



# Tanzania Country Presentation for HIH Investment Forum



Food and Agriculture  
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Initiative

Investment Forum  
17-20 October 2023





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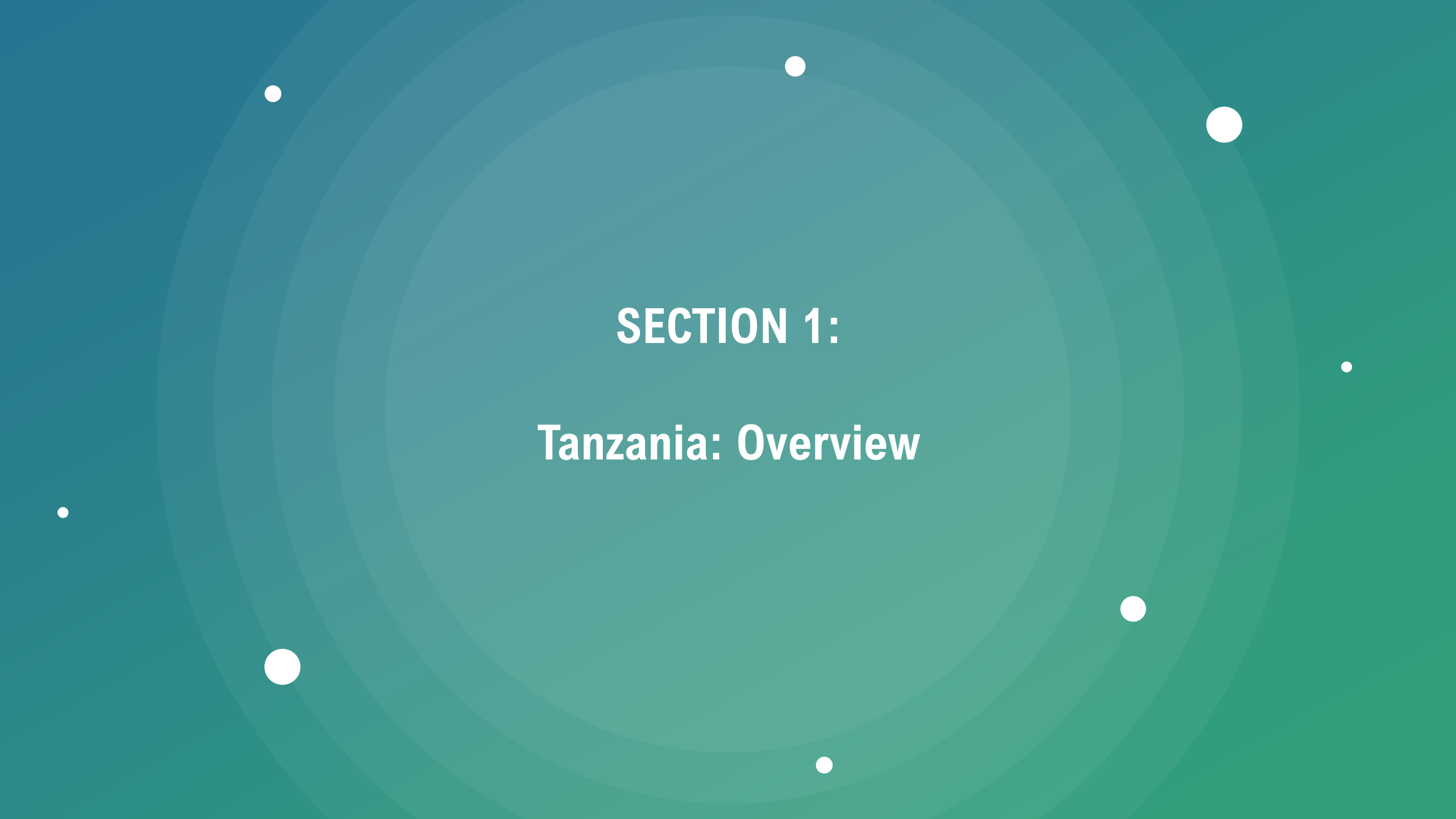
**Overview**

2

**Enabling environment**

3

**Investment plan  
and opportunities**

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**SECTION 1:**  
**Tanzania: Overview**

