

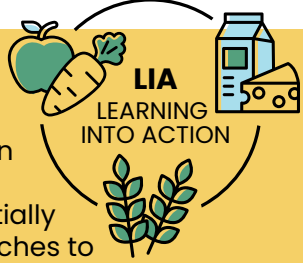
LEARNING INTO ACTION CASE STUDY SERIES

BICHOBS

Building Inclusive and Competitive
Horticulture Businesses in Tanzania



In 2020, Rikolto began implementing a 4-year “Building Inclusive and Competitive Horticulture Businesses” (BICHOPS) project in Tanzania’s Southern Highlands. BICHOPS formed part of AGRI-CONNECT, a flagship Euro 100m EU program which aimed to strengthen Tanzania’s horticulture, coffee, and tea value chains. Guided by the EU’s “Farm to Fork” approach, the programme improved production systems, market linkages, and enabling conditions through investments in policy dialogue, commodity platforms, and local processing facilities.



This case study is part of AMEA’s Learning in Action series which evaluates potentially scalable approaches to support Agricultural Enterprises and deliver living incomes for farmers. The case studies are intended to feed into National BDS Roadmaps and create National debates that lead to improved investments in future initiatives targeting agricultural enterprises.

The BICHOPS strategy drew on the iCRA Agribusiness Cluster (ABC) approach and supported the development of 104 agribusiness clusters across Njombe, Mbeya, and Iringa Regions. While ABC provided the core framework for organizing producers and delivering tailored business development support, it was implemented in complementarity with other approaches, including SCOPEinsight assessments, the Generation Food Accelerator (GFA) for youth entrepreneurship, multi-stakeholder platforms (MSPs), and matching grants to demonstrate and accelerate adoption of productivity-enhancing technologies. Together, these instruments enabled differentiated support aligned with the maturity, needs, and market readiness of farmer organizations and agri-SMEs.

KEY FINDINGS

- 1 Supply chain coordination and development requires sustained investment but scaling also requires a lower-cost approach.** Most people feel this approach works and has the potential to deliver sustainable and inclusive growth at scale. Learning should be used to co-design a lower cost approach that can be scaled.
- 2 Packages of support need to be in place at the start and offer SMEs a choice of services and service providers.** Financial service providers could also have been brought on earlier in the project and the number of off-takers could be reduced to enable deeper collaborations.
- 3 Investing more in FBO development is critical to cluster performance. Investments should be balanced between farmers (production) and enterprises (markets).** It is clear that a successful cluster is dependent on professional FBOs that are viable and resilient; and most FBOs valued the BDS provided. There remains significant unmet demand and there should be a more balanced investment that addresses this demand more substantially.
- 4 Cluster coaches can be sustained as input agents but simple, local quality assurance mechanisms should be developed.** Many coaches now earn their income through input suppliers, providing training, follow-up visits, and advisory services bundled with inputs. This is a promising pathway for enabling access to BDS but there is a potential for advice to be biased. Simple, localized quality assurance mechanisms should be put in place to gather feedback on the effectiveness of these coaches.

Key findings continued...

- 5 Invest in matching available financial mechanisms to the target borrower at an early stage.** Understanding the best financing mechanisms for farmers and FBOs at an earlier stage is recommended. This would allow time to adapt these mechanisms to lower the risk for lender and borrower.
- 6 Youth initiatives require post-incubation support to achieve durability.** The GFA stimulated youth innovation and produced viable prototypes, but long-term success depends on continued access to finance, tailored mentorship, and structured market entry pathways.
- 7 Potential to influence the Tanzania BDS Market System.** Research and learning should contribute to the Tanzania BDS Roadmap process and future initiatives should benchmark against the BDS guidelines.

Results

The following results are drawn from Rikolto Tanzania reports, the independent external Endline Evaluation and interviews with some of the FBOs and BDS providers. It should be noted that the analysis below should be read bearing in mind the significant challenge in enabling smallholder farmers in Southern Tanzania to make the leap to commercial farming in horticulture, which has potential high returns but often with significant risk.

In terms of quantitative results the project was successful as shown in the table below:



Indicator	Baseline	Target	Achieved
Farmers reached	0	30,000	28,391
% women farmers in cooperatives	32%	40%	41%
Farmers access to Quality BDS	50%	80%	64%
FBOs strengthened	0	68	22
Production clusters	0	100	104
Structured Contracts	0	20	26
Farmers with access to finance	8%	20%	22%

FBO capacity/reach

Twenty-two mature FBOs received targeted BDS support and were assessed at endline using the ISO 18716¹ capacity framework, of which 15 demonstrated improved capacity scores (2.4/5) compared to baseline capacities. This support enabled 8 FBOs to improve their capacity in governance, record keeping, leadership practices, and financial transparency. These stronger FBOs also introduced sales levies (USD 0.02–0.04/kg) which improved their viability and enabled them to develop more rapidly. Weaker groups struggled due to internal conflicts and low leadership capacity. It was notable that some of the stronger groups were newly formed from members that had left the weaker FBOs.

