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TANZANIA SUNFLOWER VALUE CHAIN FACT SHEET

Introduction

- Sunflower remains Tanzania's most strategic edible oil crop, contributing nearly half of the country's domestic edible oil supply. It provides livelihoods for more than 2.5 million people, most of them smallholder farmers in semi-arid regions.
- Despite favorable agro-ecological conditions, the country still imports over 350,000 metric tons of edible oil annually valued at about USD 250–300 million mainly from Malaysia and Indonesia.
- The leading regions in sunflower production are Singida, Dodoma and Manyara.
- Expanding sunflower production and processing offers strong potential for: Import substitution and foreign exchange savings, Rural employment, especially for women and youth, Industrialization through local oil refining and feed production Climate resilience, since sunflower tolerates semi-arid conditions where other oilseeds fail. This presents opportunities for financial institutions and development partners.

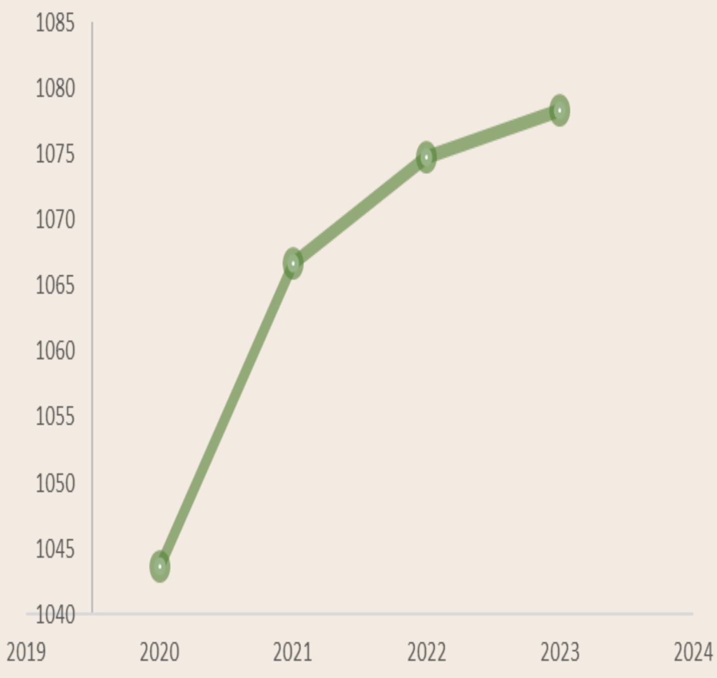
Production Overview

- According to FAO data (2023), national sunflower seed production reached 1,170,000 MT from a harvested area of 1,070,000 hectares. This output is driven by improved seed adoption as the sector strives to meet an annual processing demand of over 1.7 million MT.

Key Farming Zones

Zone	Regions	Estimated Share	Highlights
Central	Dodoma, Singida	50–55%	Core production base with established small processors
Northern	Manyara	15–20%	Strong adoption of hybrid varieties
Lake	Shinyanga, Tabora	10–12%	Expansion from ex-cotton fields
Southern Highlands	Iringa, Mbeya	8–10%	High-quality oil seeds; growing SME processing
Western	Kigoma	5%	Emerging commercial farms

Productivity of Sunflower in Tanzania 2020-2023 (Kg/ha)



Source: FAOSTAT data .

Productivity and Profitability Snapshot

- National average yield remains ~1.1 MT/ha, against a potential of 2.2–2.5 MT/ha achievable under good agronomic practices (GAP) and hybrid seed use. Sunflower Oil extraction efficiency averages 28%, with modern machines achieving up to 38–40%.

Parameter	Baseline Farmer	Improved Practices	Contract Farming Cluster
Yield (MT/ha)	1	1.8	2.3
Farm-gate price (TSh/kg)	1,000	1,200	1,300
Gross Revenue (TSh)	1,000,000	2,160,000	2,990,000
Production Cost (TSh)	400,000	550,000	750,000
Net Profit (TSh)	**600,000**	**1,610,000**	**2,240,000**

Value Chain Map & Processing Capacity

- **Input Supply** → Production → Aggregation → Processing → Distribution → Consumption
- **Input Supply**: Local seed producers (ASA, QDS schemes), fertilizer distributors, and agro-dealers.
- **Production:** Smallholders (1–5 ha) dominate; some medium farms in Dodoma and Manyara.
- **Aggregation**: Traders, cooperatives, and emerging AMCOS structures coordinate bulking and quality testing.
- **Processing**: More than 400 SME oil mills operate below capacity (40–50%). Notable players include Pyxus, GILITU, and Mount Meru Millers.
- **By-products**: Seed cake utilized in poultry, dairy, and aquafeeds — growing demand.
- **Distribution**: Local wholesale markets and regional exports (Rwanda, DRC, Zambia).

