



Tanzania Country Presentation for HIH Investment Forum



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Hand-in-Hand
Initiative

Investment Forum
18 October 2023



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Enabling environment

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**Investment plan
and opportunities**

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SECTION 1:

Tanzania: Overview

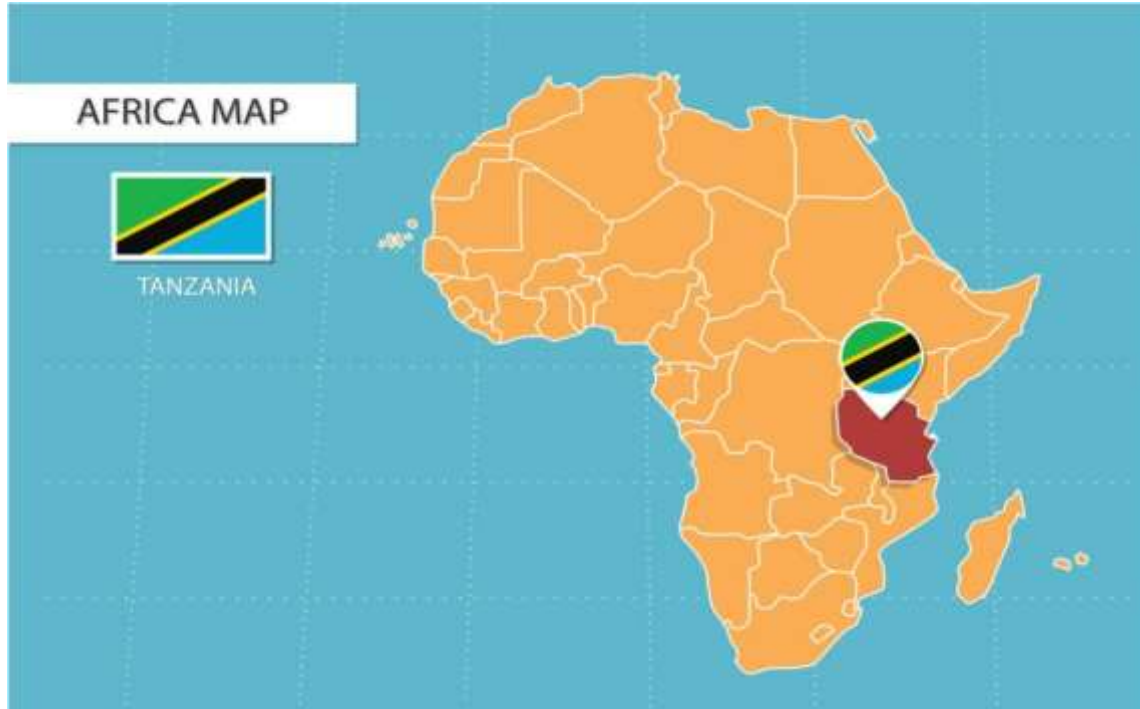
Tanzania: overview



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- **Climate:** tropical climate with hot humid coastal plain; semi-arid central plateau; high rainfall lake regions; and temperate highland areas.
- **Natural resources:** rivers, lakes, ocean, forests/woodlands, wildlife, minerals including natural gas.
- > 70% of population living in rural areas with direct access to arable land for agricultural production.
- Most practice subsistence farming with transition potential to commercial farming.
- In almost all regions there are poverty incidences; with potentially unexploited areas for agriculture.
- After plateauing between 2001 and 2007, in 2018 the poverty rate fell from 34.4 to 26.4 percent.

- Country area: 947,303 sq. km
- Cropland approx.: 44.62% of land area
- Cropland under cultivation: 24%
- Population: 61,741,120
- Agriculture, forestry and fisheries together make up to 26.6% of GDP

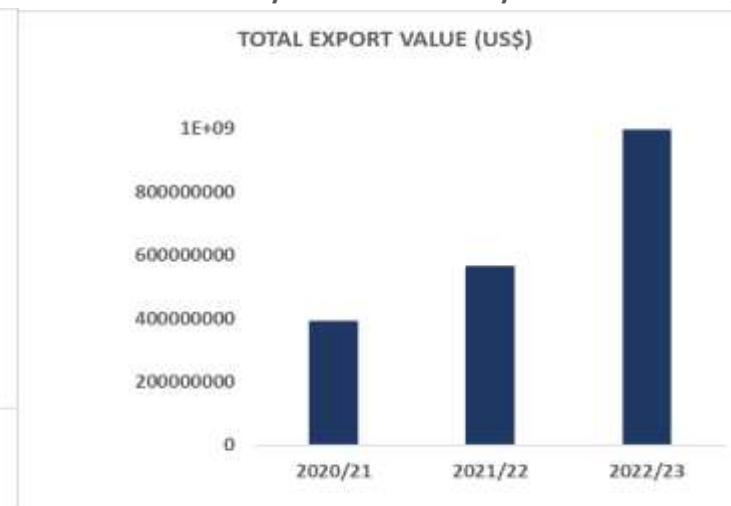
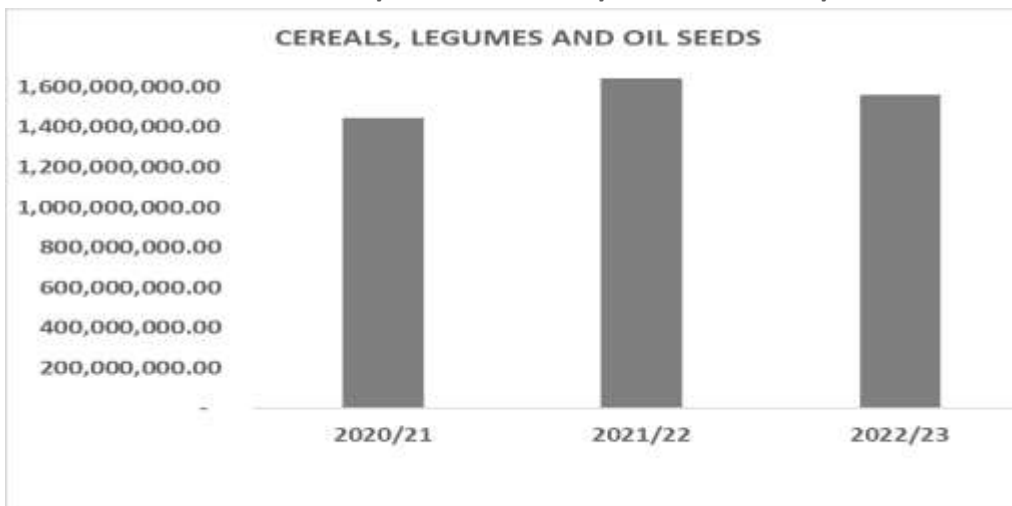
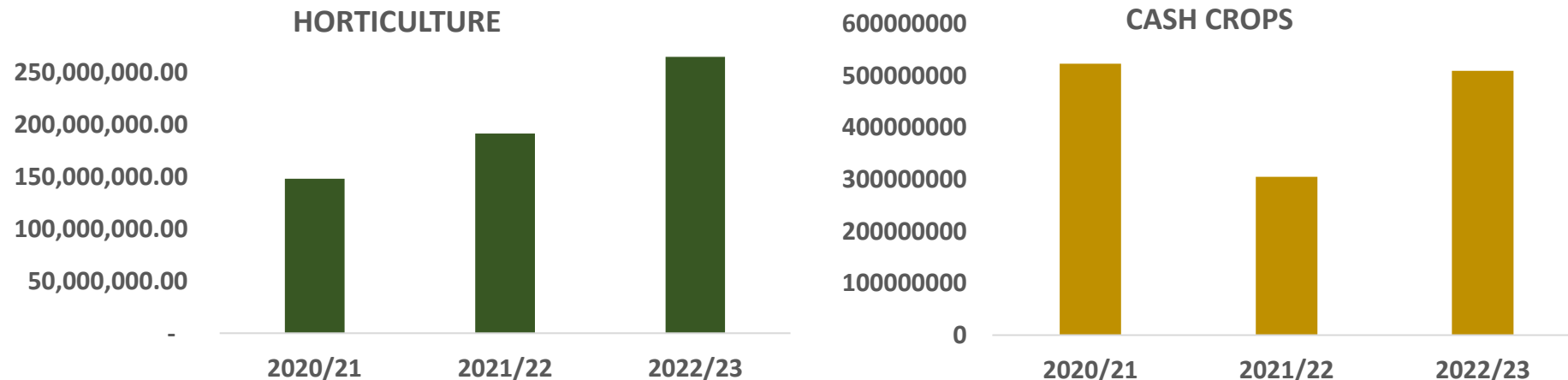


