

TANZANICE AGROFOODS LTD

Research Project Phase: Results 2017-2020
Growth and development: Plan 2021-2025

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Njombe Makambako

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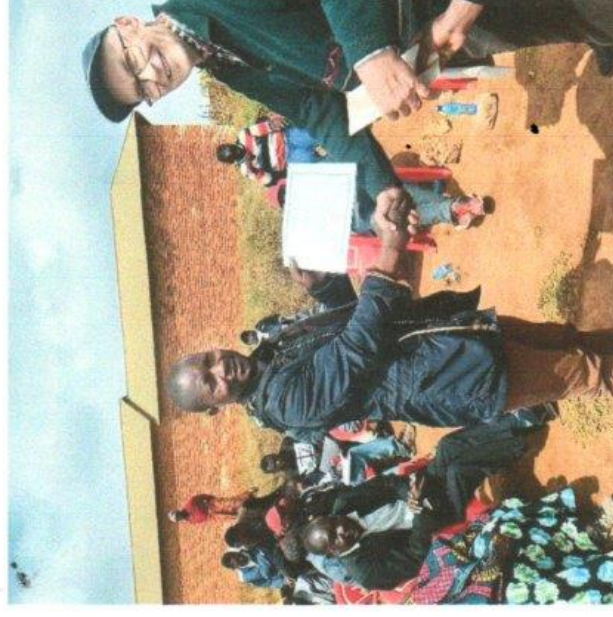


Purpose and impact

- "When I was in Tanzania as practical specialist during Finnish government seedpotato project 2012-2015, I realized the sleeping potential of agriculture. Serious questions were rising: why this nature capital is not utilized?
- A lot of development money is used for agriculture. Very small impact.
- The lack of competence seemed to be the bottleneck.
- I have background in small village in northern Finland at small Farm. I felt that the development in our village from 50's can give the model of changes for Tanzanian villages.
- **The purpose** of starting company in Tanzania is to build profitable business model based on **connecting Finnish competence and Tanzanian resources**.
- **The impact** will be catalytic: The success stories on farm, village and company level support the competence capital creation."

Eero Pisilä, CEO Tanzania Nice Agrofoods Ltd


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Everything starts from the markets

Fruit and veg:

- growing megatrends on the developed markets, healthy, eco-trend, CO₂-footprint, social impact, food safety, organic etc.
- avocado markets are growing 8-10% every year in Europe
- request of organic products from the European clients; ginger, turmeric, passionfruit
- market network ready covering more than 20 European countries

Potato

- growing population in East-Africa needs big volumes potatoes for food security
- potato markets for more than 500 million people
- renewing the market structure needs to create a working trade center to connect the production and the request on the markets (Luomosta-model)



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The process between production and consumer



The process starts from the end what the customer needs

Four flows:

- Information flow
- Production flow
- Document flow
- Money Flow

We need four types of capital:

- Nature capital, as basis of production
- Competence capital to get all four flows running
- Trust capital to keep the process sustainable and profitable
- Finance capital for investments and for fuel of the process

In Tanzania nature capital is available, competence capital is a limiting factor and the lack of trust capital is a risk. Finance capital will come in case of enough competence and trust.



Main targets, business idea, values



MAIN TARGETS in the three project phases

Research Phase 2017-2021: To find out what happens with Tanzanian potato production and agrofoods trade when Finnish potato and trading knowhow is combined with Tanzanian resources in agriculture.

Development Phase 2022-2025:
To develop a sustainable and profitable model for business that benefits all stakeholders from Tanzanian small holder farmers to the end market.

Commercial Business Phase 2025-2030: Run the developed model as a commercially viable business. Positively contribute to food security regionally and livelihoods of producers by offering long term partnerships where growth benefits everyone.

BUSINESS IDEA

High value african products to global market and money to Africa

How? By building a sustainable, profitable and growing company by connecting East African resources of fruit & vegetable production to global high value product markets by competence transfer.

