

SOUTHERN AGRICULTURAL GROWTH CORRIDOR OF TANZANIA

Public Private Cooperation for Development of
Development Corridors

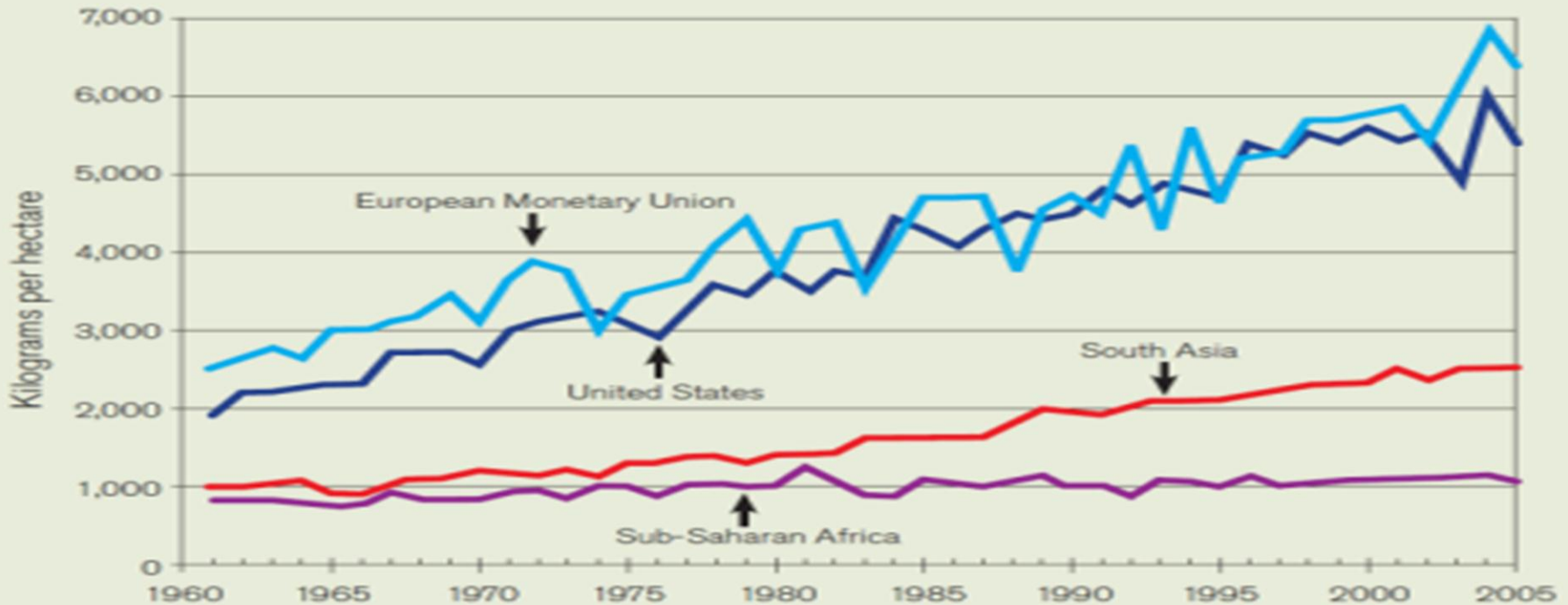
Geoffrey Kirenga

CEO SAGCOT Centre, TANZANIA



Where is the African Agriculture today?

International yields comparison



Source: World Bank

With regional and global consumption on the rise, how can we best leverage this opportunity?

