



THE UNITED REPUBLIC OF TANZANIA
PRESIDENT'S OFFICE,
REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT



MBEYA DISTRICT COUNCIL

COFFEE VALUE CHAIN INVESTMENT OPPORTUNITIES



Introduction

Mbeya District Council, located in the Mbeya region, emerges as a promising investment hub with substantial untapped agricultural potential. Divided into three divisions and comprising 28 wards, the district boasts 111,702.4 hectares suitable for agriculture, yet only 9,001 hectares, including 3,536 hectares dedicated to coffee cultivation, have been utilized. This stark contrast presents an enticing opportunity for investors to capitalize on the expansive remaining land totalling 102,701.4 hectares.

The District's commitment to infrastructure development, featuring well-maintained roads, widespread electricity access, and reliable water services, enhances its allure for potential investors, particularly those interested in agriculture and animal husbandry. The secure environment, fortified by established police stations, further adds to the appeal, with seamless communication services available through mobile networks. Positioned as an attractive investment destination, Mbeya District Council invites investors to explore and contribute to its economic growth by tapping into the vast untapped agricultural potential that the district offers.

Geography and Climate

Situated in the southern highlands of Tanzania, Mbeya District shares borders with Malawi, Mbozi District in Songwe Region, Chunya District, Mbarali District, Rungwe District, Busokelo District, Ileje District, and Makete District. The topography varies, encompassing altitudes ranging from 2300 to 2800 meters above sea level, accompanied by an average temperature spanning from 120C to 270C . The district experiences an annual rainfall average of 944 mm.

Socioeconomic Features

Mbeya District population is 305,319 which includes 107,694 women and 95,853 men; and 203,547 youths aged between 18 and 35 years. The district's economic backbone centres around agriculture, involving crop production, livestock keeping (mainly cattle, goats, sheep and poultry). Other economic activities include beekeeping, fishing, mining, trading and manufacturing.

The district boasts an extensive and well-connected transportation network. Its road infrastructure links to Dar es Salaam and neighboring countries of Malawi and Zambia, while a railway line connects to Dar es Salaam and Kapingoshi in Zambia. Songwe International Airport enhances quick logistic connectivity through air transport, contributing to the district's strategic positioning for economic growth. Electricity coverage spans nearly all areas within the district, supporting a range of economic activities. With over 30 well-distributed water sources, it fosters environment conducive to potential investment in irrigation.

Coffee Production

Renowned for its bright acidity and medium to full body, coffee from Mbeya District delights with complex flavor notes. Tasting profiles include fruity nuances like black currant, red berries, and stone fruits, complemented by floral and citrus undertones. This unique combination positions Mbeya District coffee as a distinguished and sought-after offering in the world of specialty coffee. Coffee is produced by a total of about 3,531 small farmers, and five (5) medium to large size farms namely Kandusanje Farm, Lunji Farm, Mpalila Begezi Farm, Oran Farm and Utengule Farm.

Generally, coffee is cultivated in two cropping systems, which includes agroforestry, to intensive monoculture with compact coffee varieties and mixed cropping with beans, bananas and avocado. Coffee crop calendar cuts throughout the year, harvesting is done from May to October, and selling is done from August to February.

Key activities	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Planting	Yellow	Yellow									Yellow	Yellow
Weeding	Blue	Blue	Blue	Blue								Blue
Pruning										Red	Red	
Spraying	Green	Green	Green	Green	Green						Green	Green
Harvesting					Brown	Brown	Brown	Brown	Brown	Brown		
Milling								Yellow	Yellow	Yellow	Yellow	
Selling	Red	Red						Red	Red	Red	Red	Red

Figure 1 Coffee Calendar in Mbeya District Council

Coffee is mostly produced in Itewe, Ulenje, Swaya, Igale, Iwindi, Mshewe, Mjele, Bonde la Songwe, Isuto, Itawa, Iwiji, Izyra, Utengule Usongwe and Nsalala wards. The area planted with coffee has increased by 36% (from 6,640 ha to 9,001 ha) between 2018 and 2023), but production has been low with yield remains below (0.25-0.3Kg per tree) due to high reliance on rain which is erratic and inadequate use of improved technologies. There is potential of increasing yield up to 5kg per plant through improving the use of technologies especially COMAPCT variety produced by Tanzania coffee Research institute-TACRI.

