



Kilimo Kwanza - a home grown Initiative

A public-private partnership for sustainable and profitable development in Tanzania's agriculture



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Outline

- Kilimo Kwanza – the genesis and Pillars
- Linkage with ASDP/CAADP
- SAGCOT Programme, Concept, Targets, Model, and key partners
- Progress and current status
- SAGCOT Implementation structure
- Investment opportunities along the value chains
- Government commitments
- Conclusion



Key messages

- **SAGCOT is Kilimo Kwanza in Action** and an **innovative approach** towards private sector led Agricultural development in Tanzania implemented in the Southern Corridor.
- The initiative wants to achieve **food security** and reducing **rural poverty**, while ensuring **environmental sustainability**.
- SAGCOT will implement a **green growth strategy** to ensure integration of environmental sustainability in the Corridor's development.
- Mobilising **innovative financing** to support the **investments** and **last mile infrastructure development** including **Catalytic Fund**



Kilimo Kwanza – its genesis

- In 2009, the Government in collaboration with the Private Sector proclaimed a Green Revolution initiative popularly known as KILIMO KWANZA (“Agriculture First”) Resolution.
- The KILIMO KWANZA initiative aimed at modernizing and commercialising agriculture through small, medium and large scale farming, hence agricultural development and rural economic transformation.



Kilimo Kwanza – the 10 Pillars

- 1. A national vision**
- 2. A mobilization of financial resources – including a Rural Development Bank**
- 3. Institutional reorganisation - good governance, good co-ordination**
- 4. “Paradigm shift” - production of the right crops**
- 5. Land titles, and use of land “to promote harmonious exploitation”**
- 6. Better incentives, including removal of market barriers**
- 7. Industrialisation – processing (forward linkages), fertilizers, seeds, machinery and tools (backward linkages)**
- 8. Science, technology and human resource development – using an increased % of government income**
- 9. Infrastructure – irrigation, storage, ports, airports, roads, markets, etc**
- 10. Mobilization of all Tanzanians**



Investment Planning in the CAADP context

- At the same time in 2009, a comprehensive review of ASDP conducted by the country CAADP Task Force identified gaps in production, policies and regulatory framework and limited private sector participation.
- In year 2010, the Government signed the CAADP Compact, an agreement aimed at implementing strategies by engaging all key players from farmers, public, private and non-state actors
- To operationalize CAADP Compact, the Tanzania Agriculture Food Security Investment Plan (TAFSIP) was developed and launched on 11th November 2011.



Implementation Framework

- Kilimo Kwanza and TAFSIP is to be implemented within the already established ASDP framework.
- Implementation of KILIMO KWANZA and TAFSIP requires massive investment of which the Government and Development Partners alone could hardly attain.
- Therefore, the private sector investment in the agriculture is given high priority by the Government.
- To attract private sector investment in agriculture through the KILIMO KWANZA resolve, the Southern Agricultural Growth Corridor of Tanzania (SAGCOT) was initiated.