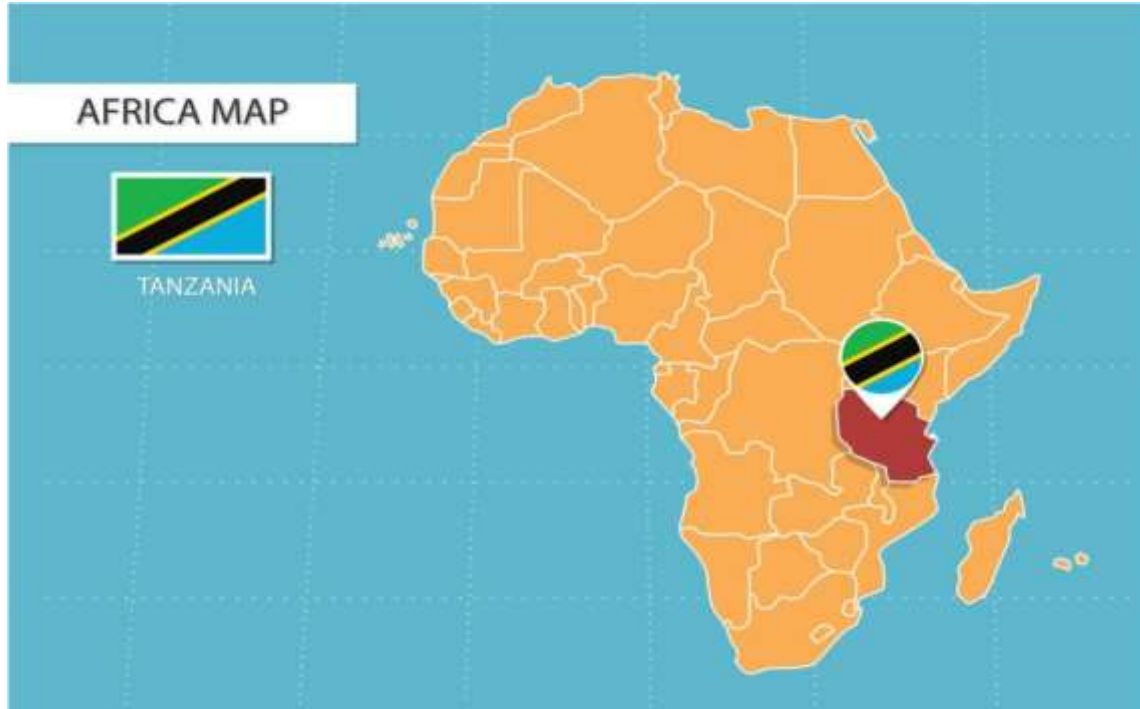
# Tanzania: overview



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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

# 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**



# Ease of doing business in Tanzania



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## Doing Business 2020 – Tanzania

Ease of Doing Business in

Tanzania



Region	Sub-Saharan Africa
Income Category	Low income
Population	56,318,348
City Covered	Dar es Salaam

