

SAGCOT Strategic Partnership Tea Value Chain in the Southern Highlands of Tanzania

Overview

Tea (*Camellia sinensis*) is grown in the Southern Highlands of Tanzania. The country's main tea growing areas in Southern highlands are; Mufindi, Njombe and Rungwe districts. Tea is one of Tanzania's main export crop for smallholder farmers. It is estimated that a third of the country's crop is produced by smallholder farmers. The Southern Agricultural Growth Corridor of Tanzania (SAGCOT) Centre Limited (SCL), through the Tea Strategic Partnership, assessed partner activities in the Corridor and recognized a critical mass of actors active and interested in establishing a commercial Tea Value Chain in the Southern Highlands of Tanzania.

About SAGCOT

The Southern Agricultural Growth Corridor of Tanzania ("SAGCOT") Initiative is a Public-Private Partnership that was initiated at the World Economic Forum (WEF) Africa (WEFA) Summit in Dar es Salaam in 2010. Its implementation period runs for 20 years, due to conclude in 2030. Its ultimate objective is to boost agricultural productivity, improve food security, reduce poverty and ensure environmental sustainability through the commercialization of smallholder agriculture. The mandate of the Partnership is to achieve this objective by catalyzing responsible private sector-led agriculture development, within an ever-improving business environment.

The Partners' implementation arrangements are governed by the following partnership principles:

1. Engaging smallholder farmers and ensuring environment sustainability through their investments;
2. Partnering with others to promote a harmonized approach and improve synergies within and across priority value chains;
3. Maintaining engagement, communication and support for the SAGCOT Centre Ltd (SCL);
4. Contributing to the resolution of policy and infrastructure constraints; and
5. Considering new and innovative financing mechanisms.

Major Achievements

- The SAGCOT Centre Ltd (SCL) facilitated deliberations between the Government of Tanzania and Unilever Tea to establish an MoU. This MoU aims to create 5,000 jobs and develop 6,000 hectares of small holder tea farms in the country. And has seen the construction of the Kabambe Tea Factory in Njombe Region.
- The SCL brought together key tea stakeholders to develop the Tea Strategic Partnership. This Partnership addresses key stakeholder concerns. And develop an all-inclusive, sustainable and cohesive vision and drive to develop the tea sector.

- SCL further facilitated the establishment of viable tea growers' cooperatives with tea growers in Njombe Region.

Inclusivity

Through the linkages made by SAGCOT, farmers receiving extension services, farm inputs, logistical services and marketing from the Sustainable trade Initiative (IDH) and Unilever Chai Project in collaboration with Njombe Outgrowers Service Company (NOSC). Farmers now sell tea to Unilever Chai at the average price of TZS 426 or more per kg of green leaf depending on the quality, compared to TZS 250 which was previously offered by other companies.

Core Objectives of SAGCOT's Key Partners

The main objective of the Tea Strategic Partnership is to improve the tea sub-sector by making it competitive, profitable and sustainable.

Partners in the Tea Strategic Partnership

Partners in the Tea Strategic Partnership include; the Unilever Chai Project, Njombe Outgrowers Service Company (NOSC), the Sustainable Trade Initiative (IDH), the Tanzania Tea Board, The Wood Foundation, Tea Association of Tanzania, Tanzania Smallholder Tea Development Agency (TSHTDA), the Tea Research Institute (TRIT) and Cooperatives of Tea Growers.

Key Concerns

- Low productivity in smallholder grower areas estimated at 1,000 kg of green leaf per hectare compared to 2,000 kg per hectare realized at tea estates.
- A high percentage of the tea grown in the country is through rain-fed farming which slows leaf production compared to irrigated fields.
- Poor rural infrastructure; especially tea feeder roads slowing down the speed of transportation of the green leaf tea from the field to the factory, resulting in leaf loss and reduction of degradation of quality of processed tea.
- Low plant population per unit area; a gap essential to be filled in most of the farms to attain optimum plant population.
- Conflict among tea stakeholders; this affects smooth operations of the sub-sector.
- Low prices for green leaf due to the poor quality of tea compared to neighboring countries.
- Limited supply of extension services.