IMPORTANCE OF AGRICULTURE IN TANZANIA

- **Significant Reduced The Poverty or wealth creation in Africa can be achieved through high levels of agricultural productivity.**
- **The transformation of Tanzania's agriculture is the foundation of its Socio-economic Development, due to the following factors:**
 - ✓ **75% of Tanzanians depend on agriculture our Livelihood.**
 - ✓ **Agriculture contributes about 95% of the food consumed in the country - Agriculture Contributes about 25% Of The Country's GDP; 30% Of Total Exports; And 65% Of Raw Materials For Tanzanian Industries**
 - ✓ **Agriculture Has The Highest Multiplier Effect In The Economy. Every 1 Shilling Invested In Agriculture Will Yield 3.2 Shillings In The Economy**

TANZANIA'S UNIQUE AGRICULTURAL POTENTIAL

- ✓ **44 million hectares of good arable land but only 23% is currently under utilization**
- ✓ **62,000 sq. Km of the fresh water resources available for crops, livestock and fish farming which is grossly under utilized [2nd highest in Africa after DRC]**
- ✓ **29 million hectares of irrigable land BUT only 2% is currently under irrigation**
- ✓ **20 million cattle, 20 million sheep and goats, 50 million chicken which are NOT COMMERCIALY exploited.**
- ✓ **1,424 Kms of coastline and 223,000 Sq. Kms of Tanzania's Exclusive Economic Zone of the Indian Ocean which is NOT being effectively exploited.**

SAGCOT Background and Strategy

- To develop its agricultural sector, Tanzania in 2006 launched the ASDP.
- By 2008 the the Private Sector approached the government for a more inclusive approach – Agriculture First (Kilimo Kwanza) resolve;
- 2010 Kilimo Kwanza was shared with local and international agribusiness leading to the creation of SAGCOT in January 2010
- The strategy, anchored the involvement of the private sector in the development of agriculture

Visions of SAGCOT

- transform the Tanzania's agricultural productivity in which responsible private investment leading to increased productivity in an inclusive and sustainable way.
- deliver rapid and sustainable agricultural growth, with major benefits for food security, wealth and reduced vulnerability to climate change.