DB RANK



DB SCORE



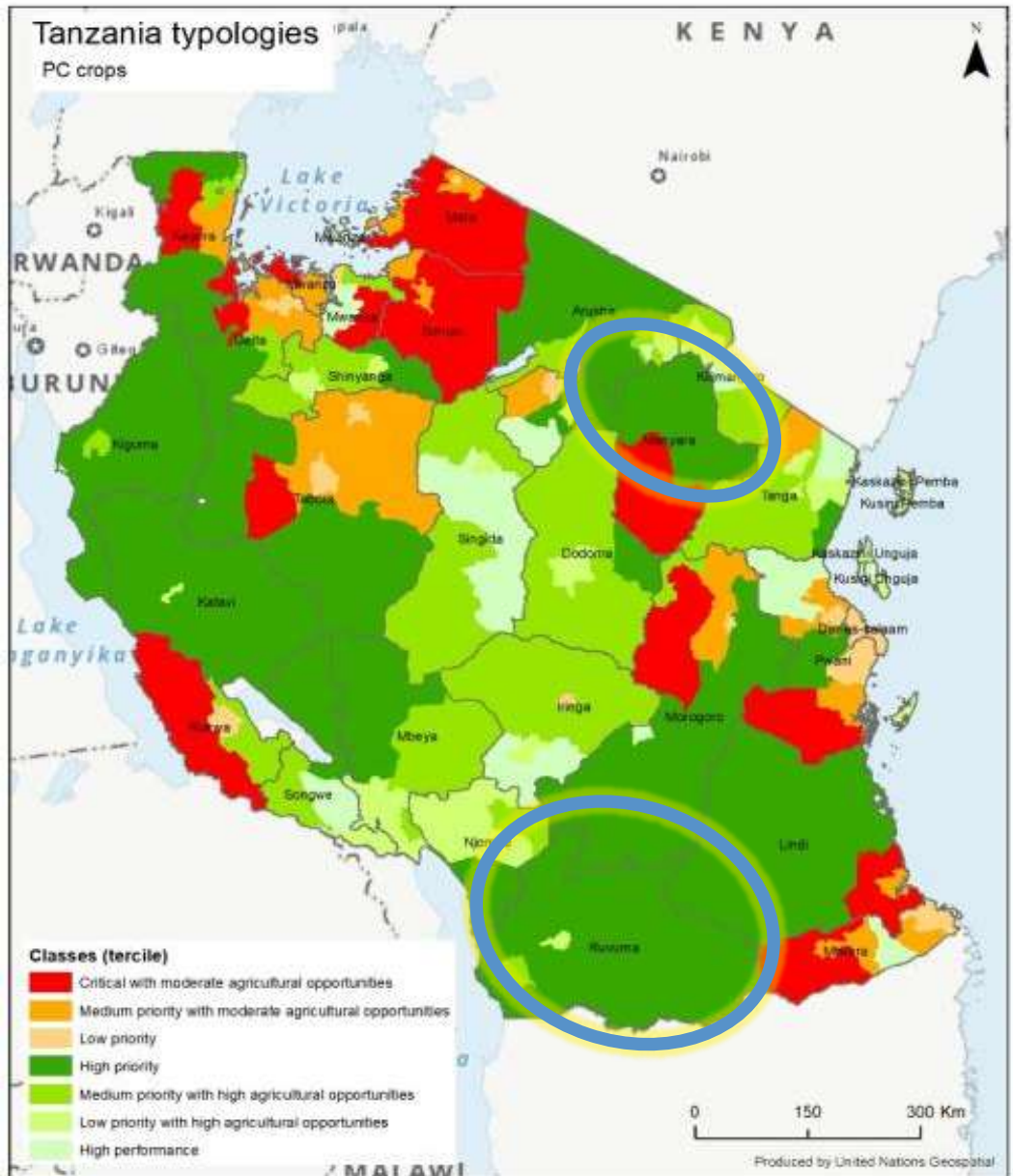
## Ranking on Doing Business topics – Tanzania



## Improvements since 2020

- Government has prioritized investments in transportation, energy, and water supply.
- Government has introduced measures to improve tax administration and combat tax evasion.
- Relatively open investment regime with various incentives for foreign investors.
- Progress in land registration and titling systems.
- Reforms underway to improve judicial system efficiency and combat corruption.
- Bank of Tanzania reforms to promote credit to agriculture and the private sector.

