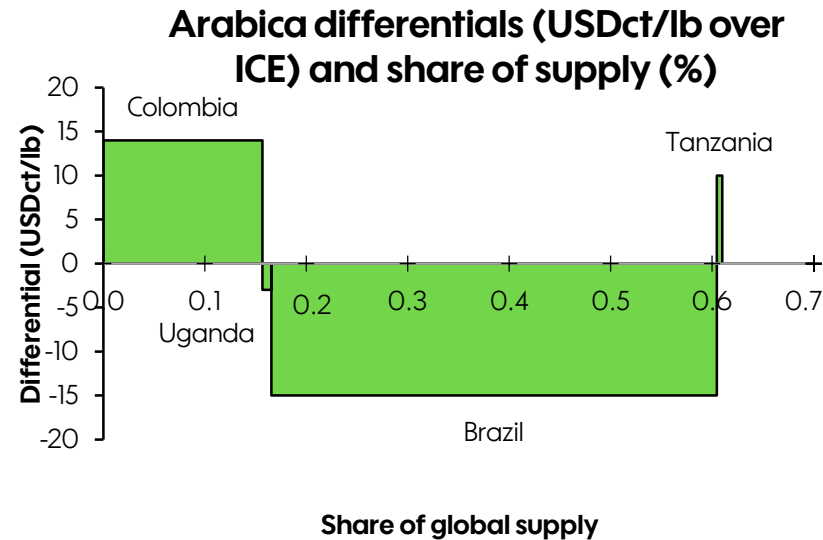
Value distribution Arabica (% of FOB price)



- Tanzanian exports are highly taxed compared to some other origins. Export tax (or cess) is set locally and can reach 20% in some places.
- Taxes are lower in neighbouring Uganda and reportedly some 20% of the robusta crop from the North-West of Tanzania is smuggled into Uganda.
- On average farmers receive 58% of the FOB value in robusta and even less in arabica.

Sources: Interviews, TNS, AL and VC analysis

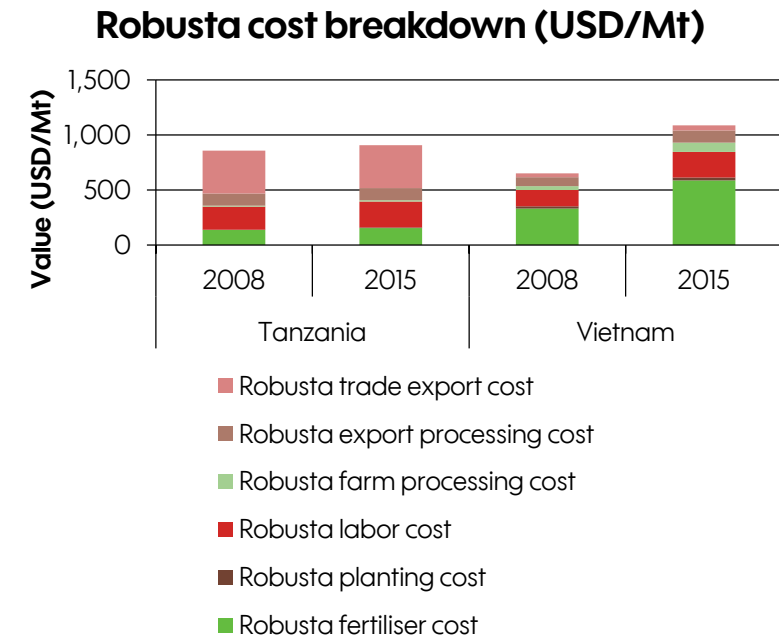
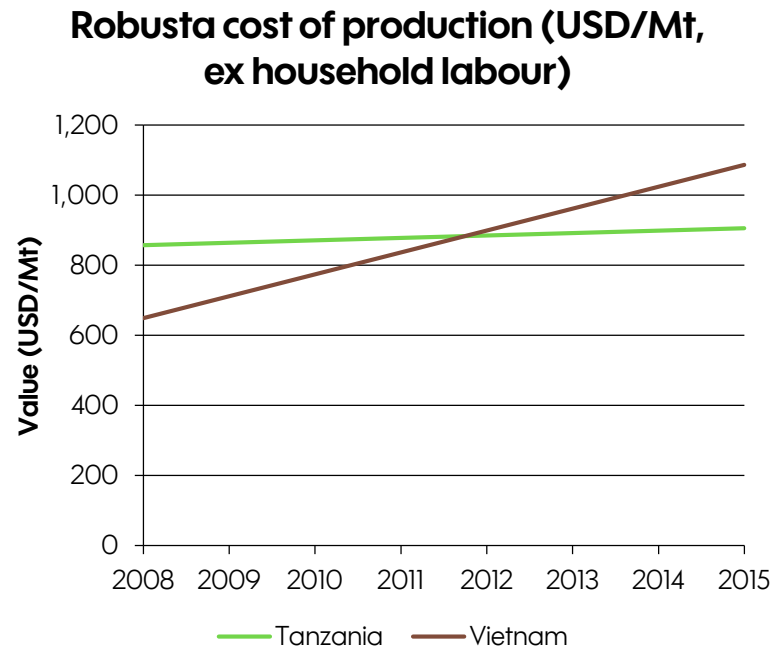
DIFFERENTIAL HIGH, LIMITED SCOPE TO PASS ON ADDITIONAL COST TO FINAL BUYERS



- Arabica differentials are estimated at around 10 USDct/lb, some scope to add value through quality improvement and/or certification appears possible.
- The cup profile is considered by some to be comparable to Kenya, but lack of consistent quality limits differential.
- Robusta differentials are already substantial and quality is generally well-received, hence there is little scope to add further value or pass on supply chain costs from certification.

Sources: Olam, TCB, USDA, AL and VC analysis

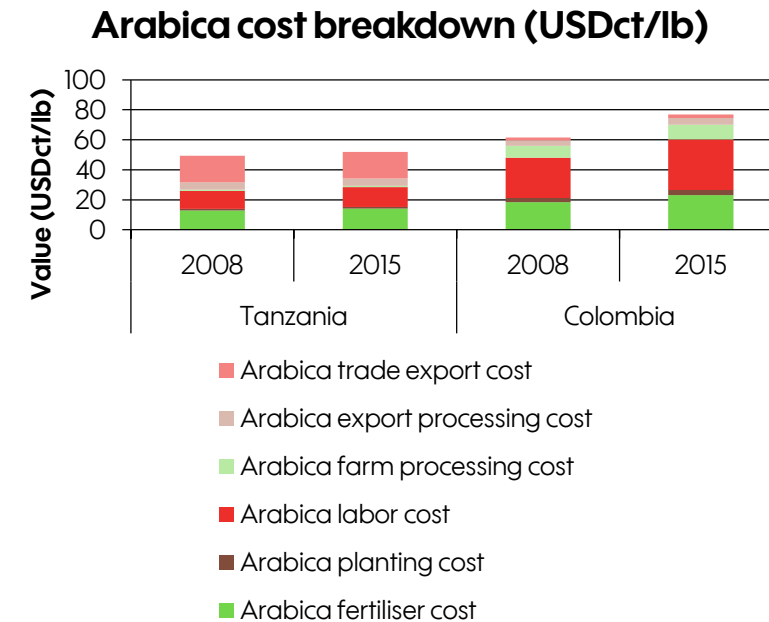
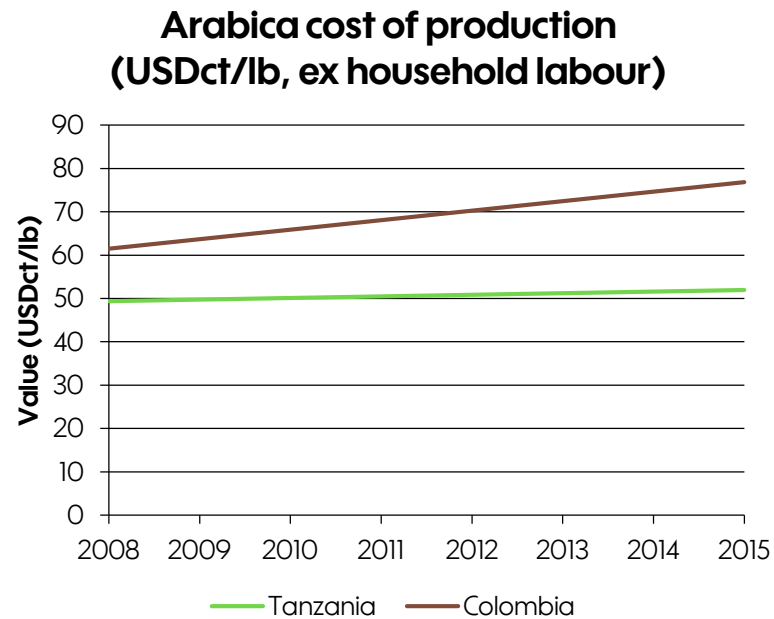
COST OF PRODUCTION IS LOW, BUT HIGH COST FOR EXPORT FORMALITIES AND CESS AFFECT COMPETITIVENESS