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EXPORT VALUE IN THE PAST THREE YEARS



Reasons to attract Investments



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• Increasing access to commercial infrastructure

- Roads
- Communications
- Marketing infrastructure
- Processing infrastructure
- Post-harvest handling and storage technologies
- Agricultural machinery

• Transitioning from Subsistence Farming to Commercial Farming

- Moving from seed retention to quality seed purchase
- Increasing access to extension services
- Increasing access to irrigation services
- Increasing access to technology and mechanization

• Improving Internal Trade Networks

- Transitioning from informal trading to formal (increasing tax base)
- Improving links to commercial infrastructure-logistical support
- Digital Markets and Cashless Payments
- Financial Services Access-(Credits and Insurance)

• Support new policies implementation

- E.g; East Africa Community Protocol on Sanitary and Phytosanitary
 - Standards adherence
 - Information dissemination and access
 - Awareness to traders and producers



Towards One African Market

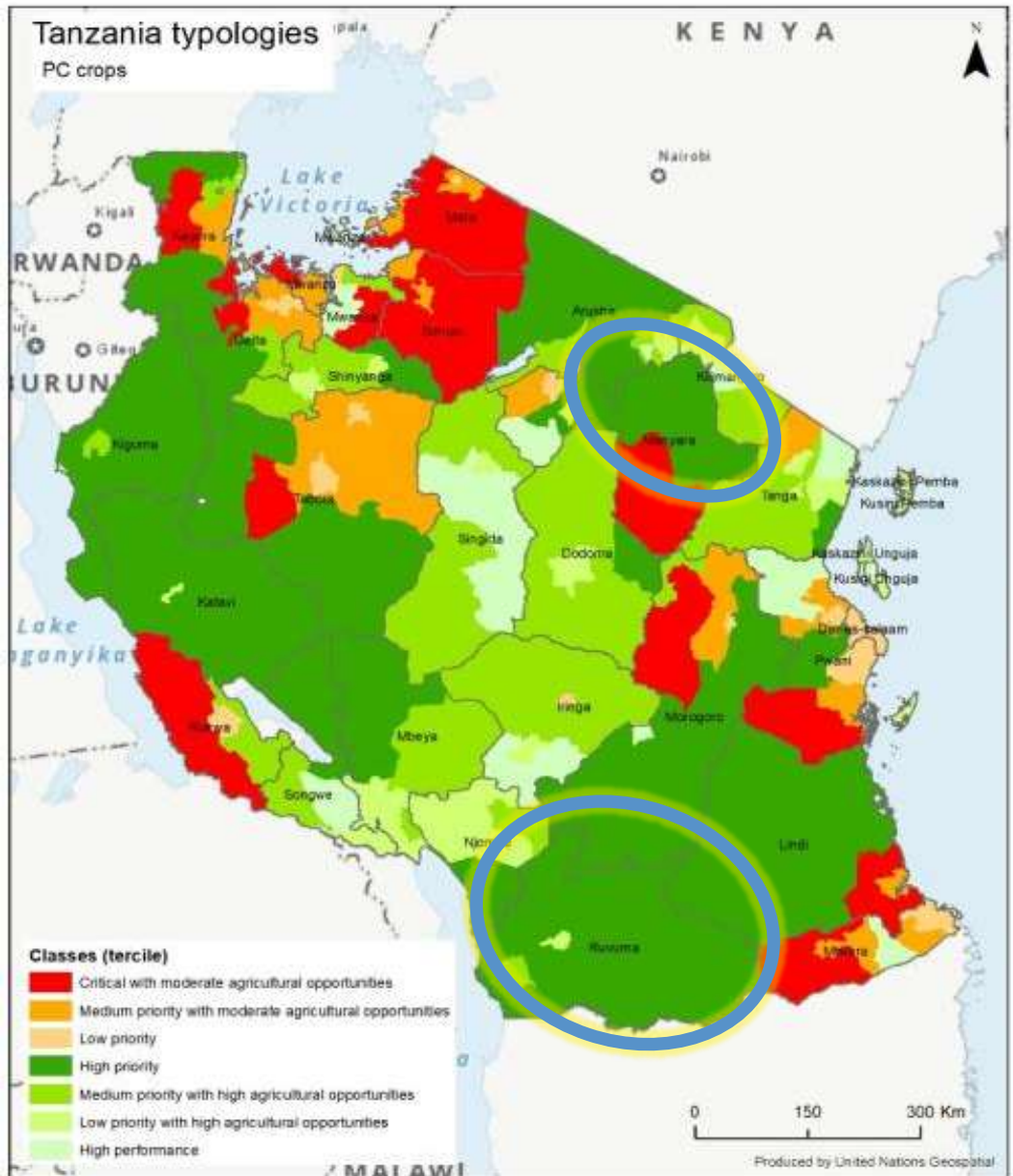
Crop Sub-sector Typologies



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Typology Classes

Typology Classes	Poverty	Potential	Efficiency
Critical with moderate agricultural opportunities	High	Moderate	Any
Medium priority with moderate agricultural opportunities	Medium	Moderate	Any
Low priority	Moderate	Moderate	Any
High priority	High	Medium / High	Medium / Moderate
Medium priority with high agricultural opportunities	Medium	Medium / High	Medium / Moderate
Low priority with high agricultural opportunities	Moderate	Medium / High	Medium / Moderate
High performance	Moderate	Medium / High	High

A Dedicated Geo-Spatial Portal for Tanzania

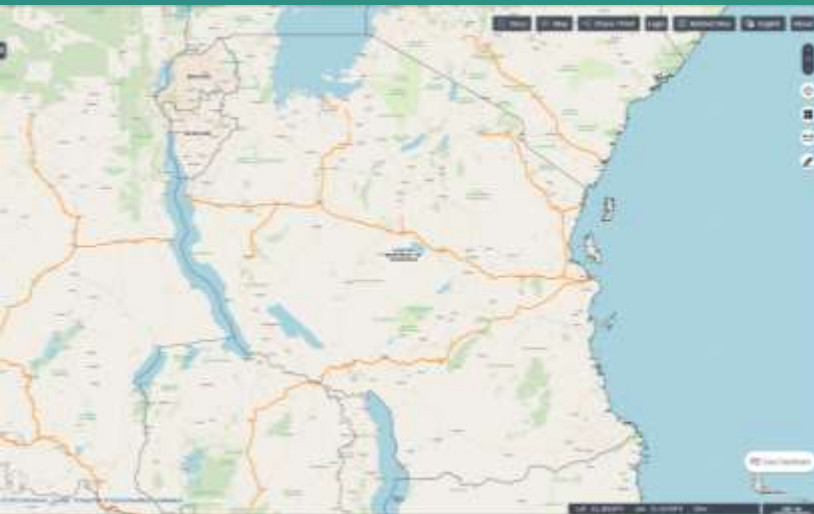


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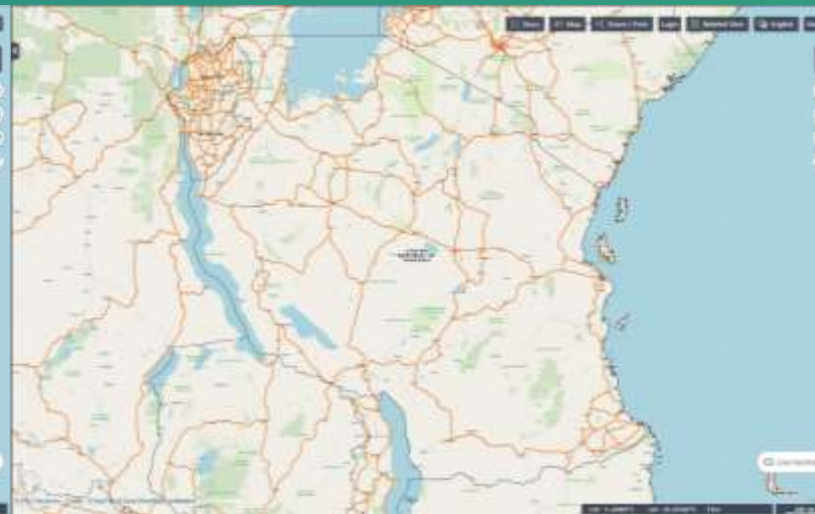


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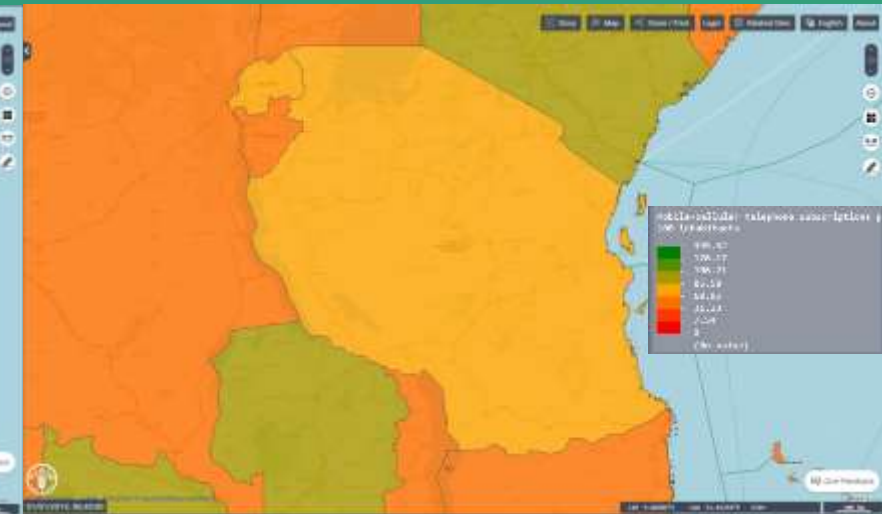
<https://data.apps.fao.org/tanzania/>



