PROPOSED ESTABLISHMENT OF DODOMA MILLERS CO. LIMITED IN DODOMA

BUSINESS PLAN

FINAL REPORT

December 2021

EXECUTIVE SUMMARY

Dodoma Millers Company LTD (**DMCL)** is a Private owned firm that was incorporated on 19th October 2017 pursuant to Companies ordinance (cap 212 of the laws of Tanzania), with registration number 138692. The company head office is located in Nkunungu area 10 km from Dodoma City Centre along the Dodoma – Singida main road.
The set up of the factory have been done to capitalize the ever growing of the East African Market and to assure the farmers have the permanent market for their produce. The main business of **DMCL** will be selling of maize, sorghum, pigeon peas and producing maize, wheat and sorghum flour and the residual sale to the manufacturer of animal feed. **DMCL** will source pulses, sorghum and maize locally from Individual farmers, AMCOs, Contracted farmers and other grain business traders.

The main business of Dodoma Millers Co. Limited will be producing and selling of maize, sorghum, pigeon peas, maize, sorghum, wheat flour and the residual sale to the manufacturer of animal feed. **DMCL** will source Maize, sorghum, pigeon peas and sunflowers locally from contracted farmers, AMCOS and business community.

The proposed project is estimated to cost TZS 35 Billion out of which TZS 13.6 billion buildings and civil works; Purchases of 12 silos with capacity of storing 2500 tons each will cost TZS 4.9 billion, purchase of maize, sorghum and wheat milling machine will cost 8.3 Billion with the capacity of120/150/25 tons per hour respectively, steel structure amounting TZS 5.9 billion, and working capital of TZS 8.4 billion for the purchase of the cereals.

DMCL product will be of high quality and will meet the demands of customers in the targeted market Product will be easy to be obtained by every customer at a time they require due to availability of our leased warehouses around country. The business is also going to face various competitions from hammer millers to the giant millers but **DMCL** has research team which will ensure penetration strategy is smooth and easy without compromising with the quality.

Due to the population growth in Tanzania and entire East Africa, change of weather lead to the increase in demand for maize, wheat and sorghum flour and pulses. It is estimated that between 2018 and 2026, the market will be growing by 5% percent each year. Our success factor is to provide quality, timely and reliable services to clients at reasonable prices.This will make the factory to be able to produce 7,250 MT per month of maize, wheat, Sorghum and Animal feed. Based on the industrial norms, there will be 3 months stock covers about 22,000 MT.

The project financial analysis shows that the project is a viable undertaking. Financial indicators for the project are as follows; Average **ROI/ROE is 36%, ROA is 24%** the payback period is 5 years while NPV at **6% is TZS 122.9 Billion.** This implies that, the project is technically sound, financially viable and economically feasible thus worth financing.

TABLE OF CONTENT

CHAPTER ONE

BUSINESS DESCRIPTION

1.0 INTRODUCTION

Agriculture in Tanzania represents 30 percent of the country's GDP with three quarter of the country's workforce involved in this sector. Agriculture is the largest and most important sector of the Tanzanian economy, with the country benefitting from a diverse production base that includes livestock, staple food crops and a variety of cash crops. Farmers and other sector stakeholders face considerable challenges in modernizing the industry to increase yields, exports and value-added processing.
The most common food crops in Tanzania are maize, wheat, rice and sorghum.
Currently, the majority of crops in Tanzania are marketed in their raw forms, while value addition to agricultural products is mostly on small – scale secondary level. Still, the Tanzanian agriculture value added net output rose by 61% during the period 2009 -2014 from USD 8.6bn to USD 13.8bn.

1.1 BUSINESS PROFILE

Dodoma Millers Company LTD (**DMCL**) is a Private owned firm that was incorporated on 19th October 2017 pursuant to Companies ordinance (cap 212 of the laws of Tanzania), with registration number 138692. The company head office is located in Nkunungu area 10 km from Dodoma City Centre along the Dodoma – Singida main road.
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Vision Statement: To be reputable and reliable company with continuous business growth in flour milling across the Region and the permanent solution providers for the cereal's farmers in Tanzania.
Mission Statement: To Manufacture the highest quality of flour products and to provide services with exceptional value to our customers. The company will provide pleasant, nurturing and growth-oriented environment to encourage our employees to improve and to be highly productive.

1.2 QUALITY POLICY:

DMCL aimed to sell pulses, cereals and manufacture the highest quality maize, wheat and sorghum flour and to provide services with exceptional value to our customers by:

- Consistently meeting our customers and interested parties' requirements and expectations of the product quality and services.
- Fulfilment of applicable legislative and regulatory requirement.
- Having continual improvement in Quality management system by complying with Tanzania Bureau of Standards.
- Provide a pleasant, nurturing and growth-oriented environment to encourage employees to improve and be highly productive.

1.3 COMPANY LOCATION

DMCL is strategically located at **Nkunungu** in the capital city of Tanzania (Dodoma), along Singida – Dodoma main road. It is 10 km from Dodoma City Centre . The location provided easily accessible to raw materials sources as well as to the market, as Dodoma is surrounded by big maize and pulses producing regions of Tanzania, location of the factory becomes more strategic, as the cost of transporting raw materials will be highly minimized, thus making the products more affordable.
Furthermore, the location provides easier access to the markets, as it lies along the Great North Road, which has the main infrastructural networks connecting Cairo to Cape Town, thus simplifying export logistics.

1.4 OWNERSHIP OF THE DMCL.

The Authorized share capital of the company at the time of registration was TZS 1,000,000,000. (TZS One Billion only) divided into 10,000 shares of TZS 100,000 each (One hundred Thousand). The company is owned by the Tanzania citizens namely Mr. Adam Philemon Mollel, Dr. Amani Philemon Mollel and Nuhu Philemon Mollel..