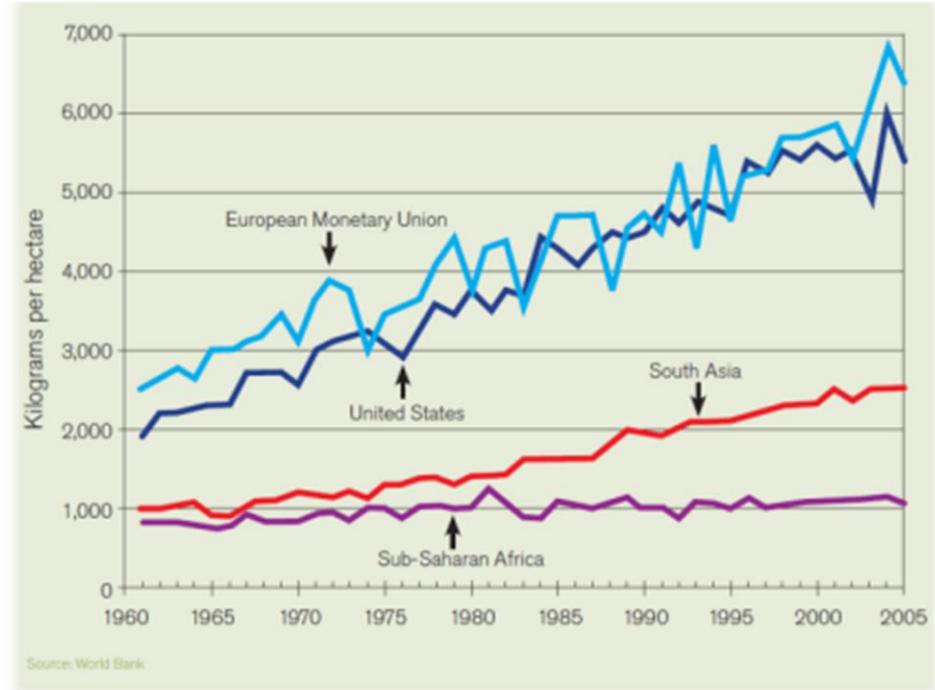


Tapping the Tanzania's Agricultural Potential

Huge growth potential:

- **Irrigation:** huge potential, est. 29.4 million ha but only 0.45 million ha currently under irrigation
- **Livestock:** 21.5m cattle, 15.2m goats, 6.4m sheep, and 58m poultry (35m traditional, 23m improved).
- **Low farm productivity:**
 - Maize 1.5 t/ha
 - Non-irrigated paddy 2 t/ha
 - Irrigated paddy 4-6 t/ha
 - Over 98 % livestock indigenous breed types and low-yielding breeds; 2% exotic breeds.

International yields comparison



Of the 7.5 million hectares of land in the SAGCOT corridor, less than 2% is currently farmed under irrigation.