- Growth of production cost in Tanzania is lower than in market leader Vietnam, a significant share of cost in Tanzania accrues beyond the farm gate. Tax and/or cess reform could significantly enhance competitiveness.
- Historically, low-cost producers have gained dominance (e.g. Brazil and Vietnam).

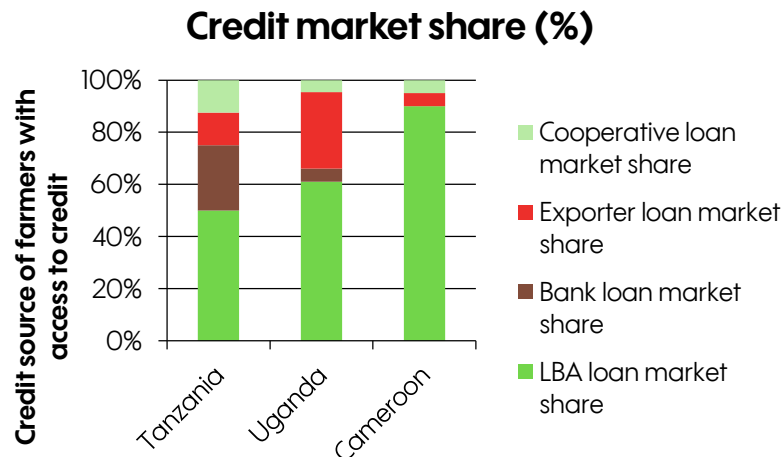
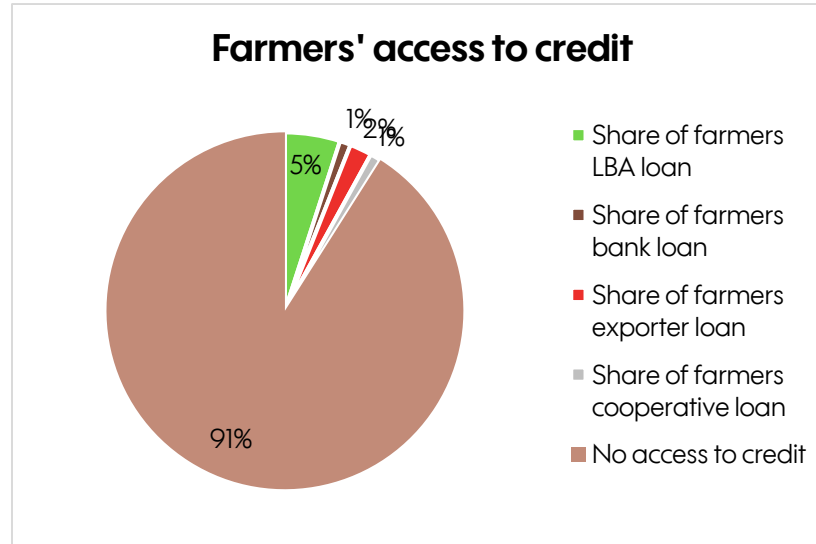
Sources: Interviews, JDE, 4C, TNS, AL and VC analysis

ARABICA IS COMPETITIVE COST-WISE, AND COULD BE MORE SO IF HIGH EXPORT COST IS ADDRESSED



- Arabica production cost appears to be stable in Tanzania, which improves its competitiveness versus origins where costs are increasing.
- Further gains, as in robusta, could be achieved by improving supply chain efficiency, thereby reducing export costs.
- Competitiveness could be further enhanced if consistency of quality is addressed.

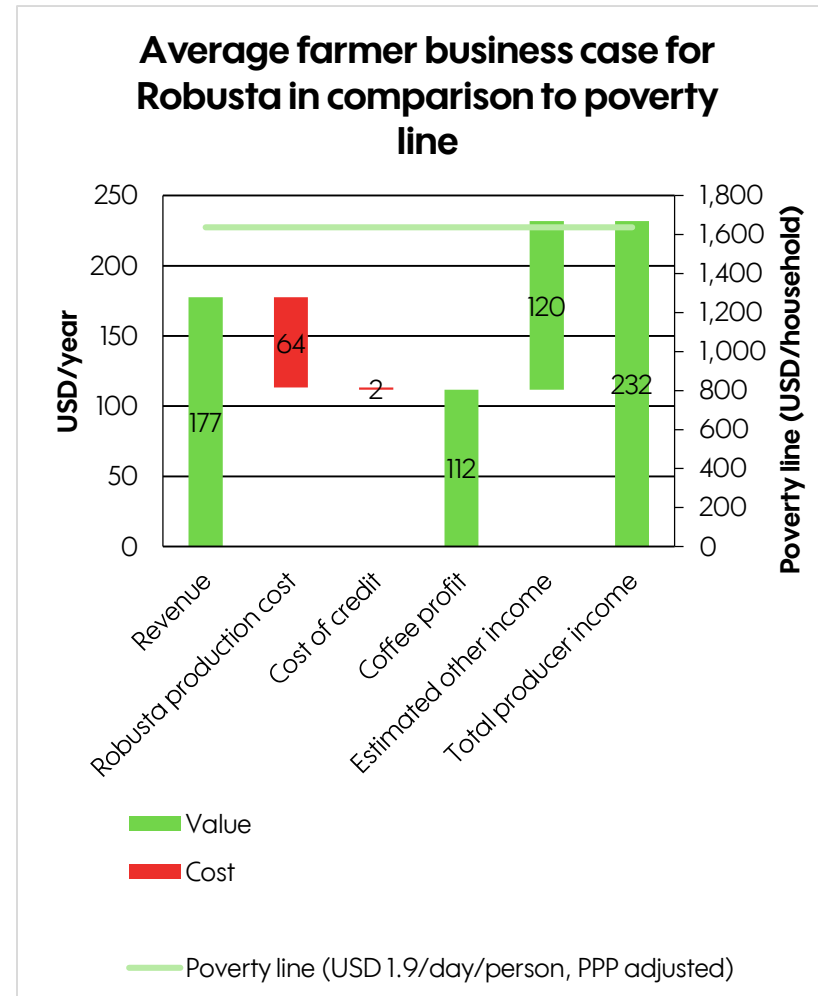
FEW FARMERS HAVE ACCESS TO CREDIT BUT PROHIBITIVE COST PREVENTS INVESTMENTS



- An estimated 9% of farmers has access to credit, much of this is provided by local traders at steep interest rates.
- Credit is usually short term for a coffee season of maximum 9 months.
- Local traders' (LBAs) interest rates are around 6% per month on average, which equals 72% annually or 54% per coffee season.
- LBAs have an estimated 50% share of the farmer credit market (which constitutes around 3.5% of the farmers).
- The weighed average interest rate is 3.5% per month. Given high cost of credit much of its use is for emergency purposes, not investment.
- Loans from exporters and cooperatives are far cheaper but their risk appetite is currently too low to reach significant numbers of farmers.

