Tanzania: Progress in Public Private Partnership in Agriculture Transformation

June 2014

[Note: sections of this report are drawn directly from the Grow Africa ‘Agricultural partnerships take root across Africa’ May 2014 report]
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Introduction

This report, entitled “Tanzania: Progress in Public Private Partnership in Agriculture Transformation”, represents the first annual review of progress in Tanzania against New Alliance Country Cooperation Framework commitments. The report functions as the primary accountability mechanism for all Cooperation Framework commitments.

The overarching purpose of the annual review process is to bring together an inclusive group of government, domestic and international private sector, development partners, and civil society stakeholders to:

- Transparently review, share, and discuss progress and challenges against all Cooperation Framework commitments;
- Assess overall progress and challenges in creating an enabling environment for responsible, inclusive investment;
- Identify key priorities for action and review of new or revised Cooperation Framework commitments for consideration by the “lead group”

In addition to this country-level progress report, a second component of Tanzania’s annual review is a facilitated stakeholder meeting to discuss the progress report and other issues related to progress and challenges implementing the New Alliance. A summary outlining the issues and recommendations arising from this stakeholder meeting is included as an Annex to this report.

Partnership and Accountability Committee (PAC)

Tanzania’s annual review process is led by the Partnership Accountability Committee (PAC), which functions as the country-level lead group for the New Alliance. Its membership comprises representatives from the following:

- The Prime Minister’s Office
- The Ministry of Agriculture, Food Security and Cooperatives
- UK Department For International Development
- US Agency for International Development
- SAGCOT Centre Ltd (Southern Agriculture Growth Corridor of Tanzania Centre Ltd)
- Agricultural Council of Tanzania
- Agriculture Non-State Actors Forum (ANSAF)

The PAC was established in January 2013. The team meets quarterly and is chaired by the Prime Minister’s Office of the United Republic of Tanzania.
1. Overview

1.1 Tanzania pioneering transformation through public private collaboration

In recent years, Tanzania has become a pioneer in leveraging public-private collaboration to transform its agricultural sector. This was initially achieved through the development of the “Kilimo Kwanza” (Agriculture First) strategy in 2009 which placed the private sector at the heart of Tanzania’s agricultural development, and later by the launch of the Southern Agriculture Growth Corridor of Tanzanian (SAGCOT) in May 2010, a public private partnership to put Kilimo Kwanza in action and catalyze responsible private sector investment in Tanzania’s southern ‘breadbasket’ regions. Both the Kilimo Kwanza and SAGCOT initiatives part of the overall implementation of he Agriculture Sector Development Programme (ASDP).

His Excellency President Jakaya Kikwete continued to champion the partnership approach on a continental level by hosting the first Grow Africa meeting in Dar es Salaam on 7 November 2011. Supported by USAID, the Africa Union and the World Economic Forum, Grow Africa is a partnership platform that seeks to accelerate investments and transformative change in African agriculture based on national agricultural priorities and in support of the Comprehensive African Agricultural Development Programme (CAADP), a Programme of the New Partnership for Africa’s Development (NEPAD), established by the African Union in 2003.

In May 2012, the United Republic of Tanzania took its partnership approach globally. In collaboration with the G8 countries and 19 private institutions the President announced Tanzania’s engagement in the New Alliance for Food Security and Nutrition at the G8 in the USA. In Tanzania, the government convened multiple stakeholders to develop a roadmap for the Framework’s New Alliance implementation in September 2012. The roadmap identifies next steps through an agreed timeline and also highlights the establishment of an oversight committee, chaired by the Prime Minister, to track policy commitments. Similarly, a Partnership Accountability Committee (PAC) consisting of private sector and development partners and Government of Tanzania (GoT) officials – chaired by the Prime Minister’s Office – was established to monitor and report on progress.

In 2013, the GoT launched its Big Results Now initiative (see next section), aligned to Tanzania’s Vision 2025, with agriculture as one of six National Key Results Areas. Going forward, this momentum is set to continue. For instance, in late 2014/early 2015 the Tanzania Agricultural Development Bank (TADB) is expected to commence operations, providing much needed long-term financing as well as working capital at affordable rates. In addition, the SAGCOT Catalytic Fund is set to become operational – recruitment of a Fund Manager is underway, and the Board of Directors and Secretariat are already in place. At the policy level, GoT will continue its implementation of reform measures designed to make the investment climate for the agricultural sector more conducive; while the GoT and its development partners will develop an expanded sector-wide Agriculture Sector Development Programme (ASDP2), described in more detail below.

Figure 1: Time-line: Tanzania’s Partnership Approach in Agricultural Transformation
1.2 Alignment with Tanzania’s Vision 2025 through Big Results Now

As Kilimo Kwanza is taking root and SAGCOT is gaining momentum, the government has launched the ‘Big Results Now’ Initiative, which aims to accomplish efficiently all of targets of Development Vision 2025 to increase food security and reduce poverty in Tanzania. Agriculture is one of the National Key Results Areas and the government has prioritized three value chains: rice, maize and sugar. It is acknowledged that improvement of irrigation infrastructure and management is critical in order to increase production and productivity. The initiatives will be achieved through three ‘big ideas:

- Promoting 25 commercial farming deals;
- Enhancing 78 smallholder rice irrigation and marketing schemes through professional management using private service providers;
- Developing 275 collective warehouse-based marketing schemes targeted at linking maize and rice farmers to the market.

The Government seeks to promote maize, rice and sugar for immediate investment as they are of high strategic importance to contribute to food security and import substitution for the country. However, other value chains are also in the pipeline, such as horticulture, oilseeds, potatoes and tea. The BRN initiative is fast-tracking the land acquisition process, with a total of 80,000 Ha entrusted to the Tanzania Investment Centre (TIC) to date for fielding expressions of interest from investors for land grants. Surrounding smallholders that are potential out-growers adjacent to the identified land parcels have been trained and sensitized and are ready to engage and work with investors.

1.3 Strengthening frameworks for progress

The New Alliance was designed to increase responsible private sector investment in the agriculture sector to support Tanzania’s overarching ‘Kilimo Kwanza’ strategy, and its implementation through the CAADP investment plan (Tanzania Agriculture and Food Security Investment Plan (TAFSIP)). A key milestone in the New Alliance roadmap is the development of an expanded sector-wide program (ASDP2) which operationalises TAFSIP and incorporates off-budget donor and private sector activity.

The design of the ASDP2 is critical to the acceleration of TAFSIP’s implementation and will require the integration of New Alliance activities, including New Alliance support activities, known as ‘enabling actions’. Several current efforts will inform the design and ultimate implementation of the ASDP2, including the following four components:

- Technology generation and adoption
- Market efficiency and farmer commercialization
- Sustainable irrigation development; and
- Institutional strengthening and capacity building

The most significant of these current efforts is the government’s decision to establish an Agricultural Delivery Division (ADD) within the Presidential Delivery Bureau (PDB) to streamline and maximize impact of agricultural programming, while improving policy analysis and monitoring and evaluation under the “Big Results Now” initiative. This could have major implications for the implementation of technology generation and adoption activities, as well as institutional strengthening and capacity building activities.

Finally, an important activity for ASDP2 and TAFSIP implementation is the ongoing development of a Joint Sector Review (JSR) under the CAADP framework. Tanzania has agreed to be one of the pilot countries to roll out this multi-stakeholder monitoring and
evaluation mechanism, which will be critical for mutual accountability under ASDP2 – and the New Alliance commitments specifically. In future years, the New Alliance annual review will be integrated into the JSR process.