Processing Capacity Snapshot (2024 data)

- Average utilization: Extremely low (SMEs often run at 10%-25%) of their capacity
- Installed capacity: Highly fragmented (Comprised of hundreds of SMEs with individual capacities of 4.5-18 MT/day)
- Main bottlenecks: working capital and raw material availability.

Value Distribution Across Sunflower value Chain

Actor / Service	Function	Estimated % of Final Retail Price
Input Suppliers	Supply of improved seeds, fertilizers, and agrochemicals	5–8%
Farmers / Producers	Cultivation, harvesting, and primary drying	18–25%
Aggregators / Traders	Bulking, cleaning, and transportation to processors	5–10%
Processors (SME & Large)	Oil extraction, refining, and packaging	35–45%
Wholesalers / Distributors	Wholesale trade, regional distribution, and logistics	10–15%
Retailers	Retail sales in domestic markets	8–10%
Exporters	Export of oil and seed cake to regional markets	3–5%

Value Distribution Across the Sunflower Value chain

Value Chain Player	Gross Margin (GM)
Retailers	38%
Wholesalers	18%
Medium Scale Processors	15%
Small Holder Farmers (SHF)	73%

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Market Dynamics & Trade Outlook

- Domestic demand for edible oil continues to outpace supply, growing at 6–7% annually driven by population growth, urbanization and rising income.
- Palm oil imports dominate the market at approximately 50% of consumption, generating a $333 million import bill in 2023 and placing significant pressure on foreign exchange reserves, which declined from $5.2 billion to $4.5 billion by late 2023.
- Sunflower oil exports surged 71% to $28.46M(14,700 tonnes) in 2023, led by crude exports to Switzerland.
- Crude oil prices: Tsh 3,500–4,500/kg; refined oil: Tsh 5,000–6,500/kg.
- Seed cake exports valued at USD 21.7 million/year serve India and East African feed industries.
- The market is driven by poultry and dairy feed demand, expanded local refining capacity, and urban consumer preference for sunflower oil.

Key Players in Sunflower Value chain

Category	Key Players / Institutions	Functions / Roles
Input Supply & R&D	TARI-Ilonga, ASA, TOSCI, Advanta, SeedCo, YARA, OCP, SIDO	Research, seed multiplication, fertilizer supply, certification, and farm equipment development
Production & Aggregation	Farmer Organizations (FOs), AMCOS, individual smallholders, youth and women under BBT program	Cultivation, aggregation, primary processing, and marketing
Processing & Value Addition	Mount Meru, PYXUS, Tausi General Supply, Sunflower Hub Singida, Gilitu Oil, medium-scale SMEs	Oil extraction, refining, fortification, packaging, and seed cake export
Finance & Investment	TADB, CRDB, NMB, EQUITY, EFTA, PASS Trust, LGAs Empowerment Funds	Input and asset financing, working capital loans, mechanization leasing
Extension & Capacity Building	Ministry of Agriculture, LGAs, MOCU ICCE, ANSAF, ACT, MVIWATA, digital platforms (M-Kilimo)	GAP training, FO governance, policy dialogue, and digital extension
Market & Trade	TASUPA, TRA, MITI, WFP, AGRA, private traders/exporters	Market coordination, export facilitation, standard enforcement
Policy & Coordination	PO-RALG, Ministry of Industry and Trade, President's Office (Investment), regional sunflower task forces	Policy formulation, regulatory oversight, infrastructure development

Risks and Constraints

Category	Key Risks / Constraints	Implications
Production Risks	• Continued reliance on recycled seeds and low fertilizer use • Erratic rainfall and prolonged dry spells- Low adoption of mechanization and GAP	• Persistent yield gap (0.6 vs potential 2–4 MT/ha), low quality of raw material, and vulnerability to climate shocks
Input and Technology Risks	• Weak seed systems and delayed distribution • Limited access to certified agro-dealers in rural areas	• seed adulteration, and poor input penetration
Post-Harvest & Quality Risks	• 15–25% post-harvest losses due to poor storage and handling • Inconsistent drying and contamination	• Decline in oil content in raw seeds, higher processing costs, food safety concerns
Processing Risks	• Underutilized installed capacity (20–40%) • Outdated pressing technologies with 10–20% oil loss	• Low profitability, weak competitiveness against imports
Market & Price Risks	• Import competition from cheap palm oil • Price volatility and weak market coordination	• Reduced farm-gate prices and unpredictable returns
Finance & Policy Risks	• Limited access to working capital for SMEs • High collateral requirements and fragmented financial products	• Financing bottlenecks across production and processing segments
Institutional & Coordination Risks	• Weak farmer organizations and low collective marketing • Limited enforcement of contract farming regulations	• Side-selling, supply inconsistency, and poor market trust