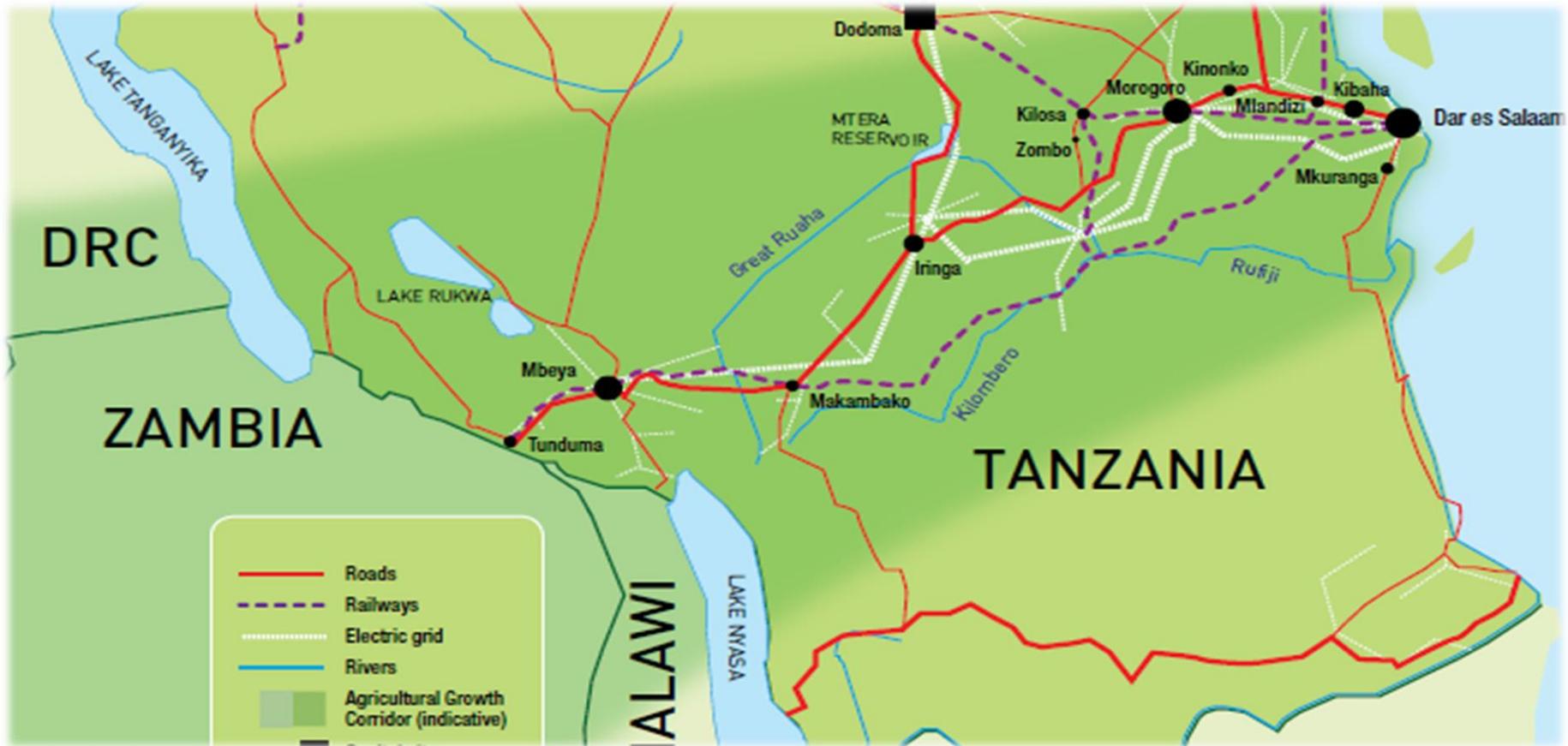


THE SAGCOT PROGRAMME

- SAGCOT is an inclusive, multi-stakeholder partnership to rapidly develop the region's agricultural potential, which is well-placed to achieve the objectives of *Kilimo Kwanza*.
- The Southern Corridor is a designated geographical location with agricultural resource potentials and opportunities along the various value chains; and it is the bread basket of the country.
- The Corridor is well linked with roads, railways, power and it has suitable land to promote small, medium and large scale farming and favourable climatic condition.
- The area covers an area of 287,000 km² from Dar-es-salaam, Coast, Morogoro, Iringa, Njombe, Ruvuma, Mbeya, Rukwa, Katavi and some parts of Dodoma and Singida.
- \$2.1 billion of private investment will be catalysed over a 20 year period, alongside public sector grants and loans of \$1.3 billion, expecting to triple the area's agricultural output.



The Southern Corridor



- Formed along traditional trade routes to land-locked South East Africa.
- Covers approximately one-third of mainland Tanzania.
- Extends along the TAZARA rail, TANZAM road and power 'backbone' between Dar-es-Salaam and northern areas of Zambia and Malawi.



SAGCOT Objectives

- To foster inclusive, commercially successful agribusinesses that will benefit small-scale farmers, improve food security, reduce rural poverty and ensure environmental sustainability.
- **HOW:**
 - incentivising stronger linkages between smallholders and commercial agribusinesses, including ‘hub and out-grower’ schemes that allow smallholders in the vicinity of large-scale farms to access inputs, extension services, value-adding facilities and markets.
 - support smallholder producer associations to enter into equitable commercial relationships with agri-processing and marketing businesses.
 - Irrigation and other infrastructure will be made available through professionally-managed farm blocks.



Key Partners

- Central Government: Key ministries including PMO-RALG, Agriculture, Livestock, Water, VPO-Environment, MNRT, MoF, MLHHS, Planning Commission and Agencies.
- Private Sector,
- Small, medium and large scale farmers,
- Farmers Associations & Organizations
- Development Partners,
- Financial Institutions,
- NGOs and CSO
- Agro-dealers/businesses and agro-processors
- Research and Training Institutions.



SAGCOT Investment Blue Print

- The SAGCOT Investment Blue Print was launched in January 2011 and well received locally and internationally.
- It describes the expected impacts including benefits for smallholder farmers – Youth, Women and Rural Communities
- Lessons will be replicated in other agricultural Corridors in Tanzania and other countries.



SAGCOT'S 2030 TARGETS

350,000

Hectares in profitable production

420,000

New employment opportunities throughout the value chain

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\$ 3,200,000,000

Mobilized in public and private investments



HUBS & CLUSTERS MODEL

Clusters are defined as geographic concentrations of interconnected companies, service providers and associated institutions. They include logistical hubs, maximising efficiencies and promoting economies of scale along the value chain. These projects will include:

- Production
- Storage
- Processing
- Research and
- Associated service providers