Sources: Interviews, CPT, AL and VC analysis

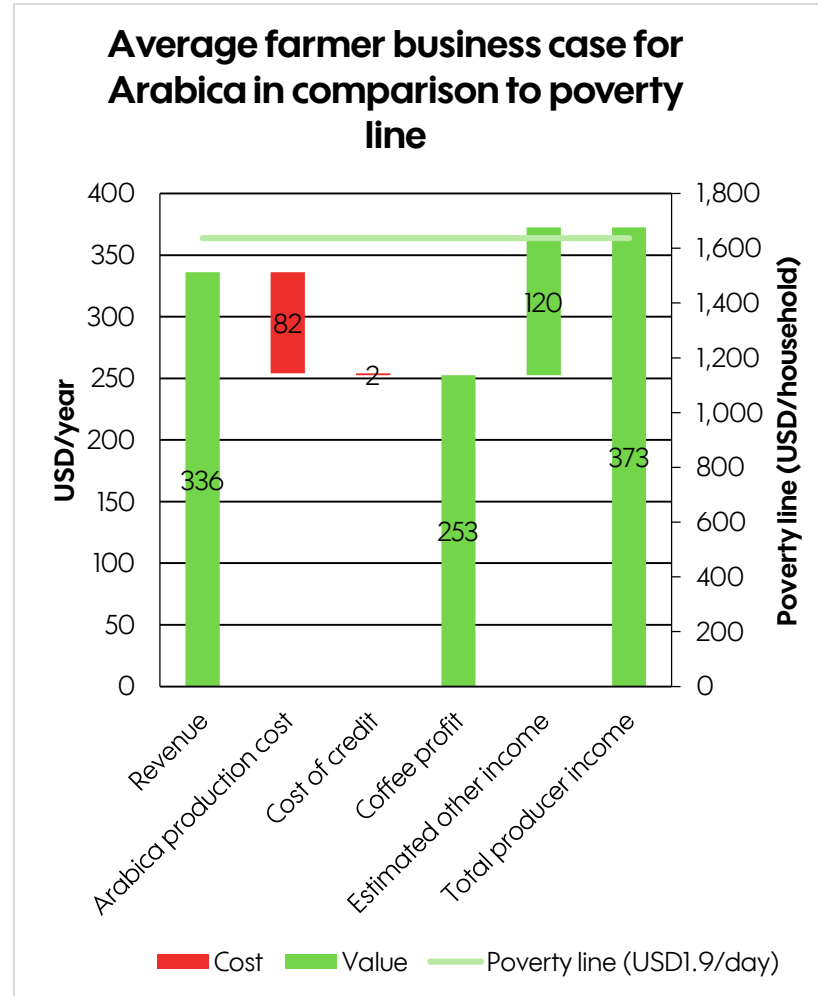
RELIANCE OF FARMERS ON ROBUSTA COFFEE IS MORE LIMITED THAN IN OTHER ORIGINS, TOTAL INCOME VERY LOW



- Most farms are diversified, with farming systems that include food crops for home consumption and marketing of surpluses.
- Low productivity results in poor turnover and low profits from coffee. At current yield levels farmers with access to urban concentrations would probably be better off growing food crops.
- Given the diversified nature of farming systems it appears to be advisable to include food crops in training on Good Agricultural Practices.
- With an average family size of 6 people per household, net coffee income is 7 times less than the poverty line of 1.9 USD/capita/day (adjusted for purchasing power parity).
- Cattle held on common grounds acts as a de-facto savings account in some areas, but unclear to us how much this contributes to household income

Sources: Interviews, CPT, AL and VC analysis

A SIMILAR PHENOMENON IS OBSERVED AMONG ARABICA FARMERS



- Revenue (volume produced times price received) is a higher among arabica coffee farmers.
- Higher costs and lower productivity result in lower total income.
- Cost of credit is limited as only a minor share of farmers make use of costly financial services, and often only in case of emergencies
- As in robusta, the diversified nature of the farming system and relatively limited reliance on coffee for income (at least compared to other origins) makes it advisable to include food crops in training on Good Agricultural Practices.
- The income gap with the poverty line, even after adjusting for Purchasing Power Parity, remains vast. All other things being equal, income from coffee would have to increase nearly 4.4-fold for the average household to reach the poverty line.

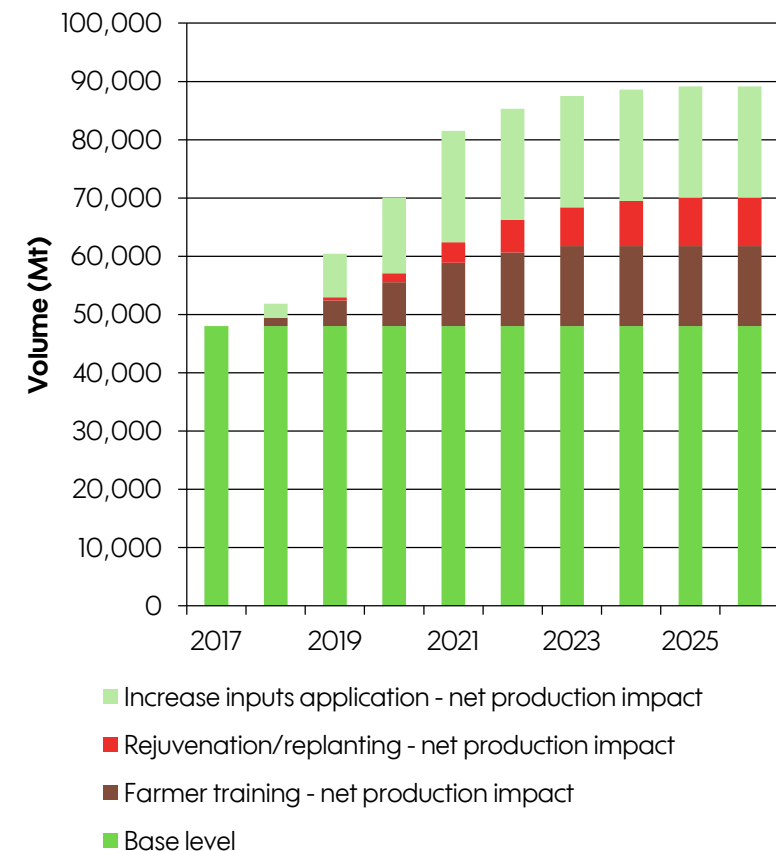
Sources: Interviews, CPT, AL and VC analysis

MODELLING INVESTMENT OPPORTUNITIES – PRODUCTION EFFECTS



- Modelling 5 opportunities:
 - Farmer training
 - Rejuvenation/replanting
 - Increasing input application
 - Local processing capacity
 - Certification
- A combination of the first 3 interventions could increase average production per farmer (and per ha) 1.8 fold.
- This would bring national production to ~89,000 Mt by 2025.
- This is lower than the national target of 100,000 Mt by 2021