# Crop Sub-sector Typologies



## 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

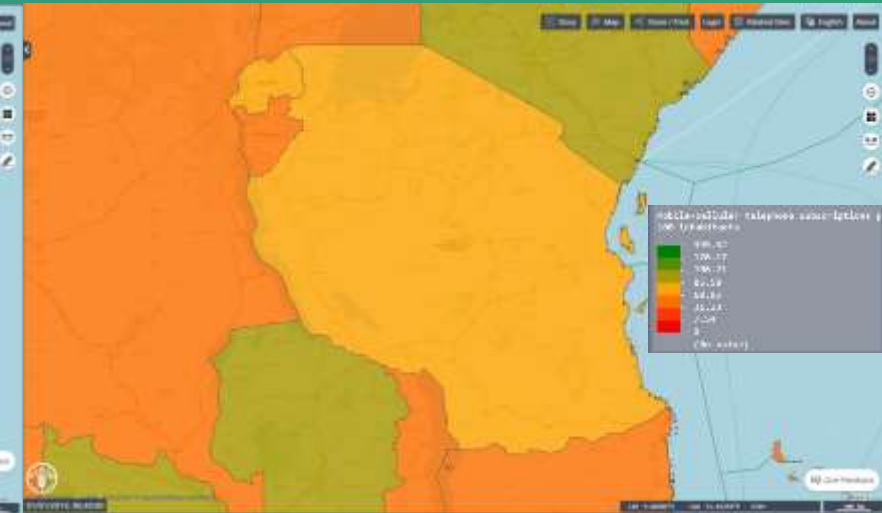
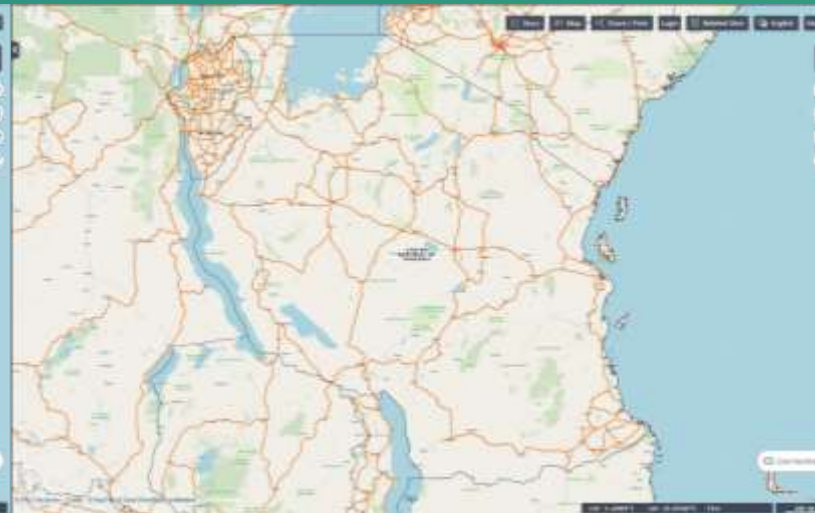
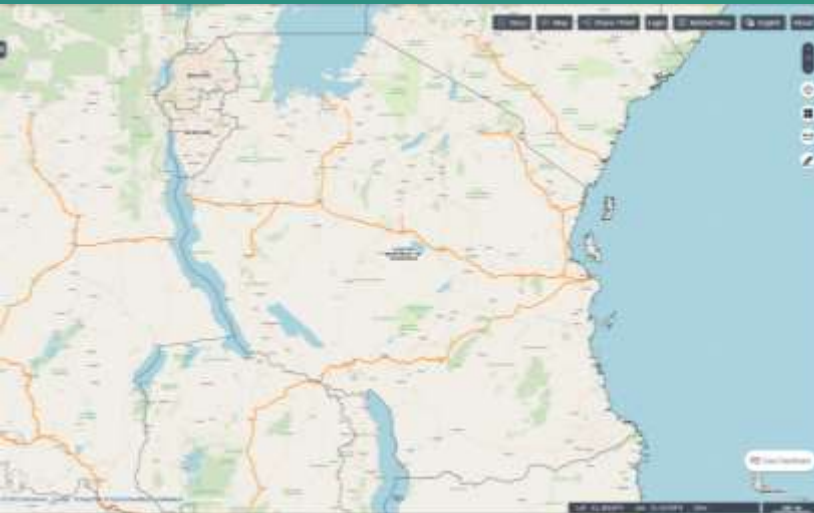