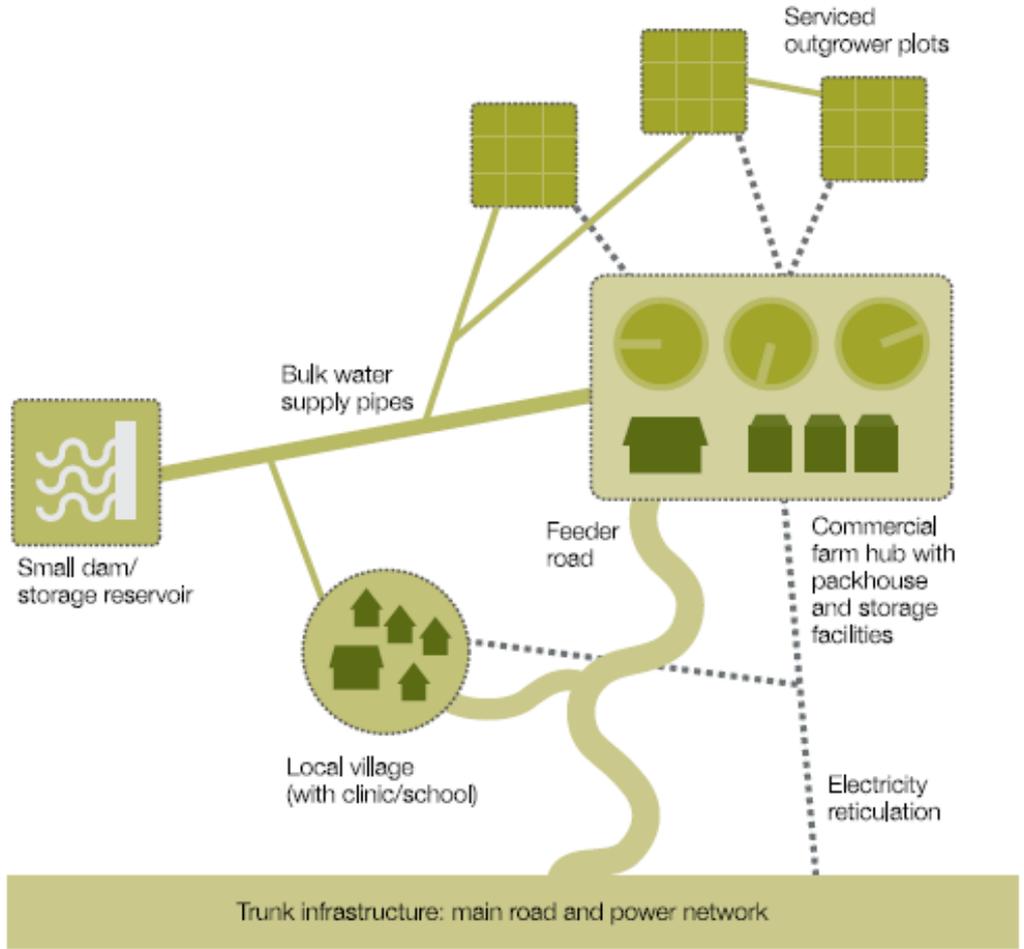


PROMOTING INCLUSIVITY

SAGCOT is inclusive and promotes linkages with smallholder farmers.

Using **‘out-grower’** and other models, SAGCOT will ensure that farming as a business is promoted, bringing smallholder farmers and small entrepreneurs into commercial value-chains.

This model places emphasis on the **value-chain** approach to create a seamless food production system by improving infrastructure, storage facilities and routes to market.





SOCIAL AND ENVIRONMENTAL CONCERNS

Alongside its great agricultural potential, the SAGCOT region is characterized by;

- high levels of poverty;
 - extensive forests and wildlife;
 - protected areas (national parks, game reserves & Ramsar Sites)
 - increasing vulnerability to climate change.
- These conditions create both a mandate and an opportunity to develop SAGCOT as a green growth model for agriculture-led development.
 - A multi-stakeholder **Green Reference Group**, to develop and build consensus around a green growth program and investment framework for the region has been established.
 - The SAGCOT will coordinate green investments in collaboration with Partners to support inter-sectoral synergies.
 - The Environmental and Social Management Framework is being developed.



Green Economic Vision

Interventions related to the following will be promoted:

- Conservation Agriculture
- Improved irrigation techniques
- System of Rice Intensification (SRI)
- Water Harvesting
- Drought-adapted dryland crops
- Encourage mixed farming
- Participatory Forest Management