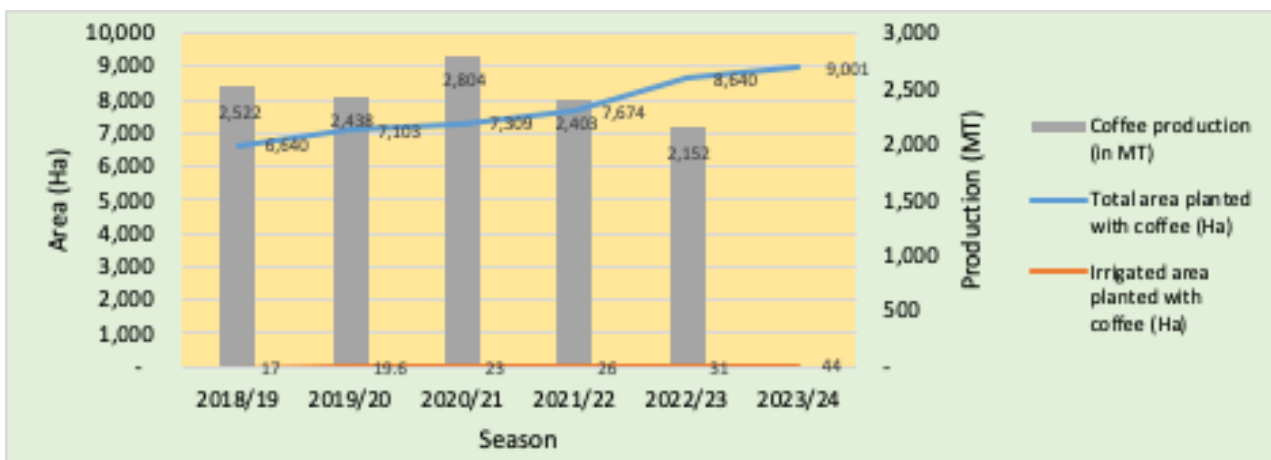


Figure 2 Coffee Production in Mbeya District Council

Coffee Value Addition

Most of farmers do primary wet process of their coffee at their farm or home. There are five Central Processing Units (CPUs) operated by Agricultural Marketing Cooperative Societies (AMCOS). Small-scale milling and roasting are done at home for consumption or coffee vending. There is no medium or large-scale secondary processor (miller) and tertiary processor (roasting) in the district.



Coffee Marketing

Coffee marketing is regulated by Tanzania coffee board, and smallholder farmers sell their coffee marketing through 34 Agricultural Marketing Cooperative Societies (AMCOS). Coffee producers have options of selling their coffee through following systems:

- a) **Primary Market (Farmgate market):** Through this system, farmers (AMCOS) sell parchment coffee to buyers authorized by the district council and licensed by the Tanzania Coffee Board. The process involves negotiating prices and quantities, leading to a signed contract approved by AMCOS leaders and the Cooperative Officer/Assistant Registrar. The contract is registered with the Tanzania Coffee Board, requiring an agreed-upon price surpassing the Board's indicative price. Buyers must make payments to the AMCOS bank account within seven working days after approval.
- b) **Auction Market:** The Coffee Board acts oversee weekly auctions where farmers (AMCOS or estates) sell green coffee. Organized every Thursday during the season, these auctions involve producers, large farm owners, and export-licensed buyers. The auctions are conducted in specific zones: Mbeya/Songwe in Mbozi District, Ruvuma in Mbinga District, and the North Region at the Tanzania Coffee Board headquarters. Farmers have the flexibility to choose any auction for selling their coffee. Coffee factories must submit samples with warrants to the Regional Offices of the Tanzania Coffee Board ten days prior to the auction.
- c) **Direct Export Market:** Producers and large farm investors can sell coffee directly abroad without participating in auctions. The Tanzania Coffee Board registers these contracts and issues quality certificates. Accepted prices should exceed the average of three auctions or the highest world market price (ICE-Arabika and Liffie Euronext).