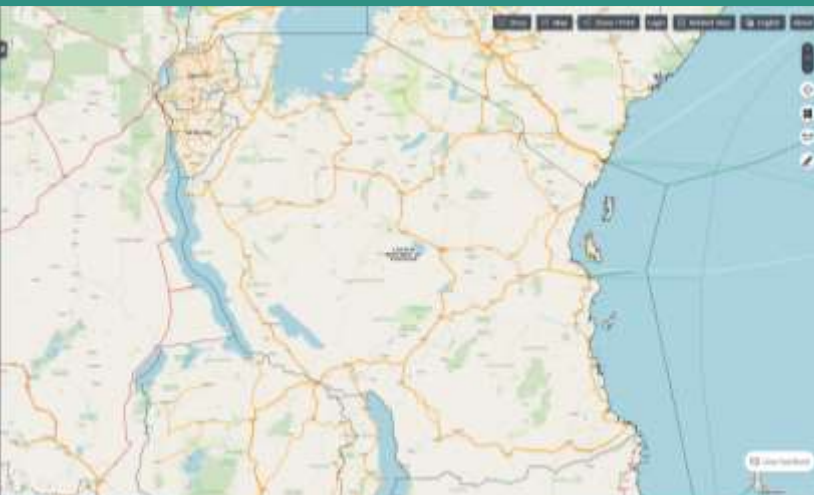
Transportation Rail networks



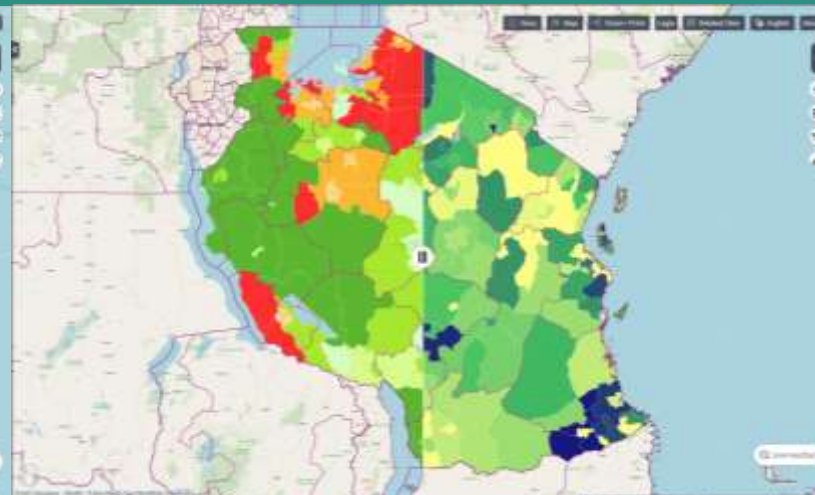
Road Connectivity



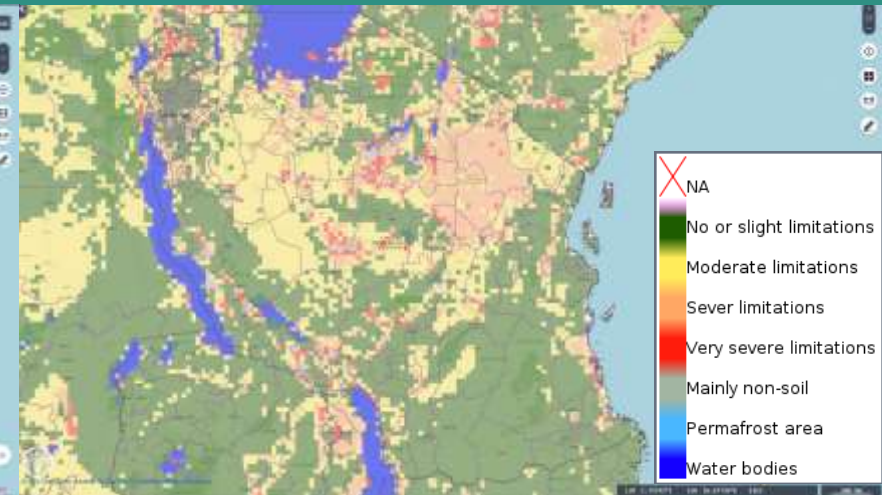
Mobile phone subscription, 60-85 % by 2018



Optic fiber connectivity



Compare agricultural efficiency vs potential



Soil workability maps

Promising Investment Trends

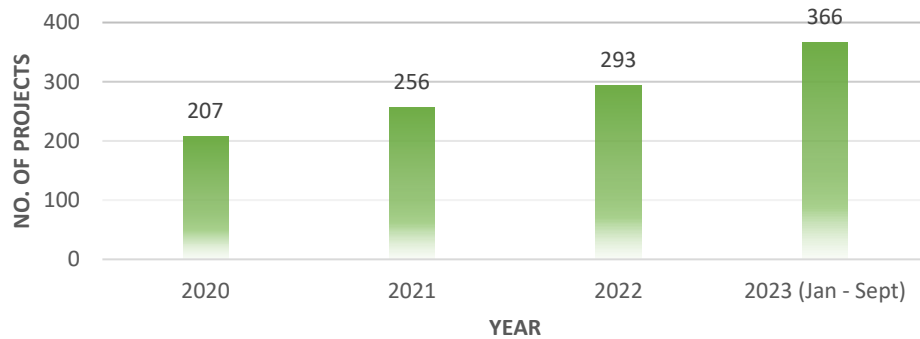


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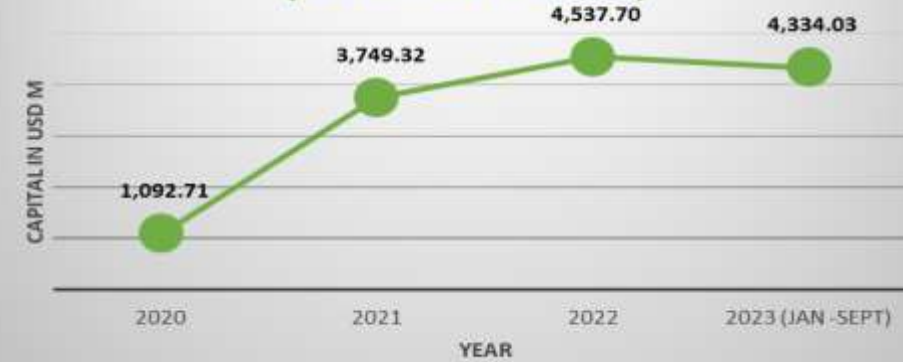


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TRENDS OF INVESTMENT PROJECTS REGISTRATION (2020 - SEPT 2023)



VALUE OF THE PROJECTS IN USD M (2020 - SEPT 2023)



FDI INFLOW AS PER AS PER REGISTRATION



TRENDS OF AGRICULTURE PROJECTS AND VALUE IN USD M (2020 - SEPT 2023)



SECTION 2: ENABLING ENVIRONMENT

- Policy and governance factors
- Economic factors

Enabling environment:



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Investment Policies and Regulations

- Clear and transparent foreign investment policies that provide protection for foreign investors and ensure fair treatment.
- Well-defined procedures for establishing and registering foreign-owned agribusinesses.