Table 1. Shareholding Structure

S/N	Name of Shareholder	Number of Shares
1	Adam Philemon Mollel	3000
2	Dr. Amani Philemon Mollel	2500
3.	Nuhu Philemon Mollel	2500

1.5 BOARD OF DIRECTORS AND MANAGEMENT TEAM.

The board will comprise of 5 Executive members and 2 Non Executive Members as follows:

Name	Ttle	Experience
Adv. Nicholaus Duiya	Chairman of the Board	Business Man oveer 20 years experience- Tax Consultant
Bright Elias	Member	Business man over 15 years experience
Eng. Erasmus Ngowi	Member	Business man over 15 years experience
Philemon Olais Mollel	Member	Business man over 15 years experience - Milling
Kapimpiti magalula	Secretary	Advocate
Adam Mollel	Member -Non Executive	CEO
Celicius Kizitto	Membr - Non Executive	CFO

The management team is composed of highly professional and competent individuals, who are committed to ensure that company's objectives and targets are met efficiently and effectively. The team leader Adam Mollel CEO has served the industry over the past 10 years.
In order to ensure that the company has adequate internal capacity in terms of technical knowhow for smooth running of the operations, George Saiteru Mollel is trained in milling technology, the program that he undertook with Buhler School of Milling in Kenya.
The management team is highly committed to total accountability and transparency in all transactions. High degree of professionalism is attained through separation of family from business matters. The board of directors strives to improve company's internal controls from time to time, in order to reduce potential business risks.

The key management team for the company is:

Name	Title	Qualification
Adam Philemon Mollel	Chief Executive Officer	Miller for more than 10 years
George Saiteru Mollel	Chief Operation Officer	Millers for more than 10 Years
Edison Kaijage	Administration and HR	Business Administration
VACANT	Quality controller	BA Food processing
VACANT	Procurement officer	Diploma
VACANT	Sales and Marketing Manager	MBA
VACANT	Store Keeper	Diploma in accounting
George Dennis	Chief Logistic Officer	BA Auto Mechanical
Celicius Kizitto	Chief Finance Officer	B COM- Banking
Jonathan Melami	Security officer	Security

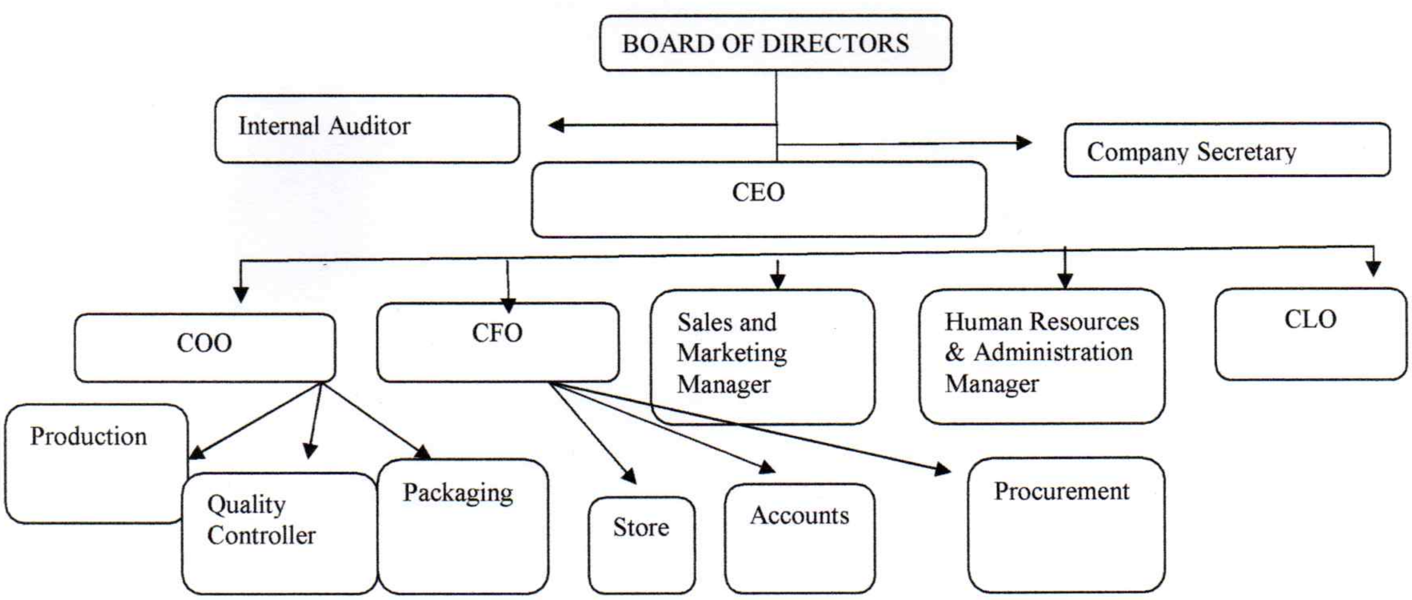
1.6 ORGANIZATION STRUCTURE

The organizational functions are structured to allow innovation and creativity in all aspects of our work. The daily management of the company is vested to the Managing Director (C E O) who is directly responsible to the Board of Directors. The Managing Director is supported by the functional managers accountable to him.

The company has a total of five departments namely, Operation, sales and marketing, logistics and distribution, Finance and Human Resources and administration. The department heads are supplied with adequate authority in order to unleash creativity and innovation in them, thus making running of the company as smooth as possible.

To add to that the organization structure provides for flexibility amongst employees, thus making them motivated to provide maximum contributions to the company.