1.4 High Level Progress Summary

Agriculture makes up 28 per cent of Tanzania’s economy and employs roughly three quarters of the country’s workforce.\(^1\) The agricultural sector has experienced steady growth over the past decade, although never quite achieving the 6% CAADP target. With three quarters of the population living in rural areas, agriculture offers an important source of economic activity, and a slight majority of the agricultural labour force are women (55.1%). Tanzania’s agricultural sector currently produces cassava, maize, cocoa and rice in significant quantities, and generates 7% of Africa’s annual maize output. Meanwhile, coffee, cotton, tea, cashew and tobacco crops represent important sources of export earnings for the country.\(^2\)

In recent years, Tanzania’s agricultural sector has benefited from a partial recovery in global prices for food and cash crops, the result of both more favorable weather and improved global economic conditions since the 2007-2008 global financial crisis. Production volumes of major agricultural crops are increasing as the total area under cultivation grows, and between 2007 and 2010 total agricultural exports increased by 50%.\(^3\)

**Figure 2: Selected High Level Outcome Indicators**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture value added growth rate</td>
<td>4.3% (2010-2012/13 average)</td>
</tr>
<tr>
<td>Poverty headcount ratio at national poverty line (% of population)</td>
<td>28.2% &lt;br&gt; <em>Source: World Bank (2012)</em></td>
</tr>
<tr>
<td>Public agriculture expenditure share in total public expenditure</td>
<td>7% (average 2008-2011) &lt;br&gt; <em>Source: ReSAKSS 2014</em></td>
</tr>
<tr>
<td>World Bank Ease of Doing Business survey</td>
<td>145\textsuperscript{th} (rank out of 189 countries) &lt;br&gt; <em>Source: World Bank</em></td>
</tr>
</tbody>
</table>

Government spending on agriculture has risen over the last decade to its most recent level of 6.8%, with a Presidential commitment to reach the CAADP target of 10% of the overall national budget by 2015. Tanzania is ranked at 145th worldwide and 19th out of 47 in sub-Saharan Africa in the Ease of Doing Business report. Cross border trade and access to credit are highlighted as key areas for improvement.

\(^1\)World Bank: Agribusiness Indicators Tanzania (2012)
\(^2\)World Bank: Agribusiness Indicators Tanzania (2012)
\(^3\)World Bank: Agribusiness Indicators Tanzania (2012)
The country emerges as one of the more attractive environments on the continent for digital agribusiness services, with 27.1 million mobile GSM connections, 20% of which are 3G data connections supporting more advanced application types.

For Tanzania’s 50.8 million persons, extreme poverty declined impressively from over 84% in 2000 to 67.9% in 2007, but still leaves the country 20% above the average for the continent and off-track to meet the Millennium Development Goal (MDG) target to halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day.

Malnutrition is relatively low compared to other sub-Saharan countries, with 16.2% of children underweight, and the country’s good progress here puts it close to achieving its MDG target by 2015. Achieving the CAADP growth targets for Tanzania through both public and private action is essential for reducing poverty rates, especially for the 72% of the country’s population (36.5 million people) living in rural areas.

1.6 Key Challenges

Strong progress has been made in Tanzania’s agricultural sector but investment flows remain too slow to be truly transformative. Five key challenges and bottlenecks must be addressed in order to covert initial success into sustainable improvement in the long run:

<table>
<thead>
<tr>
<th><strong>KEY CHALLENGES</strong></th>
</tr>
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<tbody>
<tr>
<td><strong>Financial access</strong></td>
</tr>
<tr>
<td>✓ High commercial bank interest rates make it hard to access loans, leading to low private-sector investment in agriculture, especially for smaller companies</td>
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<tr>
<td>✓ Access to sustainable long-term funding is equally problematic for Civil Society Organizations (CSOs)</td>
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<tr>
<td><strong>Infrastructure shortfalls</strong></td>
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<tr>
<td>✓ Frequent power cuts disrupt business activity</td>
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<tr>
<td>✓ Road, rail and port sector bottlenecks</td>
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<tr>
<td><strong>Policy Uncertainty</strong></td>
</tr>
<tr>
<td>✓ Ad hoc policy-making generates investor uncertainty</td>
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<tr>
<td>✓ Shortfalls in government communication of policy changes</td>
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<tr>
<td>✓ Proliferation of ‘red tape’ and overlap of regulatory bodies (e.g. the lead time for government signature of MoUs is often several months)</td>
</tr>
<tr>
<td><strong>Land availability and access</strong></td>
</tr>
<tr>
<td>✓ Challenges include disputes between farmers and pastoralists, tenure disputes, and a lack of information and awareness regarding land ownership, legal status and policies</td>
</tr>
<tr>
<td><strong>Counterfeit products</strong></td>
</tr>
<tr>
<td>✓ In Tanzania’s agricultural inputs market (seeds, fertilizer and pesticides) in particular, fake and adulterated products proliferate, thus undermining trust among potential buyers and disrupting genuine market players</td>
</tr>
<tr>
<td>✓ Weak enforcement of existing laws exacerbates the problem</td>
</tr>
</tbody>
</table>
2. Review of Mutual Commitments

2.1 Government Policy Commitments

The following table summarises key government policy commitments and provides an update on progress against these commitments. A Red-Amber-Green (RAG) 'traffic light' metric is used to summarise progress made one each commitment:

### KEY: Red-Amber-Green (RAG) Progress Reporting

<table>
<thead>
<tr>
<th>Color</th>
<th>Status</th>
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<tbody>
<tr>
<td>Green</td>
<td>Policy commitment achieved</td>
</tr>
<tr>
<td>Amber</td>
<td>Significant progress made but policy commitment not yet fully implemented</td>
</tr>
<tr>
<td>Red</td>
<td>Bottlenecks and/or delays preventing progress on policy commitment</td>
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<table>
<thead>
<tr>
<th>Goal/Policy &amp; Time-line</th>
<th>RAG Status</th>
<th>Progress Update</th>
</tr>
</thead>
</table>
| 1. Implement policy alternatives to export ban identified in the Comprehensive Food Security Study. July 2014 | Green | Update:  
  - Export ban lifted since 2011 to facilitate Global and intra-African trade  
  Impact:  
  - Smallholder and large-scale farmers incentivised to increase production to take advantage of regional market |
| 2. Pre-profit tax at farm-gate ("cess") on crops reduced or | Amber |  
  - A broader analysis of tax and other agricultural incentives was conducted by the Prime Minister’s Office to make evidence-based policy decisions |
| Lifted. | **July 2013** | - MAFC with support from Michigan State University conducting a study on agricultural taxation in Tanzania; with special reference to pre-profit tax at the farm-gate. The study aims to feed into the legislative process in mid-2014
- USAID Food Security Policy Innovation Lab working on analysis of crop cess; draft policy paper to be submitted to Cabinet before July 2014 by PMO’s office |
|---|---|---|
| 3. VAT on spare parts for farm machinery and equipment reduced or lifted | **July 2013** | - The Finance Act 2012 waived VAT on irrigation, tractors, farm implements (including spare parts) and milk processing products
- Two Senior Officers from MAFC have been attached at Tanzania Revenue Authority to supervise the exemption process at entry point
- However, the waiver has not being communicated properly and is not being implemented fully by the Tanzania Revenue Authority (TRA)
- MAFC to engage TRA and develop a comprehensive list of items deemed to be for agricultural investment and use |
| 4. Secure certificate of land rights (granted or customary) for small holders and investors | **August 2012 - June 2016** | - Village land boundaries in Kilombero District have been demarcated. The intention is now to expand the initiative beyond Kilombero District.
- Preparation of land-use plans is on-going in Morogoro and Coast regions
- GoT is mobilizing more resources to invest in land surveying, mapping and titling across the Southern Agricultural Corridor and the country as a whole
- Tanzania Investment Commission (TIC) secured title for 63,000 Ha at Mkulazi and initiated a competitive tendering to prospective large-scale commercial investors at the site
- However, surveying and titling of land to smallholders remained a challenge, as earmarked funding from the World Bank may not be secured under the existing World Bank’s social and environmental standards.
- GoT has issued land titles to TIC totalling 83,000 Ha. This land is now being processed and will be issued to investors in an open, competitive and meritocratic way. The land has been earmarked for rice and sugar production.
- World Bank loan for $60mn to support land registration
- DfID’s Land Transparency Initiative beginning in mid-2014 designed to address policy and regulatory issues |
| 5. Instrument developed to clarify roles of land implementing agencies (TIC, RUBADA, Ministry of Lands and Local | | - Ministry of Lands will remain the sole agency with the ability to issue title to land.
- TIC is managing a growing land bank
- Draft policy paper to amend the Rufiji Basin Development Authority (RUBADA) Establishment Act (1975) that will also expand the mandate of RUBADA has been shared with stakeholders |
<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Achievements</th>
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<tbody>
<tr>
<td>December 2012</td>
<td>Government in order to responsibly and transparently allocate land for investors in the SAGCOT region</td>
<td>Ministry of Lands developing a 'land for equity' policy paper to be submitted to Cabinet. Overall, while progress has been made, the initiative has yet to gain the full confidence and trust of investors. The TIC’s ability to secure 83,000 Ha at Mkulazi demonstrates that the instruments can function effectively. TIC finalized competitive bidding guidelines, developed mechanisms to issue Derivative Rights to investors and piloting competitive bidding to investors on Mkulazi by August 2014.</td>
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<tr>
<td>July 2013</td>
<td>6. Taxes (Cess, VAT) on seeds and seed packaging to be reduced or lifted</td>
<td>MAFC and TASTA developed recommendations on the removal of VAT on seeds and seed packaging materials for consideration in the Financial Bill 2014. Regarding the Cess tax, some progress – though no significant breakthrough – have been made, as described in (2) above. Taxation of seeds for planting is against the law. However, in reality, this is not being observed. TASTA was working with PMORALG on case-by-case basis. PMORALG to issue a circular to all LGAs to comply with the law. PAC Chairman to ensure PMORALG acts upon the communication. MAFC and TASTA developed recommendations on the removal of VAT on seeds and seed packaging materials for consideration in the Financial Bill 2014.</td>
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<tr>
<td>November 2012</td>
<td>7. Revised legislation that aligns plant breeders rights with UPOV system.</td>
<td>Tanzania passed the UPOV-compliant Plant Breeders Rights Act in November 2012. On 22 January, 2014 the Revolutionary Government of Zanzibar passed a similar piece of legislation but it is still pending presidential endorsement. Tanzania Mainland legislation was endorsed by UPOV as compliant. The Zanzibari law must still be presented to the UPOV Secretariat for vetting. Upon its acceptance, and after consideration by the UPOV Council, Tanzania’s membership will be complete.</td>
</tr>
<tr>
<td>December 2013</td>
<td>8. Time required to release new varieties of imported seeds from outside the region to be reviewed and benchmarked with international best practices.</td>
<td>Tanzania already achieves the release of plant varieties from outside the country quicker than its EAC neighbors. This has been successfully tested on the release of 4 varieties of potatoes in 2010 that are now promoted to farmers by Mtanga Farm in the SAGCOT area. The new approach, which requires verification of a variety released in another Eastern African country for only one season, is now a norm in the process of releasing plant varieties from the East African Region. Tanzania has also signed the SADC Seed MOU which allows registration of a plant variety.</td>
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released by any two of SADC Member states without further testing. The signing of the MOU now benchmarks Tanzania to be one of the best seed varieties release systems in Africa.