Production effect of investment opportunities

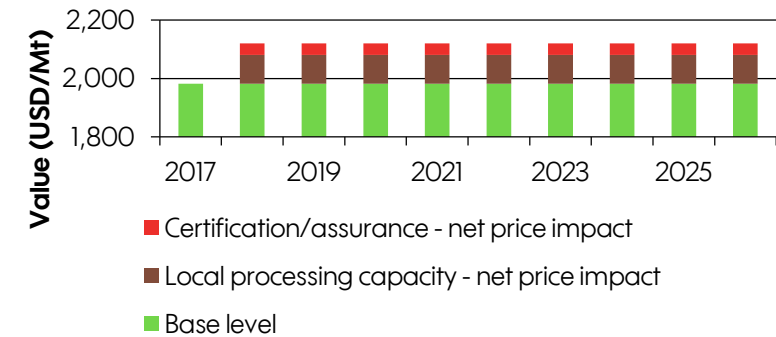


MODELLING INVESTMENT OPPORTUNITIES – EXPORT PRICE EFFECTS

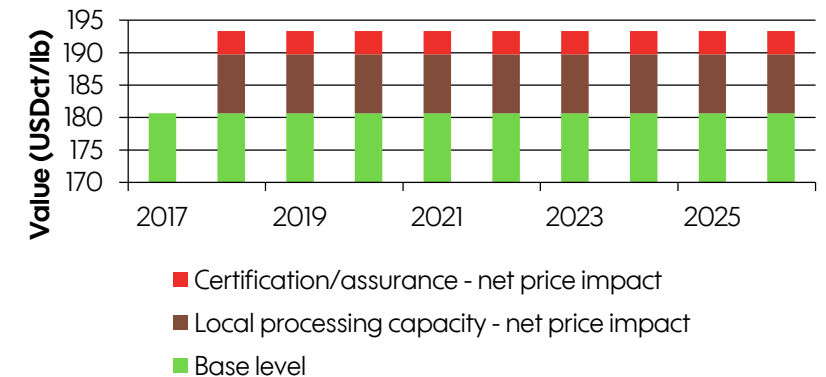


- Assuming weighed average base price stable over time.
- Improvement of quality through enhancement of processing capacity could help to strengthen differentials for both robusta and arabica. Scope for improvement in arabica is more significant.
- Applied across the entire supply, the weighed price effect for robusta amounts to 8 USD/Mt and 9 USDct/lb for arabica
- Export prices could potentially be affected by certification. We model a 30 USD/Mt premium. Due to small volumes of certified coffee reaching the market against premiums, the weighted price effect is estimated at 1.53 USD/Mt for certification across the sector in robusta and 1.63 USDct/lb for arabica. For both coffees the Net Present Value of such investment is negative.
- For that reason we do not present a detailed investment case for certification in the next pages but instead focus on quality improvement through improved processing capacity

Export price effect of investment opportunities - Robusta



Export price effect of investment opportunities - Arabica

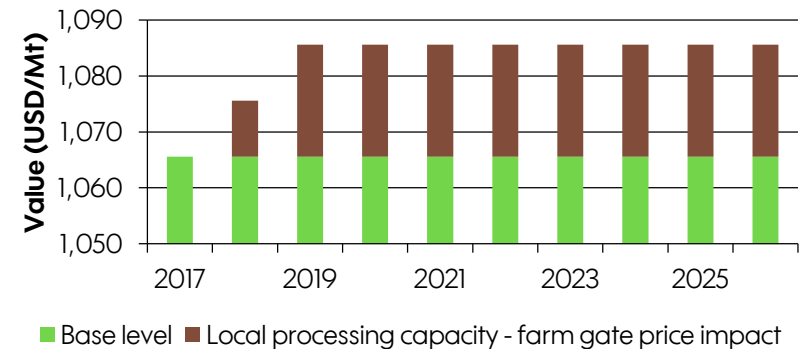


MODELLING INVESTMENT OPPORTUNITIES – FARM GATE PRICE EFFECTS

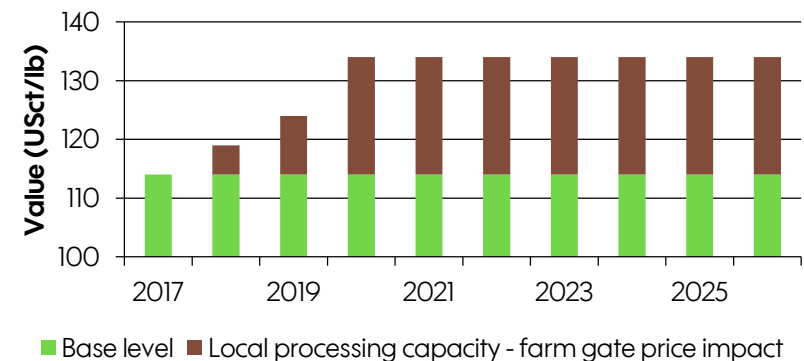


- Assuming stable base farm gate price
- Export differentials could go up by 40 USD/Mt for robusta, we assume 50% of this accrues at farm level, resulting in a 20 USD/Mt green coffee price increase for robusta
- Robusta farm gate prices, weighed by the volume to which these interventions apply result in a sector-wide average increase of 2.21 USD/Mt
- Arabica farm gate prices could increase from 114 USDct/lb to 134 USDct/lb for those farmers that partake in these interventions
- On average across the sector the effect is far smaller, with 0.4 and 0.8 USDct/lb for arabica farm gate prices as a result of quality improvement and certification respectively.

Farm gate price effect of investment opportunities - Robusta



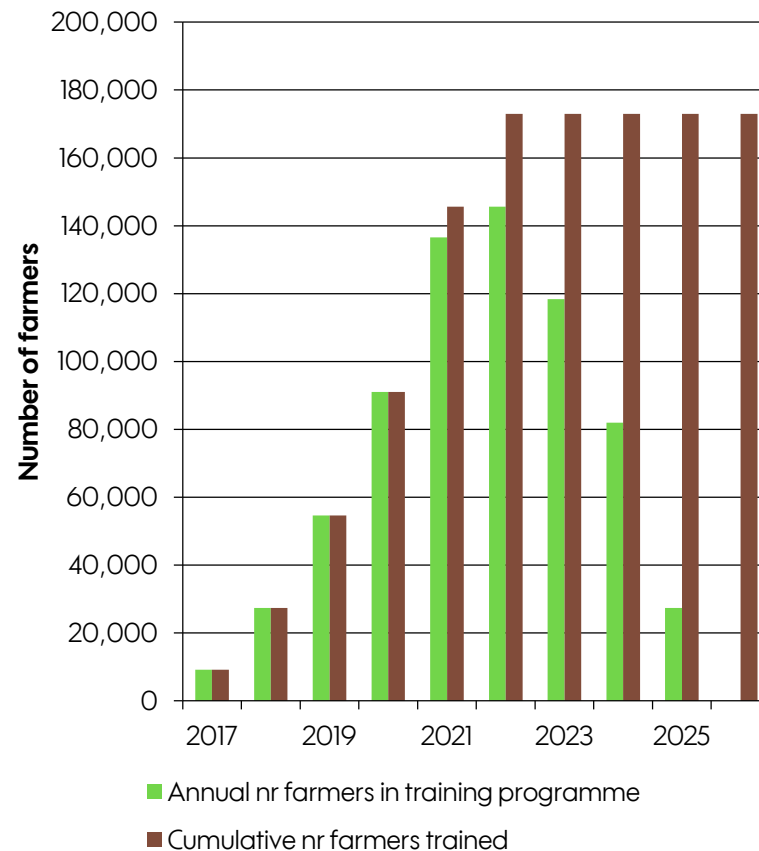
Farm gate price effect of investment opportunities



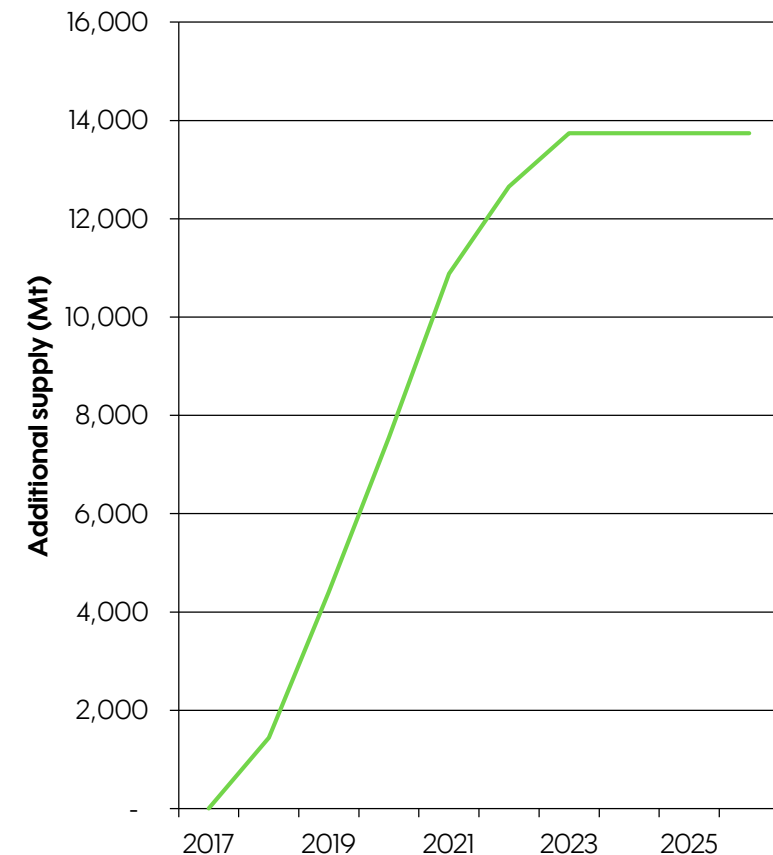
FARMER TRAINING INVESTMENT CAN GROW CURRENT SUPPLY BY 29%