Land Tenure and Property Rights

- Secure land tenure systems that allow for long-term leases for foreign investors.
- Transparent and efficient land acquisition processes with safeguards against land disputes.

Political Stability and Legal Framework

- Stable political environment that minimize investment risks.
- Strong legal framework to enforce contracts and resolve disputes, including access to international arbitration.

Access to Finance and Investment Incentives

- Availability of financing options for foreign investors, including access to local and international financing sources.
- Investment incentives such as tax breaks, duty exemptions, and grants specifically targeted at foreign agricultural investors.

Agricultural Sector Investments

- Drilling of 67,850 irrigation wells, each for 16 farmers targeting a total of 2,714,000 acres.
- Program for strengthening extension services
- Government's subsidy program on increased access and use of fertilizers

Enabling Environment: Economic Factor/Market



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Market Access and Trade Agreements

- **Access to domestic and international markets** through trade agreements and partnerships.
- **Favorable trade policies** that support the export of agricultural products.

Infrastructure and Logistics

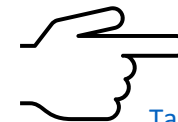
- **Adequate transportation networks**, including roads, ports, and railways, to facilitate the movement of agricultural products.
- **Reliable energy supply** to support agricultural processing and value addition.

Incentives to Investors

- **100% capital allowance** on plant and machinery equipment used solely in Agriculture.
- **50% Capital allowances** in the first year of use for Plant and Machinery.
 - **All exports are zero rated** under the VAT law.
 - **Ten percent (10%)** - Import Duty for Semi-processed/semi-finished goods).
 - **Duty free movement of goods** among the members of the East African Customs Union.
 - **Zero percent (0%) Import Duty** on Project Capital Goods, Raw Materials and Replacement Parts for Agriculture, Animal Husbandry and Fishing.



For more on tax incentives
granted for investments
access



[Tanzania Revenue Authority - Tax incentives \(tra.go.tz\)](https://tra.go.tz)

AGRICULTURE IN ZANZIBAR



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Zanzibar is characterized by the fertile soil and favourable climate for organic farming such as spices and other agricultural products.

Agricultural sector in Zanzibar is dominated by the small holder farmers who produce various products. Hence many investment opportunities in agriculture are available across the value chain.

Spice Farming: For about 400 years Zanzibar has been known as “Spice Island”



Investment Opportunities across value chains



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Vertically integrated organic farming

Value addition by in house processing, packaging, labelling and distribution. Joint ventures with local farmer cooperatives and producers.



Supply chain opportunities

Trading/packing/exporting/ food companies buying organic agricultural products from smallholder farmers.



Finance providers

specifically targeting the smallholder farmer sector with affordable microfinance (loans, insurance, transfer services and other financial products).



Affordable internationally recognized certification for organic farming

Clean label branding and organic certification, Currently there is a lack of international accepted certifiers for organic farming in Zanzibar and services are expensive.



AgriTech

specifically targeting the smallholder farmer sector in order to increase productivity e.g. apps distributing useful inputs and trainings.



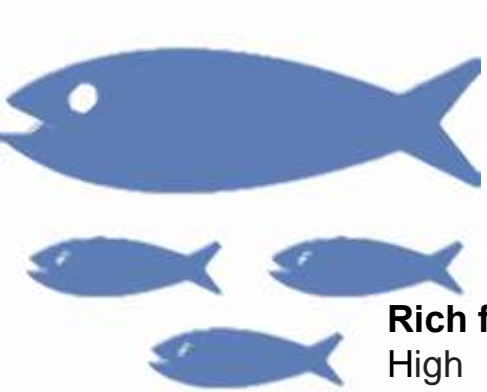
Investment Opportunities Aquaculture



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Rich fish stocks
High profitability
for sustainable
fishing companies



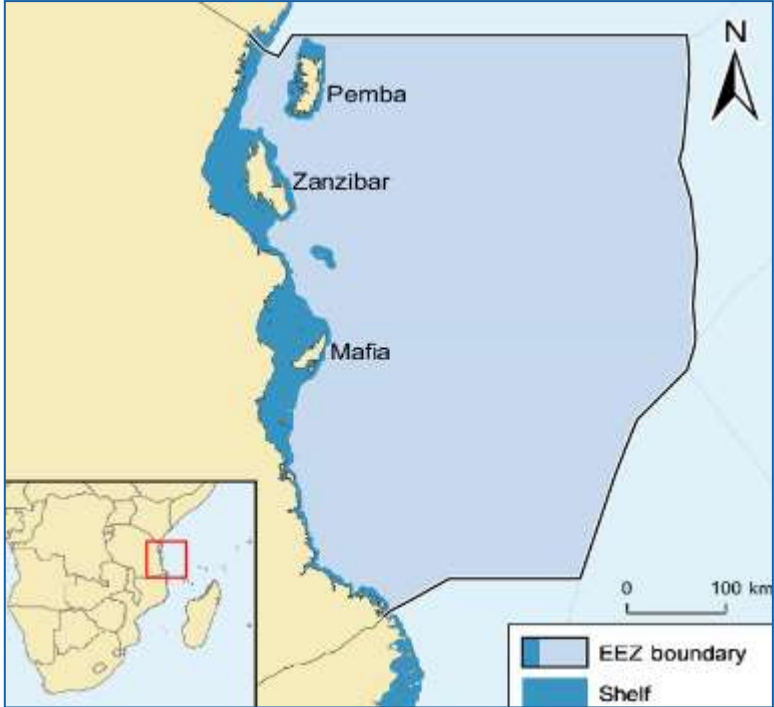
600 km coastline!
Vast space
for local aquaculture operations



**Very high biodiversity
with more than 1400
marine species**
Great potential for
researching new species
with industrial potential.

www.zipa.go.tz

**Large exclusive economic zone (EEZ)
223 000 km².**



Small water bodies
Many bays, lagoons, tidal flats
provide ideal sites for aquaculture.