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<tr>
<td><strong>9. ISTA and OECD seed testing accreditations achieved to enable regional and international seed sales</strong></td>
<td><strong>December 2013</strong></td>
</tr>
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</table>
|   | ➢ Rehabilitation of the laboratories for compliance with international standards is complete  
   ➢ Additional lab equipment has been procured at Tanzania Official Seed Certification Institute (TOSCI)  
   ➢ Installation of equipment and testing will be completed in March 2014  
   ➢ Final Draft Quality Assurance Documents will be submitted to ISTA as soon as the installation process is complete  
   ➢ Process for amendment of the Seed Act of 2003 to comply with ISTA and OECD requirements is on-going at the Cabinet Secretariat Level  
   ➢ MAFC will accelerate improvements of the TOSCI lab in Morogoro in order to receive OECD/ISTA accreditation  
   ➢ Rehabilitation of the laboratories for compliance with international standards is complete |
| **10. Qualified private sector companies authorized to produce foundation seed under proper supervision and testing.** | **December 2013** |
|   | ➢ The system to authorize qualified private seed companies to produce basic (foundation’) seed from publicly bred varieties is in place and operational since January, 2013. Two private companies – Highland Seed Growers and Kipato Seed Company – have been licensed to produce basic seeds for maize and sesame in 2013. However, it is unclear if the companies have made use of the licences.  
   ➢ 80% of government- released varieties were made available to private sector seed companies but the associated conditions and requirements were stringent; hence very few companies have taken up the offer  
   ➢ The Government is engaging TASTA to pursue methods for expanding private sector production of basic seeds |
| **11. Time required to register imported agrochemicals outside the region to be reviewed and benchmarked with international best practices** | **December 2013** |
|   | ➢ MAFC has initiated the process of reviewing the Plant Protection Legislation.  
   ➢ The Consultant report has been supported to MAFC and is being used to develop the draft bill.  
   ➢ While the process has been initiated, no tangible results have yet been achieved |
<table>
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<tr>
<th>12. Update and align the National Food and Nutrition Policy with the National Nutrition Strategy</th>
<th>June 2014</th>
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<tr>
<td>➢ Revised Nutrition Policy prepared and shared with Govt. stakeholders. It is now under review by Technical Working Group and will be shared with non-governmental stakeholders.</td>
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<tr>
<td>➢ The revised legislation will be completed by mid-2014</td>
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<tr>
<td>➢ The Government has also partnered with the Scaling Up Nutrition (SUN) Alliance to strengthen the participation of the private sector in the delivery of its Nutrition Strategy</td>
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<tr>
<td>➢ New policy implementation strategy to take into account school children nutrition issues</td>
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<tr>
<th>13. Cooperation Framework Road Map</th>
<th>July 2013</th>
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<tbody>
<tr>
<td>➢ High level ministerial policy oversight steering committee charged with overseeing progress on GoT policy commitments in the Cooperation Framework.</td>
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<tr>
<td>➢ The Prime Minister endorsed a Partnership Accountability Committee that includes senior officials from GoT, development partners, the private sector and civil society.</td>
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<tr>
<td>➢ The PAC has since been established.</td>
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<tr>
<td>➢ CAADP Joint Sector Review Process now under way</td>
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<tr>
<th>14. Capacity building efforts</th>
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<tbody>
<tr>
<td>➢ Capacity building for MAFC to collect information using modern technology for tracking food stocks in Government reserves, private warehouses, traders and household levels to enable GoT to make informed decisions</td>
<td></td>
</tr>
<tr>
<td>➢ Realignment of safety net programmes with emergency food relief in order to address vulnerable households</td>
<td></td>
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<tr>
<td>➢ Devt. of system to capture other food items to reduce dependence on maize in food basket;</td>
<td></td>
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<tr>
<th>15. Efforts to establish a more stable and transparent trade regime that reduces tariff and non-tariff trade barriers for the rice sector</th>
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<tbody>
<tr>
<td>➢ Strengthening of Tanzania Rice Partnership to represent private sector rice stakeholders, including robust data collection</td>
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<tr>
<th>16. Efforts to establish a more stable and transparent trade regime that reduces tariff and non-tariff trade barriers for the sugar sector</th>
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<tbody>
<tr>
<td>➢ Govt. is following up on alleged sugar and rice smuggling issues. (Official 2013 import figures for sugar were approx. 40K tons, compared to exporting country data of 140K tons, implying a sizable black market).</td>
<td></td>
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<tr>
<td>➢ GoT in January 2013 announced it has stopped sugar imports via MAFC press release, followed by similar announcement in the MoA’s budget speech to parliament in July 2013</td>
<td></td>
</tr>
<tr>
<td>➢ GoT in mid-2014 announced creation of a sugar procurement entity involving local sugar producers and importers to be established under the Sugar Board of Tanzania (SBT) in next FY</td>
<td></td>
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</table>
2.2 Development Partner Financial Commitments

The following table shows the funding commitments and disbursements that Tanzania’s development partners have made:

<table>
<thead>
<tr>
<th>Country</th>
<th>Time Frame</th>
<th>Commitment</th>
<th>Disbursed through 2013</th>
<th>Type of Funding</th>
<th>Program Areas</th>
</tr>
</thead>
</table>
| EU      | 2011-2015  | 87 million EUR | Approximately 10 million EUR | Project funding through civil society, Tanzanian research institutions, or line ministries. | The EU is supporting food security and rural development in Tanzania with a focus on trade, agriculture and rural infrastructure development:  
  i) Rural Roads Programme €20 million  
  ii) Support to SAGCOT €36.5 million (roads, energy, agriculture, environmental management)  
  iii) Trade and Agriculture Support Programme (Coffee, Tea, Cotton, Horticulture, Fisheries standards and quality improvement) €20 million  
  iv) Support to sugarcane out-growers and research (Kilombero, Mtibwa, Kagera, Moshi) €6 million  
  v) Food security and access to market. €4.5 million |
| France  | 2012-2015  | 38.12mn EUR | 340 k EUR (grant) | - On-going project (2.1 mn EUR) with the Foundation “Institut de Gestion de la Faune” for supporting socio-ecologic development of local populations in the corridors Tarangire/Manyara and Tarangire/Simanjiro.  
- Pre-identification of a local development program in selected rural areas. |
| Germany | 2012-2015  | 72.5mn EUR | i): 6mn Euro +2.6mn Euro  
ii): 0.67mn Euro  
iii): 0.53mn Euro  
Renewable Energy: 0.29mn Euro | Basket + Bilateral Funding  
Bilateral Funding  
Bilateral Funding  
Bilateral Funding | Germany is supporting programs in Tanzania that have a close link to rural development especially in the area of rural infrastructure development and nature conservation:  
i. Water Sector Development Programme €15 million  
ii. Rural Development Serengeti €23.5 million  
iii. Selous-Niassa Wildlife Corridor €8 million  
Programme Renewable Energies €26 million. |
<table>
<thead>
<tr>
<th>Country</th>
<th>Period</th>
<th>Amount</th>
<th>Project/Programme Funding</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>2012-2015</td>
<td>14.1bn JPY</td>
<td>5.3bn JPY (This includes 2.4bn JPY for new projects)</td>
<td><em>This is a provisional figure</em></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>technical cooperation, grant aid, &amp; loan</td>
<td>Japanese assistance policy to Tanzania is to promote economic and social development towards sustainable economic growth and poverty reduction. Japan is supporting the following programmes in line with the New Alliance Cooperation Framework: i. Programme for Agriculture Sector Development Programme (ASDP) ii. Programme for Strengthening Rice Production Capacity iii. Programme for Transportation and Traffic Network Development. Under these programs, some new projects started, which were not planned at the time of the commitment. The amount disbursed by these new projects is equivalent to 2.4bn JPY.</td>
</tr>
<tr>
<td>Russia</td>
<td>2013-2014</td>
<td>30mn USD</td>
<td></td>
<td>Discussion between MAFC and Russian Government is ongoing to develop modality for accessing farm machinery worth the amount of committed and the way to engage stakeholders in the sector.</td>
</tr>
<tr>
<td>UK</td>
<td>2012-2015</td>
<td>63mn GBP</td>
<td>8.83mn GBP</td>
<td>Project funding</td>
</tr>
</tbody>
</table>
| USA     | 2011-2015 | 315mn USD | Approximately $100mn USD | Project funding (about 60% of total) and basket funding for roads and irrigation (about 40% of USAID's Feed the Future/Tanzania program focuses on priority value chains of rice, maize and horticulture, primarily in the SAGCOT development corridor. Components include value chain development (NAFADA project for rice and maize, and TAPP project for horticulture), processing (Tuboreshe Chakula project), nutrition (Mwanzo Bora project), infrastructure (roads and irrigation basket funding with support from CDM engineering firm), policy (SERA project), and research and training (iAGRI project at Sokoine University of Agriculture). Direct grant funding is in place for TAHA and SAGCOT Center, and is planned for SUA and BRN in 2014. Feed the Future
### 2.3 Concerns on Alignment and Disbursement

Members of the PAC have expressed the following concerns:

- Shortfalls in donor coordination and donor information sharing regarding their G8 commitments
- The slow speed of disbursement of certain committed donor funds
- The possibility that some G8 commitments represent funding that had already been pledged
- Shortfalls in the alignment between certain donor initiatives and the New Alliance objective

<table>
<thead>
<tr>
<th>Agency</th>
<th>Year</th>
<th>Project Funding</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>FAO</td>
<td>2010</td>
<td>i. $5.3mn USD</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2013</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>2014</td>
<td>ii. $475,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2015</td>
<td>iii. $1,436,000 (2011-2015)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2016</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Project funding</td>
<td></td>
</tr>
</tbody>
</table>

- **Southern Highlands Food Security Programme**: The programme developed training manuals and trained Government and NGO officials in supporting smallholder farmers taking “agriculture as a business” approach, linking farmers with agro-processors and developing commodity-based sub-sector development strategies for: maize, rice, red meat and edible oil;

- **Tanzania Livestock Traceability System (TANLITS)**: The project aims to develop, implement and build capacity in the use of a new information system (TANLITS software) for the Livestock Identification and Traceability System. The TANLITS database will be linked to the Animal Health (Veterinary Services Needs) and Animal Production (Animal Production Needs) Information Management Systems. This will allow Tanzania to conform to international livestock trade requirements through ensuring that there is an efficient traceability mechanisms along the entire food chain from the farm to the market.

- **Economic Growth**: The programme aims at providing assistance to GoT and other stakeholders to build their capacity to implement inclusive economic growth strategies that accelerate poverty reduction and also assist Tanzania’s progress towards achieving goals of MKUKUTA/MKUZA, as well as the MDGs, in particular MDG1, by supporting government’s efforts to address challenges as articulated in key policy and programming documents.
3. Private sector investment

3.1 Private sector commitments and progress against LOI commitments

A selection of the companies engaging in each New Alliance country has outlined their investment plans by signing “Letters of Intent”. In Tanzania, 21 Companies have signed Letters of Intent (LOIs). These companies can be divided into broad groupings:

- Agribusinesses and processors (such as Kilombero Plantations Limited and Agro EcoEnergy);
- Green or brownfield investments in the production of agricultural crops
- Service providers (e.g. agro inputs and telecoms providers) providing inputs and services to other actors in the agricultural value chain

The following is a consolidated summary of key data relating to investments by LOI companies in Tanzania’s agricultural sector:

- 21 LOIs referencing $34 million in private sector commitments [4 LOIs reporting]
- $9.7 million in investments made on LOIs in 2013 [11 LOIs reporting]
- 453,000 smallholders reached through LOIs in 2013 [10 LOIs reporting]
- 1,049 jobs created through LOIs in 2013 [5 LOIs reporting]

A key objective for the future will be to enable greater synergies between the different categories of LOI signatory company. In addition, greater communication and engagement between LOI’s and the Government is required – an area where SAGCOT can act as an intermediary. A number of companies have agreed to generate “a roadmap” that will help identify specific steps the Government can take to advance their investments.
The following table summarises the LOI’s commitments and provides an update on progress against those commitments:

<table>
<thead>
<tr>
<th>Company</th>
<th>Goals</th>
<th>Year 3 – Progress Update</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. AGCO</td>
<td>Contribute to capacity building, knowledge transfer on the agronomic system and the intensification of agriculture and farming mechanisation by: 1. Establishing a demonstration farm and training centre, together with global and local partners, aimed at large- to small-scale farmers, agriculture students and local schoolchildren; 2. Providing infrastructure and technical support with mechanisation, storage and livestock systems, including after-sales services for commercial smallholders, and emerging and large-scale farmers; and 3. Offering finance solutions and developing leasing models for tractor supply to small-scale farmers with little working capital.</td>
<td>➢ Conducted exploration visits to the country and evaluation of existing opportunities with SAGCOT and Ministry for Agriculture, including TAN25, and other partners like AgDevCo and Agrica/KPL on rice.  ➢ In Concept Stage for nucleus farm project and out-grower scheme in Kigoma.  ➢ In Concept Stage with Tanzania Horticultural Association (TAHA) for horticulture development project.  ➢ Private-sector member participating in consortium for the Competitive African Rice Initiative (CARI) for West Africa and Tanzania, with the objective of reaching at least 120,000 smallholders over 5 years (30,000 in Tanzania, at least 30% being women) and developing downstream value-chain structure.</td>
</tr>
<tr>
<td>2. Agrica/KPL</td>
<td>Subject to improvements to road and tax regime, support increased agricultural productivity and commercialisation by: 1. Increasing the reach of the KPL smallholder programme from 1,500 to over 5,000 farmer families; 2. Completing KPL’s irrigation system to cover over 3,000 ha; and 3. Constructing biomass power plants totalling 3 MW.</td>
<td>➢ Expanded the smallholder programme beyond goal to 6,500 farmer families and built a health clinic.  ➢ Maintained relationship with 10 village smallholder rice associations.  ➢ Given the depressed market and uncertain policy climate, KPL has only completed 215 ha of planned irrigation on its 5,000 ha rain-fed farm and has yet to construct the first biomass plant.  ➢ Agrica has had to inject $3 million to maintain KPL as a going concern.</td>
</tr>
<tr>
<td>3. Agricultural Council of Tanzania (ACT)</td>
<td>Improve the Tanzanian agribusiness environment by: 1. Assisting in preparation/dissemination of policy papers on constraints to realisation of increased investment objectives; and</td>
<td>➢ Involved in establishment of the Tanzania Agricultural Development Bank, which will provide short- and long-term loans to agricultural operators at affordable rates.  ➢ Produced a policy brief on crop cess, which is being used to lobby</td>
</tr>
</tbody>
</table>

A US-based global leader for farm equipment with plans to invest in across Africa

UK-based company focused on large-scale sustainable agribusinesses in Africa. US$35mn invested to date in the Kilombero Plantations Limited (KPL) Project in Tanzania, a 5,000 ha greenfield commercial rice producer

An apex private sector
member-based organization representing the interests of Tanzania’s agriculture sector

2. Providing a platform for information analysis and dialogue for private and public stakeholders in the sector.

government.