The project therefore enabled some significant steps forward for a small number of FBOs but concerns about their viability and resilience remain.

Production clusters

The performance of agribusiness clusters was closely linked to the governance and leadership strength of the FBOs anchoring them. While all supported FBOs showed some improvement, outcomes varied, with eight FBOs reaching a more mature stage of business performance. Strong and transparent leadership enhanced bargaining power, collective marketing, and access to bulk inputs, whereas weak governance and mismanagement constrained results, highlighting the need for continuous capacity-building in financial transparency, contract negotiation, record keeping, and member accountability to ensure long-term sustainability.

Structured contracts

The development of structured contracts started with engagement with the apex crop platforms, such as the Tanzania Avocado Society. These platforms enabled Rikolto to develop partnerships with exporters such as ATL, and local processors. Farmers were connected to buyers, through 26 structured contracts. This contributed to increased sales margins, especially for avocado (48%), which remained in high demand throughout the project. Business relationships in most horticulture value chains appear to have been sustained. Unfortunately the chili value chain collapsed nationally, however this enabled FBOs to strengthen aggregation and marketing practices.

The project supported the establishment of 5 commodity platforms, which led to a significant achievement through a partnership with TCCIA, the institutionalisation of the Avocado cluster meetings by the Njombe Regional Government, which is being supported by Flying Dream, one of the BDS providers. It also appears that the Tanzania Avocado Society has also been set up in a way that enables it to be self-financing. This appears to be the type of low-cost effective public-private partnership approach that is needed, especially as development aid reduces.

Access to finance

Access to finance results showed that 25% of the producers received loans through VSLAs or commercial banks, compared to 19% at baseline. Loans were often supplier-linked credit (fertilizer, solar, irrigation) as subsidized inputs were a key element of the project design. FBO's were often too weak to obtain loans, however there were exceptions such as Kiponzelo cluster which facilitated access to TZS 500 million in loans for 220 potato farmers. It was also noted that capacity and performance data, such as SCOPE reports and COASCO audits were not considered sufficiently reliable to use for brokering finance. The variable quality in SCOPE assessment reports was also noted by the Rikolto team.

1. <https://www.iso.org/standard/85377.html>

Gender and Youth Empowerment

Women membership in cooperatives was supported to increase from 32% to 41%, however only 14% of leadership positions were held by women. There appears to be a need to invest more significantly in women's empowerment, especially in value chains such as horticulture where there are often greater opportunities for women.

Generation Food Accelerator program for supporting youth entrepreneurship trained over 300 youth which led to 82 enterprises being supported with seed funding and 60 matching grant. These businesses saw a 35% average revenue increase, but many struggled to scale due to high startup costs and limited post-training funding opportunities. It was recommended that GFA should consider in the future how to integrate its' approach with the Government Building Better Tomorrow program.

BDS Approach / Cost Effectiveness

Rikolto supported the work with a dedicated team which coordinated work and conducted monitoring and evaluation. The BICHOPS BDS approach combined three levels:

- 1 iCRA Agribusiness Cluster (ABC) coaching** – intensive, 6–9 month cycles delivered by trained national and local coaches.
- 2 Rikolto BDS bundle** – covering governance, record-keeping, business planning, finance readiness, and collective marketing. Rikolto also supported the value chain platform work.
- 3 Private BDS providers** (360 Connect, Flying Dream, AGRO Tanzania, NCCL Company, Lambokile company, Geniham Company, Obo Investment, Agriedo, and others) – offering embedded market services, certification training, and financial linkages.

iCRA supported 7 national trainers to train and mentor 75 local agribusiness coaches, who in turn trained 23,400 farmers within 104 production clusters, significantly reducing per-farmer training costs from TZS 23,000 at mid-term to TZS 19,500 at endline. This was targeted at production and post-harvest handling rather than enterprise development. Coaches were paid a stipend for this part-time work, and often became input supplier agents and off-takers. This enabled them to remain engaged and supportive to these clusters, however there are concerns that this role can lead to biased advice to clusters.

In order to design tailored BDS Rikolto conducted SCOPE Rapid² assessments for the 68 FBOs. Rikolto then targeted their support to the 15 strongest FBOs. This appears to be partly due to budget constraints and partly a decision to invest in FBOs that had potential for growth. A rudimentary segmentation was therefore used. Rikolto and the local BDS providers then conducted a more detailed SCOPE Basic assessment for the 22 FBOs. These assessments were used to tailor BDS provided to the FBOs by Rikolto and the local BDS providers over a period of two years.

