

TANZANIA INVESTMENT CENTRE

DAR ES SALAAM

PROGRESS REPORT

(Information required for the project's progress report after every six months or for amendment of Certificate of Incentives)

1. Panned activities for the period

Pyrethrum Company of Tanzania Ltd (PCT), located in Mafinga, Iringa Region is in the business of extracting pyrethrum actives from pyrethrum flowers and is Africa's most reliable pyrethrum producer. PCT continues to grow through expansion in pyrethrum production and increased marketing in partnership with the world largest global pyrethrum marketers and customers.

PCT's success is built on maintaining a high-quality processing facility and a reliable pyrethrum agricultural system with farmers. PCT installed all-new processing equipment from 2010 through 2024, and produces high quality Pyrethrum Extracts.

Pyrethrum (*Tanacetum cinerariifolium*) is a flowering plant known for its insecticidal properties. In Tanzania, the Southern and Northern Highlands are home to pyrethrum cultivation, where smallholder farmers play a crucial role. Recently, efforts have been made to expand pyrethrum production capacity, benefiting both farmers and the global market. Similarly, PCT embarked on factory expansion projects to accommodate this increased pyrethrum production over the last few years and into the near future.

Meeting Global Demand: Pyrethrum is a key ingredient in biopesticides and mosquito repellents. The global demand for organic insecticides has been rising steadily and PCT is positioning itself to continue playing a pivotal role in meeting this demand.

Realizing Tanzania's Potential: Tanzania, with its favorable climate and suitable soil conditions, has become the world's second-largest producer of pyrethrum. PCT plans to leverage this competitive advantage to increase Tanzania's global market share for pyrethrum through increasing pyrethrum production.

2. Achievements made on the project implementation to date

(i.e. from the date the project was approved to the date of writing the report)

Describe the status of activities that have already been undertaken e.g. construction of buildings, acquisition of supplies, installation of equipment, etc.



The project aims to increase pyrethrum production capacity from 3,000 tons per annum to more than 6,000 tons per annum over the next 3 years. Key project that PCT has embarked upon to achieve this include:

1. **Free Seedlings:** PCT has distributed free elite pyrethrum seeds and seedlings to smallholder farmers to kickstart pyrethrum cultivation. This initiative has encouraged new farmers to participate in pyrethrum farming and ensures consistent supply.

PCT embarked on Tissue culture supported research and large-scale commercial farming projects to support the increased high quality seed demands required to meet the increased pyrethrum production drive.

2. **Technical Support:** PCT continues to collaborate with smallholder farmers, providing technical guidance on crop management, pest control, and sustainable practices.
3. **Market Linkages:** PCT continues to strengthen market linkages, connecting farmers to off-takers and international pesticide formulators. This has ensured a steady income stream for smallholder farmers.
4. **Processing Capacity Expansion:** PCT embarked on various processing capacity projects over the last few years to accommodate the current and anticipated increased pyrethrum production in Tanzania. Some of these projects are listed below
 - a) Replacement of mild steel extractor pots with all stainless-steel extractor pots and piping system
 - b) Installation of 4 additional extractor pots in the last year to increase processing throughputs
 - c) Installation of water softener plants for efficient operations
 - d) Installation of high-capacity modern process conveyors
 - e) Construction of additional marc product storage warehousing facilities
 - f) Construction of climate-controlled pyrethrum seed storage facilities
 - g) Construction of pyrethrum seed processing facilities
 - h) Purchasing and installation of high efficiency seed processing equipment
 - i) Installation of modern high throughput and efficient flower driers at the factory and the farm in Ludodolelo, Makete
 - j) Commencement of large-scale commercial farming projects for pyrethrum flower production to supplement smallholder farmer efforts.
 - k) Acquisition of commercial farming equipment and implements.
 - l) Construction of mini-dams and installation of irrigation systems at commercial farming sites.
 - m) Establishment of a Tissue Culture Laboratory to speed up multiplication of identified high performance pyrethrum clones which are further developed through PCT's fully established breeding program.
 - n) Expansion of the Agronomy extension services to support increased acreage and number of smallholder farmers.



3. Provide updated information on the following aspects:

S/No.	Information	Description	Current Project Status				
1	Shareholder's Information	Current Shareholders names, nationality and percentage of ownership	1. McLaughlin Gormley King Company (MGK).99.9998% 2. MGK Europe Inc.0.0002%				
2	Company communication Information	Email address Mobile Number Land Line Telephone Number Physical Address (Plot No. Block No. Street, District and Region)	PO Box 63, Kinyanambo, plot 1&2, Upendo, Mbagala.				
3	Contact Person	Name Position Communication details (Email, Mobile and telephone)	John Power Chief Operating Officer john.power@pct.co.tz 0756 937 836				
4	Incorporation	Certificate of Incorporation Number	14033				
5	TIN Information	TIN Certificate No.	100-234-890				
6	Project Objective	Project Core Activity	Pyrethrum production and processing capacity expansion				
7	Capacity	Project capacity per year	3,000MT/year				
8	Direct Employment	Foreign Men Foreign Women Local Men Local Women (Please attach Employees' pension list- NSSF & WCF list)	<table border="1"> <tr><td>0</td></tr> <tr><td>165</td></tr> <tr><td>50</td></tr> <tr><td> </td></tr> </table>	0	165	50	
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165							
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9	Indirect employment	Type/areas of Indirect employment	Farming, Transportation, Flower Buying Agents.				
10	Tax Return	Tax returns for at least one year	Attached				

