SECTION 1:

Tanzania: Overview
Tanzania: overview

- **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
- **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.
Reasons to attract Investments

- 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

Doing Business 2020 – 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

<table>
<thead>
<tr>
<th>Poverty</th>
<th>Potential</th>
<th>Efficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>Moderate</td>
<td>Any</td>
</tr>
<tr>
<td>Medium</td>
<td>Moderate</td>
<td>Any</td>
</tr>
<tr>
<td>Moderate</td>
<td>Moderate</td>
<td>Any</td>
</tr>
<tr>
<td>High</td>
<td>Medium / High</td>
<td>Medium / Moderate</td>
</tr>
<tr>
<td>Medium</td>
<td>Medium / High</td>
<td>Medium / Moderate</td>
</tr>
<tr>
<td>Moderate</td>
<td>Medium / High</td>
<td>Medium / Moderate</td>
</tr>
<tr>
<td>Moderate</td>
<td>Medium / High</td>
<td>High</td>
</tr>
</tbody>
</table>
A Dedicated Geo-Spatial Portal for Tanzania

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:

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

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)]
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

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

10-year Development Budget: Approx. USD 1.4 billion

Hand-in-Hand Initiative Contributes

Government Contributes

https://asdp.kilimo.go.tz/
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

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

<table>
<thead>
<tr>
<th>Investment Pillars</th>
<th>Investment (USD)</th>
<th>NPV (USD)</th>
<th>IRR (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seed multiplication:</td>
<td>1,083,618.49</td>
<td>56,185.92</td>
<td>9.27%</td>
</tr>
<tr>
<td>Storage facilities:</td>
<td>5,443,307.69</td>
<td>440,248.30</td>
<td>10.11%</td>
</tr>
<tr>
<td>Refinery facilities:</td>
<td>45,553,388.63</td>
<td>3,605,977.54</td>
<td>10.08%</td>
</tr>
</tbody>
</table>

Value Chain Support

- Irrigation technologies: Government of URT
- Village and Farmer Support
- Extension services: Government of URT

TOTAL REQUIRED INVESTMENT: USD $52.08m

Impacts
- Create sustainable income sources for Sunflower farmers and supply chain stakeholders (per capita $ 1,070 USD). Reduce 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.
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.

### Investment Pillars

<table>
<thead>
<tr>
<th>Investment Pillars</th>
<th>Investment (USD)</th>
<th>NPV (USD)</th>
<th>IRR (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seed multiplication</td>
<td>2,677,208.23</td>
<td>64,321.31</td>
<td>8.57%</td>
</tr>
<tr>
<td>Extension services</td>
<td>848,974.37</td>
<td>61,016.32</td>
<td>9.93%</td>
</tr>
<tr>
<td>Processing facilities</td>
<td>3,846,615.37</td>
<td>116,544.42</td>
<td>10.39%</td>
</tr>
</tbody>
</table>

### 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

### 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.

### TOTAL REQUIRED INVESTMENT: USD $7.37m
### Climate-Smart Wheat Investment

#### 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

<table>
<thead>
<tr>
<th>Investment Pillars</th>
<th>Investment (USD)</th>
<th>NPV (USD)</th>
<th>IRR (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seed multiplication</td>
<td>3,776,666.65</td>
<td>269,964.81</td>
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<tr>
<td>Storage facilities</td>
<td>1,555,230.80</td>
<td>125,785.23</td>
<td>10.11%</td>
</tr>
<tr>
<td>Processing facilities</td>
<td>10,271,743.61</td>
<td>863,386.46</td>
<td>10.20%</td>
</tr>
</tbody>
</table>

#### Value Chain Support

**Access to agricultural inputs and technologies:** Quality seeds, fertilizer and precision agriculture practices.

**Access to agricultural implements:** Portable agricultural machinery for planting and fertilizer application and harvesting

- Government of URT

#### 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**
- Expert 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.

**TOTAL REQUIRED INVESTMENT:** USD $15.60m
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.

Launched by the President during the
AFRICA FOOD SYSTEMS FORUM
September 2023
Pledged resources by partners following the AGRF 2023 in Tanzania

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, 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.
# Key Investments

**Youth Initiative for Agribusiness**

- **Total Costs of farm development**: US$2.5 billion
  - **Crop Value Chain**: US$1.6 billion
  - **Livestock Value Chain**: US$56 million
  - **Fisheries Value Chain**: US$198 million
  