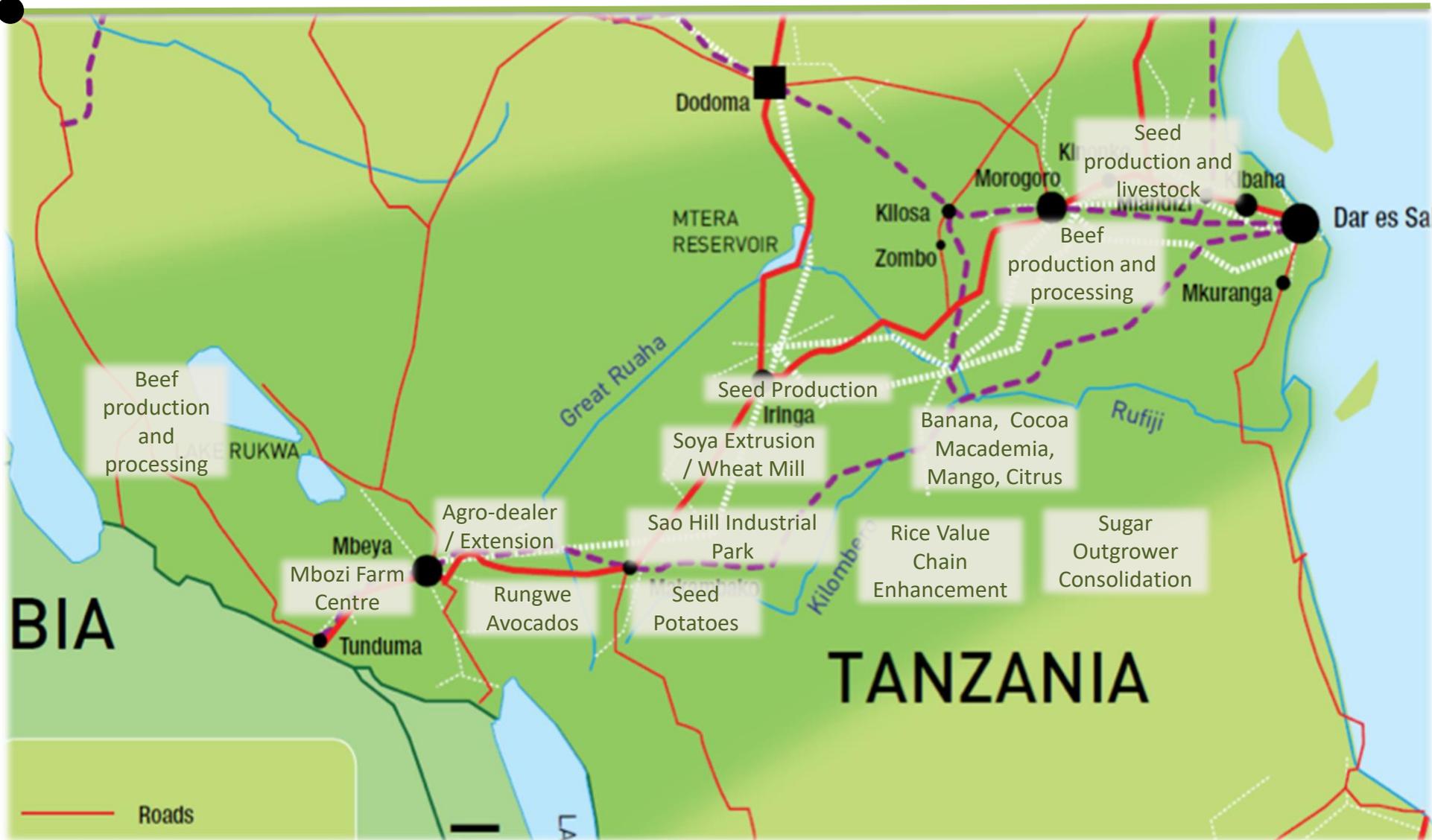


Progress and Current Status

1. Multi stakeholders partnership has been established and is growing and principles for partnership agreed upon,
2. The SAGCOT Investment Blue Print is in place,
3. The SAGCOT Centre is in place and running
4. Green Growth Corridor initiative is on-going
5. Catalytic Fund design is completed and its establishment on-going with commitment of about US \$ 60 million from the Government and development partners
6. Alignment of key implementation institutions including Ministries, RUBADA, TIC, CTI, ACT and LGA to provide required services in progress.
7. Investment Generation Programme development accomplished.
8. Mobilisation of resources for implementing SAGCOT (Grow Africa, NEPAD, G8)



Mapping Investment Opportunities





SAGCOT Quick wins

Quick win Clusters have been identified in *Kilombero, Ithemi, Bagamoyo, Dakawa, Rufiji, Ruvu, Ludewa, Rungwe & Mbarali*)

- Rice Partnership Kilombero cluster is growing, where various actors are actively engaging smallholder farmers in rice value chain in Kilombero and Dakawa,
- Sugar Cluster in Kilombero with out-growers scheme,
- Bagamoyo Sugar cluster: Eco-Energy business investment plan in place and engaging with smallholder farmers in cane production for sugar, bio-fuel and energy.
- Rungwe Cluster for Tea and Avocado value chain
- Sensitization process to engage local communities in transformative partnerships in Kilombero district has been initiated by NTC and will continue in other clusters.