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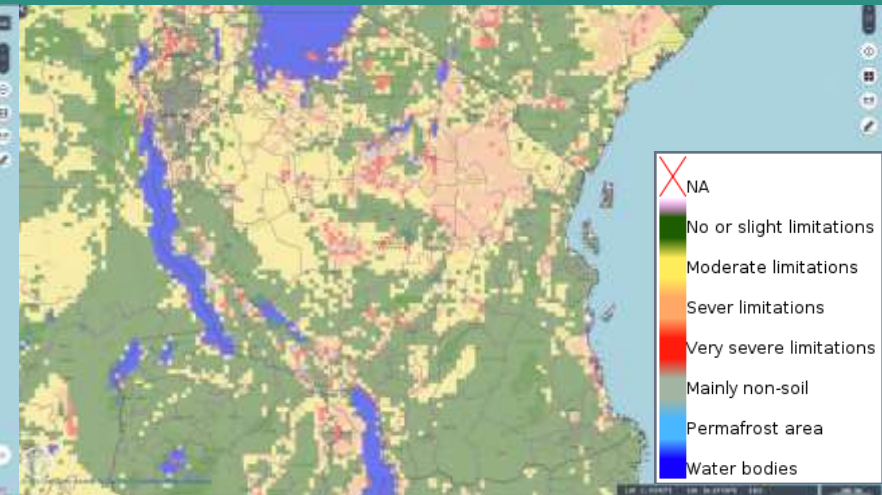
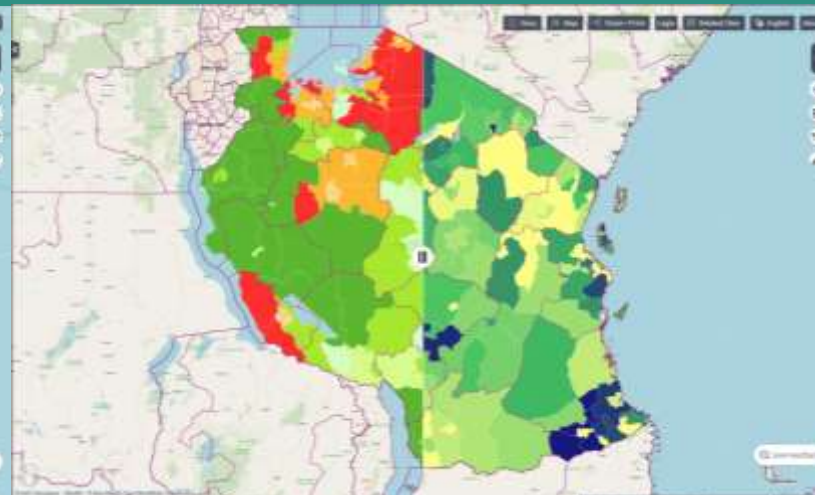
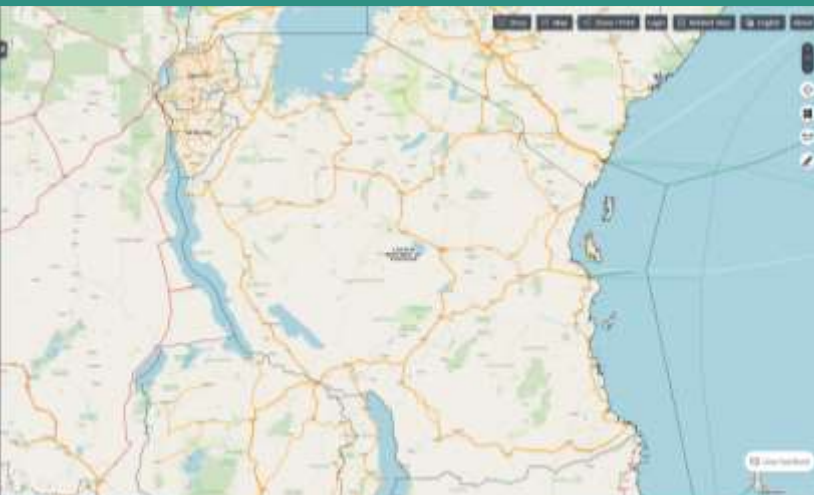
<https://data.apps.fao.org/tanzania/>



Transportation Rail networks

Road Connectivity

Mobile phone subscription, 60-85 % by 2018



Optic fiber connectivity

Compare agricultural efficiency vs potential

Soil workability maps



## **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 and free provision of irrigation kit for 2.5 acres 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

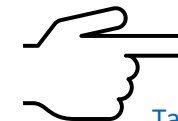
- **Adequate transportation networks**, including roads, ports, and railways, to facilitate the movement of agricultural products.
- **Reliable energy supply** to support agricultural processing and value addition.