Fig: Organization Chart



1.7 SOURCE OF FUNDS

Saiteru Petroleum Company Limited (SPCL) is a Private owned firm that was incorporated on 2nd February 2010 pursuant to Companies ordinance (cap 212 of the laws of Tanzania), with registration number 74825. The company is dealing with fuel station and Transportation. The company owns 2 fuel stations in Arusha along Arusha – Moshi Road and the other one in Longido. The company is had 50 semi trailers but they sold 40 Semi trailers in year 2020. The 2020 turnover was TZS 7.2 Billion while year 2019 was TZS 10.4billion. The main business is on transportation across countries. The main business is in Kenya, Uganda, DRC and Southern Sudan. The company is owned by the Tanzania citizens namely Dr. Amani George, Nuhu Olais , Adam Ole Saiteru , Maria Phelemon and Baraka Mollel .

1.8 CREDIT RELATIONSHIP

Currently, M/s SPCL and DMCL are free from any financial encumbrances against other parties. Similarly, the company directors for the company have good understanding of credit management thus assure promising loan servicing.

CHAPTER TWO

PROJECT DESCRIPTION AND TECHNICAL ANALYSIS

2.1 PROJECT CONCEPT

The market and Industrial analysis of cereals, pigeon peas, shows the opportunities available which makes **DMCL** to start business of grain and milling of maize, wheat and sorghum.
Some of the opportunities are as follow:

1. Availability of raw materials at low cost, availability of many local farmers in nearby regions where **DMCL** make production cost low since they will purchase grains directly from the farmers and AMCOS.
2. Favorable transports, most of the grain producing area are connected to our targeted area which is Dodoma through roads and railway.
3. Availability of readymade market, Tanzania and East Africa has high demand for maize wheat and sorghum flour, grains and pulses.

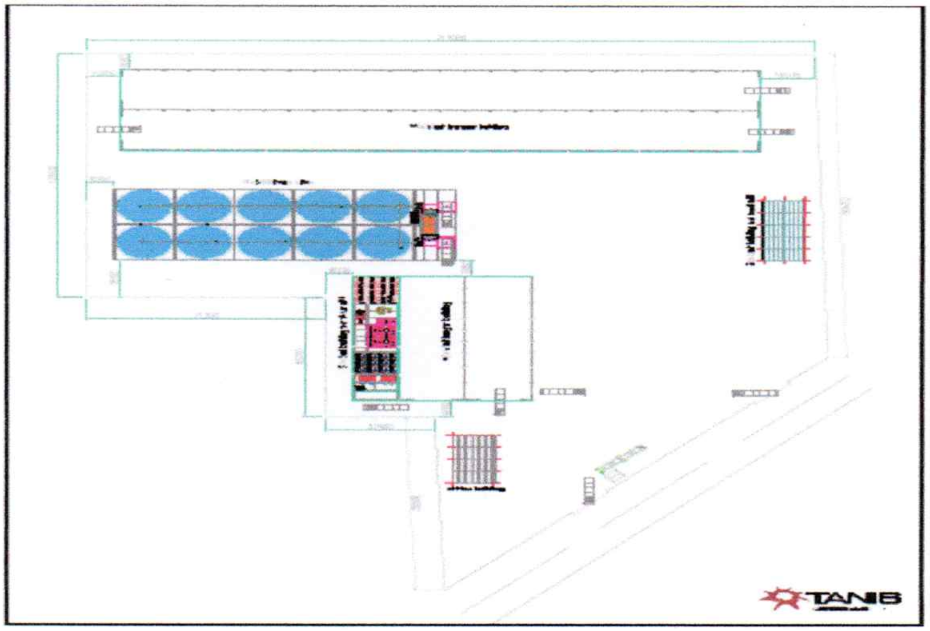
2.2 PROJECT DESCRIPTION

The project involves the Purchase of the Milling plants and silos, Ex-works supply and supervision of Installation, Commissioning and Testing of Plant; Civil Works and Erection of Plant and Electrical work installation of Equipment / Facilities: The mills are constructed of various parts each responsible for performing functions such as sorting, cleaning, conveying, conditioning, grinding, crushing, purifying, and bagging. The mill will be housed in a building that contains all of its operations. Roughly 806 sqM2 is required for the milling equipment with another 50 m2 for surrounding working space. A building with an additional 2480 sqM2 is required as temporary storage for the daily finished maize meal product prior to being delivered.

The company plan to install plant which can produce 150 tons of Wheat, 120 tons of maize flour , 25 tons of sorghum flour and 5 tons of animal feed in 24 hours and 12 storage silos have the total capacity of keeping 30,000 MT. The milling company norms require the stock of 3 months which is 12500 tons of maize, 12500 tons of wheat and 5000 tons of sorghum. The plant will be the huge relief of the maize farmers in central, Western, Southern and Northern Tanzania who were looking for the permanent market for their product.

The plant will be supplied and installed by M/s TANIS Milling Technologies Turkey. Advance Payment of **USD2, 522,000** has to been paid to the supplier. M/sTANIS Milling Technologies Turkey. The land allocated for the milling plant is 36.399m where the factory, offices, weighbridge and other related infrastructures will be built.

2.3 FACTORY LAY OUT PLAN.



2.4 PLANT TECHNOLOGY

TANIS MILLING TECHNOLOGY, is one of the pioneer companies in the agri-food industry, always uses advanced technology to produce turn-key mill factories or compact steel structures with the desired capabilities.

TANIS has obtained to certify its quality standards by ISO, CE, TUV and TSE norms throughout the time since it's been in the industry. Within R&D dept., QC dept., brand new sand blasting chemical washing high technology paint facility, unconditional customer satisfaction policy, young and dynamic expert Staff and ever-developing vision we serve agro-industry technologies to All over the World from Turkey.
Automation systems are high-tech systems that require experience and professionalism created by knowledge and control power. It is also the basis of food processing technologies and requires a strong investment. The automation systems of TANIS MILLING TECH. can be adapted to one unit or to the entire plant.
Automation systems have many technical characteristics together. Automation installation, low voltage compensated electrical project design, design and layout of MMC panels, PLC and scada system Software, remote control monitors and control panels, instant, daily, monthly and annual reports function, fault detection, production flow reports, productivity monitoring systems, personalized error reporting function to ensure continuity in the Production, maintenance repair and automatic service
All current technology applications, such as database support programs, are included in the automation system installation.
With high-tech machines and a team of the most experienced engineers in the industry; TANIS MILLING TECH, has successfully installed automation systems consisting of food processing technologies in many countries around the world.

