"The Farmers' Bank"

TANZANIA COCOA VALUE CHAIN FACT SHEET

Introduction

Cocoa is an important cash crop produced by approximately 25,000–30,000 households which equates to almost 100,000 people in Tanzania mostly on small farms (1–3 acres), largely organic and intercropped with banana.

Annual output of cocoa in Tanzania currently ranges from 14,000–16,000 tones, placing Tanzania 18th globally but with potential to rise up the ranks once its potential is fully tapped and the challenges addressed.

Production Overview

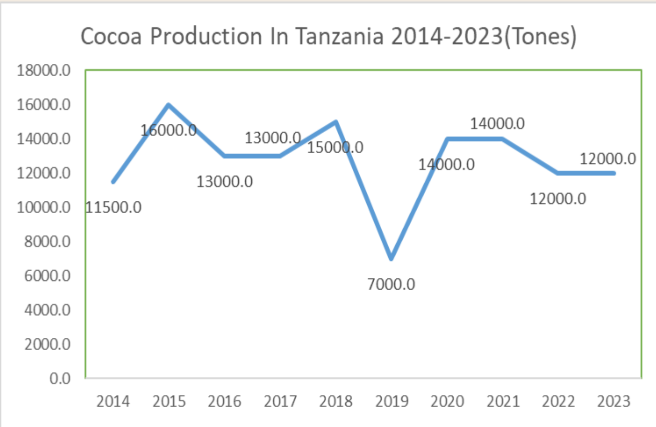
Cocoa Species: Forastero, Criollo, and Trinitario.

Production Systems: Cocoa is grown under a traditional, low-input system with small, intercropped farms using natural pest control from local plants like neem and aloe vera. Irregular tree spacing and limited inputs reduce yields, especially in Kyela.

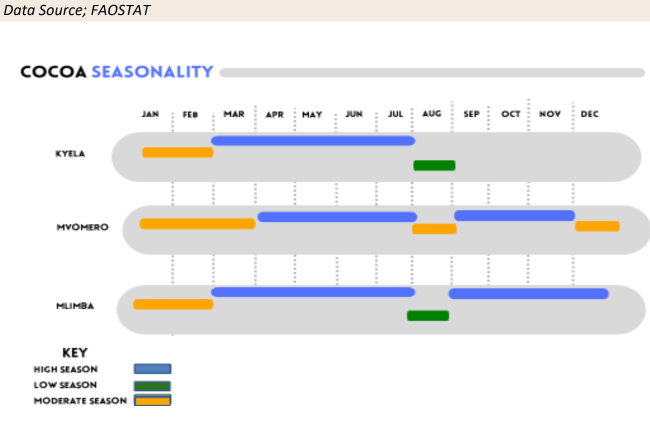
Mixed varieties Criollo, Forastero, and Trinitario are common. Average productivity is 540 kg/acre/year, with potential to reach 650 kg under improved practices.

Key Growing Regions

Mbeya (Kyela and Rungwe), Morogoro (Mvomero, Mlimba and Ifakara), and Tanga (Marimba).



Data Source; FAOSTAT



Cocoa Processing

Primary cocoa processing

- After harvesting cocoa pods and break it to obtain wet beans the subsequent step is fermentation which takes 5–7 days that helps in development of cocoa beans' flavor by breaking down the pulp.
- Afterward, beans are sun-dried for 5–10 days to reduce moisture content and prevent mold for further preservation.

Secondary and tertiary processing:

- Secondary and tertiary processing involves turning dried cocoa beans into finished products like cocoa liquor and butter and finished goods such as chocolate bars and beverages.
- In Tanzania, this processing is still limited, with only a few small-scale actors adding value locally for niche and export markets. About 10% of cocoa produced in Tanzania is processed by small-scale processors including Mababu chocolate-Livy Africa Company, chocolate mamas and ivory Iringa, the remaining 90% is exported as raw beans.
- Cocoa processing in Tanzania is limited due to the dominance of raw bean exports, lack of modern processing equipment, low investment in cocoa processing, limited technical capacity and minimal value chain financing.

Export Profile: In 2023, Tanzania exported 12,162 tones of raw or roasted cocoa beans worth US$39.0 million, with minimal domestic processing and no significant exports of cocoa liquor, butter, or powder. The main export destinations were Asia and Europe, led by Indonesia (4,532 t, $14.0M), Malaysia (3,751 t, $12.7M), and the Netherlands (2,726 t, $9.0M). A portion of exports also reached premium niche buyers in countries like the Netherlands and Switzerland, including specialty chocolatiers.

