



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



**NYASA DISTRICT COUNCIL**  
**COFFEE VALUE CHAIN INVESTMENT OPPORTUNITIES**



## Introduction

Nyasa District Council was established in 2013, after being demarcated from Mbinga District. Administratively, Nyasa District Council is divided into three (3) divisions, twenty (20) wards and eighty four (84) villages. The district's headquarters is at Mbambabay, the town in the shore of Lake Nyasa. Mbamba Bay Port has a jetty suitable for shipping to Malawi and nearby districts along the shores of the lake. Nyasa District emerges as a promising investment destination with considerable untapped opportunities. The favourable combination of climate, location, topography, and local culture makes the area attractive for business, residence, and tourism. The Council places a high priority on infrastructure development, boasting well-maintained roads, extensive electricity coverage, and water services. These factors contribute to the district's appeal for potential investors. Additionally, the presence of established police stations ensures added security; improved health services; and wider coverage of mobile networks. Positioned as an enticing investment prospect, the Council invites investors to explore and engage in harnessing the abundant untapped agricultural potential within the district.

## Geography and Climate

Nyasa district is located on the South Eastern shores of Lake Nyasa, the District spans latitudes 10°15' to 11°34' South and longitudes 34°24' to 35°28' East. It shares borders with Mozambique to the South, Malawi to the West through Lake Nyasa, Mbinga and Songea districts to the East, and Ludewa district to the North. The topography of the District is characterized by hilly areas (including Livingstone Mountain ranges) with an altitude ranging between 800 metres and 1,500 metres above sea level to lowlands with narrow plains along Lake Nyasa whose altitude is between 500 metres and 600 metres above sea level. Key perennial rivers in the district include Ruhuhu, Lukali, Liweta, Ngano, Lumumba, Mnywamaji, Ndumbi, Yola, Nkalachi, Yungu, Mbuchi, Mbawa, Lwika, Luhekei, and Chiwindi. The climate in Nyasa District features a unimodal rainfall pattern, with an average annual rainfall of 1200mm. The rainy season occurs from December to April, with the remaining months being dry. Average maximum temperatures range from 29°C to 31°C, while average minimum temperatures range from 19 °C to 23 °C. In higher altitudes, like Tingi Ward, temperatures can drop as low as 13 °C during the cold season in June, July, and August.

## Socioeconomic Features

The 2022 Population and Housing Census reported Nyasa District's population to be 191,193, with 97,699 males, 93,494 females, and 102,409 youth. Agriculture, encompassing fishing, livestock, crops, and mining, is the predominant economic activity. Nyasa District Council's total arable land is estimated at 150,000 hectares out of which, 79,000 hectares are already under cultivation. On the other hand, 10,600 hectares are potential for irrigation. The District is well connected with tarmac road to Mtwara port, Dar es Salaam port and Songea Airports, however, road conditions particularly during the rainy season is a major challenge. Nyasa District boasts a 1278.8km road network, but only 25.4% is navigable year-round.