The projects evaluated with the customer's demands are determined according to the production method. TANIS MILLING TECH, by dividing the high-tech production lines into units, and starts the manufacturing.
These lines include laser cutting, computerized CNC, blast furnace and powder coating applications. From the moment the raw material enters the production line until the final stage, the quality control units actively participate.

We support our customers and products at all times with the after-sales support service for each machine produced and each facility we install. TANIS MILLING TECH, aims to bring its established business relationships with its customers with mutual solidarity, trust and respect for the future within the framework of common principles and ideals. It's not just a case of designing and manufacturing a product. A lot of documentation needs to be created (assembly manuals, safety instructions, technical files for EU labeling, etc.), projects need supervising, costs analyzing and feasibility studies made. We can help you compete all these tasks and constantly monitor the status of your projects
With our AFTER-SALES team, we can provide high-efficient assistance to our customers, no matter where they are.

2.5 MITIGATION UPON THE TECHNOLOGY RISK

TANIS machines are under mechanical guarantee for 2 years from the installation. 10 years of spare parts and service guarantee and 20 years of operational guarantee under proper maintenance.
Our sales after services can provide service through online connection systems installed on the PLC operating systems of the facilities worldwide.
TANIS has regional spare parts and service HUBS in almost every continent. Our skilled after sales engineers can visit any destination less than a week time from Turkey if regional offices are not able to solve the problems. Spare parts are delivered in maximum 7 days time including the operational.

2.6 PROJECT IMPLEMENTATION PLAN

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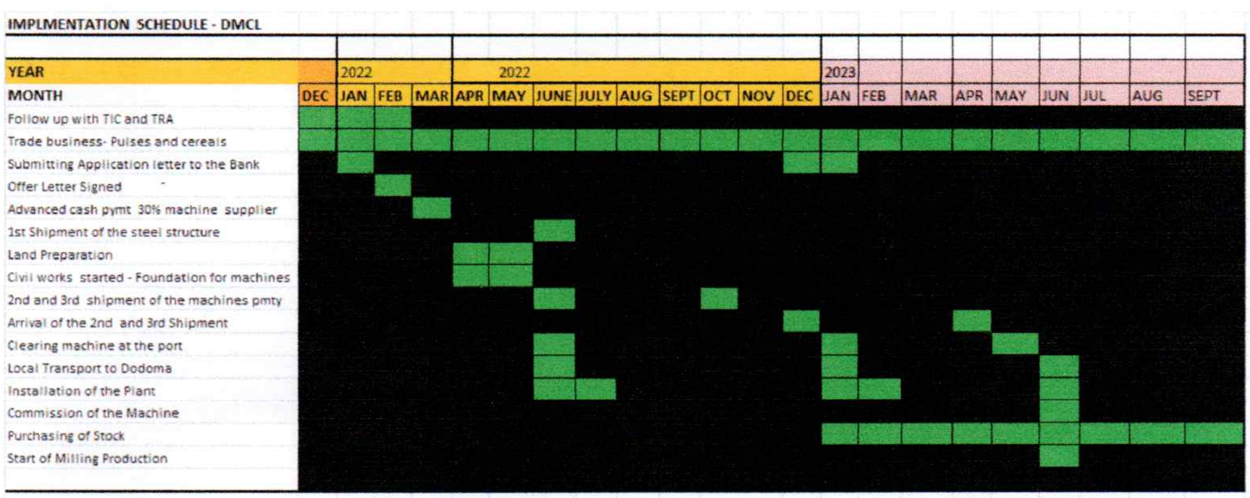


2.7 PRODUCTION AND OPERATION PLAN

2.7.1 PRODUCTION PROGRAM

PRODUCTION PROGRAM

DESCRIPTION	PRODUCTION YEAR														
YEARS	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
CAPACITY UTILIZATION	0%	30%	40%	60%	70%	80%	90%	90%	100%	100%	100%	100%	100%	100%	100%
MAIZE MILLING	-	10,368	13,824	20,736	24,192	27,648	27,648	27,648	36,000	36,000	36,000	36,000	36,000	36,000	36,000
WHEAT MILLING	-	12,960	17,280	25,920	30,240	34,560	38,880	38,880	43,200	43,200	43,200	45,000	45,000	45,000	45,000
SORGHUM MILLING		2,160	2,880	4,320	5,040	5,760	6,480	6,480	9,000	9,000	9,000	9,000	9,000	9,000	9,000
ANIMAL FEED MILLING	-	432	576	864	1,008	1,152	1,296	1,296	1,440	1,440	1,440	1,440	1,500	1,500	1,500
TOTAL PRODUCTION (TONS)	0	23760	31680	47520	55440	69,120	74,304	74,304	89,640	89,640	89,640	91,440	91,500	91,500	91,500
MACHINE CAPACITY	ction capacity (TON)		Total unit produced Tons												
WHEAT MILLING	150	TONS@ DAY	45000												
MAIZE MILLING	120	TONS@ DAY	36000												
ANIMAL FEED MILLING	5	TONS@ DAY	1500												
SORGHUM TON	25	TONS@DAY	9000												
MONTHLY PRODUCTION DAYS :	24														
WORKING HOURS:	24														
PURCHASE OF GRAINS	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
MAIZE (CORN) TON	4000	15000	18000	21000	25000	32000	35000	32000	40000	40000	40000	40000	40000	40000	40000
WHEAT TON	0	20000	25000	26000	31000	35000	35000	36000	50000	50000	50000	50000	50000	50000	50000
SORGHUM TON	4000	5000	6000	8000	10000	11000	10000	10000	10000	15000	15000	10000	10000	10000	10000
TOTAL GRAINS PURCHASED (TON)	8000	40000	49000	55000	66000	78000	80000	78000	100000	105000	105000	100000	100000	100000	100000
AVERAGE PRICE PER TON	400.00	400.00	450.00	500.00	600.00	600.00	600.00	800.00	900.00	1000.00	1000.00	1000.00	1000.00	1000.00	1000.00

