



منظمة الأغذية  
والزراعة  
للأمم المتحدة

联合国  
粮食及  
农业组织

Food  
and  
Agriculture  
Organization  
of  
the  
United  
Nations

Organisation  
des  
Nations  
Unies  
pour  
l'alimentation  
et  
l'agriculture

Продовольственная и  
сельскохозяйственная  
организация  
Объединенных  
Наций

Organización  
de las  
Naciones  
Unidas  
para la  
Agricultura  
y la  
Alimentación

## COMMITTEE ON COMMODITY PROBLEMS

### INTERGOVERNMENTAL GROUP ON TEA

#### NINETEENTH SESSION

New Delhi, India, 12 – 14 May 2010

### PROJECT PROPOSAL FOR SUBMISSION TO THE COMMON FUND FOR COMMODITIES: SUSTAINABLE VALUE ADDITION FOR SMALLHOLDER TEA GROWERS IN TANZANIA, MALAWI AND ZIMBABWE; ESTABLISHMENT OF TEA PROCESSING FACTORIES

#### I. BACKGROUND

1. Smallholder tea growers in Tanzania, Malawi and Zimbabwe have been carrying out production improvement programmes through infilling and replanting, and this development will require them to have their own processing capacities.

#### II. PROJECT PROPOSAL COSTS AND FINANCING

2. The proposal seeks funding of USD 4.5 million, representing 75 percent of the total project estimated at USD 6 million, with matching counterpart contribution of USD 1.5 million, towards construction of 3 tea processing factories, one each in Tanzania, Malawi and Zimbabwe.

#### III. JUSTIFICATION

3. It has been established that the trading of green leaf tea does not derive much income to the smallholder tea growers who are not directly linked with tea processing, as compared to the processed tea (black tea).

4. Current green leaf tea prices in Tanzania, Malawi and Zimbabwe average to USD 0.10 per kg, while top end prices for black tea (at auction) for processed tea average USD 1.40 per kg. The foregoing implies that the processing of tea accounts for more than 60 percent of the total value of made tea. For effective and sustainable empowerment of the smallholder tea growers, it is important that they participate in this segment of the value chain.

5. In the three countries, there is a significant number of smallholder tea growers who are not supported by tea processing factories, i.e. 600 ha in Tanzania, 400 ha in Zimbabwe and 1 000 ha in Malawi.

#### **IV. PROJECT OBJECTIVES**

6. The primary objective of this project is to establish three tea processing factories for smallholder tea growers in the participating countries for the purpose of contributing to the smallholder welfare improvement, foreign exchange earnings to the respective countries and employment creation.

#### **V. PROJECT BENEFITS**

7. Achievement of Millennium Development Goals (MDGs):
- The project will generate income to more than 10 000 smallholders in the three countries; and
  - Access to food and social services are guaranteed due to stable incomes.
8. Backward and forward linkages to the economy: the project is expected to make important impacts on other sectors of the economy through forward and backward linkages.
9. Employment creation:
- The project will generate direct employment of more than 1 000 people in the activities related to tea processing and more than 10 000 to activities related to tea cultivation. It is expected that the project will be sustainable beyond the fulfilling of the CFC-funded project.
  - The project will contribute to the control of youth migration to urban areas for looking of employment.