

Dear participants,

First of all we want to thank you for your valuable presence at the Tanzania Agribusiness Event in The Hague, on 31<sup>st</sup> of May. Specifically we thank you for joining the afternoon sessions on Infrastructure & agri-logistics and on Vegetable & fruit sourcing, and for providing us you're your expert feedback and ideas.

Through this letter we wish to share with you a summary of the Infrastructure & Agri-logistics session. But first we wish to have your attention and share with you our update on the initiative. In this letter we include participants of the Vegetable & Fruit Sourcing session as well since both fields are related. The update concerns the regional scope of our Infrastructure & Agri-logistics initiative, our suggestion to work in partnership, and proposed next steps.

#### **Update:**

1. Include the high-potential Arusha-Moshi area  
Based on findings from our field research in the Southern Highlands (SAGCOT area), as presented by Hans Nijhoff during the session, we have decided to also include the Arusha-Moshi area in the focus of this initiative. We do this to maximize the potential for your companies and organizations, knowing that for various reasons accessing the Tanzanian market may be easier here than in the Southern Highlands. In other words, the Infrastructure & agri-logistics initiative that aims to support Dutch companies in doing so targets opportunities in both the Southern Highlands (SAGCOT) and Arusha-Moshi areas.
2. Enter the market in partnership  
In our view and hope your presence in The Hague initiated a longer-term partnership. We aim to build on the Tanzania Agribusiness Event by bringing together a group of Dutch firms and organizations that share the interest in doing business in Tanzania's agri-logistics field of work. We wish to see if we can bring this joint interest to a higher level by creating a Dutch partnership that jointly offers integrated solutions in this field. We would like to see if a Dutch agri-logistics partnership can be formed to share ideas, tries to integrate these into real-life problems, and combine these with relevant practices and policies in Tanzania. After we have defined potential business cases we will ask various experts for input/advise, such as from Mercator Novis and TAHA (see next page, 3 and 4), from Dutch companies that are already active in Tanzania, and from SAGCOT. This will enable us to seek access to the Tanzanian market in partnership.
3. Next step: Hans Nijhoff will contact you  
To achieve this we will now follow up on our first get-together in The Hague. Hans Nijhoff, who presented findings of the SAGCOT area, will contact you to set an appointment for a telephone or skype call. The purpose is to receive more detailed feedback from you – both on the session and on the above – and get more insights in your business idea of entering the Tanzanian market. He will also like to hear your view on creating a Dutch Infrastructure & agri-logistics partnership, and suggestions from your side on how to realize this.

If before being contacted by Hans Nijhoff you wish to share any input on the above please do so by writing an email to [hans.nijhoff@pioneers-consulting.com](mailto:hans.nijhoff@pioneers-consulting.com), or by contacting him on telephone number 0651 232523.

Please find below a brief summary of the Infrastructure & agri-logistics session in The Hague.

#### **Summary of the Infrastructure & Agri-logistics session**

1. After the objective of the meeting had been explained, Hans Nijhoff summarised the most important agri bottlenecks of the SAGCOT area. With these points of attention in mind, he asks the participants to think along about how to develop this area of great opportunity.