Objectives we can achieve by 2030

\$3.5 Bln in investments is needed

350,000

Hectares in profitable production

420,000

New employment opportunities

100,000

Commercial smallholder farmers

2,000,000

People permanently lifted out of poverty

US\$ 1,200,000,000

Annual value of farming revenues

US\$ 3,200,000,000

Mobilised in public and private investments

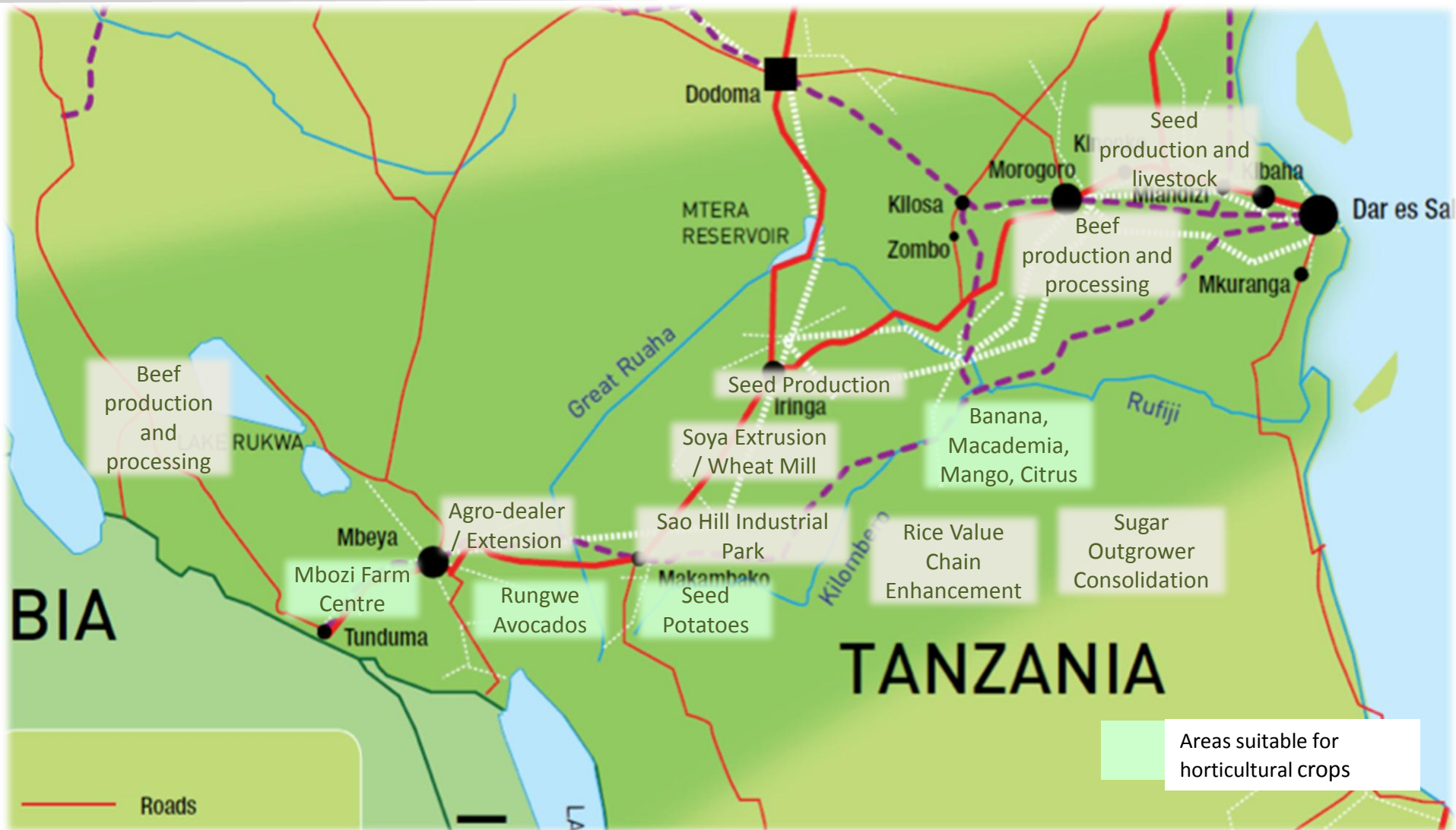
Food Security

Green Growth

Economic impact

How will we make this happen?

SAGCOT; a dormant bread basket



Abundance of resources and backbone infrastructure

Leadership Commitment and Partnership is key

Government of the United Republic of Tanzania



SAGCOT is supported by President Jakaya Kikwete, donor groups and many private sector actors.

SAGCOT partners include major actors from all relevant stakeholder groups.

Donors and development finance institutions



Local and international private sector



Million's of public and private investments have been pledged

Key Investments in Infrastructure are in Place and improvements in progress

AIR: Julius Nyerere International Airport

US\$300 million upgrade underway

Songwe International Airport opened and operational (March,13)



RAIL: Tanzania-Zambia Railway Authority (Tazara)

US\$39m interest free loan from China for upgrade Links Dar to Zambia, DRC and Southern African rail networks



SEA: Port of Dar es Salaam

Tanzania Port Authority has invested US\$18m in upgrades, Plans to build Bagamoyo Port already underway;



POWER: TANESCO electricity grid

Multiple funded and planned electricity upgrade projects utilizing newly discovered gas deposits underway