## 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 \(tra.go.tz\)](http://tra.go.tz)

## **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



Hand-in-Hand Initiative **Contributes**



**Government Contributes**



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# Dakar 2: Food and Agriculture Delivery Compact

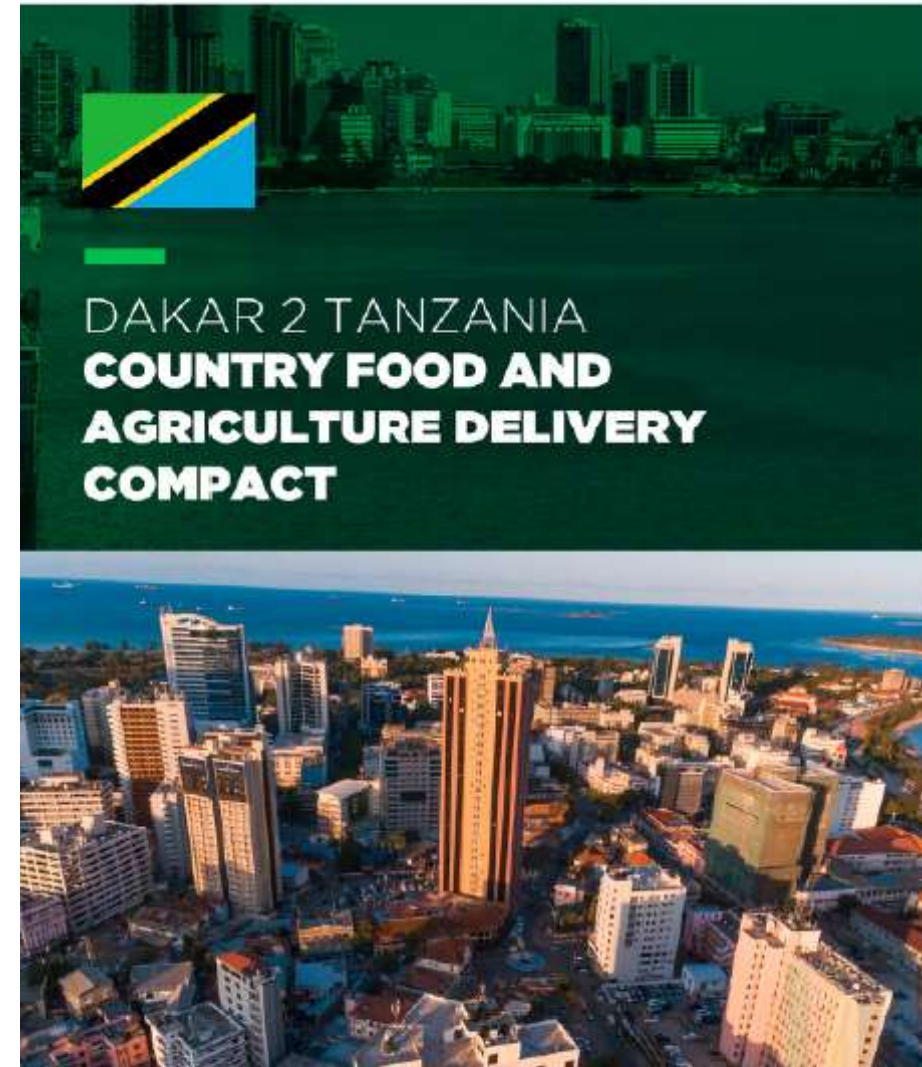
**Wheat:** aims to **reduce importation and increase food security** with current import bill of about USD 221 million/annum.

**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.

Investment Pillars	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.

Investment Pillars	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.

Investment Pillars	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	
<b>Access to agricultural inputs and technologies:</b> Quality seeds, fertilizer and precision agriculture practices.	Government of URT
<b>Access to agricultural implements:</b> 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.bbtakilimo.co.tz](http://www.bbtakilimo.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, road infrastructures, electricity and irrigation facilities **in a 10 acre/4-hectare block.**

