

COFFEE PLANTATION IN TANZANIA

SETTING AN EXAMPLE FOR RESPONSIBLE WATER USE

COMPANY

Aviv Tanzania Limited (Aviv)

SECTOR

Agribusiness

FMO INVESTMENT

USD 14 mln debt

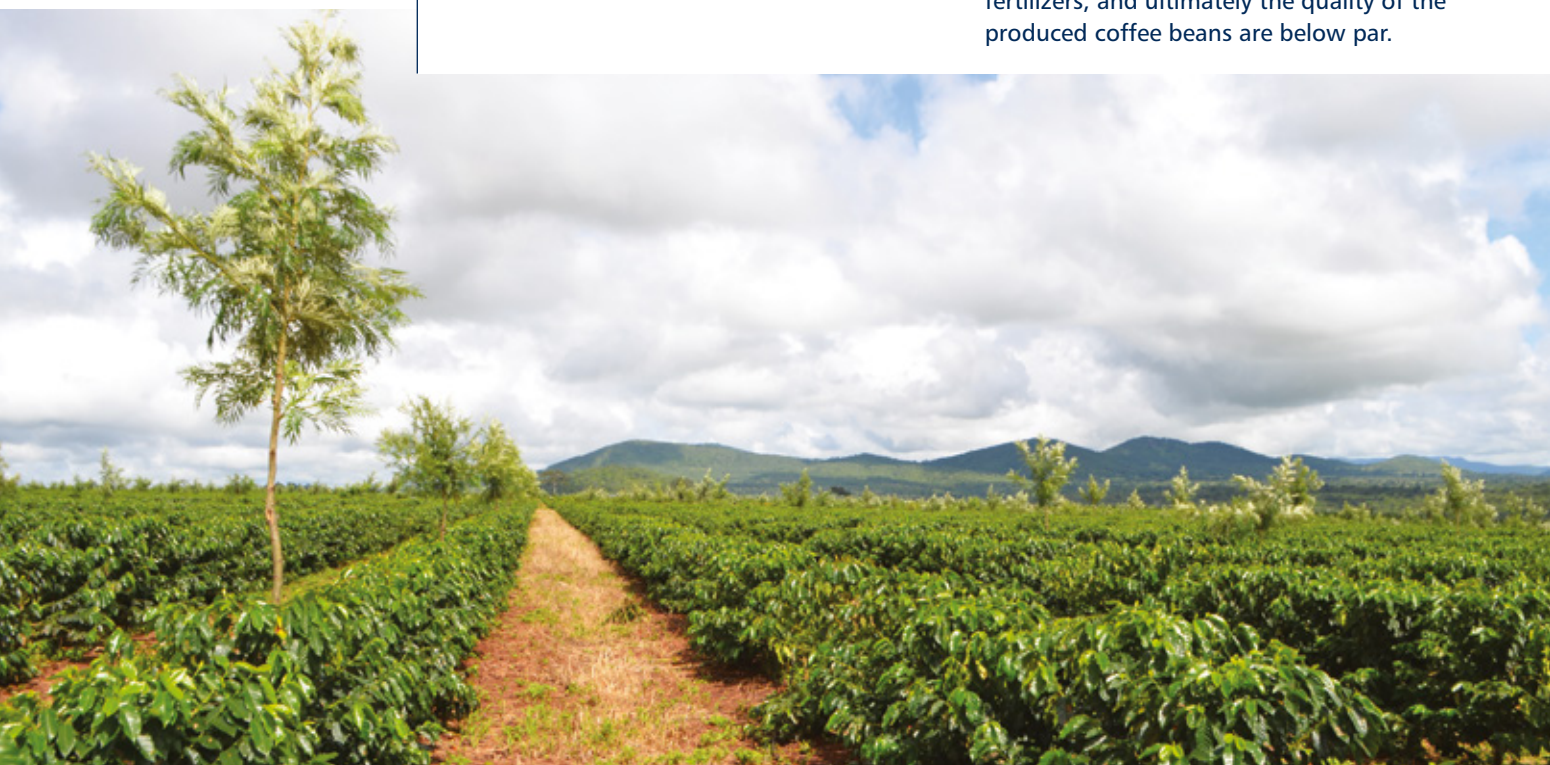
Aviv Tanzania Limited is a greenfield coffee plantation in the Songea district in south west Tanzania. Its parent company Olam International is committed to building sustainable supply chains from seed to shelf. Together with FMO, they have been able to further improve the set-up of their coffee plantation in Tanzania taking into account communities and ecosystems around their operations. This resulted in an approach that will serve as a blueprint for Olam's future greenfield plantation activities.

SMELL THE COFFEE

Tanzania's relative political stability, macro-economic management and considerable resources all contribute to its potential for growth. Nonetheless it is still one of the poorest countries with many of its people living below the World Bank poverty line of \$1.25/day. The economy depends heavily on agriculture where productivity and remunerations are low. Tanzania has favorable conditions for growing higher quality varieties (Arabica) of coffee and large amounts of arable farmland are not used for growing crops.

