

SAGCOT CORRIDOR

Ihemi Cluster: SAGCOT's Flagship Hub for Agricultural Transformation

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Ihemi Cluster is the first operational cluster in the SAGCOT initiative. The Ihemi Cluster includes the nine councils of the two regions of Iringa and Njombe namely Iringa DC, Iringa MC, Kilolo DC, Mufindi DC, Mafinga TC, Njombe DC, Njombe TC, Makambako TC, and Wanging'ombe DC. The cluster covers an area of about 2,830,290 ha out of which 2,066,000 ha is arable land. The population of the Ihemi Cluster as per the 2022 census is 1,822,153 people with an average population growth rate of 2.4. Average farm size is reported to range from 0.8 to 1.13 ha per household. The average farm size is larger in Iringa Region than in Njombe. However, for SAGCOT, the most important differential between large- and small-scale farms is the level of commercial turnover rather than land area. Five ha of intensive horticulture, for example, can have a large turnover, while 500 ha of poorly managed rangeland returns very little. That said, in general, there is a link between size and turnover. The altitude ranges from 1,300 to 2,200 m and annual monomodal rainfall varies from 600 to 1300 mm. Rainfall in many areas is suitable for extensive dryland production. Temperatures range from 13 to 22°C. Soils and climate are suitable for a wide variety of agricultural, forest, and livestock commodities including maize, rice, legumes (especially beans, soya, and chickpeas), sunflower, bananas, potatoes, tomato, wheat, barley, horticultural crops, cattle (dairy and meat), pigs, poultry (meat and eggs), tea and timber.

There are also extensive areas of underdeveloped rangeland and considerable potential for fodder crop production. Compared to many other parts of the corridor, the Ihemi Cluster is endowed with a relatively good basic infrastructure of road, railway, electricity grid, water supply, and communications. Combined with the area's natural resources, this is attracting commercial farming. Because of Ihemi's infrastructure and location, farmers and agribusinesses have access to local and export markets

Figure 1: Location of the Southern Agricultural Growth Corridor of Tanzania with the Ihemi cluster

Key Value Chains in Ihemi Cluster

The Ihemi Cluster is renowned for its diverse value chains but through the SAGCOT partnership the following value chains were prioritized:

1. Dairy

Tanzania has significant dairy livestock resources, which have the potential to transform the lives and incomes of smallholder farmers along the value chain. However, the milk production of local breeds is typically low (1-3 litres/animal) and the country's dairy industry is small. Most

milk is consumed locally without reaching the commercial market: just 2-5% of milk produced comes from large-scale dairy farms. Tanzania's dairy sector has the potential to significantly improve food security and nutrition in the country. Demand for milk in Tanzania has grown over the past decade and is predicted to rise further driven by ongoing awareness and interventions to promote milk processing and consumption including the school milk feeding programs.

SAGCOT and its partners have developed a dairy value chain strategic partnership to address these challenges and opportunities. This initiative is based in the Ihemi cluster where over 8,000 smallholder farmers are currently providing raw milk to ASAS's dairy processing plant, the majority from the Southern highland regions of Iringa, Njombe, and Mbeya. The majority of the dairy processing factories are processing below their capacity. Through the Dairy Value Chain Partnership, smallholder farmers' engagement is improving to ensure sustainable sourcing of high-quality raw milk and ensure the factories operate at full capacity.

2. Potato

The potato sub-sector represents a relatively small share of overall agricultural production, it plays a crucial role in ensuring food security and providing income for farmers. Over the past decade, this sub-sector has experienced significant growth. Primarily cultivated in the Northern Zone and Southern Highlands Zone, the round potato serves both as a staple food and a source of income for local communities. The total production area is divided into 164,429 hectares for small-scale farmers and 231 hectares for large-scale farmers, according to the National Sample Census of Agriculture (NSCA) for 2019/2020. 25,000,000 Metric tonnes of round potatoes produced in Africa, only 1,590,286 metric tonnes equals 6.4% produced in Tanzania.