Inputs Supply

Availability of agricultural inputs is guaranteed as input supply agents are available in every ward and village within the district. In 2022/2023, the government established fertilizer subsidy for all farmers in the country, thus reducing the cost of inputs. Usually, AMCOS arranges for collective procurement of inputs for its members.

Extension Services

Currently, the council has 131 extension officers, which is 57% of the requirement. There are number of Private Companies and Non-Government Organizations (NGOs) which provides extension services to smallholder farmers.

Financial Services

The district has convenient access to financial services, facilitated by Tanzania Agricultural Development Bank (TADB) and other institutions such as NMB Bank, CRDB Bank, NBC, and Tanzania Commercial Bank (TCB). There are also number of Savings and Credit Cooperative Societies (SACCOS) which provide financial services to farmers.

Research and Development

Tanzania Coffee Research Institute (TaCRI) with substation in Mbimba in Mbozi is commissioned to support and provides services related to Coffee research; Multiplication and distribution of technologies; coordination of coffee research and; Training to farmers, extension staffs and other stakeholders.

Regulation Regulatory Framework

Coffee is regulated by Coffee Industry Act, 2001 (Act No. 23 of 2001), the regulation of the value chain is mainly facilitated by the following institutions:



a) **Tanzania Coffee Board (TCB)** plays a crucial role in the country's coffee industry, including advising the government on development policies and strategies. It regulates and controls the quality of coffee and its by-products, monitors production and exportation, promotes technological advancements, and establishes regulations for processing, marketing, exportation, and storage. TCB is also responsible for granting licenses or permits for coffee export, registering coffee dealers, and conducting coffee auctions.

b) **Tanzania Cooperative Development Commission (TCDC)** responsibilities include registering cooperative societies, inspecting and supervising their activities, maintaining a register of these societies, and ensuring the publication of registered or de-registered societies in the Gazette. The authority also handles the resolution of disputes and complaints arising from cooperative societies, collaborates with Regional Administrative Secretaries on regulatory functions, supervises additional regulatory tasks as per the relevant provisions, and encourages the development of viable and sustainable cooperative societies.

Challenges

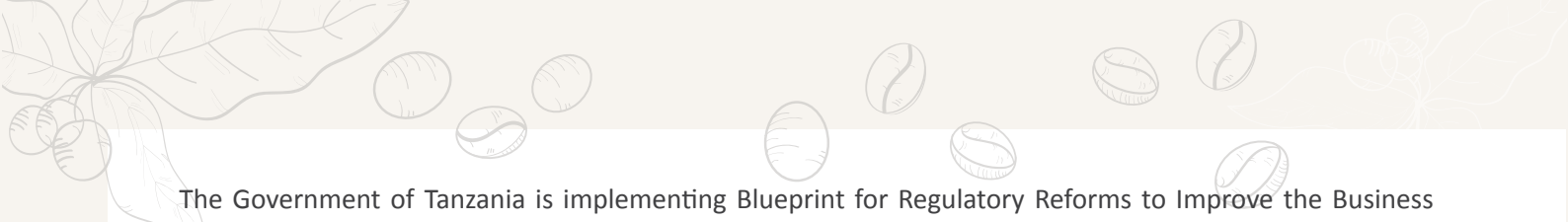
Coffee farmers encounter various challenges including climate change, pests and diseases, fluctuation of prices, and high labor costs. Despite these difficulties, coffee farmers demonstrate resilience and dedication in producing high-quality coffee.