OUR VALUES

- Good for planet and farmers
- Being a trustworthy player from the source to the market
- Contribute to Tanzanian economy by building a brand for Tanzanian high end agricultural products
- Profitable growth

Research Phase 2017-2021 Achievements



400

avocado farmers contracted and producing certified crop



400 avocado farmers certified with EU organic, Global G.A.P, GRASP and SMETA

100

containers exported = 2000 ton of Tanzanian quality avocado has reached the market in Europe

150

ha potato planted, approx. 300 ton harvested

30

fulltime employees, 165 and 200 casual labor during the six-month avocado season



Taxes and levies paid to Tanzanian Government



Processes developed, data collection tools developed in cooperation with Sidesonke Ltd

5,7 M

In 2021 season farmers earned ~1 300 million TSH (\$565 00), in average 5,7 million (\$2 500) per farmer

Situation Map Earning model – fruit & vegetable segment

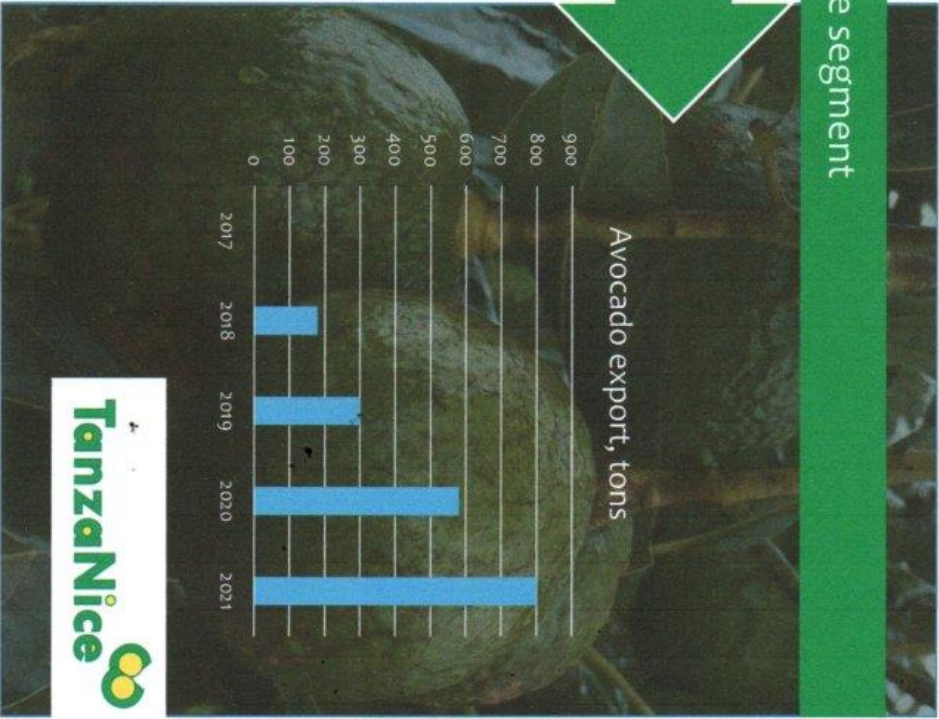


Pilot fruit: Avocado

Quality management scheme has been established and logistics chain from farm to global market via packing station in Njombe and Makambako, where fruit is washed sorted and packed, has been developed. Market linkages have been established with the assistance of the sister company in Finland, Luonnosta Finland Oy, who have over 20 years of experience and contacts in fruit & vegetable trade in Europe.