Number of farmers enrolled in training program



Additional supply from farmer training programme (Mt)



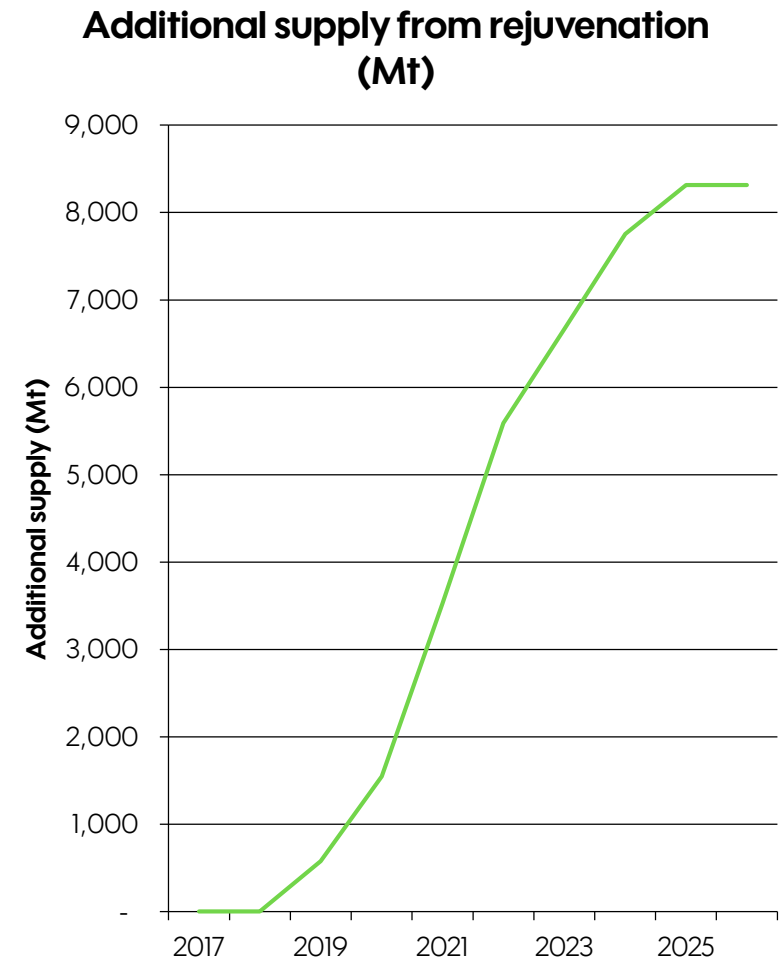
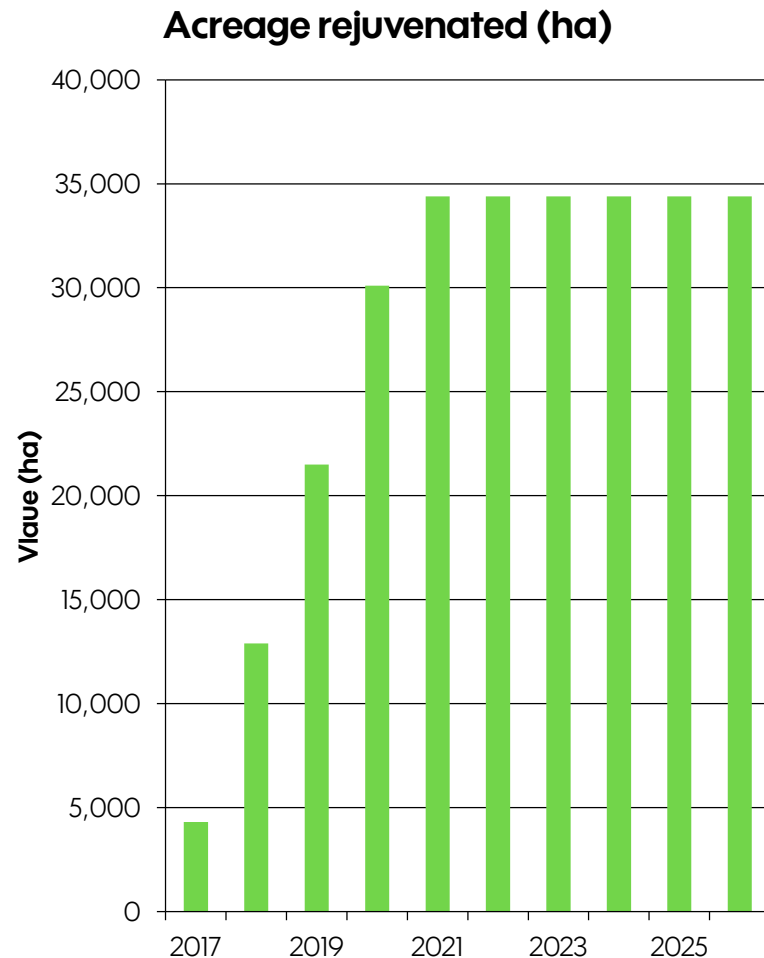
FARMER TRAINING OFFERS POTENTIALLY EXCELLENT RETURNS ON INVESTMENT



- For training on Good Agricultural Practices to be effective it needs to be participatory, intensive and should run for at least 4 years.
- A large number of farmers is already part of a range of coffee-related training programmes or has been trained previously.
- Against this background we budget 45 USD/farmer/year in training costs, assuming 55% of around 300,000 farmers to be motivated, the investment would total 41.5 million USD over 9 years.
- The effect of training in Tanzania is more muted than in other origins. The training programme would have to take other crops into account and most farmers show a high degree of mixed cropping. Other interventions modelled here would have to be included for training to have a chance of being effective.
- Net Present Value (NPV) is positive at both 10% and 20% discount rates.

Indicator	Value (10 years)
Cumulative nr of farmers reached	172,924
Additional volume coffee per annum in steady state (Mt)	13,742
Total investment	\$ 31,126,275
Total return	\$ 182,127,446
NPV (10%)	\$ 76,897,627
NPV (20%)	\$ 43,090,976
Investment per farmer	\$ 180

REJUVENATION INVESTMENT TAKES A WHILE TO SHOW EFFECTS...