Tanzania Rice Partnership



- The Tanzania Rice Partnership (TARIPA) is the first commodity development activity under SAGCOT.
- TARIPA's first intervention is in the Kilombero Cluster as identified in the SAGCOT Investment Blueprint.
- Feed the Future through Nafaka Project, is currently partnering with Kilombero Plantations Limited, Norfund, Yara , Syngenta, RUDI and others to support out grower rice farmers under Systems of Rice Intensification.
- As a whole our target is to reach 100,000 rice farmers in Kilombero and Rufiji Clusters in order to produce over 1.5 million tons of rice by 2015.



Case Study: SRI in Kilombero

Kilombero Plantation Limited (KPL), a public-private partnership between RUBADA and Agrica, was established in July 2008 to redevelop Mngeta Farm.

- Over US \$ 30 million invested on irrigation over 215 hectares
- When fully irrigated, Mngeta Farm will produce annually:
 - 33,000 tons of milled rice
 - 5,000 tons of rotation crops—beans and pulses
 - 1.5 MW of surplus biomass power for rural electrification

- System for Rice Intensification (SRI) demonstrated potential with Kilombero smallholders which lifted yields from 3 tons/ha to over 5 tons/ha
 - Promote use of improved seeds SARO 5 varieties developed at Dakawa ARI,
 - 20 kgs of seed needed instead of 60kg
 - Reaching 1350 new farmers this season
 - Target is by 2015 reach 5,000 farm families





SAGCOT Catalytic Fund

A 'Catalytic Fund' is under development to:

- Secure a critical mass of investments and investors.
- Develop and expand commercially sustainable agribusinesses.
- De-risk commercial investment.
- Support projects through their initial startup and development, and also throughout the supply chain.

Social venture capital fund

- **Target:** development and expansion of younger and generally smaller agribusinesses with supply chain links with smallholders.
- **Initial fund size:** US\$ 12.5m
- **Investment size:** US\$ 200,000 to US\$1.5m