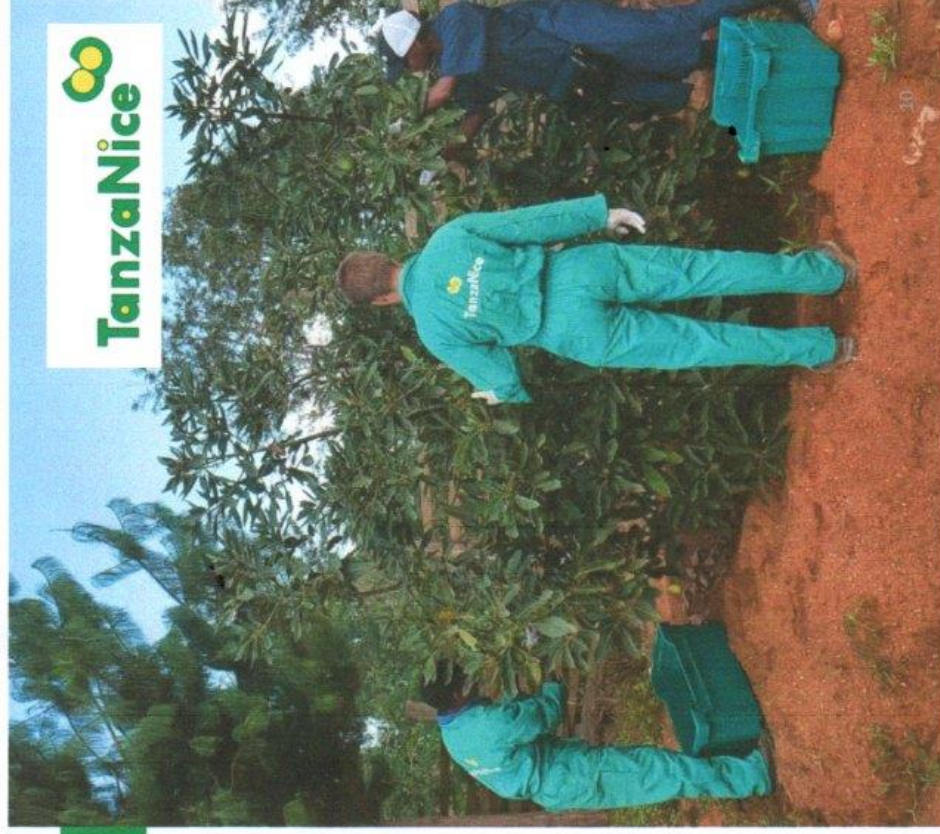
Farmers have made in total about 710 million tsh (\$303,000), in average 3.2 million tsh (\$1,400) per farmer in the last season – a significant amount for a small holder farmer in rural Tanzania, where mean monthly per capita income is 35,000tsh (\$15) according to a poverty assessment made by World Bank in 2015. Company's exports in avocado has grown from 3.7 tons in season 2017 to 580 tons in season 2020.

Avocado exports from Tanzanice contract farmers is expected to grow up to 5000ton in next 4 years



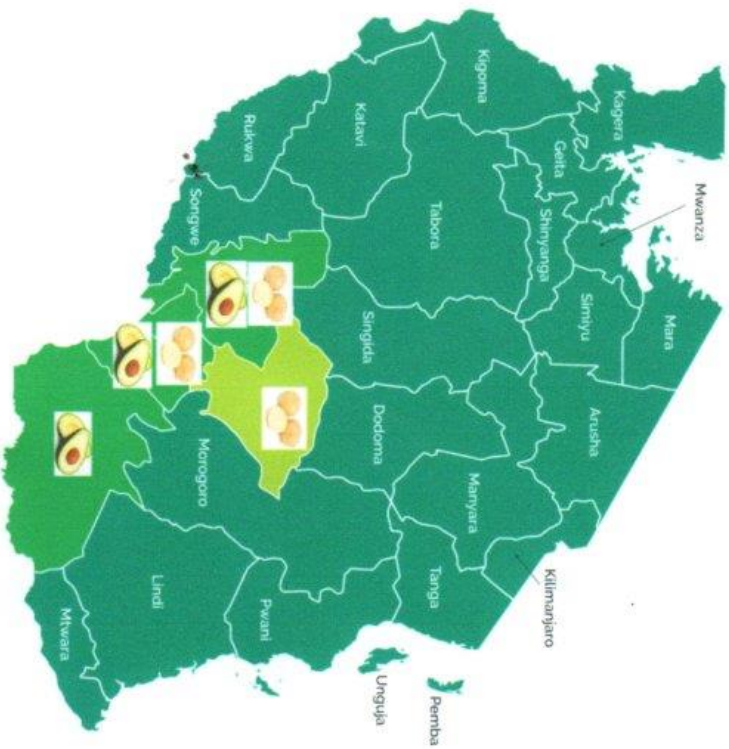
Situation Map Key competence

- Strong in-house knowhow in all levels of the potato value chain from seed potato production to processing
- Market linkages through sister company Luonnosta Oy
- Field presence well established: certification schemes and packing station in Njombe
- Good network to agricultural research
- Team of volunteer experts available
- New type of leadership culture in Tanzanian context has created a committed team