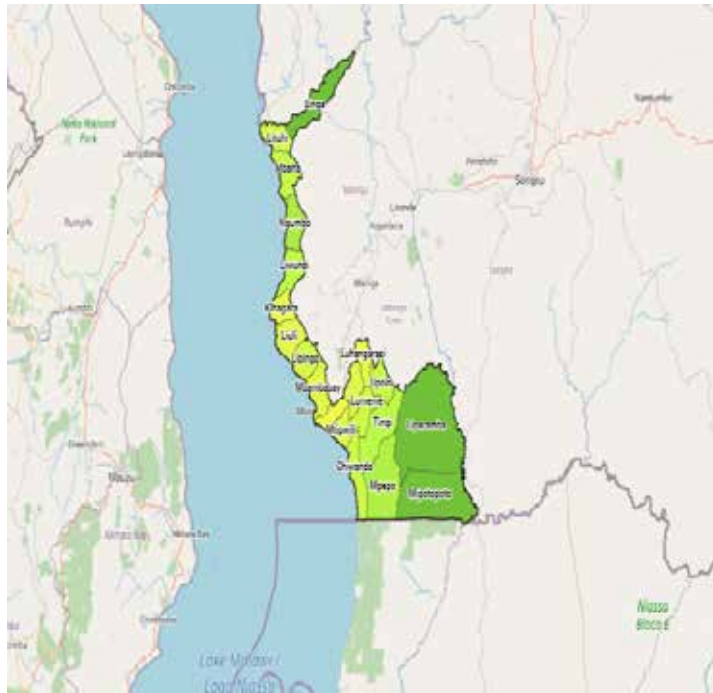


Figure 1 Nyasa District map

## Coffee Production

Nyasa Coffee, renowned for its superb taste and lighter roast, offers a rich and full-bodied experience, delivering deep flavor notes to the cup, revealing hints of black cherry, brown sugar, and a touch of cinnamon. The production process involves meticulously selecting the ripest cherries and ensuring quality by removing underripe and overripe ones. The cherries undergo a thorough process, including floating in water to eliminate lower-density floaters, de-pulping, fermentation in mucilage and water, washing, and slow drying on raised beds. This meticulous process results in a coffee that truly stands out in both taste and quality.

Coffee is the most important cash crop in the District, produced by smallholder farmers. It is grown by 14,413 farmers located in eight wards namely Mpepo, Liparamba, Mipotopoto, Tingi, Lumeme, Upolo, Kingerikiti and Luhangarasi, each playing a vital role in contributing to the rich coffee landscape. The area allocated to coffee production has expanded by 18% between 2018 and 2023. However, the coffee production is still low due to limited use of improved practices and technologies, and erratic rains.

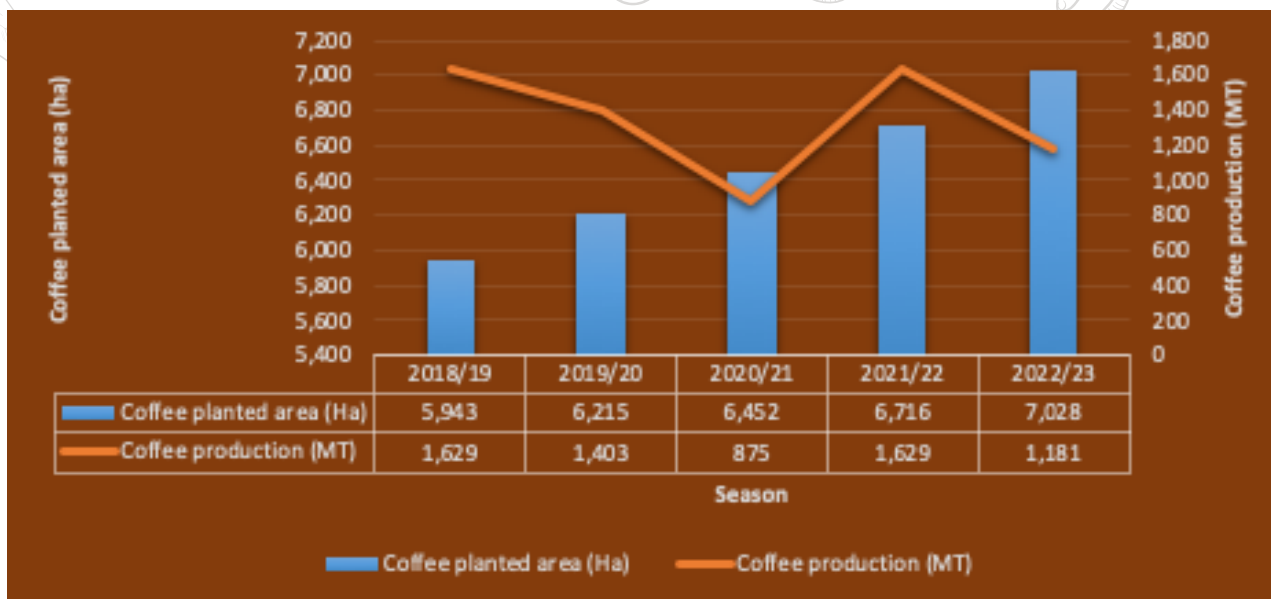


Figure 2 Coffee production in Nyasa District

Coffee is mostly cultivated by smallholder farmers in agroforestry system and in some cases intensive monoculture, usually is mixed with beans, bananas and avocado. Coffee crop calendar cuts throughout the year, with harvesting being done from May to October, and selling throughout the year.

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

Figure 3 Nyasa coffee crop calendar

## Coffee Value Addition

Most of farmers do primary wet process of their coffee at their farms or homes. There are eighteen Central Pulping Units (CPUs) operated by Agricultural Marketing Cooperative Societies (AMCOS) with capacity of processing 2,200MT per year. Most of wet processing is done at home using manual machines. There is no secondary processor in the district, therefore milling is done in the nearby Mbinga district by millers namely MCCCCO, DAE Ltd, CMS and KYJU'S CO LTD with total capacity of processing 57,500MT per year. There is one roasting company but most of coffee is exported after secondary processing, very small volume is milled and roasted locally at home for consumption and vending.