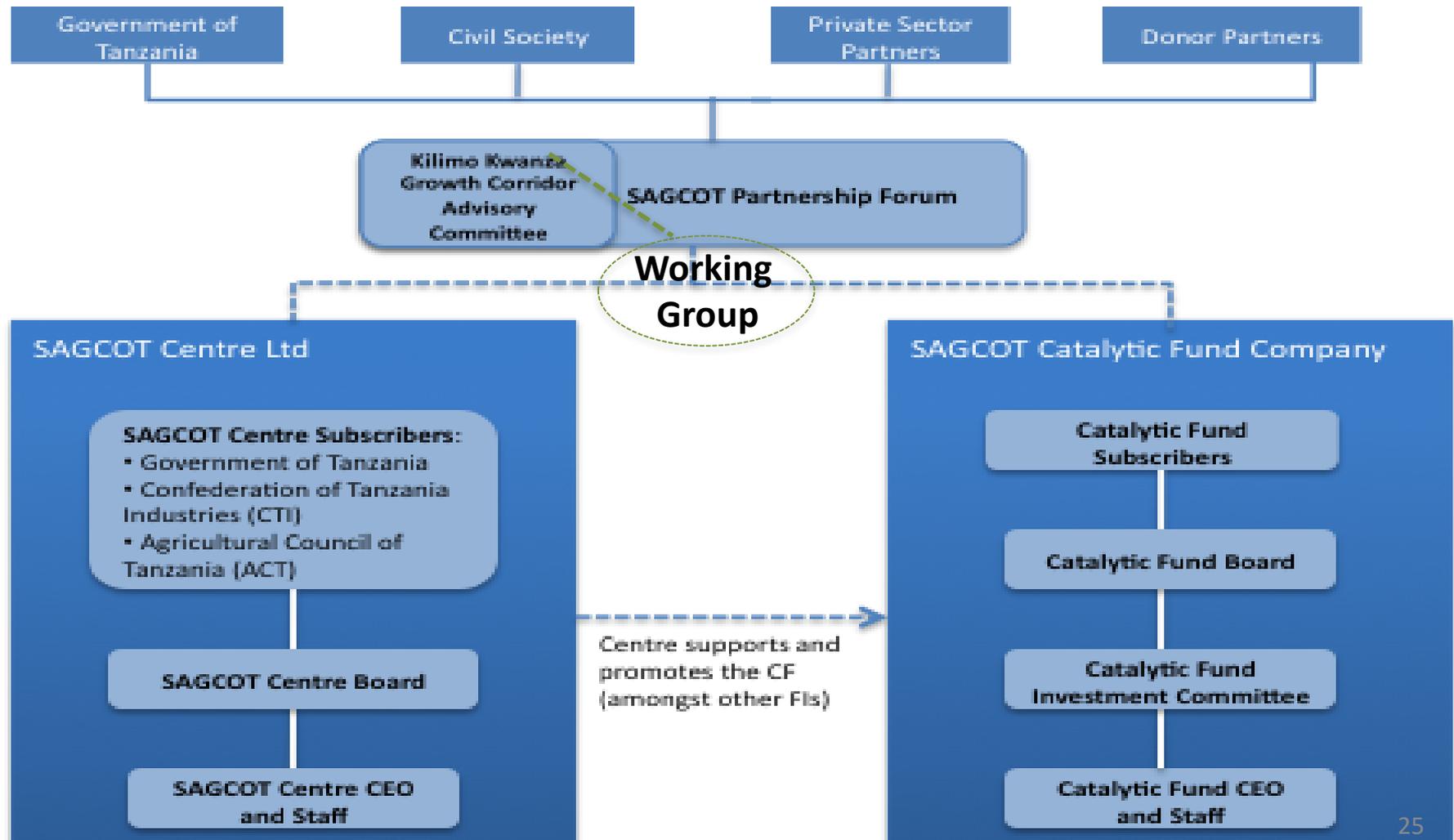
Matching grant facility

- **Target:** established commercial agribusinesses and companies, that want to develop and strengthen supply chains encompassing smallholder farmers.
- **Initial fund size:** \$ 40m
- **Matching grant size:** US\$ 250,000 to \$1.5m



The SAGCOT Implementation structure

Executive committee and Working Group with members from public, private sector and development partners were formed to oversee implementation



- Agriculture is more than farming
- With increased investment farmers would need different services along the value chain:
 - business development, inputs, machinery and extension, market information using ICT, collection, marketing of produce and processing, platforms for sharing experiences using different media and ICT.
- Innovative ways of engaging in provision of these services provides an opportunity for Youth and young graduates to engage in transforming agriculture. We encourage all of you to join hands.



Government Commitment

- The Government is an active partner in SAGCOT implementation through its key institutions including Ministries, TIC, RUBADA, Local Government Authorities.
- Key Government commitments include:
 - Promotion of intra-African and Global Trade
 - Establishment of a fast, efficient, and transparent system of securing titled land for farmers and other investors,
 - Focused infrastructure development
 - Promotion of innovative financing
 - Increasing access to agricultural inputs
 - Inter-ministerial coordination
 - Promoting investment incentives and business environment



Conclusion

- Private Sector as the engine of growth and has important role in transforming agricultural sector. Therefore you are all invite to invest in the sector and be the champions of this new order
- Currently, the Ministry is emphasising investment in production of maize, rice and sugar to address shortages and take advantage of existing regional markets.
- We also encourage production of other crops such as wheat, barley and oil seeds for import substitution.
- Due to our diverse agro-ecological zones there is huge potential for other commodities such as horticulture, sorghum, cassava, sweet potatoes, bananas, tea, coffee, cashew nuts, cotton, sisal, pyrethrum, cocoa, honey and livestock products.



Conclusion

- Demand for these products is increasing in the country as well as in the region and international markets.
- As a country we have enormous market potential,
 - from a fast growing population (about 45 million people, providing a ready domestic market,
 - As a member of SADC and EAC with some 300 million consumers.
- Investors are also encouraged to invest in local production of agricultural inputs, agro-machinery and agro-processing industries. I therefore call upon you to take this opportunity.
- Thanks all those who have already joined and those in the process of doing so.



[FOR FURTHER INFORMATION](#)

WWW.SAGCOT.COM

**Let us all work together to make
the dream of a Agricultural
Transformation a reality.**

**ASANTE SANA
THANK YOU**