Coffee is mainly produced by smallholders, which is illustrated by the fact that 95% of the coffee producers cultivate land plots smaller than 5 ha. As a consequence farming techniques, investments in high yielding seeds and fertilizers, and ultimately the quality of the produced coffee beans are below par.

"AT OLAM WE FULLY RECOGNIZE THE EVER-GROWING IMPORTANCE OF SOUND WATER MANAGEMENT AND WATER SUSTAINABILITY."



INVESTING IN A SUSTAINABLE VALUE CHAIN APPROACH

Aviv is a 1,200 ha greenfield coffee plantation and a wet and dry mill processing facility in the Songea district of Tanzania. The plantation produces Arabica coffee berries that are then locally processed into washed green beans. Olam sees an increase in demand for high quality Arabica coffee. It is a coffee plantation that meets world class standards and sustainable agricultural practices.

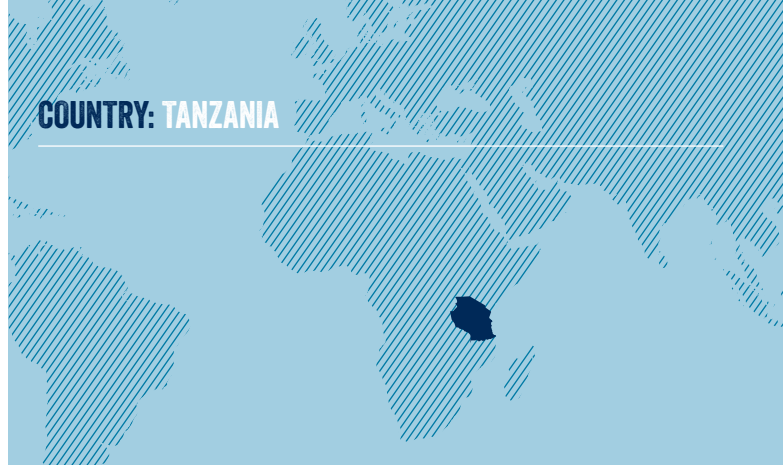
Aviv is a 100% subsidiary of Olam International, a leading global integrated supply chain manager and processor of agricultural products and food ingredients. Through this project Olam further vertically integrates its operations and hence secures quality input for its supply chain business. Having started as a commodity trader 25 years ago, Olam has developed into a global agribusiness present in 65 countries. Over the years they have expanded their business further up and down the value chain. They strive to balance environmental and social factors as they work towards building sustainable supply chains from seed to shelf.

SUSTAINABILITY FROM THE GROUND UP

Right from the start FMO has actively engaged with Aviv and its parent company Olam on their Environmental & Social performance and helped to raise their standards even further. Developing a greenfield plantation requires deep understanding of the issues on the ground and active stakeholder engagement. Aviv and Olam committed themselves to raising the bar and did so especially in the area of an integrated water resources management (IWRM) plan for the project. Both the coffee production, by means of drip irrigation, and the washing station require significant quantities of water which has to come from the nearby Ruvuma River. This called for a thorough assessment of the water availability and use with regards to, not only the project, but also the communities and ecosystem needs. As part of the IWRM plan, Aviv decided to build a water reservoir to collect water during the rainy season. Furthermore, they initiated the Upper Ruvuma Catchment Basin Steering Committee where they cooperate with the communities, other users and government to ensure responsible water use in the region for now and the future. The knowledge and experience gained through this programme is now being transferred across Olam's wider supply chains as part of the company's commitment to water resource management.

FMO is the Dutch development bank. FMO has invested in the private sector in developing countries and emerging markets for more than 45 years. Our mission is to empower entrepreneurs to build a better world. We invest in sectors where we believe our contribution can have the highest long-term impact: financial institutions, energy and agribusiness. Alongside partners, we invest in the infrastructure, manufacturing and services sectors. With an investment portfolio of EUR 8 billion spanning over 85 countries, FMO is one of the larger bilateral private sector development banks globally. www.fmo.nl

COUNTRY: TANZANIA



COMPANY

NAME
Aviv Tanzania Limited
SECTOR
Agribusiness
SIZE
1,200 ha

FMO INVESTMENT

INVESTMENT AMOUNT
USD 14 mln
YEAR OF INVESTMENT
2013
PRODUCT
Loan

IMPACT AND PERFORMANCE



Job generation in an area where employment opportunities are scarce. Employees: 1,400 jobs



Health and Safety Policy and Procedures



Stimulate the overall Tanzania Coffee Industry by promoting Tanzanian coffees to overseas markets

RURAL DEVELOPMENT FOR THE SONGEA REGION



Increase in disposable income of the local population



Out growers program for farmers and training to improve yields



Increase of agricultural output



Development of roads and energy services in the Songea Region. Integrated Water Resources Management Plan