According to the International Trade Centre (ITC), Tanzania's cocoa exports currently stand at **USD 39 million**, slightly exceeding the estimated potential of **USD 37 million**. However, there remains up to **USD 19 million** in unrealized potential across untapped individual markets—indicating room to improve market targeting and boost export performance in higher-value destinations.

Productivity & Profitability Analysis

Indicator	GAP Cocoa Farm	Non-GAP Cocoa Farm
Establishment Cost	TSh 6.7 million	TSh 4.2 million
Annual Cost (Year3)	TSh 1.2 million	TSh 0.8 million
Yield/acre (Year3)	600–650 kg/acre	300–350 kg/acre
Price (average)	TSh 10,000/kg	TSh 10,000/kg
Gross Revenue (Year3)	TSh 6.0–6.5 million	TSh 3.0–3.5 million
Net Income (Year3)	TSh 3.0—4.3 million	TSh 2.2–2.7 million
Break-even Year	Year 4	Year 5

GAP practices nearly double productivity. Investment recovery is faster despite higher upfront cost. Most costs start from the third year as cocoa is a perennial crop and takes some years to harvest.

Cocoa Conversion Rates

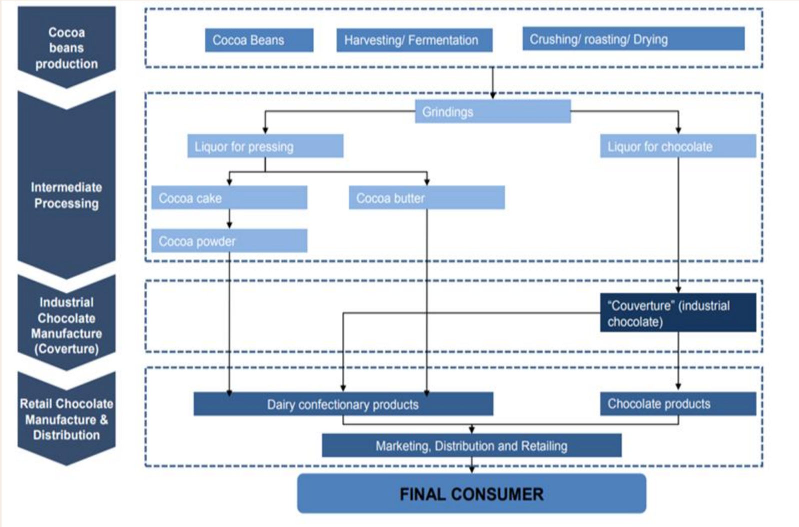
Stage	Input	Output	Conversion Ratio	Example (from 1,000 kg pods)
1. Harvesting	1,000 kg cocoa pods	~330 kg wet beans	~3:1	1,000 kg pods → 330 kg wet beans
2.Fermentation & Drying	330 kg wet beans	~118 kg dried beans	~2.8:1	330 kg wet → 118 kg dried beans
3. Grinding (Liquor)	118 kg dried beans	~85 kg cocoa liquor	~72%	118 kg → 85 kg liquor
4. Pressing (Separation)	85 kg cocoa liquor	~42.5 kg butter + 42.5 kg cake	~50:50 split	85 kg → 42.5 kg each
5. Milling (Powder)	42.5 kg cocoa cake	~36–38 kg cocoa powder	~85–90%	42.5 kg → ~37 kg powder
6. Chocolate Production	118 kg dried beans	~95–100 kg chocolate (depends on sugar, milk, etc.)	~0.8–0.9:1	118 kg → 95–100 kg chocolate

“The Farmers’ Bank”

TANZANIA COCOA VALUE CHAIN FACT SHEET

Value Distribution Across Cocoa value chain

Actor / Service	Function	TSh/ kg	% of Auction Price (est.)
Farmer	Production, drying, fermentation	~11,000	~55–60%
AMCOS	Aggregation, verification, storage	100	~0.5%
KYECU / Cooperative Union	Bulk logistics and oversight	30	~0.15%
District Council (Crop Cess)	Levy (3% of auction price)	~300–400	3%
TMX (Auction Platform)	Trade facilitation and cataloguing	5	<0.05%
CPB (Produce Board)	Quality oversight, registration	8	~0.04%
Warehouse Operators (CMA)	Storage, quality inspection	63.5	~0.3%
TCDC (Cooperative Dev. Comm.)	AMCOS regulation, registration	16	~0.08%
Transport, bags, moisture testing	Packaging and aggregation logistics	104.5	~0.5%
Trader/Exporter	Auction purchase, export logistics, paperwork	~3,500	~17–20%
Port & Freight	Port handling, shipping to buyer	~2,000	~9–10%
Importer / Processor (Abroad)	Cleaning, roasting, grinding to powder/liquor/butter	~3,000–4,000	~15–18%
Retailers / Brands	Chocolate manufacture, branding, packaging	~6,000–10,000+	~30–40%+



Cocoa Value chain diagram

Risk and Constraints

- **Climate Risks**: Cocoa production is highly sensitive to drought, floods, and erratic rainfall. In Kyela and Mlimba, unreliable rainfall and lack of irrigation reduce yields and raise the risk of crop failure during dry spells.

