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RUNGWE TURNING TANZANIA INTO LEADING COMMERCIAL AVOCADO PRODUCER

👤 DEOGRATIAS MUSHI 📅 07/03/2019 💬 0 Comments

FOR those who have visited the southern highlands of Tanzania, may have noticed that those areas form part of an invaluable ecosystem, with huge fertile land for agriculture, and probably for everything else to do with agribusiness.

This region features the largest and most important montane grassland in Tanzania, making it a critical ecosystem for the country's development.

The government of Tanzania has seriously targeted this area for development as part of an important agricultural corridor, popularly known as the Southern Agricultural Corridor Growth of Tanzania– SACGOT, which seeks to support Tanzania's faster agricultural and economic growth as well as enhancing food security. SACGOT also receives overwhelming international support.

It is an area where, through proper zoning, sustainable agricultural enterprise will thrive, thereby protecting and helping stabilize land use and enabling smart agricultural investment that will sufficiently support livelihoods.

It is because of this and the obvious rosy future, that the African Wildlife Capital (AWC), a subsidiary of the African Wildlife Foundation's impact-investment, made an important and wise decision of providing a loan to a local company, the Rungwe Avocado Company (RAC), for development of an environmentally sustainable farming, and export, of avocado fruit.

RAC was first developed in 2006, as a subsidiary of TATEPA Limited and a sister company to Wakulima Tea Company, the most successful example of tea privatization in Tanzania.

It was established through a memorandum of understanding with Wakulima Tea Company, and was later in 2009, separated out as Rungwe Avocado Company Limited, and developed as a separate entity, under the same model as Wakulima Tea Company.

It was RAC that first developed the Hass avocado industry in Tanzania through its Rungwe venture and, indeed in the whole of Southern Highlands Region, from scratch to the present hugely income generating crop for thousands of people and communities in the region.

Within only one decade, RAC has developed into a major agricultural organisation in Mbeya Region, and together with Wakulima Tea Company, cater for about 20,000 out-growers (who themselves support over 100,000 people), working with local organisations and shareholders such as Rungwe Small Tea Growers Association and various avocado out-growers.

RAC has also grown into a major contributor to Government initiatives and to regional communities both financially and through its strong Corporate Social Responsibilities projects.

Not only is RAC a good bona-fide long term investor in smallholder agriculture creating jobs, contributing to Government and promoting sound agricultural practices, but also providing skills and knowledge to farmers in the region. RAC has also enabled smallholder farmers to have a new commercial crop that increases income and welfare of their families.

Rungwe Avocado Company has also invested huge amounts of money into Rungwe District creating large pool of employment opportunities and increasing capacity and knowledge of farmers through extension services.

Under the terms of the investment, and bound by AWC's conservation covenants, RAC has developed and intensified avocado production in a limited area while also engaging the agricultural services of local farmers, simultaneously increasing income to local communities and limiting agricultural sprawl.

Managing Director of TATEPA, the holding company of RAC, who also headed RAC before promotion, Andres De Clerk, an expert farmer, says that his company has been a pioneer in the development of Tanzania's horticulture industry and the business will soon enable more farmers double their annual income.

RAC was also the first ever farming business in Tanzania to engage in trial avocado exports by air freight, to European markets in 2009.

Today, RAC has established refrigerated sea shipment routes to Europe and beyond -another important breakthrough for the industry.

De Clerk says that usually, farmers receive inputs and training as well as a fair price for their production and by the end of last year, around 75 per cent of the avocados sold by RAC, was grown by local farmers, resulting in an annual payment of some 8 million US dollars to the local community.

RAC has huge plans for development and the company is currently set to receive 1.2 million US dollars loan from AgDevCo, with another 700,000 US dollars to be invested in further agricultural development in form of equity.

The investment is expected to support the installation of a micro jet irrigation system on the farm to boost yield performance, and it will also fund ongoing operations, including management of an expanded out-grower scheme. De Clerk says besides an extensive smallholder network of thousands of farmers, RAC employs a full time staff of 135 people.

"RAC provides a guaranteed price to smallholders farmers from export of quality fruit. We purchase avocados from growers and grower groups from Mount Rungwe in Mbeya Region," says De Clerk adding:

"The company has also helped link a large number of smallholder avocado producers to export markets in Europe and such efforts enable farmers to expand their farms. The business supports farmers by providing inputs and services as well as purchasing their produce through guaranteed off-take agreements."

"Additional financing is required to develop irrigation on the commercial farm and support the on-going development of its supply chain and out-grower production base," he says without going into details of how big will be the financing.

Driven by dynamics in a global surge in prices and demand for 'green gold', as avocado is popularly referred to globally, the cultivation and trading of avocado is rapidly gaining traction among the farmers in Rungwe District.