FARM TO MARKET ALLIANCE
Making markets work better for farmers

FtMA Tanzania Country Brief
December 2022

Making markets work better for smallholder farmers

COUNTRY CONTEXT

Tanzania has a population of nearly 61.7 million (NBS, 2022), of which about a third live in urban areas. According to the world bank, Tanzania registered $67.8 billion as GDP 2021, while its per capita income was about $1,136. At national level, GDP growth of 4.7% was achieved in 2022, and expected to improve to 5.3% in 2023 according to the Ministry of Finance and Planning (MOFP).

Agriculture remains one of the most vital sectors of Tanzania's economy, responsible for approximately **29%** of the GDP. It is estimated that agriculture is the main economic activity for **70% of Tanzanian households** and **58.1% of all Tanzanian jobs** are within the agricultural sector (MOA, 2020), with up to **80%** of all agricultural produce being produced by **smallholder farmers using traditional methods**, primarily for subsistence. Tanzania has over **44 million hectares of arable land** which represents **45% of the country's total land area** of which **15million hectares is under cultivation** (MOA, 2016). Robust and inclusive growth in the agriculture sector is critical for Tanzania to achieve economic transformation and poverty reduction, with the sector's benefits able to reach the lowest income and most vulnerable groups in rural areas.

The Tanzania Development Vision 2025 has been implemented through various Programs. The Agricultural Sector Development Programme (ASDP II) and the Tanzania new Agriculture Transformation Agenda aim to unlock agricultural growth of 10% per annum by 2030, transforming the agricultural sector towards higher productivity, commercialization levels and smallholder farmers income for improved livelihood, food and nutrition security and contribution to GDP.

This agenda is backed by proposals for:

- A NEW AGRICULTURAL DEVELOPMENT FUND to subsidize agricultural inputs when prices rise
- creation of LAND BANKS to attract more commercial farming investors
- reform of the IRRIGATION COMMISSION to ensure every district is covered
- creation of a COMMON USE FACILITY for packing, sorting, and grading of horticultural products
- REDUCTION OF LOAN INTEREST RATES for agricultural borrowers to single figures
- increase in the number of AGRICULTURAL EXTENSION officers from 8,000 to 21,000
- BOOSTING arable land with IRRIGATION from 2% to 50% (600k to 10m hectares)
- improved government capacity to promote tanzanian produce in regional EXPORT MARKETS
- investments into AGRICULTURAL RESEARCH focused on seed quality and better market access to quality inputs
- major VAT EXEMPTIONS for domestic fertilizer manufacturers

About Farm to Market Alliance in Tanzania

Smallholder farmers are potential engines for economic growth they are the key to building sustainable food systems, advancing food security and achieving Zero Hunger.

That is why the Farm to Market Alliance (FtMA) is focused on making markets work better for African Smallholder farmers and help them transition to commercial agriculture by providing adequate information, investment and support at all stages of the process – from seed to market.

FtMA is a consortium of six organizations [AGRA, Bayer, Rabobank, Syngenta, World Food Programme (WFP), Yara] with a joint vision to enable sustainable food systems through strengthened markets to empower farmers to increase the productivity and income of Smallholder farmers and develop commercial viability along the value chain for all stakeholders.

Better and more predictable access to markets unlocks opportunities for smallholder farmers to reliably sell more produce, with better quality and at higher prices. This in turn encourages them to invest in their own businesses, increase the quantity, quality and diversity of the crops they produce, and inject their incomes directly into the rural economy, creating employment and growth.

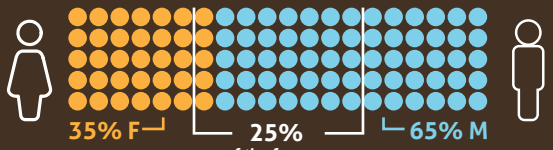
FtMA Tanzania aligns well with Tanzania Development Vision 2025, and the Agricultural Sector Development Programme (ASDP II). In collaboration with the Alliance Members and other public and private sector organizations, the programme aims to increase incomes and resilience of smallholders through providing them access to commercially sustainable value chains. FtMA Tanzania adopted a business model that focuses on strengthening the commercial Farmers Service Centers (FSCs') as an entry point to link up farmers with the required Agri services, and markets.

