



Impact Profile: Cassava Cluster, Kigoma Region, Tanzania

Background

Cassava is one of the most important food crops in Tanzania and across East Africa. It is also an important source of food and income for an estimated 1.9M smallholder farmer households in Tanzania, including roughly half of farm households in the Kigoma region near the border with Burundi. Women comprise a large share of the farmers growing cassava and benefit from market access for their crop, which is dried and sold to consumers in Tanzania and neighboring countries.

Cassava production in the region is characterized by sustainable agricultural practices that include crop rotation, low mechanization, minimal synthetic fertilizer, intercropping with maize and beans, and traditional integrated pest management. However, the value chain remains informal with low productivity and high levels of post-harvest waste. Limited access to finance constrains farmers' access to markets, modern farming practices, value addition, livelihood opportunities, and contribution to food security.

Lender Profile

Tanzania Commercial Bank (TCB), founded in 1925, has 83 branches and a balance sheet of \$560 million. However, it has historically shied away from agriculture, beginning to lend to the sector on a small scale in 2017. By 2021, its total agribusiness portfolio was \$7.5M (2.3% of total lending). In 2022, its first full year as an Aceli lending partner, TCB's total agriculture portfolio grew by 41% to \$10.6M (2.8% of total lending) with 34 loans and \$3M in Aceli's target range of \$25K-\$1.75M.

Cassava Cluster

When TCB first considered lending to cassava enterprises in Kibondo district, it was deterred by the distance of the SMEs from its Kigoma branch (a 4-hour drive) as well as the limited fixed assets for collateral. Aceli's incentives have shifted TCB's outlook relative to:

Cost: *Aceli's Origination Incentives covered the bank's additional cost of fuel and time to visit the SMEs as well as a study for the bank to understand the cassava value chain.*

Risk: *Aceli's Portfolio First Loss Coverage enabled TCB to accept inventory as collateral in lieu of fixed assets.*

Region: Kigoma, Tanzania

Value Chain: Cassava production & processing

No. of Agri-SMEs: 9 (all first-time borrowers)

No. of Smallholder Farmers: 1,980 (40% women)

No. of Workers: 48 (12 women)

Total lending: \$817,000

Capital leverage (total lending / Aceli incentives): 5.6x

"Aceli's vision helped us develop the appetite for agriculture. Previously, we would have been thinking twice before doing agri-lending. You guys are giving us courage." – CEO of TCB

TCB is preparing for second round of loans in June 2023. Aceli's learning partner 60 Decibels is conducting livelihoods surveys with a sample of farmers selling cassava to SMEs accessing finance.

Map. Location of TCB's Kigoma Branch and cassava SME borrowers in Kibondo