...BUT RETURN ON INVESTMENT IS POSITIVE



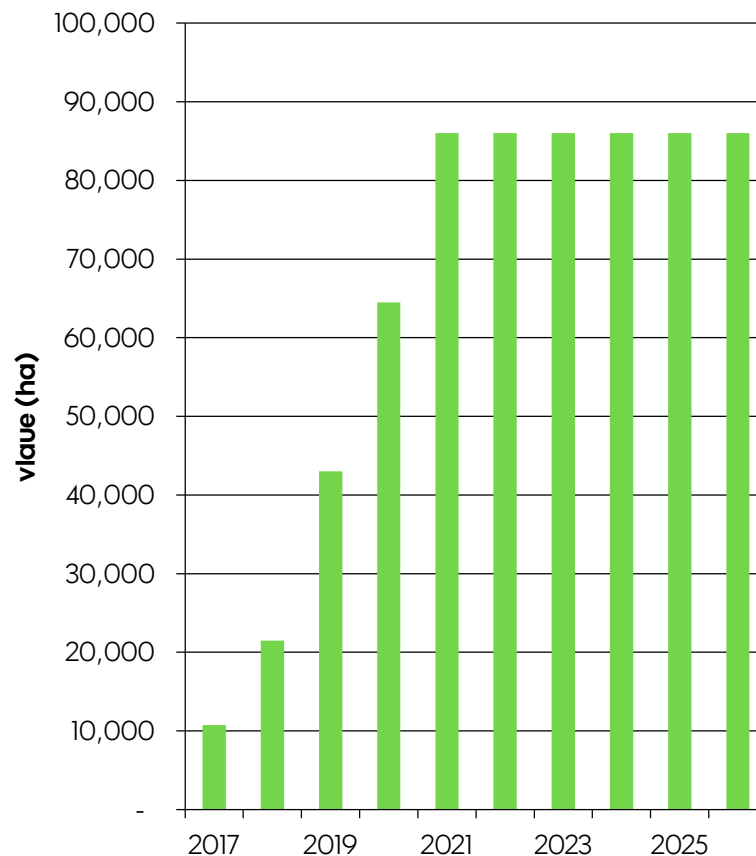
- Government sponsored and private nurseries are available. For seedlings and clones capacity appears to be sufficient although regional mismatches between supply and demand occur. For Coffee Wilt Disease (CWD) resistant varieties supply is tight.
- Historic issues with CWD in neighbouring Uganda and to a lesser extent in Tanzania make it imperative to use such varieties. Drought tolerance should also be factored in.
- We assume that a 30% replanting rate is required and that 40% of the farmers would be willing to take this up, resulting in 34,400 ha replanted.
- As labour is relatively cheap, investment in replanting amounts to 450 USD/ha all-in.
- Once concluded, the replanting programme can contribute around 8,313 Mt of additional supply per annum.

Indicator	Value (10 years)
Cumulative acreage replanted (ha)	34,400
Additional volume coffee per annum in steady state (Mt)	8,313
Total investment	\$ 15,480,000
Total return	\$ 83,806,831
NPV (10%)	\$ 30,156,954
NPV (20%)	\$ 14,036,491
Investment per ha	\$ 450

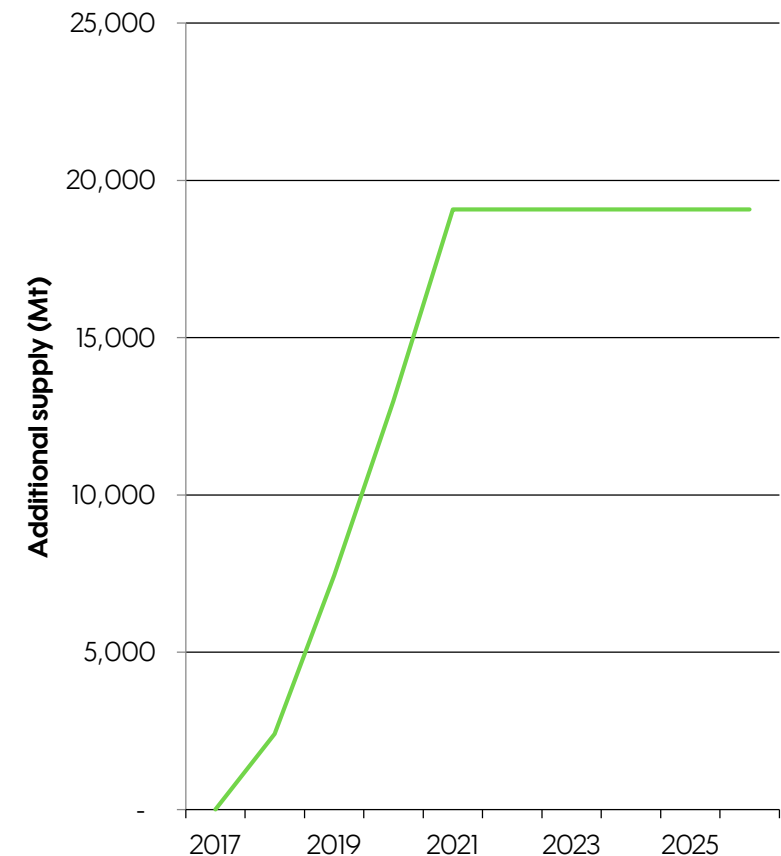
INPUT SUPPLY INVESTMENT CAN HAVE A WIDE REACH



Acreage with enhanced input use (ha)



Additional supply from input use (Mt)



INPUT USE IS VERY LOW, BUT COULD GROW AS FARMERS' EQUITY INCREASES



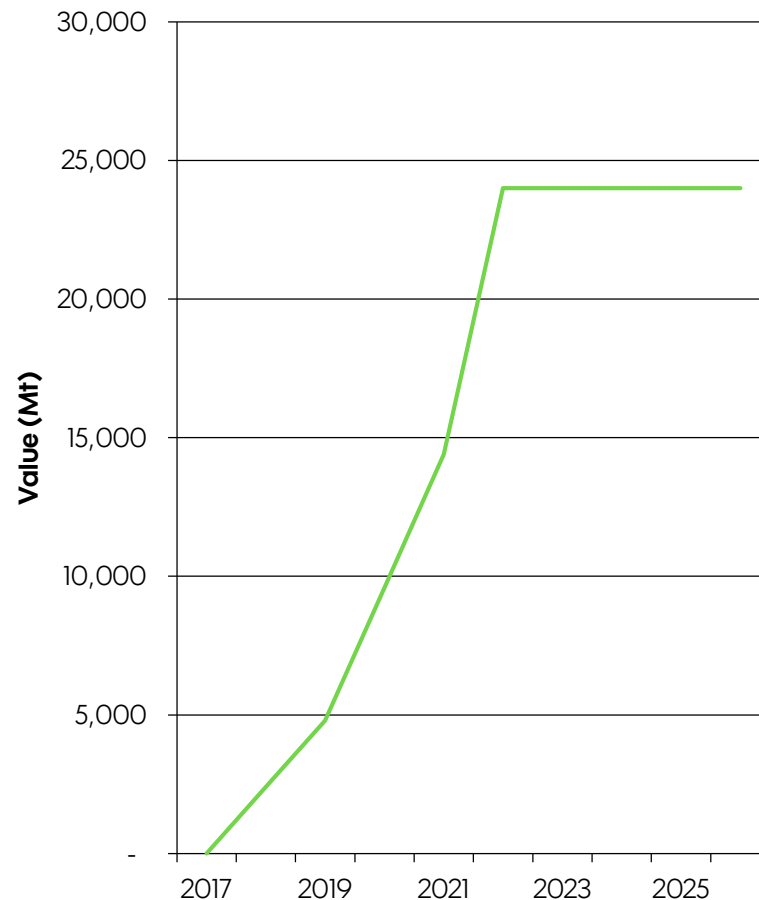
- Small-scale farmers tend to be risk averse as one failed crop is enough to undermine their living conditions.
- Fertiliser investment can be risky, but farmers would have to finance 20%-30% from equity.
- Limited extra use of inputs can be promoted to match risk appetite of farmers and generate additional production.
- With 50 USD/ha/year investment on top of the current level of 34 USD/ha on 40% of the national acreage in steady state, an additional 19,082 Mt coffee can be produced.
- Only farmers that are part of the training programme should make use of the additional input supply investment to ensure optimal use.
- Experience from several coffee projects in Uganda and Cameroon shows that 20-30% of fertiliser made available for coffee will be used on food crops.