4. Project Financing Expenditure to date (USD)

	Foreign (USD)	Local (USD)	Total (USD)
Land and Buildings		\$ 475,573	\$475,573
Plant and machinery	\$ 2,629,223		\$2,629,223
Vehicles/Aircrafts		\$ 666,403	\$666,403
Furniture		\$ 11,135	\$ 11,135
Office equipment		\$ 15,135	\$15,135
Insurance Cover (Sum insured for all properties)		\$14,677,780	\$14,677,780
Pre-operational expenses		\$ 354,895	\$354,895
Working sub-total capital	\$ 188,655		\$188,655
Grand Total	\$ 2,817,877	\$16,200,921	\$19,018,798

5. Project Financing

Explain how the project is being financed e.g equity, loans, sources of loans, conditions etc. see table below: -

	Amount (USD)	Source Country
Local equity	Nil	Nil
Local loans	Nil	Nil
Foreign equity	\$250,920	United States of America (USA)
Foreign Loans	\$9,540,284	United States of America (MGK) Parent Company.
Total Investment	\$9,791,204	

6. Problems and Solutions

Explain problems, which the management is encouraging in executing the project and the steps being taken to solve them

Insufficient raw material in the form of pyrethrum has been a major issue resulting in below capacity utilization of the installed processing capacity. PCT is addressing this by expanding pyrethrum production capacity through provision of fully subsidized (free) elite planting material, farmer campaigns, technical support, large-scale commercial farming projects and factory capacity expansion projects. The elite lines are being bred in-house in a fully developed pyrethrum breeding program. As a result, PCT and Tanzania are poised to play a vital role in meeting global demand for natural insecticides. The partnership between PCT and smallholder farmers is a step toward sustainable growth of the pyrethrum sector in Tanzania.

The lack of large-scale land suitable for pyrethrum farming has been a challenge. PCT has identified and is in the process of acquiring commercial farmland suitable for pyrethrum mechanized farming. We are also in discussions with Tanesco through the Njombe regional authorities for the provision of electricity to the said farm. Tractors and other farming equipment has been purchased to support the commercial farm operations at this farm.

In addition to the Njombe large-scale commercial farm, PCT is leasing large farmland in Magunga and Ulete Villages, both in Iringa as part of its large-scale commercial farming projects.

PCT is also working closely with the Njombe regional authorities to expand smallholder farmer base in Makete district, specifically targeting TASAF beneficiaries in pyrethrum farming thus improving their livelihoods.

7. Future Plans

Explain future plans for the next coming six months and planned financial commitments

PCT intends to do the following

- a. Purchase a farm that is currently being leased and install a transformer and electricity lines to reduce dependence on diesel generators. This will greatly reduce the cost of operations for the farm.
- b. Install irrigation system on the farm once the purchase is finalized
- c. Register leases with TIC for the two farms that are currently being leased and already in production in Magunga and Ulete Villages in Iringa.
- d. Purchase additional tractors and equipment to fully mechanize the operations on the farms.
- e. Distribute elite seeds/planting material to smallholder farmers free of charge to increase production levels.
- f. Increase the number of buying agents in newly established pyrethrum growing villages
- g. Purchase additional vehicles to support increased number of smallholder farmers.
- h. Start process of sourcing for a new, modern and more efficient processing plant for installation in the next 24 months. This will further increase the processing capacity from current levels in preparation of processing increased volumes of pyrethrum from both smallholder farmers and large-scale commercial farming projects.

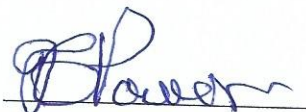
8. Recommendations and any other comments

PCT seeks support from government and local leadership through improvement of access roads in the villages to make villages more accessible for technical support and produce collections.

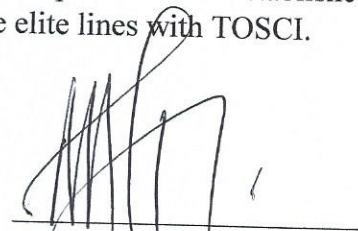
PCT will also seek for support in the installation of a transformer and electricity lines at its commercial farm to reduce operating costs

In addition to transferring derivative title of Ludodolelo farm in Makete to PCT, the company will seek support in registering leases of the two farms that its currently leasing in Magunga and Ulete villages in Iringa. These farms are already in production.

PCT has developed elite pyrethrum varieties through its developed and well-established R&D and breeding programs and will seek to register these elite lines with TOSCI.



John Power



William Kufakwepasi