Before SAGCOT interventions and establishment of the potato strategic partnership, the average potato production levels in the SAGCOT area (Njombe, Iringa, Mbeya, and Songwe) sit at a third of their potential (3.2-6.0 MT/acre), primarily due to low availability and use of quality seed, as well as limited knowledge of GAP. These – together with poor marketing structures, unspecified weights and measures, limited value addition, and lack of crop promotion – restricted potato profitability among smallholder farmers. SAGCOT established the Potato strategic partnerships to overcome these challenges, the Potato Partnership leveraged the resources and knowledge to build solutions for the introduction of higher quality seed and new planting and harvesting mechanization, provision of hands-on training and community demonstrations that supported farmers in the adoption of these new technologies leading to the current production of 8-15 MT/acre. With engagements of more partners along the value chain and increased investment the potential for potato value chain growth is huge.

3. Soya

There is significant potential to expand the production of soya for animal feed and oil in Tanzania and to meet the emerging export market. The majority of the demand for animal feed protein is currently being met by imports and dagaa (fish). Despite the Government of Tanzania having identified soya production as a key priority for the country's agricultural development, presently, domestic production of soybeans remains limited.

The Southern Highlands region is home to the majority of the country's soya cultivation, with Ludewa Cluster (Songea) taking the lead and the Ihemi Cluster as a particular focus for smallholder production. Smallholder yields are often low, however, due to acidic soil, minimal use of fertilisers, limited availability of quality seeds, and poor crop management. Building a

strong value chain is critical to boosting production. The soya value chain can incorporate a wide range of actors, from smallholders to large-scale producers, brokers and agents, processors, retailers, and consumers. SAGCOT is working with a range of partners and its Anchor Farm project to build an interlinked value chain in maize, soya, and animal feed. The Soya Value Chain will develop linkages along the value chain and tackle some of the obstacles to the growth of the sector, such as seed availability, regulation, and production methods.

4. Tea

The Southern Highlands of Tanzania are one of the country's main tea-growing areas. Mufindi, Njombe, and Rungwe are the most significant tea-producing areas in this region. Tea is one of Tanzania's biggest export crops and a major crop for smallholder farmers: approximately a third of the country's crop is produced by small-scale farmers. However, the country's average yields are 40% lower than the neighbouring country Kenya, largely due to the low productivity of these smallholders. The Tea Value Chain Partnership focus on the production and processing of tea and investment across the tea supply chain. The Partnership sourced from and provides support to smallholder tea farmers in Mufindi and Njombe. This is largely being driven by an investment from partners.

5. Tomato

Tomatoes are the largest vegetable crop in Tanzania, grown across much of the country with significant production from the smallholder farmers. However, varieties grown in Tanzania often offer poor resistance to pests and diseases and produce low yields. Moreover, tomatoes can be fragile and thus easily damaged in the transportation process. For this reason, they also have a relatively short shelf life. To support the growth of a tomato value chain and overcome these obstacles to tomato production and benefit smallholder farmers, SAGCOT initiated a strategic partnership in May 2015: The Tomato Partnership, which will run in the Ihemi Cluster (Iringa and Njombe regions). Darsh Industries, a tomato processor based in Iringa, worked with a coalition of SAGCOT partners mobilized more than 10,000 smallholder farmers.

The Partnership operates across the value chain: tomatoes processed into finished and semi-finished goods including tomato paste in cans and aseptic bags, tomato sauce, and ketchup. The factory has the capacity to process 200 tons of tomatoes per day into tomato paste. Darsh Industries works with smallholder farmers in Iringa, Njombe, and Morogoro to collect the factory's raw materials.