- **Pests & Diseases**: Black pod disease, mealybugs, and fungal rot (especially from poor fermentation and drying) are widespread. Low use of plant protection and weak disease surveillance increase vulnerability.

- **Price Volatility**: Global cocoa prices are volatile — e.g. a 30% spike in December 2024 created uncertainty for exporters and buyers. Sudden drops in auction prices impact farmer incomes, especially in a single-season cash crop model.

- **Financial Access & Governance**: Most farmers lack formal credit due to collateral issues. Many AMCOS are underperforming, poorly governed, and lack liquidity, causing payment delays under the warehouse receipt system (WRS).

- **Infrastructure Gaps**: Poor feeder roads, lack of drying platforms, inadequate fermentation boxes, and limited storage all lead to post-harvest losses and reduced bean quality.

Key Players in Cocoa Value chain

Category	Players
Farming	Smallholder farmers: cultivate plots between 1-3 hectares covering almost 99% of Tanzania cocoa production.
Processing	Processing is limited in Tanzania with some private small scale processing such as Livy Africa company limited, Chocolate Mamas & Ivory Iringa.
Exportation	Exporters including Kokoa kamili, Mohamed Enterprises, Bioland, Olam Tanzania, Hai Tanzania Ltd, and ESCO.
Support institutions	Cereals and Other Produce Board (CPB)-is regulatory authority overseeing production and marketing, advising the government on cocoa related matters. TMX (Tanzania Mercantile Exchange) in cocoa trading provides a regulated platform for transparent, efficient, and competitive cocoa transactions, benefiting farmers with better prices and market access. TARI- working close with farmers in research and capacity building while preparing competitive varieties with high production and resilience in climatic changes. TCDC-Regulates and registers the cooperatives which are the main structures in the marketing of cocoa.

Investment Opportunities In the Cocoa Value Chain in Tanzania

1. With a growing global demand for organic and traceable cocoa, opportunities exist in production of organic cocoa,deliberate steps should be taken to develop medium-scale cocoa estates integrated with out grower schemes.

2. Absence of post harvest infrastructure such as warehouses, solar dryers and fermentation facilities provide opportunity for financial support to improve post-harvest infrastructure.

3. There is a strong potential for investment in processing equipment and working capital for small and amid sized cocoa processors. Feasibility facilities , such investments could be bundled with technical assistance through partnerships.

4. PPP investments in infrastructure upgrading in potential cocoa production areas is paramount : Needless to say, public investment in human capacity building, roads, electricity, and water supplies are much needed in areas with great potential for cocoa production.

Proposed Financing Models

1. Input Financing through Tripartite Agreements: Seasonal working capital loans for certified input suppliers under MoUs, with recovery guaranteed through AMCOS or off-taker contracts.

2. Advance Payment Working Capital for AMCOS: Short-term credit facilities to enable AMCOS to offer upfront payments to farmers upon cocoa delivery—aligned with auction repayment schedules.

3. Asset Finance: Medium-term loans for drying, fermentation, and storage equipment with bundled technical assistance through partner NGOs or donor programs. Offer subsidized loans for climate-smart infrastructure, such as solar dryers, and eco-processing units aligned with TADB’s green financing mandate.

4. Processor Equipment Leasing: Equipment leases for chocolate and liquor production structured to reduce upfront costs and tied off-taker or buyer contracts.

5. Blended Finance for SMEs: Combine donor funds with concessional loans to de-risk early-stage processors or innovators in by-product utilization.

6. Credit Guarantee Scheme : Provide partial risk guarantees to enable AMCOS/ SMEs to borrow from financial institutions, especially during the peak buying season.

7. Digital Loans for Cocoa Farmers: Support digital platforms offering micro-loans to individual farmers for inputs or harvesting costs—repaid post-harvest via mobile money.

ANNEX

STAKEHOLDER	LOCATION	CONTACTS
Kyela Cooperative Union (KYECU)	Kyela	0743413912
Morogoro Farmers' Coperative Union(MOFACU)	Morogoro	0712000935
Livy Africa	Mbeya	0737229216
Chocolate Mamas	Daresalaam	0759112291
TARI KATRIN	Ifakara, Morogoro	0715557195
Cocoa Kamili	Mlimba, Morogoro	0620606880