- Advocating for streamlining fees, eliminating overlaps in the roles and responsibilities of regulatory agencies, and land tenure system review (particularly regarding land demarcation and titling, legal recognition of agricultural land, and land rent).

4. Agro EcoEnergy

An African agro-energy company that aims to produce sugar and renewable energy in a sustainable manner.

Produce sugar and renewable energy sustainably by:
1. Developing a $425 million agro-energy project with sugar mill and bio-refinery via a 7,800 ha sugarcane estate and 3,000 ha out-grower programme, both fully-irrigated; and
2. Producing 125,000 tonnes of sugar, 8-15,000 m$^3$ of ethanol, and 100,000 MWh/year of renewable electricity to the national grid.

- Secured engagements from development and commercial banks for financing and supporting the out-grower scheme projects (subject to all critical policy issues being resolved).
- Carried out environmental and social impact study, completed physical planning of facility, and have already spent $42 million; investing over $6 million in construction works that are to be officially inaugurated in 2014.
- Government and local communities to be given a 10% stake in the project company as ordinary equity (with a further 15% in B-shares to be granted after 18 years), in exchange for land free of encumbrance as a site for the facility.
- Put in place supplier contracts and off-taker agreements for sugar and power from ethanol, while associated policy negotiations with government are close to being finalised.

5. Armajaro

A global soft commodity trading house and supply chain manager, headquartered in the UK, with plans to invest in Ghana and Tanzania

Contribute to supporting the development of smallholder coffee farmers in the Mbeya and Mbinga regions, doubling the income of around 25,000 farmers by:
1. Improving productivity;
2. Strengthening market linkages; and
3. Providing access to finance.

8,981 farmers trained in Good Agricultural Practices and Good Production Practices (33% of attendees being women).
- Promoter farmer model used for the trainings, with 264 farmers trained and demonstration plots established in each promoter farmer’s locality.
- Processed 3,278 tonnes of cherry in 13 of the wet mills bought in Mbinga region.
- 2,950 farmers trained on basic business skills in collaboration with Hivos and a local consultant.
- 12,117 farmers Rainforest Alliance-certified, with 2,110 tonnes of coffee from the farmers sold as certified.
- All 2,950 farmers in the second cohort introduced to the Gender Action Learning System
- 10 wet mill staff (8 male, 2 female) in Mbinga trained on Payment Ecosystem Services by Avance/Pro-climate in collaboration with Solidaridad.
- Identified 2 clonal nursery sites and carried out initial preparations; to be finalised by end March 2014.