Current highlights from 2022 implementation

10,297 MT
aggregated and sold

at value worth **4,024,773**

295 FSCs' have been onboarded to the FtMA network and they currently serve **125,375 smallholder farmers**



Agricultural marketing cooperatives (AMCOS) making up the largest composition at **52%** (no. 151), **Village based agricultural agents** (VBAAs-no. 83) at **28%** and SME led (no. 62 of which Agro dealers are 38). **SME led FSCs** make up at **21%** of the portfolio.

148 partnerships
established in total comprising of

50 commodity buyers
12 mechanisation service providers
32 input companies and distributers
7 and others such as soil testing, crop insurers, financial service providers

87 commodity aggregators
for

maize - beans - rice - sunflower

215 demonstration plots
planned to be established in collaboration with various partners

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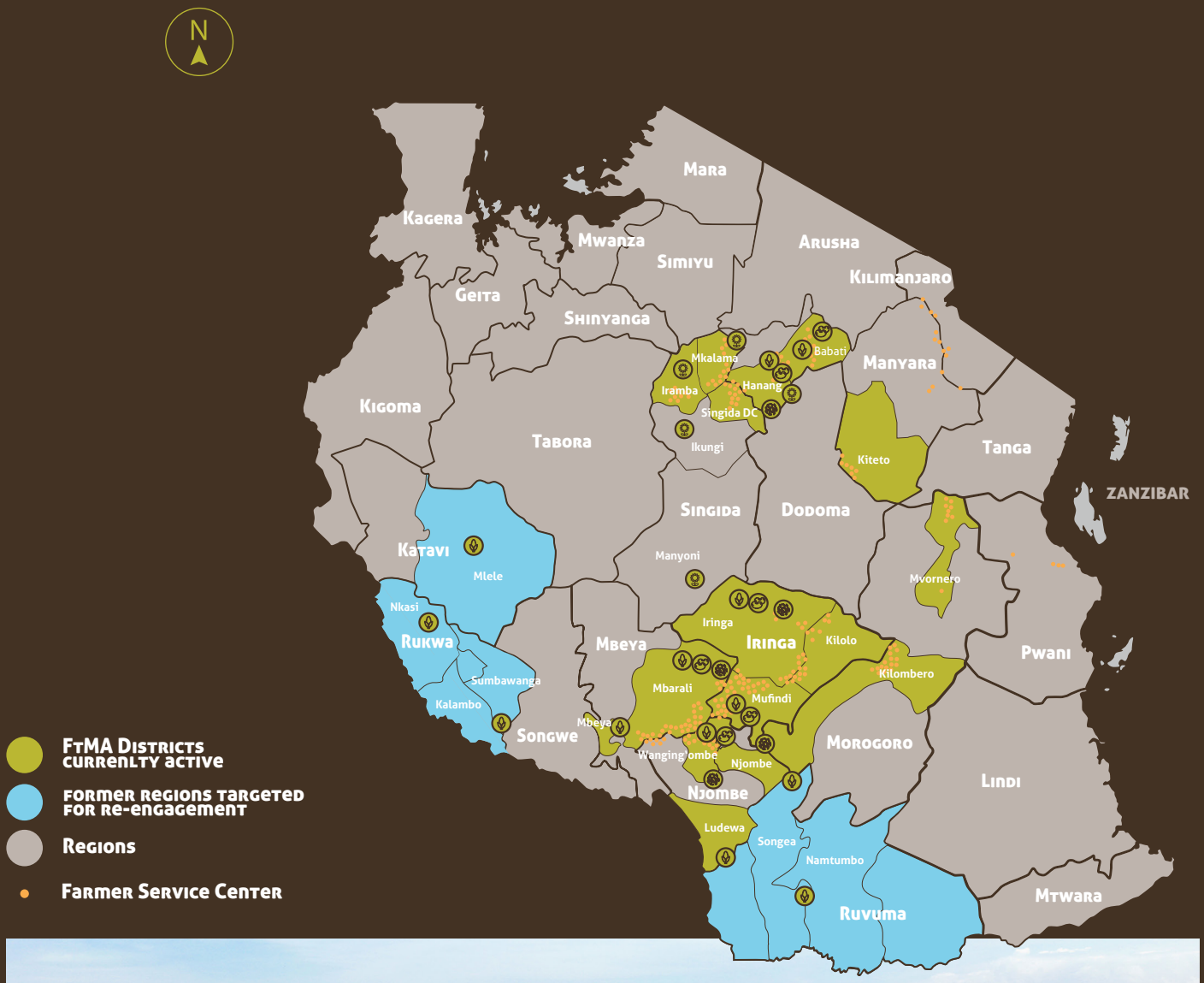
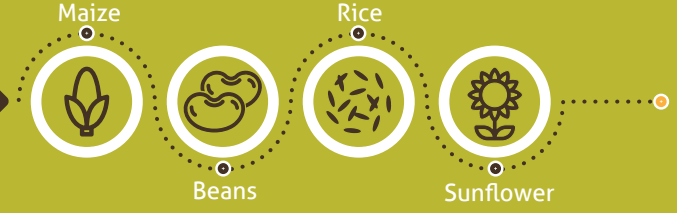