Indicator	Value (10 years)
Acreage using additional inputs in steady state (ha)	86,000
Additional volume coffee per annum in steady state (Mt)	19,082
Total investment	\$ 32,787,500
Total return	\$ 546,825,327
NPV (10%)	\$ 273,532,257
NPV (20%)	\$ 159,694,086
Investment per ha per year	\$ 50

QUALITY IMPROVEMENT COULD APPLY TO AROUND 50% OF THE PROJECTED ARABICA VOLUME



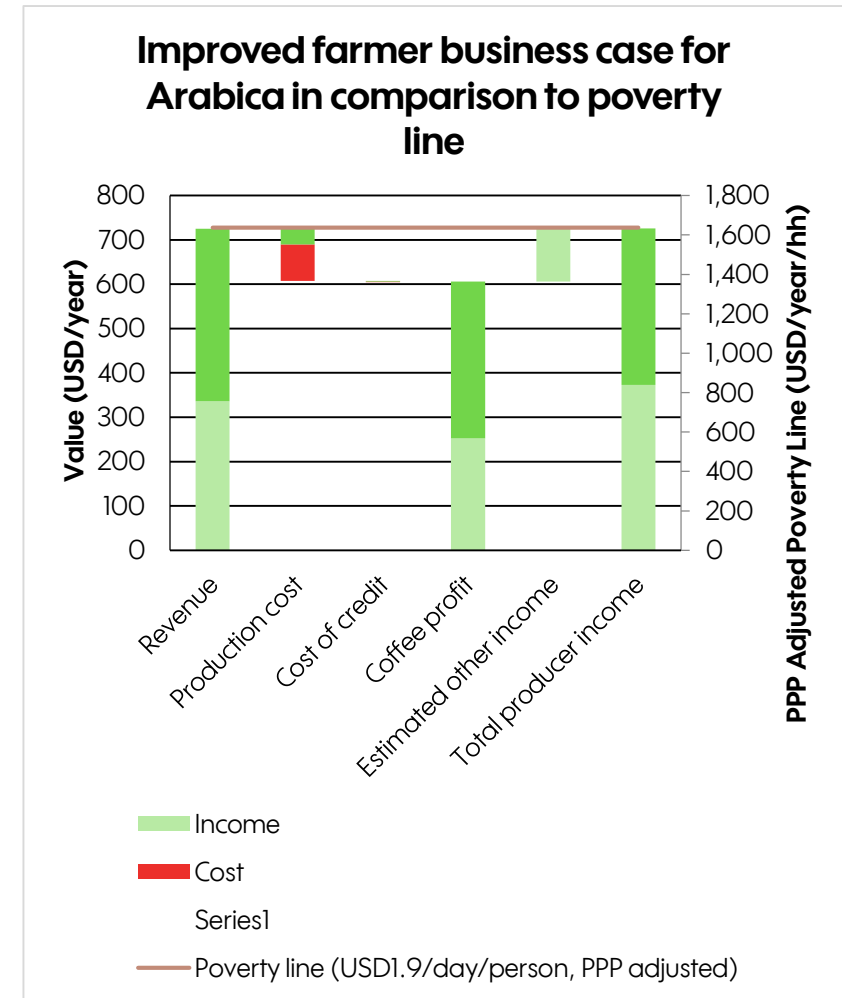
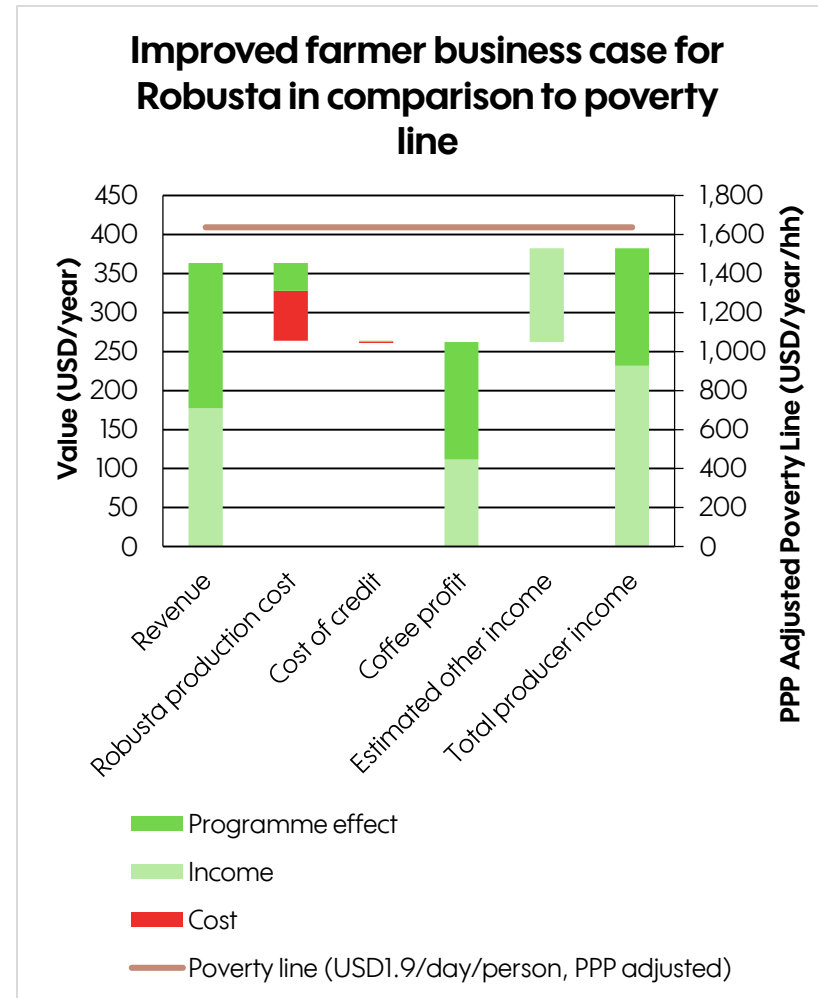
Volume with improved quality (Mt)



Indicator	Value (10 years)
Volume of improved quality (Mt)	24,000
Total investment	\$1,560,000
Total return	\$42,807,086
NPV (10%)	\$127,093,917
NPV (20%)	\$74,004,696
Investment per Mt per year	\$50

- This intervention would mostly apply to arabica, although some investment in robusta may also pay off.
- We expect that by upgrading existing processes and facilities, this can be a relatively low cost investment with good returns.

SIGNIFICANT POSITIVE IMPACT ON FARMERS, BUT OTHER INCOME NEEDED





THE INCREASES IN HOUSEHOLD INCOME ARE SIGNIFICANT BUT NOT ENOUGH TO LIFT FARMERS OUT OF POVERTY

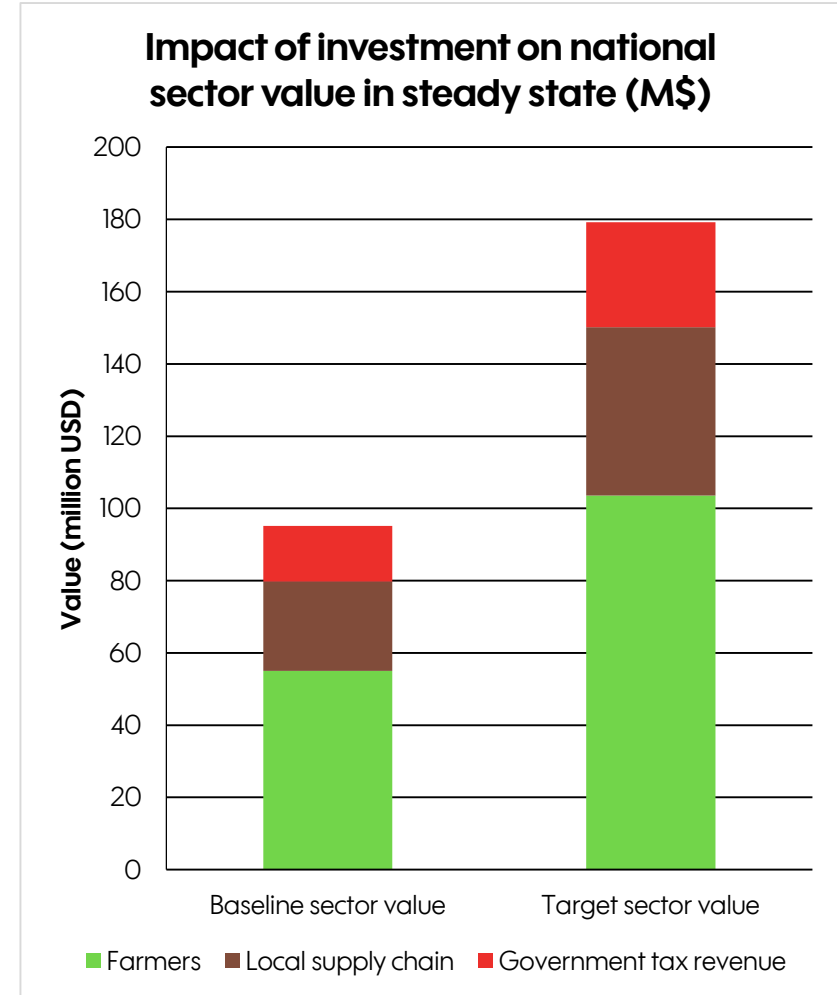
- The 4 investment opportunities that show a positive return can have a significant impact on farmer livelihoods, improving annual coffee profit by 60% in robusta and by 82% in arabica.
- Total producer income would then increase to 382 USD/household for a robusta farmer and to 726 USD for an arabica farmer.
- This however is still not sufficient for a full farming family in relation to the poverty line (value of home consumption of other crops not factored in).
- To lift farmers out of poverty, further income is needed. A 2.3 to 4.1-fold increase in income would be needed for that.
- A further increase in productivity is certainly feasible biologically speaking, but unlikely given constraints of access to inputs and lack of irrigation.