6. Diageo

Contribute to developing and implementing a scalable

- With the agreement of SAGCOT, future development of this investment is
| A leading premium drink business with a widespread and well-established presence in Africa | sorghum value-chain project with a potential to scale up sourcing to 20,000 tonnes p.a. by 2016 for local use and export. | under review.  
- Successful trial on sorghum production conducted, though at current market prices, it is more economical to continue purchasing on the open market. |
|---|---|---|
| 7. Monsanto | Contribute to strengthening maize and vegetable value chains in the SAGCOT corridor by improving access to finance, making 3-5 new maize hybrids available royalty-free to seed companies, strengthening agro-dealer networks, providing farmers with information and inputs, measuring and strengthening soil health, improving nutrition and cash income, and facilitating better grain-market access for farmers. | Launched partnerships in coordination with the SAGCOT Centre; collaborating partners to align strategies to reach smallholders in the corridor.  
- Plans exist to assess impact of the partnership model in 2014.  
- Reached over 220,000 smallholders with improved technologies and management practices, including:  
  a. Training agro-dealers in partnership with the Agricultural Development Trust;  
  b. Organising smallholder farmers to collectively receive training, inputs and market products in partnership with NGO Creating Rural Entrepreneurs;  
  c. Training on agriculture extension services using The Earth Institute’s soil sampling tool “SoilDoc” to provide smallholders with near-real time soil management recommendations; and  
  d. Distributing over 22 tonnes of high-quality, high-yielding maize varieties to smallholders in partnership with Farming Input Services. |
| 8. SABMiller | Contribute to improving crop quality, yields and local sourcing by:  
  1. Increasing locally-sourced barley each year through subsidiary Tanzania Breweries (end target: to malt 100% locally, including from smallholders); and  
  2. Investing in farming programmes, providing funding, seed, and assisting with machinery such as power tillers. | Reached 253 smallholders (through extension support, pre-financing and direct purchasing of barley with guaranteed price).  
- Sourced 8,955 tonnes of barley from 300 smallholders in 2013.  
- Identified new potential areas and farmers in Sumbawanga, Southern Highlands, through soil and climate analysis; planting is now complete.  
- Developed demonstration farm in partnership with Syngenta, Yara and John Deere in Northern Highlands to improve yields through better equipment and crop management; two farmers identified in Arusha and Karatu; land preparation and planting complete.  
- Successfully completed commercial trials and established a “Total Package” programme which 5 model barley farmers will follow in 2014. |
| 9. Shambani Graduates Enterprises | Contribute to meeting national increased annual milk production targets by:  
  1. Investing in expanding Shambani Graduates Enterprises’ milk collection, processing and marketing; and | Developed business plan and focused strategy, with unique value proposition for expansion.  
- Invested $62,500 already in renovating facilities, including milk collection centres. |
<table>
<thead>
<tr>
<th>Company</th>
<th>Founded by 3 graduates of the Sokoine University of Agriculture in Tanzania</th>
<th>2. Building quality/hygiene capacity of around 400 milk producers to supply 4,000 litres/day, resulting in additional $900 in annual income per farmer.</th>
<th>In discussions with two firms for financing but no commitment secured to date.</th>
<th>Currently sourcing 1,500 litres/day of milk from around 120 smallholders.</th>
<th>Almost completed installation of new boiler, which will enhance processing capacity.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>10.Swiss Re</strong></td>
<td>A Switzerland-based risk management firm with plans to develop sustainable agricultural risk management markets</td>
<td>Develop micro-insurance solutions to agricultural risks by investing in-kind to support development of sustainable agri-risk management markets, with a view to assisting farmers gain production risk coverage, access finance, and engage in higher income-generating activities.</td>
<td>Partnerships forged with donors, businesses and governments for advancement of agri-risk transfer markets through International Finance Corporation funded projects.</td>
<td>Held local trainings and awareness-raising events.</td>
<td>At pan-African level, 300,000 smallholders reached.</td>
</tr>
<tr>
<td><strong>12. Syngenta</strong></td>
<td>A global agricultural inputs company developing integrated crop protection and seed solutions for farmers worldwide</td>
<td>Contribute to delivering cluster initiatives aimed at developing large farms and surrounding smallholders by: 1. Supporting the SAGCOT initiative and private sector partnership; 2. Supporting the KPL rice plantation and smallholder programme (in partnership with Yara and USAID); 3. Exploring opportunities with other clusters; 4. Developing the Environment and Climate Compatible Agriculture (ECCAg) approach (with Yara) for smallholder rice and maize farmers; and 5. Partnering with other companies and USAID to develop a village-based agro-dealer network.</td>
<td>Supporting SAGCOT Centre with funding, planning and delivery.</td>
<td>Commenced commercial operations in tomato value chain in Iringa, Makambako and Njombe, with 30 demonstration plots in progress; plans exist to scale up geographically and to other crops e.g. maize and potato.</td>
<td>Launched crop productivity training programme in Morogoro and Iringa.</td>
</tr>
<tr>
<td><strong>13. Tanseed International</strong></td>
<td>A private seed company engaged in quality seed production and marketing of crop varieties, provision of agricultural extension services and</td>
<td>Contribute to stabilising and increasing rice and maize productivity and profitability among smallholders by improving the availability and adoption of affordable, high-quality rice and maize seed varieties, as well as crop management practices that increase yields.</td>
<td>Produced 711 tonnes of certified seed, processed and packed in 298,200 small packs and distributed to 119,243 smallholders through 102 seed distributors across 43 districts.</td>
<td>Registered 102 seed distributors for selling rice and maize seed in 89 districts.</td>
<td>Employed and trained 3 additional staff.</td>
</tr>
<tr>
<td>Organization</td>
<td>Contribution</td>
<td>Achievements</td>
<td></td>
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<td>--------------</td>
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<tr>
<td><strong>14. Tanzania Horticultural Association (TAHA)</strong>&lt;br&gt;An apex private sector member-based organization mandated to develop and promote horticulture in Tanzania&lt;br&gt;Contribute to promoting and facilitating horticultural investments by:&lt;br&gt;1. Mapping horticulture activities/projects/plans in priority clusters and throughout the SAGCOT corridor;&lt;br&gt;2. Being the first point of contact for horticulture interested parties; and&lt;br&gt;3. Presenting SAGCOT at horticulture forums/events.</td>
<td></td>
<td>➢ Played a critical role in lifting a ban on flower exportation through Kenya.&lt;br&gt;➢ Negotiated a waiver of cumbersome procedures for importing fertilisers and special consideration for a flat rate crop cess for the horticulture industry.&lt;br&gt;➢ Successfully lobbied the GoT to commit TZS 1.7 billion to build infrastructure (collection centres for pineapple growers) in key rural areas, with works underway and expected to be completed by June 2014.&lt;br&gt;➢ Lobbied Global Gap to translate its safety standards into Kiswahili for easy access and use by small-scale Tanzanian farmers.</td>
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<tr>
<td><strong>15. Tanzania Seed Trade Association (TASTA)</strong>&lt;br&gt;An apex private sector member-based organization mandated to develop and promote the seed industry in Tanzania&lt;br&gt;Contribute to increasing access to improved seed varieties by working with government to reduce the tax burden on the seed market.</td>
<td></td>
<td>➢ Re-engaged with new leadership in the Ministry of Agriculture and actively participated in a task team set up by the Ministry to unlock the tax burden issue.&lt;br&gt;➢ Assembled the necessary facts and figures to engage the panel tasked with streamlining tax laws by: (i) exempting seed and seed packing materials from import duty and VAT; (ii) exempting seeds from district levied crop cess; and (iii) clarifying the tax treatment of seeds.&lt;br&gt;➢ Formed a taskforce including key stakeholders to address the issue of fake seed syndicates</td>
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<tr>
<td><strong>16. Unilever</strong>&lt;br&gt;A global consumer products company with plans expand its sourcing throughout Africa&lt;br&gt;Contribute to improving supply-chain integration of smallholders by:&lt;br&gt;1. Setting up value-chain partnerships in tea, leveraging investment (e.g. so as to develop the Mufindi tea estate to double the value of exports by 2020), bringing expertise, and stimulating the supply side by creating market demand;&lt;br&gt;2. Improving smallholder livelihoods in tea through sustainable sourcing and investment; and&lt;br&gt;3. Exploring local sourcing opportunities for cocoa, vegetable oils, fruits and vegetables.</td>
<td></td>
<td>➢ Agreed tea partnership with government in SAGCOT corridor, including investment in tea estates, the supply chain, new factories and local infrastructure, R&amp;D, support for smallholders and certifying all related tea production as sustainable.&lt;br&gt;➢ Partnership expected to create 5,000 jobs on the estates and, by developing 6,000 ha of smallholder tea, improve the lives of around 30,000 people economically dependent on those smallholdings.&lt;br&gt;➢ Expanding estates in Mufindi and developing a project in Njombe in collaboration with the UK government, the Wood Family Trust and the Gatsby Foundation.</td>
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<tr>
<td><strong>17. United Phosphorus (UPL)/Advanta</strong>&lt;br&gt;Contribute to improving productivity and income of small and marginal farmers of interest crops (corn, sorghum, sunflower, canola, rice, cotton, forages, legumes and</td>
<td></td>
<td>➢ Blueprint for implementation is ready; awaiting registration of seeds (anticipated in 2014).</td>
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<tr>
<td>Company</td>
<td>Activities</td>
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<tr>
<td><strong>An India-based seed and crop protection company with plans</strong></td>
<td>vegetables) through technology transfer to small and marginal farmers via on-farm training schools (3,000 trainees planned in 1st year), and by acting as key input and knowledge partner to large farms.</td>
<td></td>
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</tbody>
</table>
| **18. Vodafone** | Contribute to increasing the productivity, incomes and resilience of smallholders by:  
1. Establishing, with USAID and TechnoServe, the Connected Farmer Alliance (CFA) for operation in Mozambique, Kenya and Tanzania to provide mobile agriculture solutions increasing resilience to shocks for 500,000 rural smallholders, of which approximately 150,000 will be women;  
2. Optimising supply chains by strengthening linkages and feedback loops between smallholders and large agribusinesses; and  
3. Improving access to secure, timely payments and other financial services. |
| **19. Yara** | Cultivate long-term partnerships for co-developing national fertiliser market by:  
1. Continuing existing efforts in SAGCOT, specifically the rice value-chain partnership with KPL, and developing an integrated Green Corridor;  
2. Initiating an integrated sustainability approach with the Norwegian Agency for Development Cooperation (NORAD) and AGRA;  
3. Developing 2-3 subsequent value-chain initiatives under SAGCOT; and  
4. Developing a pilot initiative with Vodafone and government to field-test mobile phone delivery mechanisms for improved supply-chain efficiencies. |
| **18. Vodafone** | In 2nd year of 3-year (Sept 2012-Sept 2015) CFA; reached 7,863 smallholders to date through management training in the 3 Alliance countries.  
- Completed stakeholder meetings and needs assessment for 7 supply-chain clients.  
- Piloted supply-chain management solution with 2 clients in Tanzania, and looking to identify additional clients and scale up the pilot (targeting 40,000 smallholders).  
- Continuing with financial service research; plans exist to pilot agriculture-focused mobile financial services in Kenya and Tanzania and scale up existing services in both countries (e.g. M-Shwari and KilimoSalama) to smallholders. |
| **19. Yara** | Finalising construction of a $20m revolving fertiliser terminal in Dar es Salaam.  
- Established 5 in-market storage facilities in key agricultural areas and a smallholder outreach programme focused on improving food security.  
- Conducted several field missions to neighbouring Rwanda and Burundi to develop regional distribution and agro-dealer market with Tanzania as hub.  
- Held numerous discussions on project-specific activities in SAGCOT including with NORAD and AGRA.  
- Provided technical expertise and products to develop smallholder capacity in the tea value chain in partnership with Unilever.  
- Trained 10,000 farmers on improved coffee production practices in partnership with ECOM Trading Group.  
- Provided plant nutrition expertise, fertiliser and practical support to ECCAg research partnership field trials.  
- Signed MoU with microfinance NGO BRAC to collaborate on Livelihood Enhancement through agricultural development project on maize.  
- Establishing trials and providing technical support related to key crops and value chains.  
- Exploring new partnerships in sugar, cotton and maize value chains. |
3.2 Future Opportunities

Investors in Tanzania’s commercial agricultural sector are pursuing opportunities across a range of value chains, including – but not limited to – the following:

- Tea, coffee, barley, wheat, maize, cocoa, cotton, among other crops
- Horticulture (fruit, vegetables - e.g. potatoes - and vegetable oils)
- Inputs (seed, fertiliser and pesticides) and provision of extension services

The Government of Tanzania has also identified the following strategic investment opportunities:

3.3 Strategic Priorities

From a government perspective, strategic priorities for agriculture will continue to be delivered largely through PPP arrangements that prioritise value chains with nucleus and out-grower farm models. These models are expected to sustainably create greater smallholder engagement, with out-growers benefitting from training and inputs, while building equity, higher productivity and motivation. In turn, the nucleus farms will improve their efficiency and effectiveness through the increased capacity of smallholders, while benefiting from the good working rapport developed in the process.

PPP efforts in Tanzania are expected to develop 330,000 ha of enhanced smallholder farmlands (out-growers) and 350,000 ha of new commercial farmland (not including areas occupied by out-growers). This is anticipated to result in 4 key outcomes:

- Sugarcane crop planting increased by 150,000 tonnes;
- New rice production increased by 290,000 tonnes;
- New maize output increased by 100,000 tonnes; and
- The involvement of 400,000 smallholders in commercial and out-grower schemes.