SECTION 3: INVESTMENT PLAN & OPPORTUNITIES

Overview of investment programme and opportunities

- **Thematic entry points and ASDP II programme components**
- **Possible investment areas and locations**
- **Summary of Investment proposals**

Section 3: Investment plan & opportunities



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10-year Development Budget:
Approx. USD 1.4 billion

ASDP II Objective

Transform the agricultural sector towards higher productivity, commercialization level and smallholder farmer income for improved livelihood, food security and nutrition.

Component 1: Sustainable Water and Land Use Management

Objective - Expanded sustainable water and land use management for crops, livestock and fisheries

Component 2: Enhanced Agricultural productivity and Profitability

Objective - Increased productivity growth rate for commercial market-oriented agriculture for priority commodities

Component 3: Commercialization and Value Addition

Objective - Improved & expanded rural marketing and value addition promoted by a thriving competitive private sector and effective farmer organizations

Objective 4: Sector Enablers, Coordination and M&E
Objective - Strengthened institutions, enablers and coordination framework

Accelerated by



For increased agricultural
sector growth to 10% by 2030



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Dakar 2: Food and Agriculture Delivery Compact

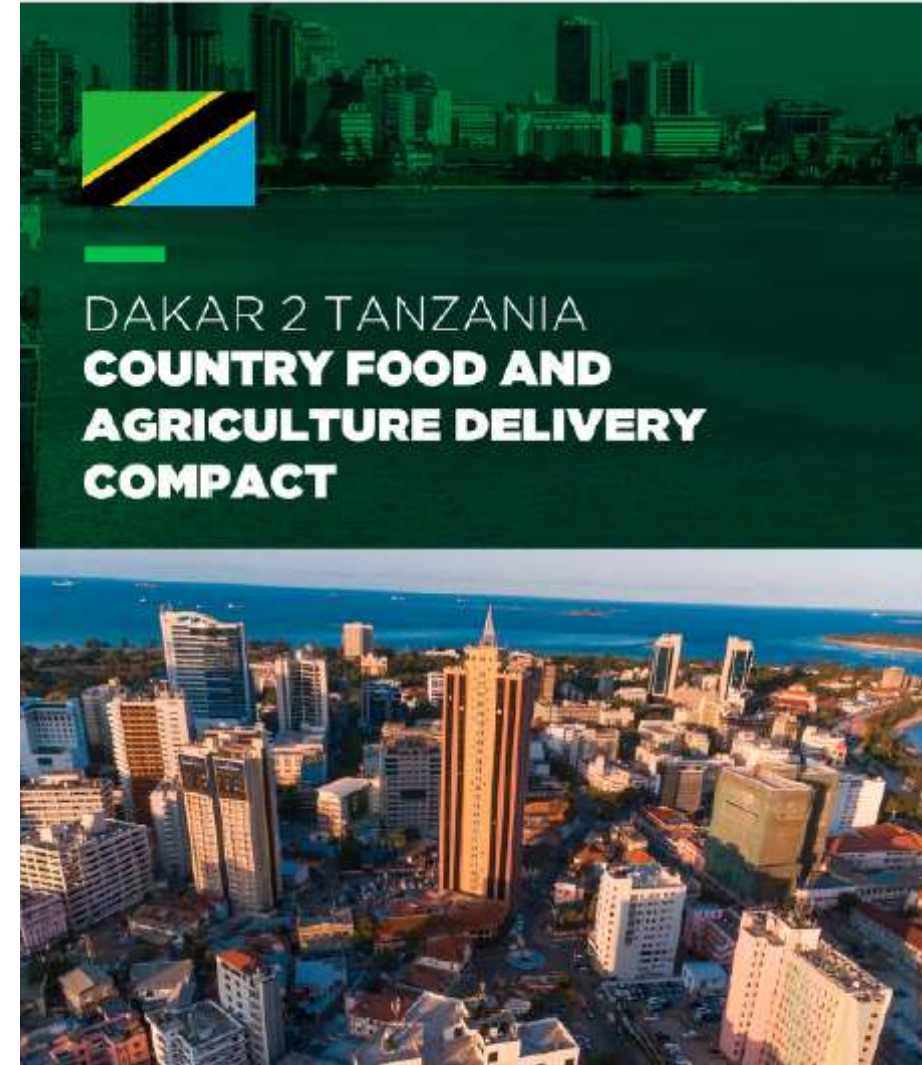
Wheat: aims to **reduce importation and increase food security** with current import bill of about USD 221 million/annum.

Edible oils – sunflower and soybean: attain production **target of 3 million tons by 2025**, from which 1 million tons can be processed and sold locally and in export markets.

Irrigation: attain target to increase the area under **irrigation from the current 727,280.6 ha to 1.2 million** ha by 2025.

Quality inputs (Certified seeds): scale up the production and delivery of certified **seeds from 1,058 MT to 200,000 MT** within five years.

Value addition, agro-processing, logistics and storage: accelerate implementation of **Agro-Industrialization Development Flagship programme**.



Climate-Smart Sunflower Investment



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Impacts

- Create sustainable income sources for Sunflower farmers and supply chain stakeholders (per capita \$ 1,070 USD).
- Reducing annual Sunflower oil imports and availability in local market.
- Reduce import dependence.
- Increase full time and part time jobs creation to women and youth (17,790 jobs).
- Climate-Smart production and processing widely used (including renewable energy).

Market

- High national demand for edible oil and Sunflower.
- Sunflower oil is among the high substitute agricultural commodity imported in Tanzania annually.
- Competitive local pricing for Sunflower oil with high demand attributed to its nutritional value.
- Investment locations Honiara (Manyara region and nearby regions including at the Capital city of Dodoma).

Risk and Mitigation

- Risk: Weather variation and climate change impact.
- Mitigation: Investment in irrigation and water use efficient technologies.
- Risk: Limited access and affordability of high-quality seed.
- Mitigation: Contract farming to ensure consistent availability at affordable price.
- Risk: Inadequate extension services to producers
- Mitigation: Extension service provision to identified producers.