ROAD: Tanzania-Zambia Highway

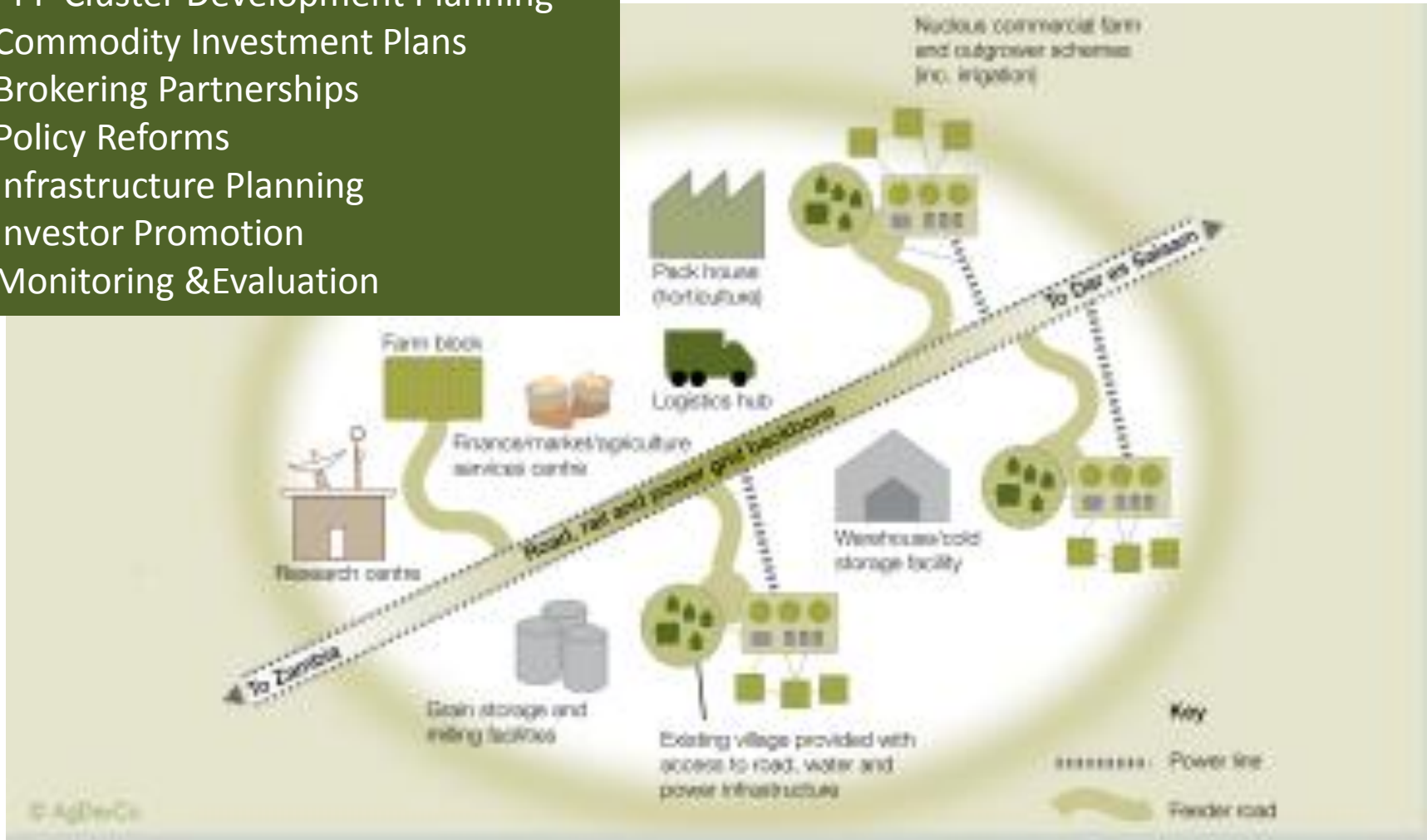
1,762km paved highway linking Dar to Kapiri Mposhi



An infrastructure priority plan will to be developed

Clusters will build a diversified farming landscape

- PPP Cluster Development Planning
- Commodity Investment Plans
- Brokering Partnerships
- Policy Reforms
- Infrastructure Planning
- Investor Promotion
- Monitoring & Evaluation



Large, medium and small farmers will be facilitated

GOVERNMENT COMMITMENT

Government has put in place several policies to simplify investments in Tanzania.

Key Government commitments:

- Tanzania Investment Act (1997) providing fiscal and non fiscal incentives, strategic investor status *etc.*
- The Public Private Act 2010
- Creation of:-
 - National Business Council;
 - Tanzania Private Sector Foundation and
 - Various Sectorial Private organization (Horticulture, Livestock Fisheries, Agro-inputs *etc.*)
- Public Private Partnership Act (2010)
- The government has withdrawn from direct involvement in crop, livestock and fish farming as well as importation or manufacturing of agro-inputs such as fertilizers, improved seeds and pesticides;



Challenges

- improving national land use planning
- increasing the long-term predictability of government policy towards the private sector investments
- undertaking a comprehensive review of agricultural taxation
- Implantation of comprehensive review of Import and export restrictions
- improving access to utility services including electricity connections
- Last mile infrastructure

