



Direct Export of Premium Coffee from Tanzania

Challenge

Ninety-five percent of Tanzania's coffee is grown by 400,000 small-scale farmers owning fewer than ten acres of land. Coffee is Tanzania's largest export crop but small-scale farmers have not reaped the benefits because of policies that have restricted their direct access to the international coffee market. Farmers have been required to sell their export coffee through the government-run Moshi Coffee Auction, which has proved to be impractical because its 22,000 lb. export minimum effectively barred small farmers from participating as individuals. Small farmers have had to rely on middlemen to bring their product to the export market. Farmers have long complained that the Moshi Coffee Auction is inefficient, causes unnecessary delays, and prevents them from benefiting from the full potential of product sales.



Photo: USAID/Tanzania
Tanzanian farmers now supply roasters with specialty coffee for premium prices.

Initiative

USAID has contributed significantly to moving a policy agenda forward that makes the export of coffee more efficient for Tanzanian farmers. Working with the Association of Kilimanjaro Specialty Coffee Growers, USAID funded a seminar that brought together key representatives from a diverse group of coffee industry stakeholders for the first time. The goal of this effort was to raise awareness and build consensus for opening a "direct export" window that would allow specialty coffee exports to bypass the Moshi Coffee Auction.

The industry presented their policy concerns to both the Ministry of Agriculture and the Tanzania Coffee Board and was able to successfully demonstrate the steps that needed to be taken to make Tanzanian quality coffee as competitive as possible. In October 2003, Tanzania premium coffee producers and specialty roasters celebrated a significant advance when the Government of Tanzania officially announced a new marketing system for direct export of premium coffee.

Results

This direct marketing system is expected to create business links between Tanzania farmers and leading international buyers. USAID's partner in the project estimates the value of this to farmers at more than \$15 million in additional income over the next ten years. Farmers, both large and small, are now requesting assistance in building their business skills and continuing to improve their coffee quality in order to attract the optimal buyers. As a result of these efforts, the smallholder-owned Association of Kilimanjaro Specialty Coffee Growers, comprising 7,000 farmers, has been issued the first direct export license by the Tanzania Coffee Board.