2. A short inventory of the audience shows that about 6-7 participants are already active in the SAGCOT area (for instance as bank, NGO, supplier and farmer). The audience consist of company representatives, entrepreneurs, NGO's and consultants and knowledge partners. Some indicate why they chose to participate in this session. Some are interested in agri-development activities such as upscaling avocado farmer groups and quite some seem to be interested in starting or expanding infra-agro logistics activities. For instance in cold storage and preserving, bulk transport, and road development. Indicated needs to operate are: incentives and the enabling environment, good facilities and agri-logistics, and teaming with development partners.
3. TAHA (Tanzania Horticulture Association) representative Mrs Jaqueline Mkindi is invited to give her vision on why there are only few nucleus companies (lead companies that can make a difference in the production-sourcing cycle) in the SAGCOT area. Why are there not more successful companies, either TAHA members or others, expanding into the Southern Highlands area? Jacqueline expands on the chicken and egg situation – that (commercial) farmers and agribusinesses are waiting for certain prerequisites in terms of service providers, agri-logistics, and required infrastructure before investing in expansion in the south or even to start an operation in the SAGCOT area. There is an airport in Mbeya, but cold storage and packaging facilities are hardly available. Providers of such services meanwhile are waiting for actual agri-investors to come in. The private sector also expects some sort of incentive from the government to attract investors in the SAGCOT area. At the same time, agri-investors (e.g. processors) will have work with smallholder farmers as their suppliers. Sufficient high quality supply is a prerequisite for them to start an agribusiness. To achieve this training and capacity building is required and could be provided by TAHA, SAGCOT, and development partners. As part of this, the availability of good quality input to develop the supply side is critical as well. Jacqueline does notice a positive trend in terms of agribusiness interest to start operating in the south, and highlights that TAHA is already working with 4000 smallholders in the Njombe area. She expects a paradigm shift in 3-5 years.
4. Jeroen Bos from Mercator Novis (and initiator of the Flying Swans) explains why Tanzania is such an interesting opportunity. Companies in the Netherlands and other countries are looking to broaden their sourcing base since opportunities in traditional sourcing countries are decreasing due to draught and competition. Africa has favourable conditions in terms of climate, land and labour. But indeed there are challenges in doing so, with logistics being a major factor. In a country like Panama, production of food products may takes place 100-150 km from the coast, while in Africa this can easily be 500-800 km. It requires high investment to develop the logistical chains to achieve professional sourcing, since preferable this includes a well-functioning railway line and a logistical overlay that entails for example intermodal terminals, cold storage, and facilities to load containers. These challenges on the other hand provide very interesting business opportunities in the infrastructure and agri-logistics field. However, here again the chicken-egg situation occurs since large volumes are needed for feasible investments to be done in such logistics solutions. Lessons learned from the Flying Swan initiative's involvement in Ethiopia, and which are relevant for an approach in Tanzania are: 1) have agi-logistics companies and agribusinesses team up so that the chicken and egg situation can be tackled together; 2) design an ideal (cool) logistics overlay with these private partners, including with the government; 3) determine the smallest possible first step; and 4) identify the agricultural (sub) sector(s) that show high competitive advantages and with enough scale to start a logistics investment.
5. Hans Nijhoff embarked on an agri-logistics study (commissioned by DG Agro and Nature, and RVO). Whereas in the plenary morning session he provided insights in the opportunities and bottlenecks to invest in infrastructure and agri-logistics in the Southern Highlands (SAGCOT area), he now presented findings of a quick scan of sectors and lead companies in the area. He presented three preliminary business cases: in tomato processing, in avocado processing and exporting, and in potato sector development. As in the morning session it showed the lack of sector development in the SAGCOT area, and with that the lack of real need for integrated solutions in agri-logistics, with the potato sector being the exception. He asked participants for input on the selection of the three sectors, and for input on next steps.

6. For the three business cases please check the presentation.
7. Some remarks from participants included: 1) do not forget to talk to the smallholders to really learn whether a processing plant that sources from them treats them in a fair way; 2) logistics problems occur at two levels: from smallholder to processing (mainly road quality) and from processing to market; 3) SAGCOT emphasizes that it takes logistics very seriously as it is an important prerequisite to attract both smallholder development and large agribusiness investments; 4) Hans Nijhoff is advised to speak with the railway company as there are plans for an upgrade and it is important to align this with the overall logistical overlay and create a hub or intermodal interface and good link to the port.
8. As the time was limited it was concluded that more detailed discussions were needed with those companies interested to be involved. The participants showed a lot of interest to embark on this challenge. Hans Nijhoff, in close cooperation with the Agricultural Council for Kenya and Tanzania, and RVO, mentions that he will continue with the study while taking outcome of this session in mind, and that he will actively involve the participants in next steps.

### **Some interrelated points from the Vegetables & Fruits Sourcing session**

9. On the agri-logistics side of the vegetables & fruits sourcing session it provided insights in potential investment areas (product areas) in horticulture: beans, sugar snaps, mango tout, soft fruits, canning of fine beans, potatoes, avocados, orange fleshed sweet potatoes, fresh vegetables and sweet fruits for local/regional market all provide market potential. It is felt that Tanzania should broaden its scope, from specialised airfreight exports to the opportunity to play a role as agri-hub for the greater region (Uganda, Rwanda, Burundi, DRC). The vegetables and fruits sector needs investments in the various agri-logistics components, such as: strategic packhouses, logistics services nearby airports, local value adding (manufacturing, processing), packaging, cold chain equipment, sourcing volumes and bulking, and controlled containers for transport by rail. Government, through the Tanzanian Investment Centre (TIC) should be advised to work on 'promo packaging' whereby investors in a certain sub-sector are supported through a one-stop-shop approach. Overall conclusion is that partner alignment of private sector, government, development partners, and facilitators is important.

The above were the interesting points of the sessions and follow up discussions in The Hague that we filtered out. We may have missed points – please feel free to let us know.

For now we hope to have made a good start and to have you on board of our initiative to seek for infrastructure and agri-logistic opportunities in Tanzania. We are looking forward to jointly taking next steps to achieve this.