Why Sunflower?

- Unavailability of high-quality seeds.
- Unaffordability of high-quality seeds by farmers.
- Inadequate storage facilities for year-round production of processing facilities.
- Inadequate processing facilities for high quality Sunflower products.
- Sunflower investments enhance rural livelihoods by creating job opportunities for youth and women in rural areas.

Prioritized Investments	Investment (USD)	NPV (USD)	IRR (%)
Seed multiplication:	1,083,618.49	56,185.92	9.27%
Storage facilities:	5,443,307.69	440,248.30	10.11%
Refinery facilities:	45,553,388.63	3,605,977.54	10.08%
Value Chain Support			
Irrigation technologies:	Government of URT		
Village and Farmer Support			
Extension services:	Government of URT		

TOTAL REQUIRED INVESTMENT: USD \$52.08m

Climate-Smart Soybean Investment



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Why Soybean?

- Unavailability of high-quality seeds.
- Limited access to extension services for increased productivity and profitability.
- Inadequate processing facilities for value addition and increased income.
- Boosts employment and income, especially for women and youth.



Impacts

- Increase per capita income to 2180 rural households to 755 USD from 380 USD.
- Soybean based livestock and fish feed innovation and value addition
- Increase income by converting Soybean into higher value-added products
- Social economic and environmental benefits
- Ensured food and nutrition security through increased access and affordability of Soybean and its products.
- Increase accessibility and affordability of livestock and fish feed.
- Climate-Smart production and processing widely used (including renewable energy).

Market

Domestic Market

- High local demand of variety of Soybean based foods and household goods produced and sold in local market at affordable competitive price.
- Soybean based livestock and fish feed is sold locally at affordable price to livestock, fish and poultry farmers.

International Market

- Tap on external market for Soybean raw material including China, India and other Asian countries.
- Secure regional market share for Soybean as raw material for animal and fish feed production.

Risk and mitigation

- Risk: Availability and affordability of quality seeds.
- Mitigation: Contract farming to ensure seed quality standard and affordability.
- Risk: High transportation cost from production area to major cities.
- Mitigation: Capitalizing on economies of scale and use of railway for transportation.
- Risk: Competitive market price from other regional producers.
- Mitigation: Investment on good extension service for reduced production cost.

Prioritized Investments	Investment (USD)	NPV (USD)	IRR (%)
Seed multiplication	2,677,208.23	64,321.31	8.57%
Extension services	848,974.37	61,016.32	9.93%
Processing facilities	3,846,615.37	116,544.42	10.39%

Value Chain Support	
Access to agricultural inputs: Quality seeds and inoculants	Government of URT
Access to agricultural implements: Portable agricultural machinery for planting and fertilizer application and harvesting	Government of URT

TOTAL REQUIRED INVESTMENT: USD \$7.37m

Climate-Smart Wheat Investment



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Why Wheat?

- Unavailability of high-quality seeds.
- Inadequate storage facilities for year-round production of processing facilities.
- Inadequate processing facilities for value addition and increased income.
- Wheat production can contribute to rural development by creating employment opportunities for local communities.

Prioritized Investments	Investment (USD)	NPV (USD)	IRR (%)
Seed multiplication	3,776,666.65	269,964.81	9.75%
Storage facilities	1,555,230.80	125,785.23	10.11%
Processing facilities	10,271,743.61	863,386.46	10.20%

Value Chain Support	
Access to agricultural inputs and technologies: Quality seeds, fertilizer and precision agriculture practices.	Government of URT
Access to agricultural implements: Portable agricultural machinery for planting and fertilizer application and harvesting	Government of URT

TOTAL REQUIRED INVESTMENT: USD \$15.60m

Impact

- Increase per capita income for 3,455 rural households to 359 USD from 260 USD.
- Increase number of Wheat processing and storage facilities.
- Increase income by converting wheat into higher value-added wheat products.
- Ensured food and nutrition security.
- Climate-Smart production and processing widely used (including renewable energy).

Market

Domestic Market

- Increased availability and affordability of Wheat as a source of food in rural areas.
- Increase availability and affordability of high-quality wheat seed for local producers.

International Market

- Export of wheat produced to regional and neighbouring countries.

Risk and mitigation

- Risk: Weather and climate change challenges.
- Mitigation: Adoption of precision agricultural technologies and irrigation.
- Risk: Higher production cost associated to land renting and agricultural input.
- Mitigation: Practicing contract farming.
- Risk: Market price fluctuation and volatility.
- Mitigation: Minimizing production cost through economies of scale.



THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF AGRICULTURE

BUILDING A BETTER TOMORROW: YOUTH INITIATIVE FOR AGRIBUSINESS (BBT-YIA)

2022- 2030



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Launched by the President during the



AFRICA FOOD
SYSTEMS FORUM

September 2023



H.E. Samia Suluhu Hassan
President of the United Republic of
Tanzania

- To promote youth engagement in agribusiness
- Towards improved and sustainable livelihoods for themselves and others.

Targeting

- 1.6 million youth (50% women)
- 12,000 profitable enterprises,
- 12,000 villages.

Pledged resources by partners

following the AGRF 2023 in Tanzania



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Total value US\$2.5 billion



Six years (2024-2030): Youth Initiative for Agribusinesses

US\$1.85 billion is to be mobilized

Read more at www.bbtkilimo.co.tz

Block farm development is the **primary investment** vehicle of the BBT

A block farm is essentially an **out-grower model** with agro-processing unit/off takers, road infrastructures, electricity and irrigation facilities.