## Coffee Marketing

Coffee marketing is regulated by the Tanzania Coffee Board, smallholder farmers sell most of their coffee through ten (10) Agricultural Marketing Cooperative Societies (AMCOS) with 1,983 members (including 225 women and 108 youths). Coffee producers have multiple avenues for selling their coffee through:

- a) **Primary Market (Farmgate Market):** In the Farmgate Market, farmers, represented by AMCOS, engage in negotiations and sell parchment coffee to authorized buyers licensed by the Tanzania Coffee Board. The process involves signing a contract approved by AMCOS leaders and the Cooperative Officer. These contracts, registered with the Coffee Board, mandate payment is done within seven days.
- b) **Auction Market:** Weekly auctions, managed by the Coffee Board, offer farmers a platform to sell green coffee. These auctions take place every Thursday in designated zones including Mbinga. Producers, large farm owners, and export-licensed buyers can participate, providing flexibility in choosing auction locations.
- c) **Direct Export Market:** Small, medium producers and large farms have the option to sell coffee directly abroad without participating in auctions. The Coffee Board registers contracts and issues quality certificates, ensuring accepted prices that may surpass auction averages or even the highest world market price.

These distinct marketing systems cater to the preferences and needs of coffee value chain actors, offering flexibility and competitive pricing in the dynamic coffee industry.

### Inputs Supply

In Nyasa District, there are over 10 reliable input suppliers, ensuring a steady and guaranteed supply of inputs within the district. Agricultural Marketing Cooperative Societies (AMCOS) have played a pivotal role in arranging collective procurement of inputs for their members. Notably, the government's introduction of a fertilizer subsidy from the 2022/2023 period has significantly reduced the overall cost of inputs for all farmers in the country.

### Extension Services

While there are currently 26 extension officers in the district, representing only 22% of the required number, the shortfall is compensated by private companies, input suppliers, and Non-Government Organizations (NGOs) that actively contribute to providing extension services to smallholder farmers.

### Financial Services

Nyasa District benefits from convenient access to financial services through institutions such as the Tanzania Agricultural Development Bank (TADB), NMB Bank, CRDB Bank, NBC, and Tanzania Commercial Bank (TCB). Additionally, Savings and Credit Cooperative Societies (SACCOS) and Microfinance Companies play a crucial role in providing financial services to farmers.

## Research and Development

The Tanzania Coffee Research Institute (TaCRI), specifically the Ugano substation in Mbinga, serves as a vital hub for coffee-related research and development. TaCRI supports activities such as seedlings multiplication and distribution, coffee research, and training programs for farmers, extension staff, and other stakeholders.



## Regulation regulatory framework

- a) **Tanzania Coffee Board (TCB):** Under the Coffee Industry Act, 2001 (Act No. 23 of 2001), the Tanzania Coffee Board (TCB) holds a pivotal role in overseeing the nation's coffee industry. TCB serves as an advisor to the government on development policies and strategies related to coffee. It regulates and ensures the quality control of coffee and its by-products, monitors production and exportation, promotes technological advancements, and establishes regulations governing processing, marketing, exportation, and storage. TCB is the granting authority for licenses or permits for coffee export, registration of coffee dealers, and conducting coffee auctions. In Nyasa District, the Tanzania Coffee Board's regional office, based in Mbinga Town, caters to the local coffee industry.
- b) **Tanzania Cooperative Development Commission (TCDC):** Cooperative Societies Act No 6 of 2013 gives TCDC the responsibilities of the Tanzania Cooperative Development Commission (TCDC) are integral to the governance of cooperative societies. TCDC is tasked with registering cooperative societies, overseeing and supervising their activities, maintaining a comprehensive register of these societies, and ensuring the publication of registered or de-registered societies in the Gazette. Furthermore, TCDC handles dispute resolution and complaints arising from cooperative societies, collaborates with Regional Administrative Secretaries on regulatory functions, supervises additional regulatory tasks as per relevant provisions, and actively encourages the development of viable and sustainable cooperative societies across the nation.