WORKING CAPITAL FOR PURCHASING GRAINS = 7,920,000,000

YEARLY OUTPUT:

NO	DESCRIPTION	READY PACKED FINAL PROUCT
	DODOMA	
1	150 MT FLOUR MILL	45.000 TONS
2	120 MT MAIZE FLOUR MILL	36.000 TONS
3	30 MT SORGHUM MILL	9.000 TONS
4	5 MT FEED MILL	1500 TONS
TOTAL		91.500 TONS

2.7.2.1. Process flow of Complete Maize Processing Line:

The whole maize flour processing line is a complete line from input maize, cleaning (maize cleaner, de stoners, online scales),de germinating (moisture dampener, de germen), grinding (pneumatic roller mills,) sifting (double section sifter or plan sifters),packing (automatic packaging machines), controlling (PLC full automatic control system).The maize mill production process can produce different sizes of maize grits for making beer, snacks. It also produces super white maize flour and the germ can be separated to produce oil.

2.7.2.2. Process flow of Complete Sorghum Processing Line:

Bucket Elevator is mainly used to transport sorghum in complete processing line. Vibrating screen is specially used for separating the impurities from millet. After cleaning, sorghum will be transported into Proportion Stoner to separate the stone from the sorghum and next, the sorghum into the Hulling Machine to remove the shell. It can separate the shell from the paddy husk mixture through the suction effect. The sorghum that has removed the shell will be into the Iron Polishing Machine. The machine is mainly used for cleaning the sorghum to make them look brightly. It is one of the key processing millet and then, the Suction Separator will separate the low gravity impurities (such as hull, dust etc.) from the sorghum Out from the suction separator ,the sorghum into the Color Sorter to get more high quality sorghum, Last, high quality sorghum we need will be packed through the Automatic Packaging scales.

2.7.2.3 Process flow of Complete Wheat Processing Line:

Cleaning - On arrival at the mill, the wheat grain is cleaned to remove dust, straw, stones and other things in the wheat grain that we do not want to eat. Magnets are used to remove any metal objects. Milling - The grain is then ground through steel rollers with teeth that break the grains open. This is called the 'first break'. The grains are then sieved and ground to separate: the **endosperm** (the white flour); the **bran layers** (outside case of the grain) and the **wheat germ** (part that grows a new plant). Flour - The miller will keep grinding and sieving the flour until it is very smooth. White flour is created when the bran and wheat germ have been removed.

2.8 INFRASTRUCTURE AND UTILITIES

The land allocated for the Milling plant and silos is 36.399 m2 acres where the factory, offices, Weighbridge and other related infrastructures will be built.

2.9 SOCIAL, EVIRONMENTAL AND ECONOMICAL IMPACT CONSIDERATION.

Through the investment made by the company, there are a number of social, Environment and economic effects which will be realized by the community members. These effects are described hereunder:

Social Impact Consideration

The investment will make significant social contributions, as creation of direct and indirect employment, the income earned by employees and other service providers thus supporting the government in improving the standard of living, DMCL will motivate other business communities to open services such as Restaurants, shops, building residence houses all of these will improve the income of the community and the income the local government through licences and other collection. The central government will be able to increase tax revenue collection thus will improve security and peace in the country.

Environmental Impact Analysis

In recognition of the need to safeguard the environment from being degraded, DMCL strives to strictly adhere to environmental standards. The company is fully aware of the National Environmental Protection Act and its regulations; it has an environmental protection policy which outlines guidelines that employees are required to observe.

One of the prime and key motive of the company is to make Dodoma green place.

Economic Effects

About three hundred (300) direct jobs will be created, whereby the individuals will be employed to run day to day operations of the company. These people will be well compensated in order to make them deliver superior results. Apart from that, the investment will result into indirect employment opportunities, whereby individuals and companies working along wheat and maize value chains will have opportunities that Dodoma Millers Company Ltd will provide to them for the supply of raw materials.