Block Farming land availability

- 1,000,000 hectares – crop
- 391 000 hectares livestock

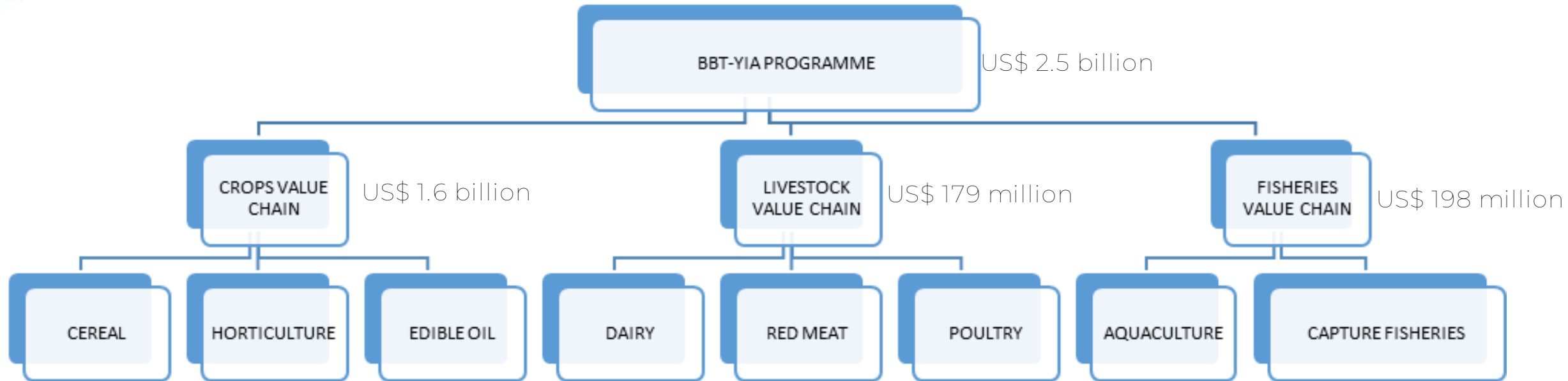
Youth in block farm receives

- 10 acres/4 hectares for crop development
- 1.5 acres/0.6 hectares for large stock – beef and dairy and for small stock – lamb, sheep, poultry and other livestock.

Investment Costs

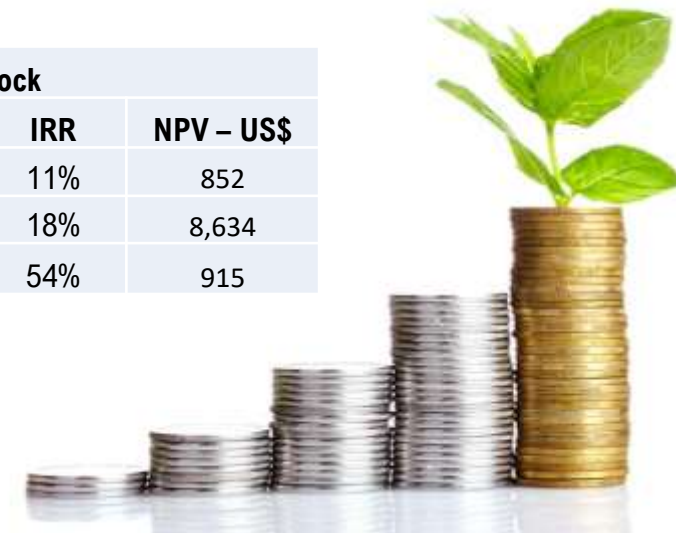
- US\$ 2,924/hectare/0.4 hectares of a block farmland.
- USD 500/hectare for off-farm (fisheries development, geoprocessing, logistics) activities outside block farmland.





Financial Returns

Horticulture			Cereals and Oil Seeds			Livestock		
Value Chain	IRR	NPV – US\$	Value Chain	IRR	NPV – US\$	Value Chain	IRR	NPV – US\$
Cucumber	11%	384	Wheat	8%	299	Cattle Multiplier	11%	852
Cabbage	10%	168	Sunflower	10%	149	Sheep Multiplier Farms	18%	8,634
Pepper	10%	146	Soyabean	9%	123	Poultry	54%	915
Green Pepper	10%	447	Maize	6%	1			
Carrot	14%	940	Sorghum	12%	112			
Watermelon	12%	109						
Onion	9%	857						
Tomato	7%	196						



Why investing in bbt?



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Investment Pillars	Investment (USD)	NPV (USD)	IRR (%)
Building a Better Tomorrow Investment Program	2.5 billion	1.2 billion	14%



More than 70% of population (thus majority of youth) live in rural areas.



Agribusiness has high potential of creating more jobs than other sectors.



There is still plenty of unutilized arable land (i.e. more than 75% of 44 million hectares).



The demand of food is high because of rising population. Youth in agribusiness strategy is also expected to transform agriculture to achieve food security as youth are more willing to apply new technologies than adults.



JOIN THE BBT PROGRAM

JOIN US TODAY

TOTAL REQUIRED INVESTMENT: USD \$2.5 billion with 14% EIRR for over 20 years

Tanzania investment plan



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SUMMARY

US\$ 3.9 Billion

Govt. Budget to 2030
(BBT + ASDP II)

US\$ 1.925 Billion

Total Investment
Required

8.57% to 14%

Overall - Average IRR

11,898,868

Direct Beneficiaries

US\$ 359 to 1,070

Income Increase
Per Capita

0.928 tCO₂-eq/ha

Emission Reduction
Potential in 20 years

KEY INVESTMENTS

4

Intervention Sunflower Value Chain

1

Cost (USD)
US\$ 52.08 M

IRR (%)
9.27% to 10.11%

NPV
US\$ 4.10 M



Direct beneficiaries: 261,769
Indirect beneficiaries: 3,926,535 indirect
Income increase per capita: US\$ 1,070
Potential Emission reduction per ha:
0.076 tCO₂-eq/ha over 20 years

Intervention Soybean Value Chain

2

Cost (USD)
US\$ 7.37 M

IRR (%)
8.57% to 10.39%

NPV
US\$ 0.24 M



Direct beneficiaries: 25,450
Indirect beneficiaries: 269,770
Income increase per capita: US\$ 755
Emission reduction per ha: 0.26 tCO₂-
eq/ha over 20 years

Intervention Wheat Value Chain

3

Cost (USD)
US\$ 15.60 M

IRR (%)
9.75% to 10.20%

NPV
US\$ 1.26 M



Direct beneficiaries: 11,649
Indirect beneficiaries: 126,974
Income increase per capita: US\$ 359
Emission reduction per ha: 0.59 tCO₂-
eq/ha over 20 years

Intervention Building Better Tomorrow

4

Cost (USD)
US\$ 1.85 Billion

EIRR (%)
14%

NPV
US\$ 1.2 Billion



Direct beneficiaries: 1.6 million
Indirect beneficiaries: 10 million
Emission reduction tCO₂-e/yr : -
5,663,597 over 20 years