Stakeholder Engagement

The success of the Ihemi Cluster Development heavily relies on the effective collaboration and engagement of multiple stakeholders. These include government institutions, private sector actors, non-governmental organizations (NGOs), and local communities. Below are some examples of how these stakeholders contribute to the development of the Ihemi Cluster:

1. Government Institutions.

- Ministries such as the Ministry of Agriculture, Ministry of Livestock and Fisheries, Ministry of Industries and Trade, Ministry of Investment, PO-RALG, Vice President's Office, Ministry of Natural Resources and Tourism, Ministry of Works, and Ministry of Land, Housing and Human Settlement, Works on policy formulation and National level sectoral strategic guidance in supporting the agricultural transformation in the cluster including interventions such as development of infrastructures like irrigation, roads and

electricity.

- Iringa and Njombe RSs and their LGAs, facilitate local-level implementation of agricultural policies and provide extension services to farmers. Support in the strategic partner and stakeholder convenings and coordination
- Regulatory Authorities and Agencies, such as TOSCI, ASA, NEMC, TPHPA, WMA, TANROADS, TARURA, TBS, RBWB, TIC, and TRA, provided education and licenses to agribusinesses, processors, and traders and ensure compliance with relevant laws and guidelines. Worked on relevant reforms that support agricultural transformation and investment

2. Private Sector.

- Agribusinesses, companies in the agricultural value chains, such as input suppliers, equipment manufacturers, and AgriTech firms, help introduce innovation and improve efficiency in farming practices.
- Investors, local and international investors play a significant role in funding large-scale agricultural projects, including off-taking of smallholder farmer produce and processing in the value chain such as poultry, tea, horticultural, and dairy.
- Financial Institutions such as CRDB, NMB, TADB, and Pass Trust also play a crucial role in financing agricultural interventions crossing the Cluster.

3. Non-Governmental Organizations (NGOs).

- Sustainable Agriculture NGOs, Organizations like Farm Africa, Agriterra, Britten, Clinton Development Initiatives, Ricolto, ACDI VOCA, Fintrac, and Kilimo Trust provide training, technical assistance, and capacity-building for farmers in the Ihemi Cluster. They help farmers adopt good agricultural practices (GAP) including climate-smart agriculture and improve yields sustainably.
- Environmental NGOs, organizations such as WWF, CARE International, and IUCN focused on environmental conservation work alongside farmers to prevent soil erosion, improve soil fertility, and promote biodiversity conservation.

4. Local Communities.

- Smallholder Farmers, Smallholder farmers are key actors in the Ihemi Cluster, involved in farming. They benefit from extension services, training, market from the off-takers, and new agricultural technologies introduced by various stakeholders.
- Farmer Groups and Cooperatives, Community-based organizations are integral in helping smallholder farmers access markets, inputs, and financial services.

5. Academic and Research Institutions.

- Research Institutions, and academic institutions such as Sokoine University of Agriculture (SUA), Tanzania Agricultural Research Institute (TARI), MATI Uyole, TALIRI, and MUST conduct vital research on crop varieties, soil health, innovative technologies, student field attachments and sustainable farming practices, all of which directly impact the success of the Ihemi Cluster.

A Call to Support the Ihemi Cluster's Agricultural Transformation

The transformation of agriculture in the Ihemi Cluster requires continued collaboration and support from all sectors. To achieve greater success and sustainability, we call on:

- Public Sector, to continue prioritizing investments in infrastructure such as roads, irrigations, and electricity. Soil health management, and capacity-building initiatives for local farmers. There is also a need for enhanced policy frameworks that support the growth of the identified value chains.
- Private Sector, to continue investing in agro-processing, agricultural technologies, and market access initiatives. Supporting smallholder farmers through fair trade, training programs, and market linkages will empower them to scale their operations and improve productivity.
- Civil Society and NGOs, to continue providing support in terms of technical assistance, and research that will help improve soil health, water management, GAP, and sustainable farming practices across the cluster.
- The General Public, to engage with and support initiatives aimed at improving local livelihoods, whether through advocacy, responsible consumption, or support for local products from the Ihemi Cluster. Their involvement is crucial to the collective effort to create a prosperous, sustainable agricultural future.

Together, we can ensure that the Ihemi Cluster continues to thrive as a hub of agricultural excellence, driving economic development, food security, and environmental prosperity.

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