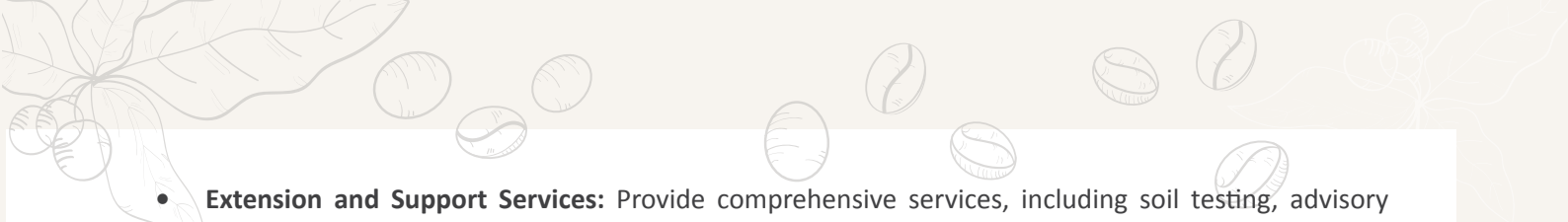
## Challenges

There are several challenges that impede coffee industry growth and efficiency. Firstly, the sector experiences stagnation in coffee production attributed to aging trees, poor husbandry practices, and a limited adoption of improved technologies, resulting in yields significantly below their potential. Secondly, there is limited access to extension services, with a notable lack of specialization among extension agents in coffee-related matters, hindering the dissemination of crucial agricultural technologies. Additionally, most of coffee farmers do not process their coffee through Coffee Pulping Units (CPUs), indicating underutilization and potential efficiency improvements in processing.

Furthermore, limited access to land for large-scale investment presents a hurdle, with the absence of documented land mapping hindering efforts for expansive coffee plantation projects. Weak cooperative management systems, driven by a lack of Information and Communication Technology (ICT) integration and professional expertise which hinder the efficiency of some cooperatives. The impact of climate change, marked by reduced rainfall and increased temperatures, poses substantial challenges to coffee cultivation, necessitating adaptive strategies.

## Potential investment opportunities in coffee value chain

- **Improving access to irrigation services:** Construction of irrigation systems, including dams and channels, along with supplying small-scale irrigation equipment for coffee cultivation.
- **Central Pulping Units (CPUs):** Establishment of new CPUs and rehabilitating existing ones to ensure higher-quality coffee production.
- **Enhancing use of solar technology:** Promote the distribution and installation of solar technologies to support energy-efficient processing in CPUs, as well as for drying and water pumping for irrigation.
- **Coffee Production Expansion:** Explore untapped potential in the southern highlands, utilizing over 1,856.5 hectares for Arabica coffee through methods like block farming, out-grower schemes, and large and medium plantations.

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- **Extension and Support Services:** Provide comprehensive services, including soil testing, advisory services with ICT integration, and practical assistance such as pruning and spraying, to support coffee farmers.
  - **Value Addition and Diversification:** Investments in certification, roasting, handling, and grading to add value to the coffee through diversifying into products like chocolates, sweets, and ice creams.

## Government Incentives

As an integral part of the Agricultural Sector Development Programme (ASDP), the Tanzanian government has developed five years Coffee Industry Development Strategy (2021-2025) with the objective of expanding coffee production from 60,000 to 300,000 MT and enhancing overall output quality. Since 2022, the government has been implementing a fertilizer subsidy program, focusing on the increased supply of essential inputs. Concurrently, the Government has been collaborating with various stakeholders to increase multiplication and the distribution of high-yield Arabica coffee seedlings through Tanzania Coffee Research Institute (TaCRI).

The prioritization of the coffee value chain is evident in the activities of the Tanzania Agriculture Development Bank (TADB), where coffee accounted for approximately 41% of direct lending in 2022. Demonstrating a commitment to improving the business environment, the Tanzanian government has instituted the Blueprint for Regulatory Reforms since 2018. This blueprint serves as the principal framework for a comprehensive reassessment of the business-enabling environment in Tanzania. Significant paces have been made, with over twenty taxes and charges related to coffee inputs, commodities, and services being streamlined since the inception of the blueprint, showcasing the government's dedication to cultivating a favourable business climate in the country.

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 Nyasa district

Investing in Nyasa District's coffee sector is a strategic choice given its untapped agricultural potential and favorable business environment. The district's rich natural resources, including the Livingstone Mountain range and perennial rivers, provide ideal conditions for coffee cultivation. Government initiatives such as the Coffee Industry Development Strategy and regulatory reforms demonstrate strong support for industry growth. Access to financial services and a commitment to value addition make Nyasa District an appealing destination for investors seeking a promising and thriving coffee industry.



**Key contacts for further information and support**

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