## Block Farming land availability

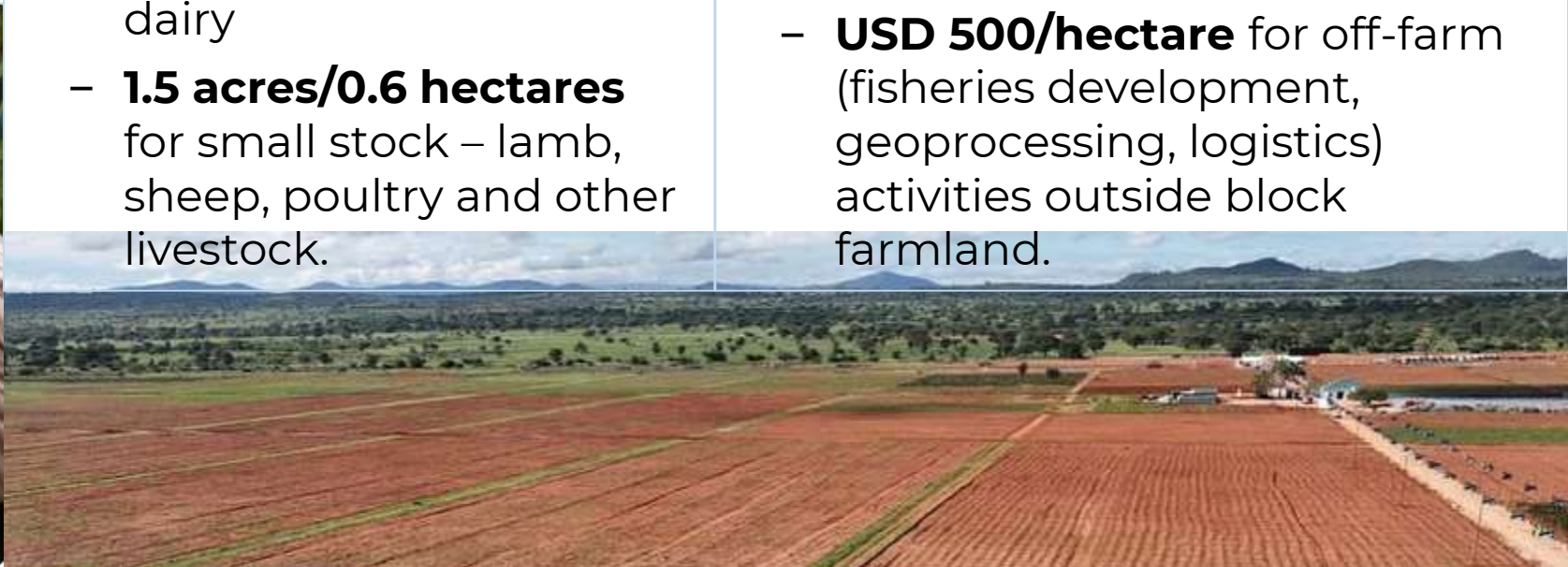
- **124,818 hectares** is dedicated for block farms
- **78,756 hectares** is identified and under development.

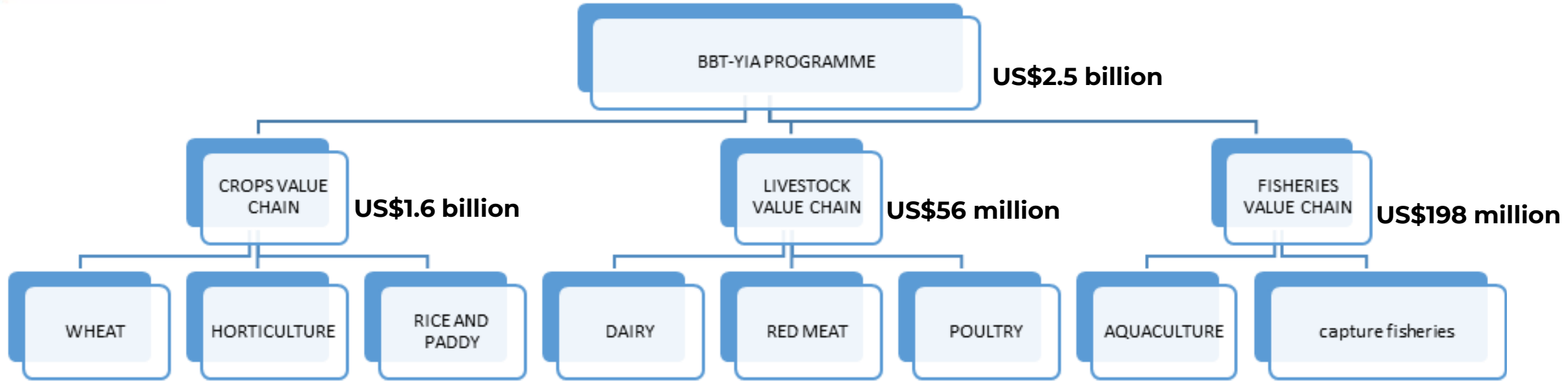
## Youth in block farm receives

- **5 acres/2 hectares** for crop development
- **1.5 acres/0.6** hectares for large stock – beef and dairy
- **1.5 acres/0.6 hectares** for small stock – lamb, sheep, poultry and other livestock.