FtMA focuses on
4 value chains



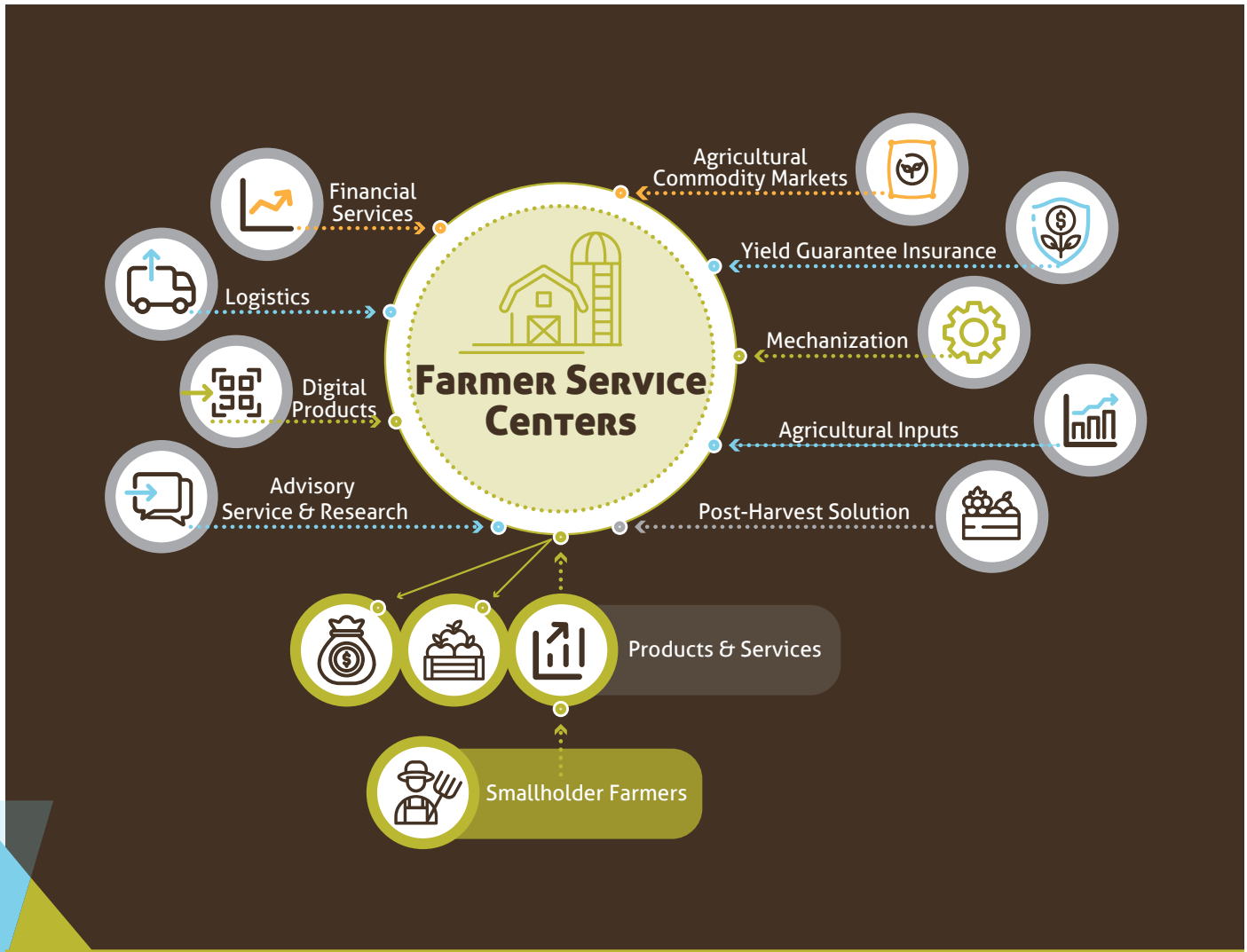
The FSC MODEL

The Farmer Service Center model goal is to bridge the last mile (inputs and services) and first mile (commodity) gaps for smallholder farmers in the rural areas. An FSC can be a rural entrepreneur, farmer cooperative or aggregator acting as a link between private and public sector partners with smallholder farmers. FSCs' gain commissions on the sales they generate from partners or gain revenue through direct sales.

FtMA Tanzania has adopted a demand driven approach and business model that focuses on strengthening the commercial viability of FSCs' as an entry point to link up farmers with the required Agri services, and markets. The FSCs' are categorized into different groups such as:

- Agro-dealers & Aggregators
- Farmer Organizations
- Agricultural Marketing Cooperatives Societies (AMCOS)
- Village Based Advisers (VBAAs) or Lead Farmers
- SACCOs (Savings and Credit Cooperatives Societies)
- Climate Smart Agriculture (CSA) Services,

The FSCs' bridge the gap between private sector actors (input suppliers, commodity buyers, financial service providers) and smallholder farmers to support profitable businesses and achieve commercial viability within the value chains. The stronger and more stable FSCs' are, the more viable the whole value chain.



FARMER SERVICE CENTER INCOME STREAMS

As part of the sustainability model, FSCs' have the opportunity to earn revenue throughout the year providing various productivity enhancing services, including

- Agricultural Inputs Sales & Services
- Financial Services Linkages
- Market Linkages
- Mechanization Services
