

NEWS & FEATURES

Webinar Summary: Access to Finance for Mango Growers in Tanzania

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1. Background

Mangoes, often called the "King of Fruits," are a global agricultural commodity with immense potential. Indigenous to South and Southeast Asia, mangoes are now cultivated worldwide.

Global Mango Market Overview

Top producers include India, China, Mexico, Brazil, and Pakistan. In Africa, key players are Kenya (770,000 metric tons), Tanzania (712,000 metric tons), Ivory Coast, Mali, and Malawi.

The global market value:

- 2023: \$63.65 billion
- 2024 (projected): \$67.95 billion
- 2028 (projected): \$89.55 billion

Major importers (2022): USA (\$763M), China (\$579M), Netherlands (\$297M).

Tanzania is the 17th largest exporter globally, but infrastructure gaps, limited market access, and post-harvest losses hinder growth, leaving much of its mango harvest untapped.

2. Challenges Confronted by Mango Growers in Accessing Finance

Mango growers in Tanzania face critical obstacles, many stemming from a lack of alignment between farmers and financial institutions (FIs):

- **Communication Breakdown:** A disconnect between FIs and borrowers leads to misunderstandings about financing terms and requirements.
- **High Perceived Risk:** Banks consider agriculture high-risk due to climate variability and market price fluctuations.
- **Collateral Issues:** Many farmers lack immovable assets for collateral. The Alternative Collateral Registry has not been fully leveraged.
- **High Interest Rates:** Agricultural loans often have prohibitive costs due to expensive capital.
- **Limited Financial Literacy:** Farmers lack expertise in business appraisals, feasibility studies, and financial viability assessments.
- **Poor Credit History:** Informality and inadequate financial record-keeping hinder

creditworthiness. Digital financial records (e.g., Mpesa, Songesha) could bridge this gap.

- **Sector Data Deficiency:** Insufficient data on mango production, especially profitability, hampers efforts to demonstrate viability to lenders.

3. Highlights of the Formal Financial Market

As of October 2024:

- Credit to the private sector: TZS 36.5 trillion, 17% of GDP.
- Agricultural lending: 8.5% of total credit, with a growth rate of 38.9%.

Despite growth, the agriculture sector's share remains low, focusing primarily on input financing rather than production or value chain activities.

4. Financial Mechanisms and Solutions

Available Financial Products

- **Loans:** Provided by TADB, CRDB, NMB, and Exim Bank, with requirements such as business registration, plans, and collateral.
- **Loan Guarantees:** Institutions like TADB (in collaboration with AfDB) help reduce lender risks.
- **Letters of Credit (LCs):** Facilitates secure payments for exports.
- **Grants:** Available from organizations like AMSDP to support infrastructure and innovation.

Real-Life Success Stories

- **Nguvumali Mango Growers Cooperative (Mara Region):** Secured loans and grants to expand orchards, improve irrigation, and export mango pulp to Europe.
- **Mlimani Fresh Mangoes:** Used CRDB loans for processing and packaging mangoes for export, supported by PASS and Aceli Africa.

5. Financial Institutions and Loan Portfolios (2024 Data)

6. Recommendations and Conclusion

To address the outlined challenges, the following strategies are critical:

1. **Strengthen Farmer-FI Communication:** Develop farmer outreach programs to improve understanding of financing requirements and processes.
2. **Leverage Alternative Collateral:** Promote awareness and usage of registries for movable assets.
3. **Reduce Perceived Risks:** Farmers should adopt insurance-backed credit products and demonstrate climate-resilient practices.
4. **Improve Financial Literacy:** Provide training on business appraisals, feasibility studies, and financial management.
5. **Digital Record Keeping:** Farmers should use mobile money platforms and digital credit solutions to enhance their creditworthiness.
6. **Enhance Sector Data:** Collect and disseminate data on mango production to showcase profitability and attract investors.

By adopting these strategies and building stronger AMAGRO's partnerships with financial institutions, Tanzania's mango growers can overcome existing barriers and fully unlock their potential in both domestic and international markets.

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