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Situation Map Production areas in Tanzania



Situation Map SWOT analysis – Existing situation

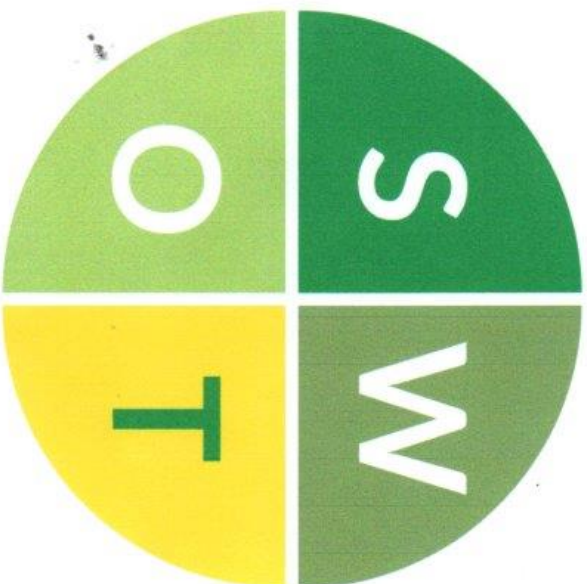


Strengths

- Trained team
- Strong field presence
- Well established packing station in Njombe and Makambako
- Contracted certified farmers
- Market linkages in Europe

Opportunities

- Market potential in avocado and other fruit & vegetables
- Unlimited production potential in Tanzania
- Market potential for potato products in East Africa



Weaknesses

- Limited cool storage and packing capacity
- Risk of plant diseases in the contract farms
- Running capital limitations

Threats

- Other exporters providing inferior quality and hence harming the brand
- Potato pests
- Side selling

VISION AND TARGETS FOR THE FUTURE

Response to megatrends



Improved livelihoods for small holders

Improve productivity of small holder farms by offering market and invest in farmer capacity building in terms of increased production and quality of produce. Engage 1000 farmers by the end of the decade.

Climate Change

Goal is to have at least one carbon neutral product developed by 2024. The detailed strategy will be developed during the development phase, but this could include training farmers in agroforestry practices to increase carbon sequestration and reduce pressure on natural forests and trees and optimizing logistics to reduce carbon footprint of the produce. In addition, Tanzania is committed to enhance climate change adaptation by engaging in research and further promoting climate resilient farming practices.

Food Security in East Africa

Improve production. Potato is an important staple food, which contributes to food security in the area. By modernizing the production and by introducing new varieties, farming will be less vulnerable in the changing climate conditions. Healthy seed and practices can increase yield from 10T/ha to 50T/ha.

Biodiversity loss

Organic production disturbs the surrounding nature less due to lack of harmful pesticides. Encourage beekeeping in the farms to improve pollination and indigenous tree planting on farms.

VISION AND TARGETS FOR THE FUTURE Production & export targets 2022-2025

2022	2023	2024	2025
Avocado export 1700 tons	Avocado export 2 500 tons	Avocado export 3 600 tons	Avocado export 5 000 tons
Piloting passion fruit export	Passion export 100 tons	Passion fruit export 200 tons	Passion fruit export 300 tons
Potato production 500 tons	Piloting ginger export	Ginger export 500 tons	Ginger export 1 000 tons
Building cold storage for potato and fruit sectors	Potato production 2 000 tons	Piloting mango export	Mango export 100 tons
		Potato production 2 500 tons	Potato production 3 000 tons
		Potato trading 2000 ton	Potato trading 5000 ton

Options

- Starting fruit export to India and China
- Starting basic seed production as a basic seed
- Exporting potato to Sudan, Kenya and Congo
- Opening new companies in East African countries



DEVELOPMENT & COMMERCIAL PHASE

Avocado & other export products



DEVELOPMENT PHASE

TRAIN & COMMUNICATE & COLLECT DATA: Engage more farmers, conduct regular trainings for them. Measure capacity development and impact to livelihoods. Actively communicate to the contract farmers closer to the company and to reduce risks like side selling and certification violations.

DEVELOP NEW VALUE CHAINS: Develop the same system in ginger and turmeric and passion fruit; find out about market needs and requirements -> train & certify farmers -> develop procurement, quality assurance and logistics -> market.