- Extension Services
- Climate Smart Agriculture (CSA) Services

FSCs' are taken through Business Development Entrepreneurship and Coaching (BDEC) to strengthen their business skills. BDEC covers; business and finance management, record keeping, marketing, communication, and formalization of business.

2023 TARGETS

156,825
number of smallholder farmers served through FSCs'

396
number of FSCs' established

40%
of women and youth engaged

NEW CLIMATE SMART AGRICULTURE INDICATORS
being rolled out in 2023, including

- **627,300** trees planted
- **33%** of increased skills and knowledge of CSA practices
- **27%** of farmers adopting CSA practices

Focus area

1. Strengthen FSCs' to become **commercially viable business** entities.
2. Improve the capacities and capabilities of FSCs' to act as a **centralized hub and an open platform** to provide farmers with to access to productivity enhancing products and services such as: farm inputs, mechanization, extension advisory on Climate smart agriculture, post-harvest handling & storage (PHHS), finance, and other relevant services.
3. Enhance FSCs' capacities and capabilities to provide **demand driven aggregating** services and agricultural inputs for farmers, act as an aggregation point for commodity outputs, connecting farmers to buyers.
4. Strengthen FSCs' to address **"last mile/first mile"** inefficiencies and logistical issues through adoption of digital solutions that increase performance reporting and operational efficiencies.

CONTACT INFORMATION
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AGRA Sustainably Growing Africa's Food Systems
BAYER
Rabobank
syngenta
WFP wfp.org
YARA Knowledge grows