## Project Costs Per Annum in TZS

<table>
<thead>
<tr>
<th>Project Costs</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
<th>2030</th>
<th>Total in TZS</th>
<th>Total in USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Block Farm Development</td>
<td>1,233,019,225,594</td>
<td>1,233,019,225,594</td>
<td>1,442,323,077,441</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>3,908,344,611</td>
<td>$1,563,344,611</td>
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<tr>
<td>Non Block Farm Development</td>
<td>0</td>
<td>32,327,430,525</td>
<td>32,327,430,525</td>
<td>32,327,430,525</td>
<td>32,327,430,525</td>
<td>32,327,430,525</td>
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<td>161,637,152,627</td>
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<td>Large stock development</td>
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<td>23348006110</td>
<td>23348006110</td>
<td>23348006110</td>
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<td>0</td>
<td>0</td>
<td>70,041,018,330</td>
<td>$28,017,607</td>
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<td>Small stock</td>
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<td>35022009165</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>70,041,018,330</td>
<td>$28,017,607</td>
</tr>
<tr>
<td><strong>Total Costs of farm development</strong></td>
<td>1,233,019,225,594</td>
<td>1,323,716,671,394</td>
<td>1,543,020,523,241</td>
<td>55,675,436,635</td>
<td>32,327,430,525</td>
<td>32,327,430,525</td>
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<td>0</td>
<td>4,210,086,717,913</td>
<td>$1,684,034,687</td>
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<tr>
<td>Off Farm activities/agroprocessing</td>
<td>123,935,591,120</td>
<td>247,871,182,240</td>
<td>371,806,773,359</td>
<td>247,871,182,240</td>
<td>123,935,591,120</td>
<td>123,935,591,120</td>
<td>0</td>
<td>0</td>
<td>1,239,355,911,198</td>
<td>$495,742,364</td>
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<tr>
<td>Sub-total Development of BBT</td>
<td>1,356,954,816,714</td>
<td>1,571,587,853,634</td>
<td>1,904,827,296,600</td>
<td>303,546,618,875</td>
<td>156,263,021,645</td>
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<td>0</td>
<td>5,449,442,629,113</td>
<td>$2,179,777,052</td>
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<tr>
<td><strong>Total Project Costs</strong></td>
<td>1,459,131,866,009</td>
<td>1,673,716,671,394</td>
<td>2,007,006,345,896</td>
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<td>258,440,070,941</td>
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<td>0</td>
<td>6,266,859,023,479</td>
<td>$2,506,743,609</td>
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<tr>
<td>Exchange rate</td>
<td>2,500</td>
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<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>Total Project Costs USD</strong></td>
<td>$583,652,746</td>
<td>$669,505,961</td>
<td>$802,801,738</td>
<td>$162,289,467</td>
<td>$103,376,028</td>
<td>$103,376,028</td>
<td>$40,870,820</td>
<td>$40,870,820</td>
<td>$2,506,743,609</td>
<td></td>
</tr>
</tbody>
</table>
### Why investing in BBT?

#### Building a Better Tomorrow Investment Program

<table>
<thead>
<tr>
<th>Investment Pillars</th>
<th>Investment (USD)</th>
<th>NPV (USD)</th>
<th>IRR (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building a Better Tomorrow Investment Program</td>
<td>2.5 billion</td>
<td>24 billion</td>
<td>93%</td>
</tr>
</tbody>
</table>

- 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.

**TOTAL REQUIRED INVESTMENT:** USD $2.5 billion with 93% EIRR for over 20 years

**JOIN THE BBT SYSTEM!**

JOIN US NOW
# Tanzania Investment Plan

## Summary

<table>
<thead>
<tr>
<th>Key Investments</th>
<th>Total Investment Required</th>
<th>Overall Average IRR</th>
<th>Direct Beneficiaries</th>
<th>Income Increase Per Capita</th>
<th>Emission Reduction Potential in 20 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sunflower Value Chain</td>
<td>US$ 3.9 Billion (BBT + ASDP II)</td>
<td>8.57% to 93%</td>
<td>11,898,868</td>
<td>US$ 1,070</td>
<td>0.076 tCO2-eq/ha over 20 years</td>
</tr>
<tr>
<td>Soybean Value Chain</td>
<td>US$ 1.925 Billion</td>
<td>9.27% to 10.11%</td>
<td>US$ 359 to 1,070</td>
<td>US$ 755</td>
<td>0.26 tCO2-eq/ha over 20 years</td>
</tr>
<tr>
<td>Wheat Value Chain</td>
<td>US$ 359 to 1,070</td>
<td>9.75% to 10.20%</td>
<td>US$ 3.9 Billion</td>
<td>US$ 359</td>
<td>0.59 tCO2-eq/ha over 20 years</td>
</tr>
<tr>
<td>Building Better Tomorrow</td>
<td>US$ 1.85 Billion</td>
<td>93%</td>
<td>1.6 million</td>
<td>US$ 1,070</td>
<td>0.928 tCO2-eq/ha</td>
</tr>
</tbody>
</table>

## Key Investments

### 1. Sunflower Value Chain
- **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
- **Income increase per capita:** US$ 1,070
- **Emission reduction per ha:** 0.076 tCO2-eq/ha over 20 years

### 2. Soybean Value Chain
- **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

### 3. Wheat Value Chain
- **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

### 4. Building Better Tomorrow
- **Cost (USD):** US$ 1.85 Billion
- **EIRR (%):** 93%
- **NPV:** US$ 24 Billion
- **Direct beneficiaries:** 1.6 million
- **Indirect beneficiaries:** 10 million