DEVELOP STRATEGIES TO RESPOND TO MEGATRENDS: Seek for cooperation in climate change mitigation and adaptation, strive to reach carbon neutrality in operations.

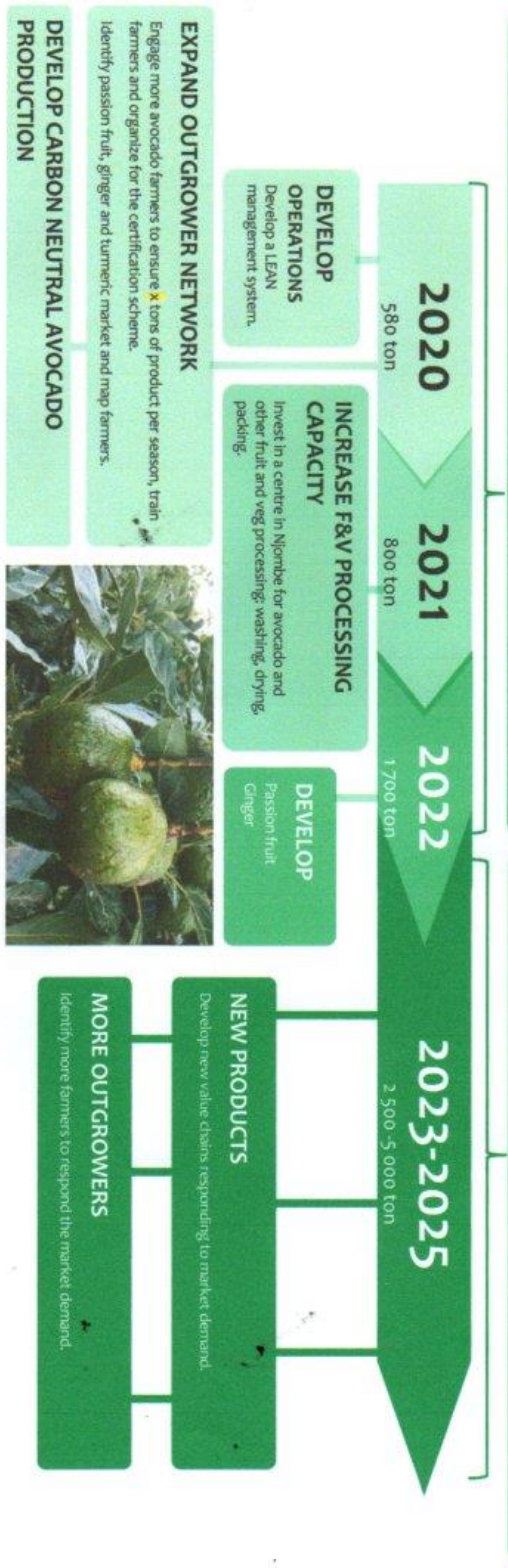
COMMERCIAL PHASE

IMPLEMENT STRATEGIES DEVELOPED DURING 2020-2022: Run Tanzania as a commercially viable ethical business.

CONSTANT TRAINING TO TANZANICE TEAM: Increasing production demands increasing workforce, who will be trained in certification, quality management, etc.

MARKETING: Deliver a picture of "healthy, good for the globe products farmed by Tanzanian small growers. Avoid emphasizing "otherness", instead bring continents closer. Develop a brand for high quality Tanzanian fruit and vegetables in the global market.

RESEARCH: Continue collaboration with research partners on joint studies.



DEVELOPMENT & COMMERCIAL PHASE

Seed & ware potato



DEVELOPMENT PHASE

DEVELOP FARMING MODALITIES TO ENSURE INCREASED PRODUCTION: Develop farming modalities on own pilot farm, which respond to Tanzanian environment and farmer capacity. Develop farmer training modules and extension services. Engage in research.