These outcomes are to be achieved by boosting commercial farming and smallholder aggregation. To that end, the partnership will be required to deliver:

- 25 commercial farming deals for rice paddy and sugarcane;
- 78 professionally-managed collective rice irrigation and marketing schemes; and
- 275 collective warehouse-based marketing schemes.

Progress against these strategic targets will be monitored on a weekly basis by a Task Team reporting to the Permanent Secretary for Agriculture, who will in turn report to the Minister.
3.4 Donor support to private sector investment

In line with a global shift towards donor funding that is more focused on facilitating private sector investment, Tanzania has benefited from a range of initiatives designed to promote the investment climate. Going forward, a particular focus will be on public infrastructure investments in localities where private sector investors are considering agricultural investments. The following are leading examples of donor support to the Tanzanian private sector:

**Agriculture Fast Track (AFT) Fund**

The Agriculture Fast Track (AFT) Fund is a multilateral fund launched in May 2013 with the aim of promoting private investment in agriculture through the funding of agricultural infrastructure projects in sub-Saharan Africa. Managed by the African Development Bank (AfDB), the program was developed by USAID and the Swedish government with the institutions committing at total of USD$25mn. The fund targets country members of the New Alliance and aims at financing upstream project design work, feasibility studies, market analyses, site surveys, business plans, financial modelling and other activities necessary to ensure project quality and future funding opportunities.

In Tanzania, AFT has established a footprint across the agricultural sector, with more than three companies having already received grants to improve their infrastructure and expand their business operations. In May 2014, for example, projects with Tanga Fresh UHT Milk Factory and Kijani Agro Integrated Horticulture were initiated, with the companies receiving USD$150,500 to expand production capacity and USD$490,000 for producing a variety of fresh fruits and vegetables in high tech irrigated tunnel houses and open-fields respectively. The two grants have the potential to employ more than 18,000 smallholders, with the Kijani project alone expected to benefit 3,000 smallholders of which 60 percent are women.

**DFID Partnership for Progress**

The UK government has been providing aid to Tanzania for more than 30 years. Today, the UK International Development (DFID) has 42 active projects in the country. Many of these are focused on promoting sustainable, job-creating investments by the private sector. Examples include DFID’s Agriculture Growth Corridor Programme and its project to co-invest in a tea investment through a broader partnership with Unilever. Notably, Tanzania has recently become one of five African countries to form High Level Prosperity Partnerships with the UK. The objective of this partnership is to double the number of British companies doing business in the renewable energy and agriculture sectors by 2015. This emphasis on supporting investment, trade and private sector-led growth was demonstrated by DFID’s decision to lead a high-level business delegation to Tanzania in 2013, the first time the department had done.

**Case Study: Kilombero-Ifakara Road Project**

The Kilombero-Ifakara road project will involve the construction of the 103.3 Kilometre tarmac road along a strategic section of Tanzania’s southern corridor. The project, which is jointly sponsored by USAID, DFID and the EU will cost approximately Tsh852.8 million. It will include upgrades to the Ifakara-Madete road and the construction of three bridges near Ifakara. The project’s aim – to improve transport facilities and enhance access to rural areas with strong agricultural potential – corresponds directly to the objectives of USAID’s Feed the Future program. Feed the Future is a multilateral initiative which seeks to improve food security in developing countries by facilitating economic growth that will boost incomes and reduce poverty, hunger and under-nutrition.

**Tanzania Investment Centre (TIC)**

The TIC is a government institution tasked with promoting and coordinating investment into Tanzania. The TIC focuses on investment climate reform, promotion of local and foreign investments and the provision of advice to the GoT on investment related matters. Since its inception, TIC has been instrumental in promoting investment in the country through advocating for a more conducive business environment. TIC has registered more than 8,450 investment projects.
and, despite a period in which the agency was without an appointed board, it has proven itself to be a useful tool for investors who wish to accelerate the market entry process. A sign of this positive shift is Tanzania’s position as one of the top ten investment destinations in Africa, according to the Rand Merchant Bank’s (RMB) 2013 Global Investment Banking report.

**Tanzania Private Sector Foundation**

Tanzania Private Sector Foundation (TPSF) was formed in 1998 at a time when market-based policymaking by the GoT was in its early stages. As an umbrella organization for the private sector, TPSF has a large membership, including more than 200 members and 167 associations representing more than 3.5 million indirect members. Since it was formed, TPSF has been in the forefront of promoting private sector investment through competitive, fair and inclusive policy reform. Among the organisation’s most recognised achievements is the establishment of Tanzanian National Business Council (TNBC), a platform chaired by the President, with 20 members each from the private and public sectors. The TNBC meets twice annually to discuss and resolve business environment issues.

**4. Civil Society**

**4.1 Perspectives on progress in Tanzania’s partnership approach to agricultural transformation**

This section summarizes the perspectives and feedback of key Civil Society Organizations (CSOs) on Tanzania’s partnership approach to agricultural transformation. CSOs which were consulted and which provided input for this report include, but are not limited to, the following:

- Agricultural Council of Tanzania
- CARE Tanzania
- Concern Tanzania
- Agricultural Non-State Actors Forum

All CSOs consulted were broadly supportive of Tanzania’s partnership approach to agricultural transformation and recognized that progress has been achieved. One CSO representative noted, in particular, the welcome shift in mind-set that has occurred in government from a historic mistrust of the private sector to proactive engagement with private companies seeking to make transformative investments in Tanzania’s agricultural sector. Several CSO representatives also noted that there is an opportunity for CSOs to engage directly with responsible private sector investors to support their efforts to achieve New Alliance objectives. Equally, CSOs would like to see greater involvement of non-state actors in deliberations over Development Partner alignment and funding disbursement.

Several overarching themes and viewpoints emerged from input provided by civil society representatives, including:

- The need to ensure that private sector investments in cash crops and commercial agriculture do not crowd out production of nutritious food and household consumption crops. Fundamentally, there needs to be greater recognition that greater crop production alone will not resolve the challenge of food security; equally important are the nutritional content of available food, the purchasing power of smallholder farmers and access to services, storage and distribution networks.

- The need for greater attention from government, development partners and the private sector on the issue of land rights for smallholder farmers. GoT and its partners must protect land rights for smallholders in out-grower schemes and support smallholders in their efforts to resolve land issues as they seek to commercialize.
• The requirement to include much greater attention in the New Alliance agenda to environmental issues and the potential environmental impact of large-scale agricultural investments in Tanzania.

• The absence, to date, of gender equity issues as a component and objective to be incorporated into Tanzania’s Partnership Approach to Agricultural Transformation.

• The importance of making evidence-based arguments for policy change and investment decisions, which can be achieved through a greater focus on empirical studies and modelling. For instance, beyond merely affirming a change of tax policy that improves the investment climate for agriculture, it is important to follow-up by (i) documenting whether the policy is fully implemented; and (ii) measuring the tangible benefit to farmers and businesses.

• The need to focus not only on multinational investors but also on small- and medium-sized agricultural enterprises. GoT and DPs need to reach out to these smaller firms, even if their systems and policies are immature. Over 15mn Tanzanian are involved in agriculture – most of them in rural areas. Foreign companies alone cannot improve the prospects of even half of this number, so there is a need under the New Alliance to support both SMEs and mechanisms for self-employment.

CSOs also highlighted issues that relate to the respective roles of the government and development partners:

• Regarding government policy commitments, CSOs observed that a key challenge is the gap between policy decisions and policy implementation. At the highest (ministerial) level of central government, there is generally agreement on policy direction, but at the level of line ministries, regional government and local government representatives, policy is sometimes either not communicated or goes unimplemented. This can lead to bottlenecks. As such, there is a need to communicate and engage all government stakeholders in the policy process.

• A further issue is the ad hoc nature of government policy-making. Uncertainty in the policy environment is the number one constraint, and the key issue is consistency.

• Regarding Tanzania’s Development Partners, the sharing and communicating of information is viewed by CSOs as an area for greater attention. A further issue is the need for long term planning and alignment of donor support. Finally, CSOs noted the need for clarity and refinement of the definitions and methodology used for results monitoring: for instance, how should small-holder farmers be properly defined? And why should the total area under cultivation be used as a metric when yield may represent a more important metric in terms of the impact on farmer’s incomes?