NATIONAL BUSINESS CASE: SIGNIFICANT INCREASE IN SECTOR VALUE FOR ALL



Summary	USD over 10 years
Total investment	\$ 80,953,775
Total return	\$ 1,111,288,501
NPV (10%)	\$ 532,504,123
NPV (20%)	\$ 302,200,537

- Investment in coffee can significantly increase the sector value for all actors in the value chain. The majority of value flows into the rural economy.
- As productivity improves, local supply chains benefit, primarily from additional supply.
- A significant share of the cess could be invested in the programme (the 2012 sector strategy speaks of 20%), at the same time reduction of cess appears desirable to increase farm gate share of FOB price.

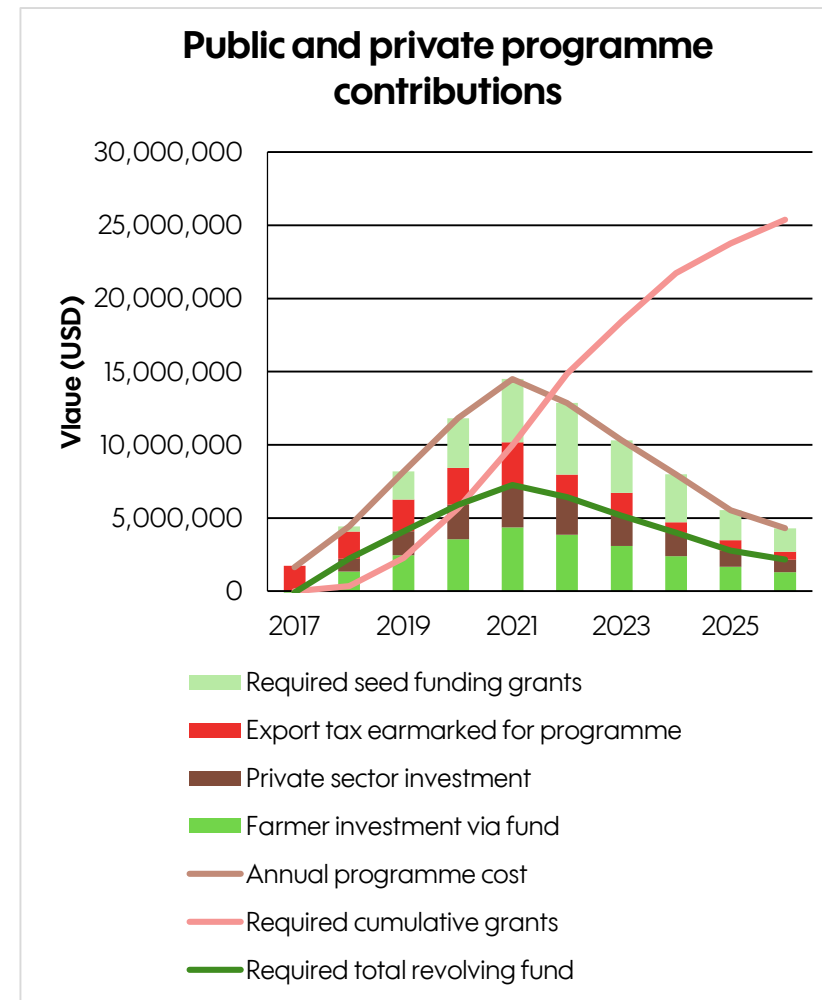


INVESTMENT SHARED BY NATIONAL GOVERNMENT, PRIVATE SECTOR, GRANTS



- Assuming that 20% of export tax (cess) is invested in the programme, resulting in local government financing around 20% of the total programme cost, cess can be reduced over time to the equivalent of 30 USD/Mt.
- Private sector investment by farmers (mainly inputs) and buyers/traders (training, processing), financed from ACF revolving fund and/or commercial funds. ACF conditions need to be competitive compared to current financing.
- Grants are needed as initial seed funding after taxes are used to finance the first year.
- Leverage industry and government investment to attract roasters, donors and banks.

Summary	Value
ACF revolving fund size	\$ 7,248,779
Required grant funding	\$ 25,388,492
Required grant funding %	31%
Required national budget (% export tax)	20%



Contributions are indicative based on stakeholder input. Investments and conditions to be negotiated within national public private platforms taking into account amongst others international competitiveness, governance, transparency and accountability assurance.



CONCLUSIONS

- The coffee sector contributes a small part of GDP in Tanzania (~0.2%). Without investment this share is likely to go down over time as other sectors of the economy show stronger growth rates.
- There is significant potential to increase the coffee sector value in Tanzania through selective investment in farmer training, farm rejuvenation and quality improvement (through investment in processing capacity). Productivity can increase by 86% from 0.22 Mt/ha to 0.41 Mt/ha. The increased value largely flows into the rural economy.
- Coffee alone will not provide sufficient income for a full farmer household, under current conditions it appears unlikely that the gap to the poverty line can be met with agricultural activities. It is unlikely that farmers will be lifted out of poverty in the short- to mid-term, despite investments.
- Total programme investment amounts to an estimated 81.5 million USD over 10 years that would generate a return across the sector of 1.11 billion USD at current prices over the same period.



Sources

Coffee Partnership for Tanzania, Global Coffee Platform, Sucafina, Olam, Café Africa, TCB, Jacobs Douwe Egberts, Lavazza, Nestle.

Data

US Department of Agriculture, Food and Agriculture Organisation, International Coffee Organisation, Tanzania Coffee Board, USAID, 4C Association, UTZ Certified, Agri-Logic

About the Global Coffee Platform

The GCP is a collaboration between the 4C Association and the Sustainable Coffee Program of IDH – The Sustainable Trade Initiative. The Global Coffee Platform is an inclusive multi-stakeholder sustainability platform aligning the activities of a diverse network of stakeholders to set into action the global commitments made through Vision 2020 and create a thriving and sustainable coffee sector.

About Agri-Logic

Agri-Logic – management, consultancy and research – operates where agricultural production, development, international trade and consumer markets intersect. We combine a thorough understanding of farm level reality and commodity trade with scientific research skills and a track record in sustainability strategy design and implementation, to help clients deal with sustainability challenges and market requirements.

About Valued Chain

Valued Chain is an independent consultancy. We support organizations in understanding their value chain and stakeholders, identification and mitigation of risks, and realization of opportunities. We believe in integrating commercial objectives with sustainability of the business and its stakeholders. Working from Amsterdam and Lagos, we connect Europe and Africa.