The Southern Agriculture Growth Corridor Of Tanzania

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Holistic agriculture transformation

Build a coalition of partners to transform productivity in Tanzania’s Southern corridor. Responsible, private investments should lead to rapid and sustainable agricultural growth, with major benefits to food security, poverty alleviation amongst smallholders, responsible use of natural resources and reduced vulnerability to climate change.
Why the Southern Corridor?

- Ideal agro climate for range of crops & livestock
- Superior infrastructure and connectivity to local & global markets
THINK BIG!
Objectives we want to achieve by 2030

- 350,000 hectares in profitable production
- 420,000 new employment opportunities
- 100,000 commercial smallholder farmers
- 2,000,000 people permanently lifted out of poverty
- US$ 1,200,000,000 annual value of farming revenues
- US$ 3,500,000,000 mobilized in public and private investments

$3.5 Bln in investments is needed

Food Security
Green Growth
Economic impact
Partners represent a balanced mix of local and international investors across all stages of the agri-business value chain.
Close to 35 private sector partners have signed letters of intent pledging to inclusive investments of close to US$ 1 billion

*Snapshot of private sector signatories under the New Alliance for Food Security and Nutrition*

<table>
<thead>
<tr>
<th>Company</th>
<th>Investment Commitment</th>
<th>Investment Overview</th>
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</thead>
<tbody>
<tr>
<td>MKRS</td>
<td>$0.94M</td>
<td>Expansion and purchase of fleet for in-house transport</td>
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<tr>
<td>EMPISA</td>
<td>$20M</td>
<td>Irrigation land, equipment, technology, crop storage</td>
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<tr>
<td>Morogoro Agricultural Group</td>
<td>$1.5M</td>
<td>Capacity building and infrastructure development</td>
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<td>Pineapples, passion and papaya fruits</td>
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<td></td>
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<td>Create new product line – baby food</td>
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<td></td>
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<td>Provide loans to smallholders</td>
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<td>Land development &amp; renewable energy</td>
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<td>Efficient distribution network</td>
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<td>Increasing provision of credit to the agricultural sector</td>
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<tr>
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<tbody>
<tr>
<td>Aruha Dar es Salaam</td>
<td>$20M</td>
<td>Irrigation land, equipment, technology, crop storage</td>
</tr>
<tr>
<td>Company</td>
<td>Investment Commitment</td>
<td>Investment Overview</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Commitment to incorporate a legal entity in Tanzania</td>
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<td></td>
<td>Production, processing, livestock, outgrower scheme &amp; extension</td>
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<tr>
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<td>Total Investment Commitments = $ 263 million</td>
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<td></td>
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<td>• Investment commitment up by 600%+ from 2012</td>
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<tr>
<td></td>
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<td>• Over 81% of commitments were made by local companies</td>
</tr>
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- Investment commitment up by 600%+ from 2012
- Over 81% of commitments were made by local companies
An eco-system of inclusive business models and connected value chains actively seeking synergies

Cluster approach

Nucleus+Outgrower model

Shared Agro-logistics

Innovative Finance
Multi-stakeholder platforms and governance structures create a conducive enabling environment

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<tr>
<th>Partnership principles</th>
<th>Partners sign up to principles committing to sustainable and inclusive investment</th>
</tr>
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<tbody>
<tr>
<td>Compact Agreement</td>
<td>Cluster level agreement between local government, farmers and companies to build inclusive value chains</td>
</tr>
<tr>
<td>Green Reference Group</td>
<td>Multi-stakeholder advisory group to guide the SAGCOT Partners on Green and Inclusive Growth</td>
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<tr>
<td>Partnership Accountability Committee</td>
<td>National Platform between government, farmers, companies and donors to monitor policy and investment commitments</td>
</tr>
<tr>
<td>Investment specific arrangements</td>
<td>MOU’s, Steering Committee’s and working groups to facilitate individual investments</td>
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</table>
SAGCOT PARTNERSHIP APPROACH IN THE POTATO VALUEチェーン
In Tanzania, the potato is an important food and cash crop grown in both the northern and southern highlands.

- The potato has gained significant importance as production and area under cultivation grew at an annual rate of 10% between 1991 and 2012 – growing much faster than the staples maize and cassava.
- Tanzania’s large land area suggests as yet unrealized potential for significant production; in some regions, high temperatures limit farmers to one growing season.
Demand Side: Increased consumption of potatoes is driven by a rapidly urbanizing population that is spending more on processed potato products.

Changes in the pattern of potato consumption:

- **Current demand**:
  - Fresh potatoes: 80%
  - Starch and flour: 17%
  - Crisps and chips: 1%

- **Future demand (5 years)**:
  - Fresh potatoes: 65%
  - Starch and flour: 30%
  - Crisps and chips: 2%
  - Flakes: 1%
Demand-supply mismatch is primarily due to a ‘missing’ middle – small scale producers and vendors lack adequate scale to efficiently link the market.