## Development Costs

- **US\$ 5,000/acre** or /0.4 hectares of a block farmland.
- **US\$ 250/hectare** of a non-block farmland.
- **USD 500/hectare** for off-farm (fisheries development, geoprocessing, logistics) activities outside block farmland.





Project Costs	PROJECT COSTS PER ANNUM in TZS								Total in TZS	Total in USD
	2023	2024	2025	2026	2027	2028	2029	2030		
Block Farm Development	1,233,019,225,594	1,233,019,225,594	1,442,323,077,441	0	0	0	0	0	3,908,361,528,628	\$1,563,344,611
Non Block Farm Development	0	32,327,430,525	32,327,430,525	32,327,430,525	32,327,430,525	32,327,430,525	0	0	161,637,152,627	\$64,654,861
Large stock development	0	23348006110	23348006110	23348006110	0	0	0	0	70,044,018,330	\$28,017,607
Small stock	0	35022009165	35022009165	0	0	0	0	0	70,044,018,330	\$28,017,607
<b>Total Costs of farm development</b>	<b>1,233,019,225,594</b>	<b>1,323,716,671,394</b>	<b>1,533,020,523,241</b>	<b>55,675,436,635</b>	<b>32,327,430,525</b>	<b>32,327,430,525</b>	<b>0</b>	<b>0</b>	<b>4,210,086,717,915</b>	<b>\$1,684,034,687</b>
Off Farm activities/agroprocessing	123,935,591,120	247,871,182,240	371,806,773,359	247,871,182,240	123,935,591,120	123,935,591,120	0	0	1,239,355,911,198	\$495,742,364
<b>Sub-total Development of BBT</b>	<b>1,356,954,816,714</b>	<b>1,571,587,853,634</b>	<b>1,904,827,296,600</b>	<b>303,546,618,875</b>	<b>156,263,021,645</b>	<b>156,263,021,645</b>	<b>0</b>	<b>0</b>	<b>5,449,442,629,113</b>	<b>\$2,179,777,052</b>
Capacity Building and project management	1.02177E+11	1.02177E+11	1.02177E+11	1.02177E+11	1.02177E+11	1.02177E+11	1.02177E+11	1.02177E+11	8.17416E+11	\$326,966,558
<b>Total Project Costs</b>	<b>1,459,131,866,009</b>	<b>1,673,764,902,929</b>	<b>2,007,004,345,896</b>	<b>405,723,668,171</b>	<b>258,440,070,941</b>	<b>258,440,070,941</b>	<b>102,177,049,296</b>	<b>102,177,049,296</b>	<b>6,266,859,023,479</b>	<b>\$2,506,743,609</b>
<b>Exchange rate</b>	<b>2,500</b>									
<b>Total Project Costs USD</b>	<b>\$583,652,746</b>	<b>\$669,505,961</b>	<b>\$802,801,738</b>	<b>\$162,289,467</b>	<b>\$103,376,028</b>	<b>\$103,376,028</b>	<b>\$40,870,820</b>	<b>\$40,870,820</b>	<b>\$2,506,743,609</b>	

# Why investing in bbt?



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Investment Pillars	Investment (USD)	NPV (USD)	IRR (%)
Building a Better Tomorrow Investment Program	2.5 billion	24 billion	93%



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 SYSTEM!**

[JOIN US NOW](#)

**TOTAL REQUIRED INVESTMENT: USD \$2.5 billion with 93% 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 93%**

Overall - Average IRR

**11,898,868**

Direct Beneficiaries

**US\$ 359 to 1,070**

Income Increase  
Per Capita

**0.928 tCO<sub>2</sub>-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 tCO<sub>2</sub>-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 tCO<sub>2</sub>-  
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 tCO<sub>2</sub>-  
eq/ha over 20 years

### Intervention Building Better Tomorrow

4

Cost (USD)  
US\$ 1.85 Billion

EIRR (%)  
93%

NPV  
US\$ 24 Billion



Direct beneficiaries: 1.6 million  
Indirect beneficiaries: 10 million