Investment Opportunities in coffee value chain

- **Medium and large-scale farming:** Fertile land provides an opportunity for diversification into various crops, expanding the agricultural portfolio and potentially increasing income for farmers. This includes unexploited 103,062.4 ha suitable for agriculture including coffee production.
- **Irrigation:** Leveraging available water sources for irrigation enhances agricultural productivity through supply of irrigation facilities to smallholder farmers.
- **Coffee Export:** Access to external markets provides an avenue for coffee farmers to expand their reach and increase sales.
- **Coffee value addition:** Establishing a local milling industry can add value to coffee production and create additional revenue streams. Currently, most of coffee is wet processed at home and secondary processing (milling) is done in nearby district of Mbozi. There is a potential for establishment of coffee mill and roasting. Other opportunities are in diversification into coffee-related products such as chocolates, yoghurts with coffee flavour, and cakes.
- **Service provision:** These includes mechanization, digital agriculture solutions, provision of financial services (saving, credits, insurance) and Business Development Services (BDS).

Government Incentives

As part of the Agricultural Sector Development Programme (ASDP), the government launched the Coffee Industry Development Strategy (2021-2025) which aims to increase coffee production from 60,000s to 300,000 MT and improve the quality of output. From 2022, the government has been implementing fertilizer subsidy programme and upscale supply. It is also strengthening research, multiplication and distribution of high yield Arabica coffee seedlings to farmers through Tanzania Coffee Research Institute (TaCRI) which involves collaboration with other stakeholders including Agri-connect programme funded by EU. Furthermore, coffee has been among the prioritized value chain by Tanzania Agriculture Development Bank (TADB) where coffee took about 41% of direct lending in 2022.



The Government of Tanzania is implementing Blueprint for Regulatory Reforms to Improve the Business Environment instituted in 2018. The blue print provides the Government's main framework for enabling a holistic review of business-enabling environment (BEE) in order to improve the business climate in Tanzania. In implementing this, the Government remitted about twenty taxes and charges related to coffees inputs, commodities and services.

Tanzania Investment Centre (TIC) is an agency of the Government responsible for coordinating, encouraging, promoting and facilitating investment in Tanzania as well as advising the Government on investment policy and related matters, granting certificates of incentives. The certificate provides fiscal incentives such as zero import duty on capital goods and a 75% tax relief on deemed capital goods, along with a 100% capital allowance on agriculture. It is also providing non-fiscal incentives including an initial immigration quota of 10 expatriates, with additional allowances based on project size, and unconditional free repatriation of funds, allowing transfer of profits, loan repayments, royalties, and other financial transactions through authorized banks in freely convertible currency.

Why invest in coffee value chain in Mbeya district

Investing in Mbeya District is appealing due to its agricultural potential, particularly in coffee production, and opportunities for diversification into other crops. The region benefits from ongoing infrastructure development, including improved road networks and storage facilities, facilitating efficient logistics. Proximity to external markets enhances access to export opportunities, while the district's growing urbanization and scenic landscapes present potential for investments in various sectors, including tourism. The district's rich natural resources further contribute to opportunities in mining and forestry. Engaging with local communities and aligning with government economic policies can provide a favorable environment for investors seeking to tap into Mbeya's economic potential.



Key contacts for further information and support

<p>Ileje District Council, P.O. Box 2, Ileje Email: ded@ilejedc.go.tz Tel: +255 25 257 0056 Website: www.ilejedc.go.tz</p>	<p>Tanzania Coffee Board (TCB) P.O. Box 732, Kilimanjaro Email: info@coffee.go.tz Tel: +255 27 2752324 Mobile: +255 27 2752026 Website: www.coffeeboard.go.tz</p>	<p>Tanzania Investment Centre (TIC)P.O. Box 938, Dar es Salaam Tel: +255 734 989 469 / +255 734 989 470 Email: info@tic.go.tz Website: www.tic.go.tz</p>
<p>Songwe Regional Secretariat, P.O.BOX 23 Songwe Tel: +255 25 2580305 Email: ras@songwe.go.tz Website: www.mbeya.go.tz</p>	<p>Tanzania Cooperative Development Commission (TCDC) P. O. Box 201, Dodoma, Tel: +255 26 232 2993 Email: ushirika@ushirika.go.tz Website: www.ushirika.go.tz</p>	<p>Business Registrations and Licensing Agency (BRELA) P. O. Box 9393, Dar es Salaam Tel: +255 22 2212800 Email: usajili@brela.go.tz,Website: www.brela.go.tz</p>