**INPUT PROVIDERS**
- 5 domestic fertilizer producers and 56 importers
- 1 formal seed potato producer

**PRODUCTION**
- ~20% of farmers in potato focused cooperatives

**STORAGE AND AGGREGATION**
- Several Diffused Light Stores (DLS)
- Numerous brokers and traders

**PROCESSING**
- Few processors but with small capacity
- Many informal, small-scale processors

**TRADE**
- Growing demand from retail, hotel, and restaurant industries

Small retailers and vendors dominate this space.

**CAPACITY BUILDING, RESEARCH AND DEVELOPMENT**
- AGRA
- TOSI
- Crop Bioscience Solutions
- Kingdom of the Netherlands
- Kilimo Trust
- International Potato Center
- IFAD
- SNV
- AGRF
- TechnoServe
- CGIAR
- Research Program on Roots, Tubers and Bananas
- Shoppers Supermarket
- Shrijee's Supermarket
- Azam
- Merrybrown
- Yara
- Syngenta
- Mtarga Foods Limited
- Synagro
- Kingdom of the Netherlands
- Kilimo Trust
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To solidify gains made, further support is needed to increase overall quality of produce, match demand-supply forces and develop value-add processing.

**PRODUCTION**

1. **Increasing Access to Quality Seed Potato Varieties**
   Fast tracking seed potato registration and supporting commercial seed multiplication is crucial improving quality and quality of potatoes.

2. **Developing Strong Market Linkages between Supply and Demand**
   Ensuring producers meet the demands of the consumers is necessary for development of upstream processing.

3. **Developing Processing Infrastructure**
   Investments into agricultural infrastructure such as cold storage processing facilities stimulates farmers' investments into production as a market price premium for quality potatoes develops.
SAGCOT partners have initiated several partnerships to provide targeted solutions across the value chain (1/2)

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Stakeholders</th>
<th>Key Activities</th>
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</table>
| SAGCOT Potato Partnership                     | syngenta, Mtanga, YARA| • Partners: 15 Public and Private Stakeholders  
• Program: SAGCOT Ihemi Cluster Development  
• Aim: A SAGCOT value chain initiative to initiate a wide range of public and private interventions to unlock opportunities in the potato value chain and address bottlenecks  
• Established in 2013                          |
| Commercial Scaling Improved Seed Potato Varieties | AGRA, Crop Bioscience & AGRA | • Partners: AGRA, USAID, Mtanga  
• Program: Scaling Seed Technology Partnership Program  
• Aim: Support 11,500 farmers in Njombe to increase the production, supply and use of clean and improved potato varieties, promote good agricultural practices and promote mechanization  
• Established: 2014                             |
| Public Scaling Seed Potato Partnership Program | Crop Bioscience Solutions, AGRA | • Partners: Crop Bioscience & AGRA  
• Program: Scaling Seed Technology Partnership Program  
• Aim: This program seeks to produce disease free potato plantlets for multiplication by decentralized seed producers, build multipliers capacity and increase farmer awareness on advantages of using improved seed varieties  
• Established: 2014                             |
SAGCOT specifically, alongside several partners, has initiated several partnerships to provide targeted solutions across the value chain (2/2)

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| 4 Embassy of The Kingdom of Netherlands Partnership | ![Embassy](image1) ![Kilimo Trust](image2) | - **Partners**: Tanzanian government, The Embassy of the Kingdom of Netherlands and the SAGCOT Centre  
- **Aim**: support to Dutch investors seeking to invest in seed potato multiplication, mechanization, storage, logistics and processing as well as providing capacity building support for Tanzanian regulators.  
- **Established**: 2016 |
| 5 Kilimo Trust CHIPS* | ![Kilimo Trust](image3) ![TANZANIA HORTICULTURAL LEAGUE](image4) | - **Partners**: Kilimo Trust and Tanzania Horticulture Association (TAHA)  
- **Aim**: Develop business consortiums to support smallholder production and market intermediation  
- **Program**: program seeks increase competitiveness and efficiency in potato trading by supporting smallholder farmers associations and small scale traders and vendors  
- **Established**: 2016 |
| 6 SAGCOT Finance Working Group | ![NMB](image5) ![AC](image6) ![PASS](image7) | - **Partners**: A consortium of financial institutions (commercial banks, insurers and guarantors, DFIs,)  
- **Aim**: development of targeted innovative financial products to address financial bottlenecks in the potato value chain. I.e. leasing models, micro finance and catalytic finance  
- **Established**: 2016 |
### Other priority value chains in the Ihemi Cluster

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<tr>
<th>Value Chain</th>
<th>Notes</th>
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<tr>
<td><strong>Potato</strong> (+Mechanization)</td>
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<tr>
<td><strong>Horticulture</strong> (Tomato)</td>
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<td><strong>Dairy</strong> (+Digital technologies)</td>
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<tr>
<td><strong>Soya</strong> (+Maize +soil health)</td>
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<tr>
<td><strong>Tea</strong> (+Digital technologies)</td>
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<tr>
<td><strong>Agro –inputs</strong> (seed, lime, fertilizers)</td>
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Asante.. Thank You .. Dank Je wel