What is expected from the private sector

- Resource for investment
- Access to improved technologies
- Capacity building through win win relationship with small-holders
- Compliance to sustainable agricultural production requirements (green growth

Contribution in GDP food security, poverty reduction leading to wealth creation, employment /job creation

Achievements of SAGCOT so far

At the International level:

- Profiling and bringing the African agriculture to the world attention – 60% of the remaining unexploited farmlands are in Africa
- Future global food security = accessing and judicious use of that resource (WEF-Africa, 2013)
- Now African 8 countries (Tanzania, Nigeria, Rwanda, Ethiopia, Malawi, Mozambique, Ghana, and Burkinafaso) constitute the Active Grow Africa initiative countries opening up African agric sector to local and international agribusinesses

3 billion USD have earmarked by international agribusiness investment in Africa

Achievements of SAGCOT so far ...

At the National level:

- 19 companies signed up to “Letters of Intent” more than any other country supported by Grow Africa
- Strong investment in the input supply side
- Land demarcation is proceeding
- VAT is waived on farm equipment
- Export ban was removed on food commodities
- Launching of Investments Partnership Program

What is next?

- More than 25 assets are being promoted to large scale investors in cereals, livestock and sugar
- About 60 Companies and Institutions are partnering with SAGCOT
- A US\$ 50-100million Catalytic Fund design is near completion
- G8 and African Union have committed to Tanzania's Agriculture Growth
- Tanzania Agro-inputs, Rice, potatoes, horticultural crops and coffee Partnership are being created by the producers/processors and consumers
- Infrastructure planning and strategy is underway

How will we make this happen?

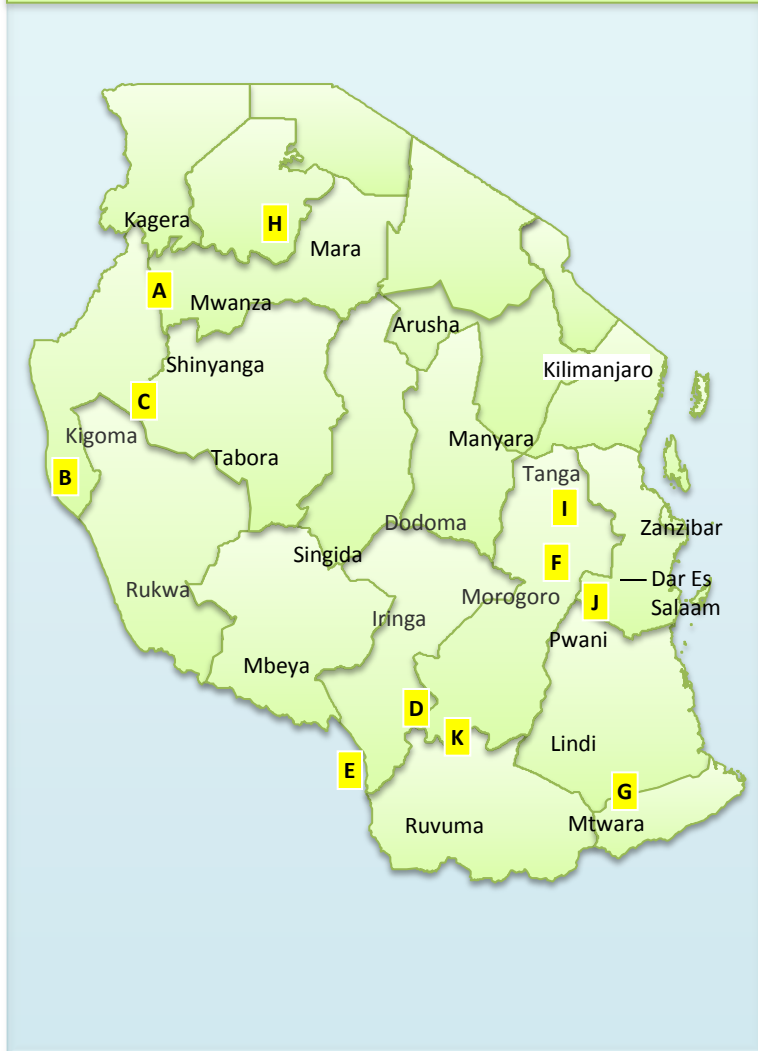
Access to land and an enabling business environment are needed to ensure investments into 25 sites