CHAPTER THREE

RAW MATERIALS SUPPLY

3.1 RELIABILITY AND QUALITY SUPPLY OF RAW MATERIALS.

3.1.1 MAIZE PRODUCTION, SUPPLY AND DISTRIBUTION IN TANZANIA 2021/22

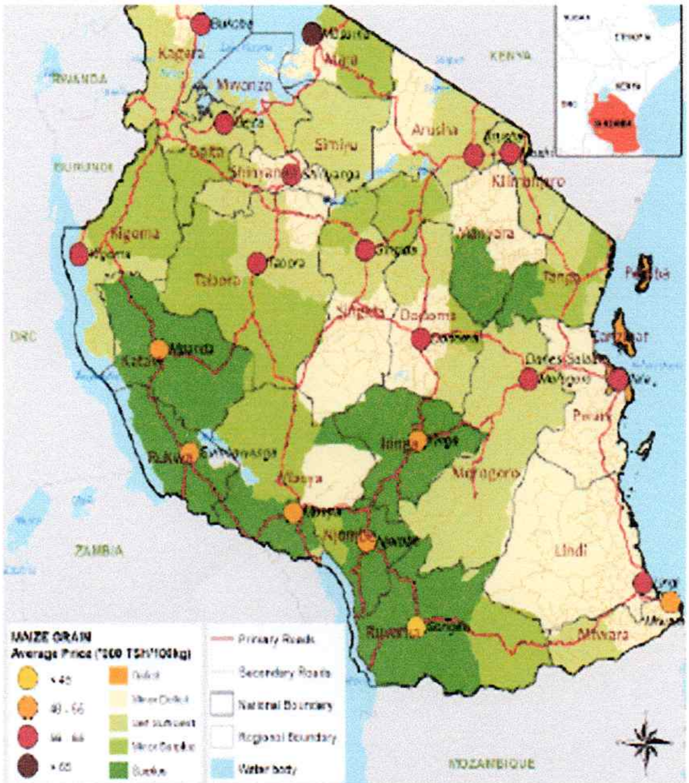
Corn	2019/2020		2020/2021		2021/2022	
Market Year Begins	Jul 2019		Jul 2020		Jul 2021	
Tanzania, United Republic of	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	4200	4200	4200	4200	0	4100
Beginning Stocks (1000 MT)	541	541	311	311	0	431
Production (1000 MT)	5820	5820	6300	6300	0	6000
MY Imports (1000 MT)	20	20	20	20	0	20
TY Imports (1000 MT)	20	20	20	20	0	20
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	6381	6381	6631	6631	0	6451
MY Exports (1000 MT)	170	170	100	100	0	80
TY Exports (1000 MT)	110	110	100	100	0	80
Feed and Residual (1000 MT)	900	900	900	900	0	920
FSI Consumption (1000 MT)	5000	5000	5200	5200	0	5000
Total Consumption (1000 MT)	5900	5900	6100	6100	0	5920
Ending Stocks (1000 MT)	311	311	431	431	0	451
Total Distribution (1000 MT)	6381	6381	6631	6631	0	6451
Yield (MT/HA)	1.3857	1.3857	1.5	1.5	0	1.4634

(1000 HA) ,(1000 MT) ,(MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Corn begins in October for all countries. TY 2021/2022 = October 2021 - September 2022
Sources: GOT, Trade Data Monitor, Post estimates

Production - In 2021/22 area harvested is projected to decrease by 2.4 percent to 4.1 million hectares due to below-average rainfall, desert locust invasion, and high input prices. The choice to grow maize, even in areas of insufficient rainfall, is driven by a dietary preference over more drought-adapted traditional cereals. The Southern Highlands Zone and Lake Zone occupy 26% and 25% respectively of Tanzania's maize-producing area. These areas are followed by Eastern (13%), Northern (12 %), Western (10%), Southern (8%), and Central (6%) zones.

Strategic grain reserves are managed by the National Food Reserve Agency (NFRA), which enters the market during major harvest to buy maize. Maize sales by the NFRA begin around August or September each Marketing Year, with the most significant sales occurring during the lean season between October and February. Removal of an export ban and prospects for greater demand in neighboring countries. Approximately half of all maize produced in Tanzania comes from the southern highlands. Small-scale farmers contribute more than 80% of Tanzania's total production

MAIZE PRODUCTION MAP IN TANZANIA



Source: FEWS NET using data from Ministry of Industry, Trade and Marketing – Tanzania. Production status data from stakeholder workshop

Maize Stocks Held by NFRA from 2015 to 2020 (MT)

Period	2015	2016	2017	2018	2019	2020
January	459,561	125,668	86,835	91,947	93,037.2	43,596.7
February	454,592	88,414	86,444	91,313	85,524.5	41,231
March	452,054	68,727	86,443	83,650	78,336.3	39,597
April	433,547	64,825	86,278	73,468	68,747.8	38,053
May	406,846	63,341	74,826	68,893	68,057.7	38,291
June	353,702	61,838	70,393	63,844	67,335.9	52,725
July	282,401	49,632	68,697	62,288	67,410.1	90,255
August	268,515	59,832	78,434	62,317	68,407.0	92,991
September	265,046	86,545	85,403	78,224	61,710.8	109,733
October	253,655	90,905	89,248	87,435	55,852.5	110,895
November	238,134	90,900	93,353	92,402	52,726.9	110,289
December	180,746	90,800	92,074	95,534	52,498.1	110,398

Source: Bank of Tanzania, National Food Reserve Agency

3.1.2 WHEAT PRODUCTION, SUPPLY AND DISTRIBUTION IN TANZANIA.

Wheat Market Year Begins	2019/2020 Jul 2019		2020/2021 Jul 2020		2021/2022 Jul 2021	
Tanzania, United Republic of	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	100	100	90	90	0	70
Beginning Stocks (1000 MT)	59	59	187	187	0	157
Production (1000 MT)	100	100	90	90	0	70
MY Imports (1000 MT)	1248	1248	1100	1100	0	1100
TY Imports (1000 MT)	1248	1248	1100	1100	0	1100
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	1407	1407	1377	1377	0	1327
MY Exports (1000 MT)	20	20	20	20	0	15
TY Exports (1000 MT)	20	20	20	20	0	15
Feed and Residual (1000 MT)	0	0	0	0	0	0
FSI Consumption (1000 MT)	1200	1200	1200	1200	0	1235
Total Consumption (1000 MT)	1200	1200	1200	1200	0	1235
Ending Stocks (1000 MT)	187	187	157	157	0	77
Total Distribution (1000 MT)	1407	1407	1377	1377	0	1327
Yield (MT/HA)	1	1	1	1	0	1

(1000 HA) ,(1000 MT) ,(MT/HA)
MY = Marketing Year begins with the month listed at the top of each column
TY = Trade Year, which for Wheat begins in July for all countries. TY 2021/2022 = July 2021 - June 2022

Source: GOT, Trade Data Monitor, Post estimates

Production – In 2021/22 Average annual wheat production in recent years has been below 100,000 MT. Over 90 % of locally produced wheat originates from large commercial farms in the northern highlands (Arusha, Kilimanjaro and Manyara) or from small to medium farms in the southern highlands (Iringa, Mbeya and Rukwa). More than 90% of wheat produced in Tanzania comes from large commercial farms in the Northern Highlands or small and medium-sized family farms in the Southern Highlands. Tanzania devotes 100,000 hectares to wheat production and has a production capacity of roughly 65,000 MT per year.

