



Tanzania is an important regional producer with significant R&R need and yield uplift potential due to old trees and low adoption of GAP

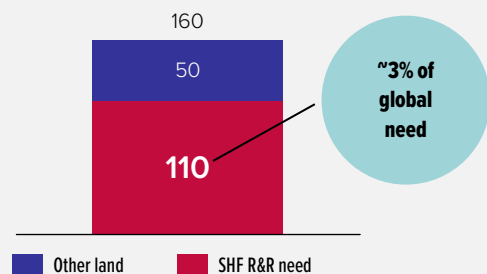
Quick facts: Tanzania is Africa's fourth biggest producer

Production '000 tons, 2014	Production share Global & region	Coffee land '000 hectares, 2014	Varieties Arabica-Robusta
49	16th in world 4th in Africa	160	~50-60% A ~40-50% R

R&R need: ~70% of total land is in need of R&R

SHF land in R&R need out of all land

'000 hectares



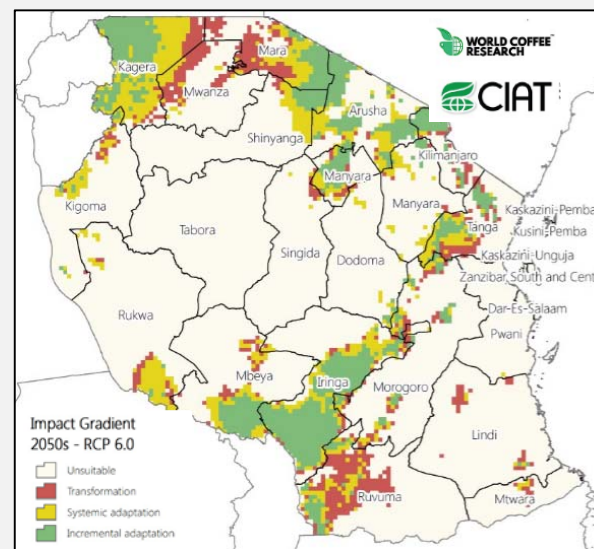
Drivers of R&R need:



Need is primarily driven by old trees (50-70 years in some places) and bad current practices, and to a lesser extent disease exposure/

Viability: Tanzania has low production costs, but high taxes

Suitability map: Arabica could be badly affected in particular regions

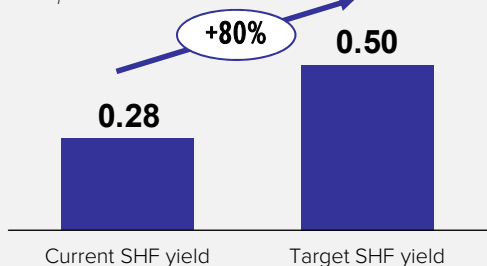


- Arabica in Mwanza, Mara, and Ruvuma provinces could be badly affected by climate change and become unsuitable for production in the future
- Areas in Kagera and Rukwa might be more suitable for other crops

Uplift potential: Significant uplift potential given low current SHF yields

Current SHF yield & potential uplift¹

Tons per hectare



Potential increase in supply

~15-50%

Total national supply could increase ~15-50% if R&R and GAP is implemented on all SHF land in need of R&R²

Other viability considerations: There is room for improved viability

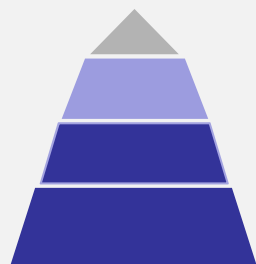
- Farmer share of the export price is low at 55-60% compared to estates and other countries where farmers are more closely linked to value chains
- Taxes are relatively high at 10-20% which could decrease further investment in sector
- Uplift potential is biggest for Arabica farmers, though Robusta farmers also have opportunities to improve
- Cost of production at farm level is low and has been fairly stable over past years

Notes: (1) The current yield is calculated on the basis of SHF production divided by SHF land area, the potential yield uplift comes from the GCP study on Tanzania: GCP, *Tanzania: GCP: Economic Viability of Coffee farming*, 2017; (2) Rounded to the nearest 5%, estimate assumes that R&R and GAP increase yields with 80%, and the range reflects a 25-100% R&R success rate. Sources: FAOstat, *Coffee production and land under coffee*, 2014; ICO production statistics; GCP, *African coffee sector: Addressing national investment agendas on a continental scale: Tanzania case study*, 2016; USDA, *Annual Coffee report*, 2016; Dalberg interviews



Tanzania has a high number of small SHFs that lack access to R&R components, and the cooperative sector is still nascent, with low capacity

Farmer segmentation: Most SHFs are at the bottom of the pyramid



National production is dominated by SHFs

The majority of SHFs are either in loose value chains or weakly connected value chains, with unstable links to market. SHF orgs. are generally mismanaged and lack capacity

SHFs '000 **400** (~2% of global SHFs¹)

SHF land '000 hectares **150** (~90% of national land) – farm size typically <3 hectares (and even <1 hectare))

SHF production '000 tons **45** (~90% of national production)

Assessment of SHF orgs. Nascent coop sector that has historically underperformed – ~50% of SHFs are linked to coops

Links to market SHFs have loose and weak links to market

Enabling environment for R&R: Relatively weak enabling environment

Political environment



Availability of inputs



Availability of finance



Knowledge availability



- Coffee share of GDP: <1%
- Government plan (CIDS) to increase national production to 100,000 tonnes by 2020
- There are encouraging new investments from estates and other sector companies to support SHFs
- Insufficient number of functioning nurseries and there is a lack of production of seeds at commercial volumes.
- Farmers generally have low access to inputs
- The Coffee Development Fund (TCDF). Its main objective is to ease access to inputs to SHFs by funding R&D, extension service program, and improved planting material
- Given that coops are still developing,² there is little experience within local financial institutions with lending to coops, though this might increase in the future
- Lack of local extension service staff is a problem given the large geographical distribution of coffee production
- Efforts are in place to publish a standardized 'coffee curriculum' on GAP for all extension service workers, though implementation funding is lacking

Examples of R&R programs: Past R&R programs have focused on increasing adoption of GAP and building SHF organization capacity

- **Gates Foundation – The Coffee Partnership of Tanzania** (since 2012): The program provides training on farmer group formation and GAP, but does not include an integrated R&R package with planting material and finance
- **Technoserve – Coffee initiative (2008-2017)**: Focus on training farmers to increase GAP, including rehabilitation techniques. The program has reached more than 250,000 SHFs across Ethiopia, Kenya, Rwanda, and Tanzania
- **HRNS – Tanzania Program (2016-2019)**: The program focuses on increasing coffee production for 25,000 farmers in Northern Tanzania via better practices, and building commercial farmer organizations

Notes: (1) Assuming a global SHF population of 20 million – other estimates cite 2.4 million farmers in Tanzania, though this might include families relying on income from coffee. We have included the number in the range of 2-12%; (2) The sector was previously controlled by a national (monopolistic) coffee cooperative.
Sources: GCP, Tanzania: GCP: Economic Viability of Coffee farming, 2017; FAOstat, Coffee production and land under coffee, 2014; GCP, African coffee sector: Addressing national investment agendas on a continental scale: Tanzania case study, 2016; USDA, Annual Coffee report, 2016; Dalberg interviews