	Action	Description
i	Create a Special Lands and Infrastructure Task Force	 <ul style="list-style-type: none">▪ A temporary cross-agency team to accelerate securing land title, building infrastructure and conducting agro-ecological studies for 25 land parcels
ii	Conduct community engagement	 <ul style="list-style-type: none">▪ Conduct “pre engagement” training to educate communities on business, good agriculture practices and farmer organization
iii	Develop and implement standard tender assessment criteria and Term Sheet	 <ul style="list-style-type: none">▪ Create standard meritocracy assessment criteria to award sites to investors▪ Create prototype Term Sheet including “investment incentive package”, terms and conditions and KPIs
iv	Uplift mandate of TIC and Investor Complain Bureau	 <ul style="list-style-type: none">▪ Dedicated unit within TIC responsible for attracting investors, coordinating applications, addressing complains and monitoring compliance

25 commercial sites for rice and sugar have been identified

Pilot sites

Districts identified for commercial paddy and sugarcane



District	Site No	Site	Crop	Land size of nucleus farm	Land size of smallholder	
A Karagwe	1	Kitengule	Sugarcane	16,000	2,000	
B Kasulu	2	Kasulu	Sugarcane	20,000	2,000	
C Kibondo	3	Kumsenga/Kibwie	Sugarcane	20,000	5,000	
D Kilombero	4	Kiberege	Sugarcane	20,000	10,000	
	5	Kihansi,	Paddy	5,200	8,000	
	6	Mpanga-Ngalimila	Paddy	5,128	16,203	
			Sugarcane	13,000	6,500	
	8	Kisegese	Paddy	10,000	15,188	
	9	Manda	Sugarcane	20,000	5,000	
E Ludewa	10	Kisaki	Sugarcane	20,000	10,000	
	F Morogoro	11	Mkulazi	Sugarcane	50,000	25,000
		12	Mkulazi	Sugarcane	50,000	25,000
		13	Mvuha	Sugarcane	20,000	10,000
		14	Mahurungu	Sugarcane	3,000	2,000
G Mtwara	15	Ikongo	Sugarcane	12,000	3,000	
H Musoma	16	Pangani	Sugarcane	3,200	1,200	
I Pangani	17	Lukulilo	Paddy	8,000	4,000	
	18	Mkongo	Sugarcane	22,000	7,000	
	19	Muhoro	Sugarcane	20,000	16,000	
	20	Rufiji Delta	Paddy	5,000	13,500	
	21	Tawi/Utunge	Sugarcane	20,000	5,000	
	J Rufiji	22	Itete	Paddy	10,000	30,000
23		Kilosa kwa mpepo	Paddy	5,000	18,000	
24		Misegese	Paddy	5,000	15,000	
25		Ngohelanga	Paddy	6,000	15,000	
K Ulanga						

A wider Partnership

- Tanzania is part and a leading and a founding member of *the New Alliance* for Food Security and the *GrowAfrica* initiative.
- Together we have agreed to generate:
 - Greater private investment in Agricultural development;
 - Scale up innovation;
 - Increased productivity in a sustainable way and
- To achieve sustainable food security and wealth creation

As partners we are committed to implement G8 Cooperation framework.

***YOU ARE ALL WELCOME TO BE PART OF THIS INNOVATIVE COOPERATION
FRAMEWORK***

growafrica

sowing the seeds of growth in Africa!!



“I know there will be challenges, but I am optimistic that through our cooperative endeavours we will overcome them. In the end we will create a corridor of highly productive and competitive agriculture...”

President Jakaya Kikwete

THANK YOU FOR YOUR ATTENTION

WWW.SAGCOT.COM