In 2021/22 wheat imports are expected to remain at 1.1 million MT due to low domestic production and increasing local consumption. Tanzania imports wheat for commercial use from Russia, Australia, Canada, EU, and Ukraine, while imports from the United States are primarily used for food aid programs. Tanzania imports 90 percent of the wheat it consumes at 1 million MT per year.

Major Wheat Exporters to Tanzania (1000 MT)

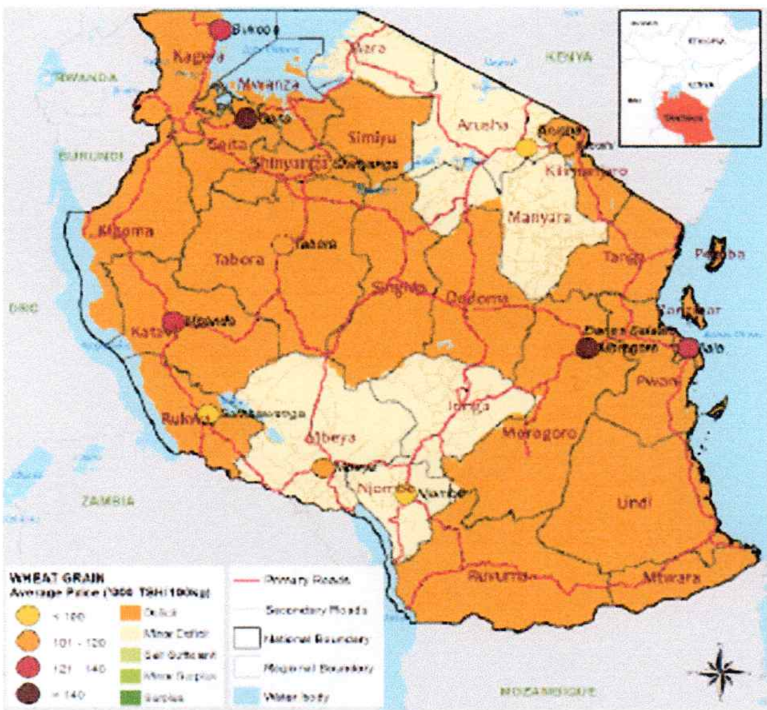
Reporting Country	CY 2019	CY 2020
Russia	516	700
European Union	164	208
Ukraine	53	46
Canada	48	33
Australia	1	1
India	0	0
United States	102	0
Total	**884**	**988**

Source: Trade Data Monitor

2021/22 wheat exports are expected to decrease by 25% to 15,000 MT due to continuing production shortage, declining demand from abroad, and high domestic demand. COVID-19 has also affected cross-border trading. Stocks 2021/22 ending stocks will decrease by 50.9 % to 77,000 MT because of increased

consumption, falling production, and high import procedures due to the absolute quota law. Wheat stocks are mainly held by traders, millers, and farmers.
Tanzania is planning to increase domestic wheat production using market mechanisms. **In January 2021, the Minister of Agriculture met with wheat millers, traders, and processors, requesting them to source 60 percent of their wheat from local producers at a premium price starting 2021/22.** Under the proposal, local buyers will be allowed to import only 40 percent of total wheat in demand. The strategy seeks to encourage local farmers to increase wheat production and reduce Tanzania's dependence on imports. However, there is currently no evidence to suggest that Tanzania will meet its goal of reducing imports, and it is still widely believed that most wheat will be imported. Post will continue to monitor the situation and report on key developments.

WHEAT PRODUCTION MAP



Source: *FEWS NET using data from Ministry of Industry, Trade and Marketing – Tanzania. Production status data from USDA (2018)*

3.1.3 SORGHUM AND MILLET

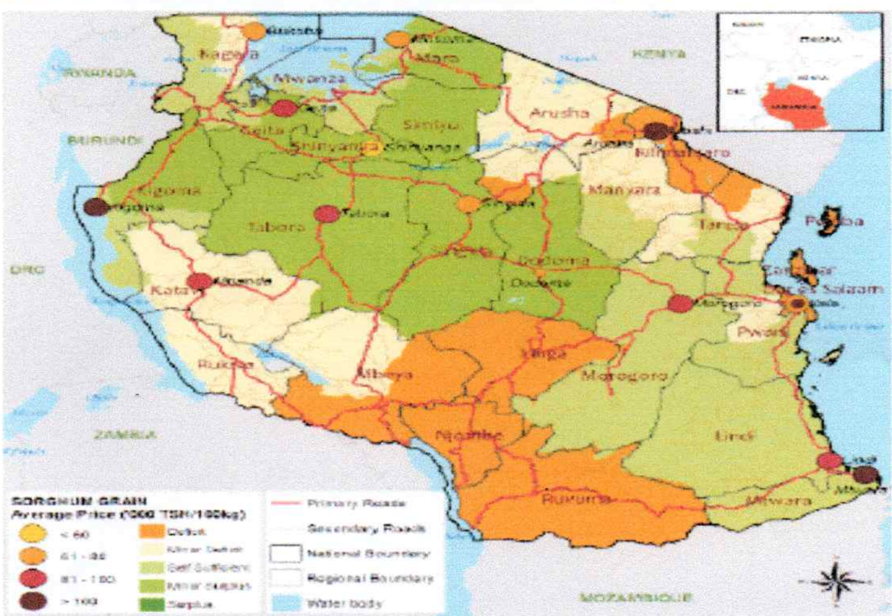
Tanzania is generally self sufficient in both sorghum and millet production. Sorghum is considered the only staple crop with negative income elasticity and is generally absent from the diet in urban areas, although consumption is higher in the major producing areas of the Central region (Dodoma, Singida and Tabora and Kigoma) and the Lake Zone region (Mara, Simiyu, Mwanza, Geita, Kagera and Shinyanga).