Investment Opportunities In the Sunflower Value Chain in Tanzania

Investment Area	Opportunity Description	Potential Partners
Seed Multiplication & Distribution	Support local seed multiplication (TARI–ASA–Private seed firms) to ensure reliable hybrid seed supply	TARI, ASA, Advanta, private seed companies
Agro-Mechanization & Equipment Leasing	Develop financing products for small-scale oil presses, threshers, dryers, and tractors through cooperatives and youth groups	SIDO, EFTA, TADB, LGAs
Production:Cluster-Based Financing Model	Finance geographically linked producer–AMCOs clusters to integrate production, aggregation, and processing	TADB, LGAs, WFP, TASUPA
Production:Contract Farming Schemes	Scale inclusive contract farming models that link farmers to processors (e.g., PYXUS, Tausi)	Processors, financial institutions, NGOs
Warehouse Receipt & Value Chain Financing	Establish certified warehouses and inventory credit systems to stabilize prices and enable post-harvest liquidity	TADB, WFP, CRDB, LGAs
Processing & Refining Upgrades	Invest in modern solvent extraction, double refining, and oil fortification to increase efficiency and export competitiveness	Medium/large processors, MITI, SIDO
Climate-Smart Agriculture & Solar Drying	Promote renewable energy drying technologies, efficient irrigation, and drought-tolerant hybrids	BBT Program, Green Climate Fund, AfDB
Digital Market Platforms & Traceability	Develop and scale platforms linking farmers to processors, traders, and financial services	M-Kilimo, Agrinfo, PASS Trust

Policy Gaps and Recommendations

Policy Area	Identified Gaps / Challenges	Strategic Recommendations
Seed System Governance	• Weak coordination among seed agencies • Low adoption of certified hybrid seeds • Prevalence of counterfeit and recycled seeds	• Establish a National Sunflower Seed Council to coordinate certification, multiplication, and distribution. • Enforce traceability and quality assurance for imported and local hybrid seeds.
Regulatory Environment for Processors	• Overlapping taxes and fees at district and municipal levels • Cumbersome licensing and compliance procedures • Low adoption of processing quality standards	• Create a "One-Stop Licensing Framework" for SMEs and processors. • Promote standardized GMP/HACCP certification through SIDO and MITI.
Market and Trade Stabilization	• Unstructured markets and price volatility at harvest • Limited access to post-harvest finance • Weak EAC-level trade integration	• Scale the Warehouse Receipt System (WRS) for oilseeds to stabilize farm-gate prices. • Strengthen EAC cross-border trade harmonization for seed cake and crude oil exports.
Institutional Coordination	• Fragmented policy implementation across ministries • Weak private sector and development partner alignment • Limited coordination of financing and R&D initiatives	• Establish a Sunflower Multi-Stakeholder Platform (MSP) co-chaired by MoA, TADB, and MITI. • Integrate private sector (TASUPA, ACT) and partners (WFP, PASS Trust) for balanced dialogue and joint programming.
Producer Productivity & Supply Incentives	• Reliance on rain-fed agriculture and poor soil health management causing yield inconsistency. • Limited uptake of Good Agricultural Practices (GAP) (e.g., spacing, weeding) due to weak extension services. •High fragmentation of farmers making it expensive for processors to aggregate raw material.	• Incentivize "Block Farming" and Contract Farming models to aggregate smallholders and guarantee supply volume for processors. • Subsidize non-seed inputs (fertilizers, soil lime, and mechanization) to boost yield-per-acre. • Invest in small-scale irrigation schemes to allow for off-season production and continuous supply.

Proposed Financing Models

- **Sunflower season-aligned term lending** : Medium-term loans with grace periods aligned to seasonal cycles.
- **Blended finance**: Combine concessional loans and grants with commercial capital to support processing, storage, and seed enterprises.
- **Public–Private Partnerships (PPP):** Government provides enabling infrastructure; private sector invests in high-capex processing and refining.
- **Community & group lending**: Scale lending through AMCOS, empowering women and youth groups with social collateral.
- **Cluster financing model:** Channel funds through producer clusters for shared assets (oil expellers, cold stores, trucks). Improves repayment reliability and scale.
- **Working capital & trade finance lines**: Increase plant utilization and stabilize market prices