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Tanzania Agricultural Investment Proposal (Mkuranga Area Sericulture Development & Cocoon Export Project)

I. Project Overview

1. Project Name: Tanzania Silkworm Industry Chain Development and Export Base
2. Investor: FCC AGRICULTURAL TECHNOLOGY DEVELOPMENT COMPANY LIMITED
3. Project Location: Tanzania (Mkuranga)
4. Land Size: 220 acres (approximately 89 hectares)
 - Living area and factory buildings: 50 acres
 - Mulberry planting area: 150 acres
5. Total investment: US\$500,000 (invested in three phases)
6. Core Business:
 - Large-scale mulberry trees planting
 - Silkworm breeding and farming
 - Silkworm cocoon processing and export to China

II. Market Analysis

1. Chinese market demand
 - China's silkworm cocoon imports will reach 120,000 tons in 2023 (data from the General Administration of Customs), primarily sourced from Central Asia and Southeast Asia
 - Tanzania's favorable climate (average annual temperature 25-30°C) supports year-round mulberry cultivation.
 - Cost advantage: local labor costs are about one-third of China's (according to World Bank 2022 data)
2. Localization opportunities
 - Tanzania's "Agricultural Modernization Blueprint 2021-2030" offers tax exemptions for cash crop exports
 - The export tax rate for agricultural products is 1%

III. Phased Investment Plan

Phase	Timeline	Investment	Key Deliverables
Phase I	01/Feb/25-15/Jun/25	USD 200,000	Land preparation, nursery establishment, basic infrastructure, initial 50-acre plantation
Phase II	25/Jun/25-15/Sep/25	USD 180,000	Rearing facility expansion, equipment imports, remaining 170-acre plantation



Phase III	25/Sep/25-25/Feb/26	USD 120,000	Cold chain storage, quality lab, export certifications
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IV. Fund Allocation Details

Category	Percentage	Details
Land Development	25%	Includes irrigation systems
Facilities & Equipment	30%	Climate-controlled rearing chambers
Seedlings & Inputs	15%	Disease-resistant mulberry varieties
Operational Costs	20%	3-year technical team expenses
Contingency Fund	10%	Pest/disease control reserve

V. Operation Model

1. Planting management:

- Adopt a "company + farmer" model: 150 acres of self-operation in the core area and 250 acres of cooperative planting in the surrounding area

- Mulberry varieties: Guisang No. 6) (Nongsang No. 14) (annual leaf production per acre 3.5 tons)

2. Breeding technology:

- Introduce "small silkworm co-breeding" technology from the Sericulture Research Institute of the Chinese Academy of Agricultural Sciences

- Breeding cycle: 8-10 batches annually

3. Export process:

- Dar es Salaam Port → Guangzhou Nansha Port (sea transportation cycle :approximately 25 days)

- Obtain export license via TBS certification (Tanzania Bureau of Standards)

VI. Financial Forecast

Metric	Year 2	Year 3	Year 5
Cocoon Output	8 tons	35 tons	80 tons
Export Price (USD)	\$4,500/Ton (FOB)		
Operating Costs	USD 120k	USD 180k	USD 220k
Net Profit Margin	18%	26%	32%

VII. Risk Management

1. Natural Risks:

- Insure African Agricultural Risk Insurance (ARC)

- Establish 10% of the area of spare mulberry gardens

2. Market Risks:

- Sign a long-term purchase agreement (MOU) with Zhejiang Kaixiya Group

- Develop secondary markets In India and Vietnam

3. Policy Risks:

- Apply for Tanzania Export Processing Zone (EPZ) qualification

- Reserve 15% of funds for compliance adjustments



VIII. Sustainable Development

1. Community Participation:

- Employ no less than 70% local employees
- Establish a silkworm farmer training center (training 3,000 people per year)

2. Environmental Protection:

- Implement a silkworm feces organic fertilizer conversion system
- Recycle mulberry branches for fungus cultivation

IX. Project Progress Timetable

Quarter	Date	Activity
Q1	Feb-2025	Land title verification
Q2	May-2025	Initial mulberry planting
Q3	Oct-2025	First trial production
Q4	Dec-2025	Obtain China GAP certification
Q5	Feb-2026	Full-scale export operations

X. Project Benefit Analysis

(I) Benefits to Local Residents

1. Job Creation

- Directly employ 1,500 local workers (70% of the total number employees), covering the full chain of planting, breeding and processing
- Drive 500 local households to participate in cooperative planting, with an average annual increase of \$1,200 per household (the average rural household income in Tanzania is \$800)

2. Skill Training System

- Partner with the Tanzania Agricultural Research Institute (TARI) to offer annual training:
 - ✓ Mulberry cultivation technology (500 people/year)
 - ✓ Modern silkworm breeding operations (500 people/year)
- Train the first batch of 50 certified agricultural technicians (certified by the National Vocational Education Commission)

3. Community Development Support

- Allocate 3% of annual profit to:
 - ✓ Upgrade rural clinics within 10 kilometers of the project site
 - ✓ Establish a scholarship program for 200 primary and secondary school students per year

(II) Benefits to the Government

1. Contribution to Fiscal Revenue

- After full production, annual tax revenue will be approximately US\$87,000,

including:

- ✓ Corporate income tax (Tanzania standard tax rate 30%)



- ✓ Export tariff (1% of FOB value)
- ✓ Local service tax (2% of total employee salaries)

2. Promotion of Agricultural Modernization

- Introducing China's "Smart Mulberry Garden" management system to increase land yield:
- ✓ Traditional planting yield per: 1.2 tons/mu → Project area yield: 3.5 tons/mu
- ✓ Promote Tanzania region as an East African sericulture technology demonstration base

3. Foreign Exchange Reserves Growth

- Annual foreign exchange earnings of \$360,000 once the project reaches maturity (based on 80 tons of export volume)
- Contribute to Tanzania's "2025 Foreign Exchange Reserve Target" for the agricultural sector

4. Deepening Bilateral Relations

- Included in the list of key projects under the China and Tanzania "Belt and Road" initiative.
- Host 2-3 Chinese agricultural technology exchange annually

(III).Alignment with the Sustainable Development Goals (SDGs)

UN SDGs	Contribution
Goal 1: No Poverty	150% income increase for partner farmers
Goal 5: Gender Equality	60%+ workforce opportunities for women
Goal 9: Industry Innovation	IoT-based plantation monitoring
Goal 17: Partnerships	China-Africa technology transfer

Implementation of Guarantee Mechanism

1. Community Communication Committee: Monthly meetings with village elders on employment and land matters

2. Government Liaison Specialist: Special Liaison with the Ministry of Industry and Trade Agricultural Investment Promotion Center

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3. Third-party Audit: hire PricewaterhouseCoopers Tanzania branch to supervise social responsibility fulfillment



Project Investor : FCC AGRICULTURAL TECHNOLOGY DEVELOPMENT COMPANY LIMITED

Date : 09-Apr-2025

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