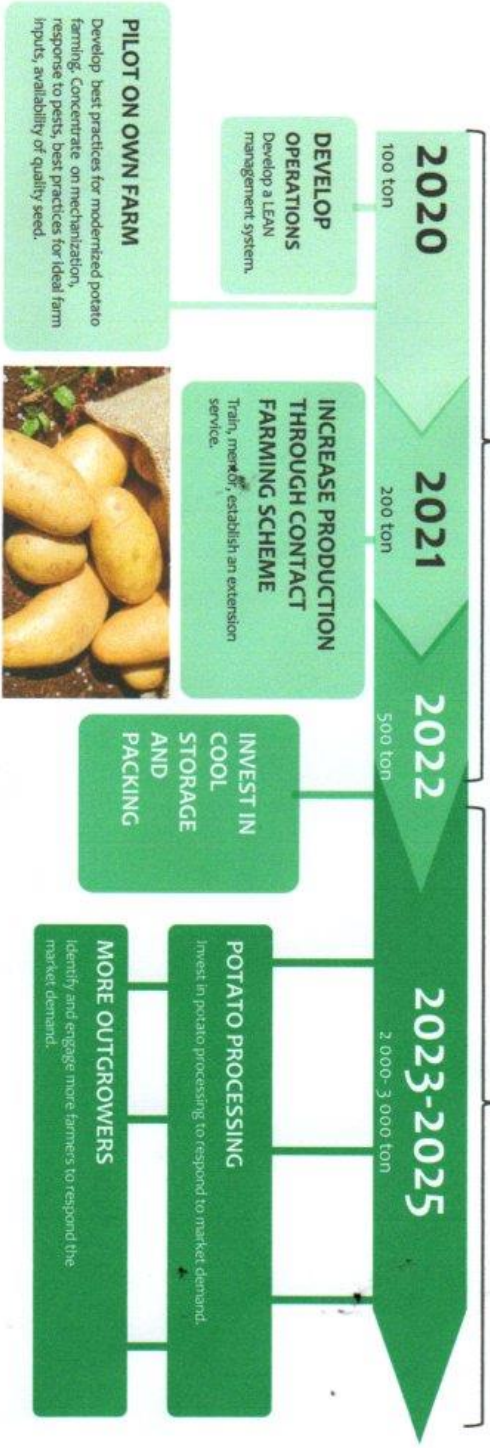
TRAIN & COMMUNICATE & COLLECT DATA: Identify and engage farmers, conduct regular training. Measure capacity development and impact to livelihoods. Actively communicate to ensure quality and improved crops. Dynamically respond to challenges from field through engaging with research partners.

BUILD MODEL OF YEAR ROUND AVAILABILITY: Develop cool storage capacity and packing.

COMMERCIAL PHASE

IMPLEMENT STRATEGIES DEVELOPED DURING 2020-2022: Run Tanzania as a commercially viable ethical business.

DEVELOP FURTHER PRODUCTS AND INDUSTRIALIZATION OF POTATO SECTOR IN TANZANIA: Establish chips production and packing unit to respond to the local market demand (currently processed chips largely imported due to unavailability of suitable raw material)

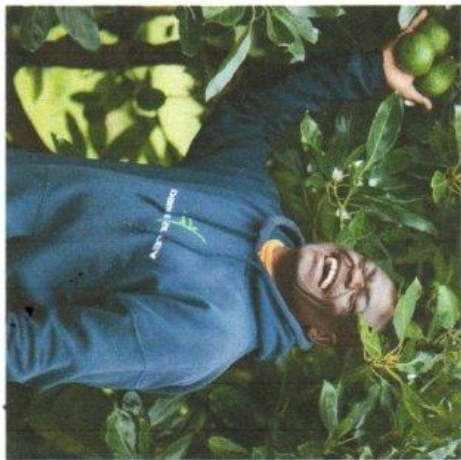
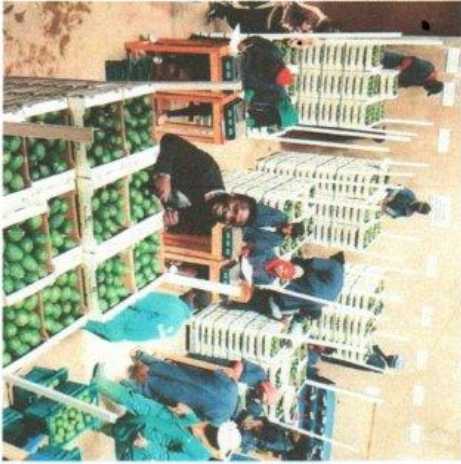