Improvements in capacity and performance were strongly driven by FBO maturity and market volume potential. Key weaknesses in governance, record-keeping, planning, financial management and market development required sustained follow-up beyond a single coaching cycle—especially where leadership turnover or weak internal coordination persisted. These factors directly affected access to finance and contract performance.

2. <https://scopeinsight.com/how-our-scope-rapid-tool-can-help-transform-agricultural-landscapes/>

BDS cost-effectiveness was not possible to calculate as:

1. Data on turnover, jobs and access to finance by FBO was incomplete and could not be validated; and
2. Local BDS support was on average US\$2,000 per FBO but we were unable to obtain cost for Rikolto BDS delivery.

However we can estimate BDS to the 22 FBOs was in the range of Euros 50,000 – 75,000, compared to the overall project budget of Euro 5.9m. The endline evaluation noted improvements in production area, productivity and margins which suggests a good return on investment for farmers. It would have been very useful to have robust financial performance data for the FBOs to complement this.

Insights and Recommendations

The BICHOBS experience provides several actionable insights for Tanzania's horticulture sector and the broader Agri-Connect portfolio.

- 1 Supply chain coordination and development requires sustained investment but scaling also requires a lower-cost approach.** Most people feel this approach works and has the potential to deliver sustainable and inclusive growth at scale. However it was costly and intensive, especially as Rikolto was testing this at a reasonable scale in a new area with many new partners. The learning should be used to co-design a lower cost approach that can be scaled.
- 2 Packages of support need to be in place at the start and offer SMEs a choice of services and service providers.** The investment in a range of partners to deliver specialized services based on FBO and farmer demand was excellent. TAHA supported certification; TPHPA and TARI extended GAP services; CRDB and Equity Bank provided tailored financial products; exporters like Avocado Tanzania Ltd delivered embedded post-harvest and market services. It was recommended that the financial service providers could have been brought on earlier in the project and that the number of off-takers could have been reduced to enable deeper collaborations.
- 3 Investing more in FBO development is critical to cluster performance. Investments should be balanced between farmers (production) and enterprises (markets).** It is clear that a successful cluster is dependent on professional FBOs that are viable and resilient; and most FBOs valued the BDS provided. There remains significant unmet demand and there should be a more balanced investment that addresses this demand more substantially. This increased, sustained investment can enable FBOs to move from grant dependency to a mindset where, as one cooperative leader said, *"We contribute from every sale to keep our office running."*
- 4 Cluster coaches can be sustained as input agents but simple, local quality assurance mechanisms should be developed.** A notable shift occurred after project completion: many nationally trained agribusiness coaches now earn their income through input suppliers, providing training, follow-up visits, and advisory services bundled with input packages. Many coaches now resell inputs at a markup. This indicates a promising pathway for enabling access to BDS but there is a potential for the advice to be biased. Simple, localized quality assurance mechanisms should be put in place to gather feedback on the effectiveness of these coaches.

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- 5 Expand access to finance through better-designed products and digital integration.** Understanding the best financing mechanisms for farmers and FBOs at an earlier stage would have helped, especially before signing MoUs with local banks. Despite stronger governance and financial skills among FBOs, lending remains constrained by collateral requirements, perceived risk, and seasonal cash-flow challenges. Future programming should prioritize co-designed loan products, risk-sharing facilities, invoice or contract-based finance, and mobile-enabled credit assessments. Digital tools for record-keeping, extension, and market coordination can enhance creditworthiness and reduce transaction costs for both banks and FBOs.
- 6 Youth initiatives require post-incubation support to achieve durability.** The Generation Food Accelerator stimulated youth innovation and produced viable prototypes, but long-term success depends on continued access to finance, tailored mentorship, and structured market entry pathways. The Busokelo Screenhouse Hub, through the Nutrition and commercially viable crop demonstrations, demonstrated that blending technology transfer with hands-on business incubation can accelerate youth-led enterprise development, but replication requires predictable follow-up support.
- 7 Potential to influence the Tanzania BDS Market System.** Significant work was undertaken to BICHOPS invested significantly in understanding and strengthening the BDS market, including an iCRA-led assessment engaging more than 200 local BDS providers and the development of a pool of 82 trained BDS coaches. The resulting market insights and delivery experience provide concrete evidence to inform the national BDS Roadmap led by the National Economic Empowerment Council. Future initiatives could build on this foundation by benchmarking BDS providers and services against the national BDS guidelines to support quality, coherence, and scale.