Sorghum and millet are mainly grown at the subsistence level with low yield for home consumption. Average annual production is estimated at 600,000 - 800,000 MT, with only 17 % traded. Pearl (or Bulrush) millet is mostly consumed at home as it is considered a good substitute for maize, although smaller quantities are sold in the market when prices are high. Finger millet and sorghum are mostly grown for trading.

Marketing occurs two to three months after harvesting. Prices are negotiated between farmers and traders along the marketing chain and generally not publicized with the exception of contracts between trader or processors and a few organized farmer groups. Beer manufacturers favor sorghum in the production of cheaply priced opaque beers targeted at low income groups and to compete with beers produced by smaller local breweries.

Local sorghum and millet prices follow a seasonal pattern and are generally lowest during the main harvest and post harvest period. Prices are generally lowest in the main producing regions such as Shinyanga . White sorghum prices are regionally competitive, offering an opportunity for more regional exports.

SORGHUM AND MILLET PRODUCTION IN TANZANIA



Source: FEWS NET using data from Ministry of Industry, Trade and Marketing – Tanzania. Production status data from stakeholder workshop

3.2. GENERAL CATEGORY OF INDICATOR TO MONITOR STAPLE FOOD MARKET IN TANZANIA.

Category	Indicator and Justification
Domestic production and supply levels for maize, sorghum, millet, rice, wheat and pulses (particularly dry beans)	June-August: Carryover stocks. November-December inputs use in the main producing southern highlands December-February rainfall performance and crop development. March-April. Pre harvest estimates in the main producing unimodal rainfall areas of southern highlands for the May-to-August (*Msimu*) harvest, and northern producing areas for the June-to-August (*Masika*) harvest, and development of the commodity or food balance sheet. May-to-August. Harvest prospects, stock levels and marketing behavior in surplus-producing areas and consumption markets. February-March. Harvest prospects for the February-to-March (*Vuli*) harvest. NFRA purchases and export plans; government policies and cross-border trade.
Global rice and wheat supply	Year-round: Monitoring of international rice and wheat market trends, exchange rate and any ad hoc government policies that could influence import volumes.
Export Demand	Year-round: Competitiveness of domestic prices in regional markets (Kenya, Rwanda, Burundi, Uganda, DRC, Malawi and Zambia). Marketing costs and margins to regional markets.
Consumption norms	Year-round: Consumer preferences for certain types of staple foods. These preferences are likely to change slowly over time, but may be influenced by price changes.
Staple food price levels	In addition to year round monitoring of local and imported cereal prices, it will be important to monitor prices for key cereal substitutes like cassava and cooking bananas as well as prices for dry beans and other key pulses.
Incentives for trade flows	Year round monitoring of price differential (simple price spread) and marketing costs along the key marketing corridors, including Mbeya - Dar es Salaam, Mbeya – Dodoma, Mbeya – Dodoma – Singida – Mwanza, Songea – Njombe – Iringa – Morogoro – Dar es Salaam, Songea – Mtwara/Lindi, Kiteto – Dar es Salaam, Kiteto – Tanga/Arusha, Dar es Salaam – Lindi/Mtwara and Tanzania – Kenya/Rwanda/Burundi/Zambia/Malawi/DRC.

3.3 LIST OF THE SUPPLIERS OF THE GRAINS- MANYARA REGION

NAM OF THE FARMERS/AMCOS	NUMBER FARMER(S)	NAME OF THE LEADER	CONTACT	LOCATION	PRODUCT
Michael Bohay	1		255 786 660 668	Babati	Maize
sauria Mukusi	1		255 689 339 383	Babati	Maize
Sumni Robet Murata	1		255 784 422 606	Babati	Maize
Emmanuel Praygod	1		255 762 176 265	Babati	Sorghum
Galapo Amcos	296	Lohai Longai	255782 144 488	GALAPO	Maize & Sorghum
Endanoga Amcos	60	Said Hussein	255 694 144 966	GALAPO	Maize &Sorghum
Mamire Amcos	100	Hamisi Lenga	255 783 813 188	MAMIRE	Maize& Sorghum
Mbugwe Amcos	130	Ernest Mlembwa	255 688 763 879	BABATI	Sorghum
Basoosiday Amcos	82			GALAPO	Maize& Sorghum
Mkombozi Amcos	120			Magara	Maize& Sorghum

Payment terms with AMCOS.

- Cash before collecting the goods from their warehouse.
- Contract will be signed once the business is ready since this involved the farmers.

SUPPLIERS FROM DODOMA, SINGIDA, KATAVI AND RUKWA REGIONS		
NAME	PRODUCT	CONTACT
AZIZI NTULA	SORGHUM	255 714 491 407
KHALID M KHALID	SORGHUM	255715 458 190
MOHAMED ISSA NTULU	SORGHUM	255 787 027 753
WARIOBA JOSUA MAGULU	SORGHUM	255 763 012 900
NURDIN BAKARI	MAIZE	255 788 624 322
ABDALLAH ALLY JUMA	MAIZE	255654 676 660
EVODIOUS KISHOBELA	MAIZE	255 628 131 965
AZIZI JUMA TUNGA	MAIZE	255 787 606 677
WILLIAM CHAZENZE	MAIZE	255754 661 266
SIMBA OMARY	MAIZE	255 754 460 986

Payment terms:

- No contract
- Price is the motivation factor and easy payment method (cash or bank transfer)
- Payment on the day of delivery

3.4 SUPPLY RISK ANALYSIS ON THE RAW MATERIALS AND ITS MITIGATIONS.

Risk	Mitigation	Coping
Production Risk • Drought • Diseases • Pests	• Improving early warning system.	• Grains import • Grains reserves
Price Volatility Risk	• Contract farming • Improve quality to access stable niche market • Forster competition in the market • Improved storages	• Grain imports
Government Intervention risk	• Promote proactive rather than reactive policy • Improve transparency policy in decision making	•