Partners

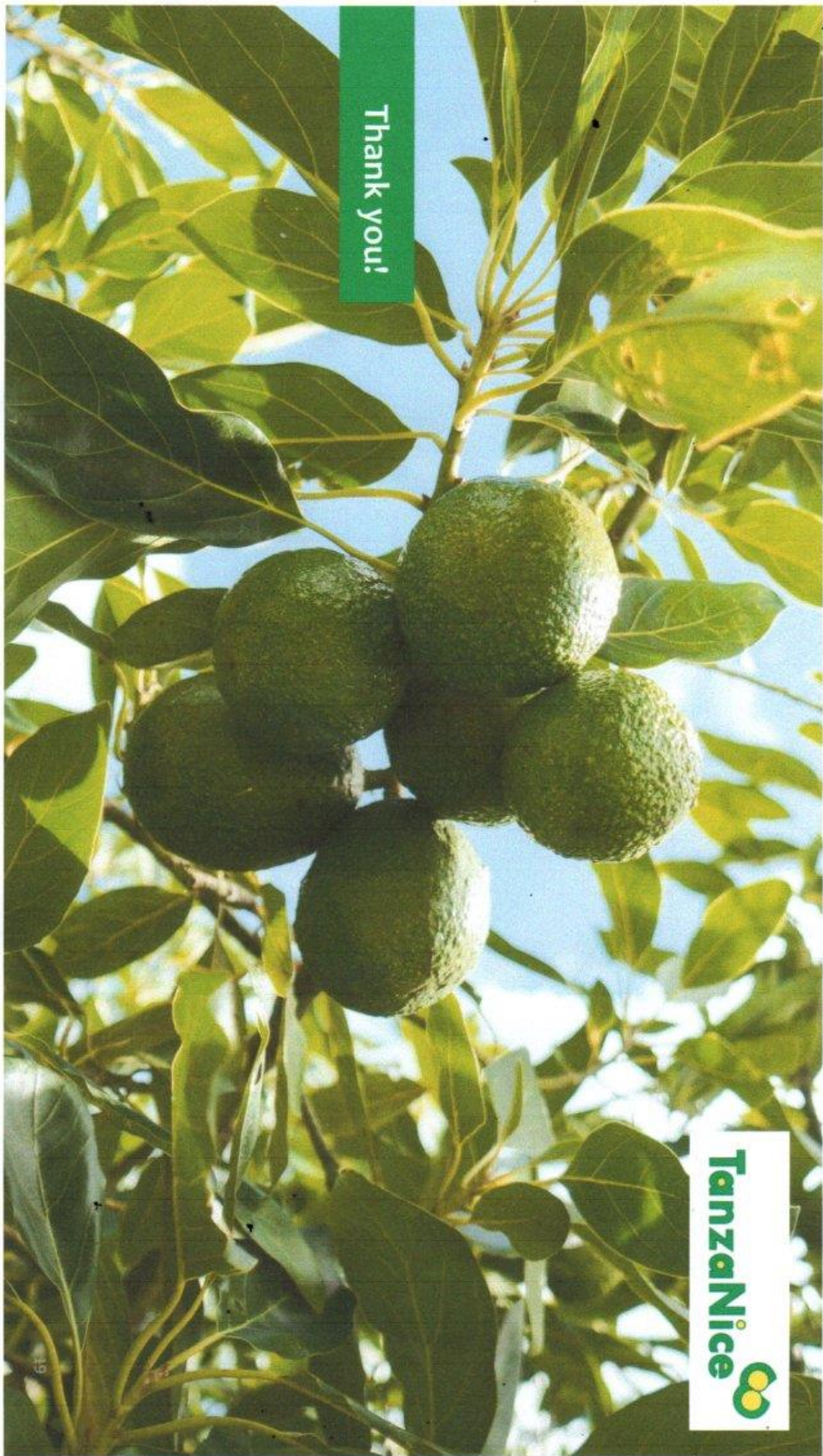


Tanzania's Finnish sister company Luomosta Finland Oy, was founded in 1986, and today is the biggest exporter of potatoes and vegetables in Finland. The company has a wide trading network in Europe and Caucasus, which has also opened market channels for Tanzania to over 20 European countries.





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Thank you!