### Key data

**Tanzania at a glance**

- 44.9 million population with a growth rate of 2.7%
- 50.1% of the Tanzanian population are aged 0-17
- 29.6% of the population is living in urban areas
- 77% of people living in rural areas
- 80% earning a living in agriculture
- 45.3% of GDP from agriculture and 50% of exports
- 40% live below the poverty line
• Pop. below food poverty line 17%

**Food Security:**

- Calories supply per capita: 2,137
- Population undernourished: 38.8%
- Global Hunger Index (rank): 54th of 79
- 42% of children under 5 are stunted
- 23% of the population is chronically food insecure
- 3.1% consume only one meal per day
- 48% two meals per day
- 11% of women have a BMI of 18.5 or less which would classify them as malnourished

**Tanzanian Women**

- 68% of rural women earn less income than their husbands.
- 33.5% of rural women cannot read as compared with 22.2% of rural men.
- 43.2% of rural girls passed the Primary School Leaving Examination compared with 55.6% of boys.
- 9% of women versus 20% of men have access to information through mass media.
- HIV prevalence is 6.8% among women and 4.7% among men.
- The maternal mortality rate (MMR) in Tanzania (454 deaths per 100,000 live births) is high compared with other countries in southern Africa.
- 39% of women aged 15-49 have experienced physical violence, 33% in previous 12 months.
- 23% of women aged 15-19 have begun child rearing
- 27% of married women are using modern forms of contraception
- 11% of women have a BMI of 18.5 or less which would classify them as malnourished
- 15% of Tanzania women have FGM survivors
- 50% of births occur in health facilities

5. Profiles

5.1 Case study: Agro EcoEnergy

Tanzania’s land population density is relatively low (51 people per square km as at the 2012 census). It has 44 million ha of arable land, of which only 27% is under cultivation. The country has vast tracts of largely idle and unproductive land. Moreover, land ownership and boundaries are unclear as less than 10% of the land is titled.

The GoT has become increasingly aware that in order to turn this situation around it needs access to modern technologies, know-how and market connections. For its part, Agro EcoEnergy Tanzania Ltd., a Tanzanian subsidiary of the Sweden-based EcoEnergy Africa AB, was seeking land to establish a modern sugarcane plantation and build a factory producing sugar, ethanol and power. In response, the GoT has piloted a cooperation framework that
balances the interests of all stakeholders, striking a win-win deal whereby the GoT and local communities will receive a 10% non-dilutable shareholding in the project company Bagamoyo EcoEnergy Ltd and a further 15% B-share stake after 18 years of operation, in exchange for Bagamoyo EcoEnergy being granted a 99-year lease of land free from encumbrance. The land given out largely consists of an abandoned state-owned cattle ranch in Bagamoyo district.

In handling the resettlement of households within the boundaries of the granted land, the company opted not to implement existing procedures (which often saw compensation disproportionately distributed to those with more influence than entitlement) but to follow international best practice, predicated on guaranteeing as good or even better a standard of living for those being involuntarily resettled as they previously had. As only genuine locals who had grown crops before the resettlement process started (2011) were eligible, a number of disgruntled claimants sought to discredit the investment and fuelled “land grab” accusations, urged on – according to a joint statement by the Ministry of Land and the company – by trading competitors and land speculators.

Hailed nevertheless as an innovative collaborative solution to transforming land from disused to productive, “land for equity” and the compassionate compensation scheme are held up by the Ministry of Land as best practice for handling such land and resettlement issues in future.

The Government of Tanzania and its partners have led a series of initiatives to ensure that the annual review process is transparent and inclusive. For example, a stakeholder meeting was held at the Prime Minister’s Office (PMO) in Dar es Salaam on 30th June 2014, hosted by Mr. F. Turuka, Permanent Secretary PMO, in which representatives from government, the private sector, civil society and development partners discussed Tanzania’s partnership approach to agricultural development. During the meeting, participants reviewed progress against commitments made by all stakeholders.

Meanwhile, a series of additional meetings were held in late June and early July 2014, including a Policy Dialogue Meeting held at the Bank of Tanzania, chaired by Mr. Lyimo, Chief Executive Officer responsible for agriculture in the President’s Delivery Bureau of the Big Results Now Initiative, and attended by representatives from government, public-private partnerships, the private sector and industry associations. The meeting addressed the unrestricted imports of agricultural products in Tanzania and policy actions to prevent this – a key issue in the New Alliance context.

Additional meetings included a CEO Roundtable Discussion on the Rice Value Chain, chaired by the SAGCOT Centre with participants including the Director General of TANTRADE, the Executive Secretary of the Tanzania Business Council, the CEO of the Rice Council of Tanzania, and representatives of several associations and civil society organizations such as Tanzania Horticultural Association, Agricultural Non-State Actors Forum and others. Further meetings have been held involving representatives from the Disaster Management Department of the Prime Minister’s Office and from different Government Ministries (Agriculture, Livestock, Community Development, Water) and Agencies (National Bureau of Statistics, Meteorological Agency) as well as international organizations such as the World Food Program.

Annex 2. Stakeholder Meeting Participants, PMO, 30th June 2014

<table>
<thead>
<tr>
<th>Organization Name</th>
<th>Attendee name</th>
<th>Attendee Title</th>
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<tbody>
<tr>
<td>Africa Practice</td>
<td>Ashley Elliot</td>
<td>Consultant</td>
</tr>
<tr>
<td>Africa Practice</td>
<td>Meg Maigai</td>
<td>Consultant</td>
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<tr>
<td>Agricultural Council of Tanzania (ACT)</td>
<td>Janet Bitegeko</td>
<td>Executive Director</td>
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<tr>
<td>Agricultural Non State Actors Forum (ANSAF)</td>
<td>Gili Teri</td>
<td>Program Manager</td>
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<tr>
<td>DFID</td>
<td>Mark Povey</td>
<td>Private Sector Advisor</td>
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<tr>
<td>DFID</td>
<td>Richard Boulter</td>
<td>Head Growth Team</td>
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<tr>
<td>DFID</td>
<td>Alex Mangowe</td>
<td>Private Sector Advisor</td>
</tr>
<tr>
<td>EU Delegation Tanzania</td>
<td>Gianluca Azzoni</td>
<td>Head of Natural Resources</td>
</tr>
<tr>
<td>Ministry of Agriculture</td>
<td>R. Kayumba</td>
<td>Ag HiMDVU</td>
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<tr>
<td>National Microfinance Bank (NMB)</td>
<td>Robert Pascal</td>
<td>Head of Agribusiness</td>
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<tr>
<td>PMO</td>
<td>Fiorens Turuka</td>
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<tr>
<td>PMO</td>
<td>Pascal Vyagusa</td>
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<tr>
<td>PMO</td>
<td>Obey Assery</td>
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<tr>
<td>Presidential Delivery Bureau</td>
<td>Lawrence Mafuru</td>
<td>Director of Resources Mobilisation</td>
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<tr>
<td>Presidential Delivery Bureau</td>
<td>Peniel Lyimo</td>
<td></td>
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<tr>
<td>Tanzania Breweries Ltd</td>
<td>Phocas Lasway</td>
<td>Managing Director</td>
</tr>
<tr>
<td>SAGCOT</td>
<td>Jennifer Baarn</td>
<td>DCEO</td>
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<tr>
<td>SAGCOT</td>
<td>Geoffrey Kirenga</td>
<td>CEO</td>
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<tr>
<td>SAGCOT</td>
<td>Nzinga Blankendal</td>
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<tr>
<td>Serengeti Breweries Ltd</td>
<td>Steve Gannon</td>
<td>Managing Director</td>
</tr>
<tr>
<td>Organization</td>
<td>Person</td>
<td>Position</td>
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<tr>
<td>Tanzania Investment Centre (TIC)</td>
<td>Said Amiri</td>
<td>PPP Manager</td>
</tr>
<tr>
<td>Tanzania Sugarcane Growers Association (TASGA)</td>
<td>George Mlingwa</td>
<td>Vice Chairman</td>
</tr>
<tr>
<td>USAID</td>
<td>Thomas Hobgood</td>
<td>FtF Senior Advisor</td>
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<tr>
<td>USAID</td>
<td>Sharon Cromer</td>
<td>Mission Director</td>
</tr>
<tr>
<td>Yara International</td>
<td>Hillary Patto</td>
<td>Head of Marketing &amp; Distribution</td>
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