Tanzania Country Presentation
for Investment Forum

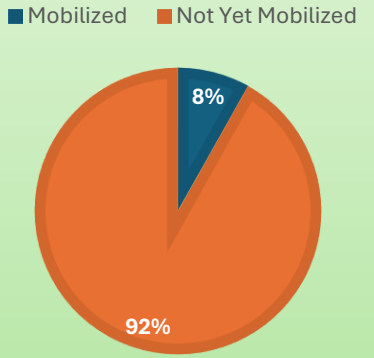
Hand-in-Hand Initiative

Food and Agriculture Organization of the United Nations

Investment Forum
Rome, Italy | 15-17 October 2024

HIH Implementation Progress

USD 1.85 BILLION



BBT-YIA: Youth Initiative For Agribusiness	
	USD
Target Investment	**1,850,000,000**
Government of URT to BBT	22,752,036
International Org. to BBT	500,000
AfDB to BBT	126,000,000
AGRA to BBT	1,035,000
Total Fund Mobilized	**150,287,036**
Not Yet Mobilized	**1,699,712,964**

Key Investments after 2023 Investment Forum

Hand-in-Hand Initiative

BBT Flagship Program Initiatives

- Land clearance and preparation in block farms.
- Borehole drilling, reservoir construction, and pump installation.
- Identification and demarcation of new farms.
- Environmental & Social Impact Assessment (ESIA) in 5 block farms.
- Feasibility studies for 5 block farms.

MazaoHub Strategic Partnerships

- Contract with Digital Green for voice-based agronomy system.
- Secured $200,000 investment from BFA Catalyst Fund.
- Strategic connections with Proparco, MercyCorps, and Nordic Impact Funds.
- Over $1 million raised in total investments.

Seed Processing Plant

- **4 tons/hour** seed processing plant installed in 2023 by the Agricultural Seed Agency (ASA) **costing 1.2 billion.**
- Processes sunflower, soybean, and cereal seeds.

Registered Investments (2023 to date)

- **Wheat**: 2 projects, 849 jobs, $177.82M.
- **Sunflower**: 7 projects, 1,047 jobs, $45.43M.
- **Soybeans**: 2 projects, 610 jobs, $132.5M.

Current Situation in Sunflower, Soy, and Wheat

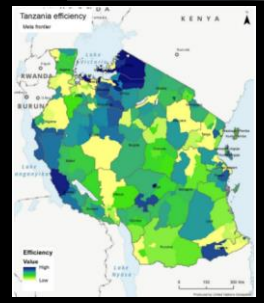
- **Sunflower**: Reduce imports (60% to 30% by 2030). Current: 1.2M MT. Target: 3M MT. Gap: 1.8M MT.
- **Wheat**: Reduce imports (90% to 50%). Current: 80,000 MT. Target: 1M MT. Gap: 920,000 MT.
- **Soybean**: Current: 5,000 MT. Target: 150,000 MT. Gap: 145,000 MT.

Tanzania Agri-Geospatial Portal

Hand-in-Hand Initiative

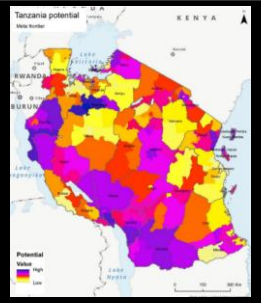
For Insight & Analysis on:

- Livestock and fisheries production
- Water Resources Management
- Enabling Environment
- Investment Potential
- Tanzania Agricultural Typologies



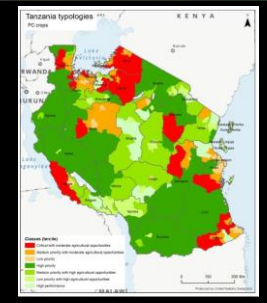
Multidimensional Data Integration

Combines various data dimensions for comprehensive insights and informed analysis.



Investment Area Identification

Helps in spotting potential investment areas for agricultural improvement



Planning of Agricultural Investment

Supports analysis and crafting of an effective investment plans based on data.

Accessible at: https://data.apps.fao.org/tanzania/

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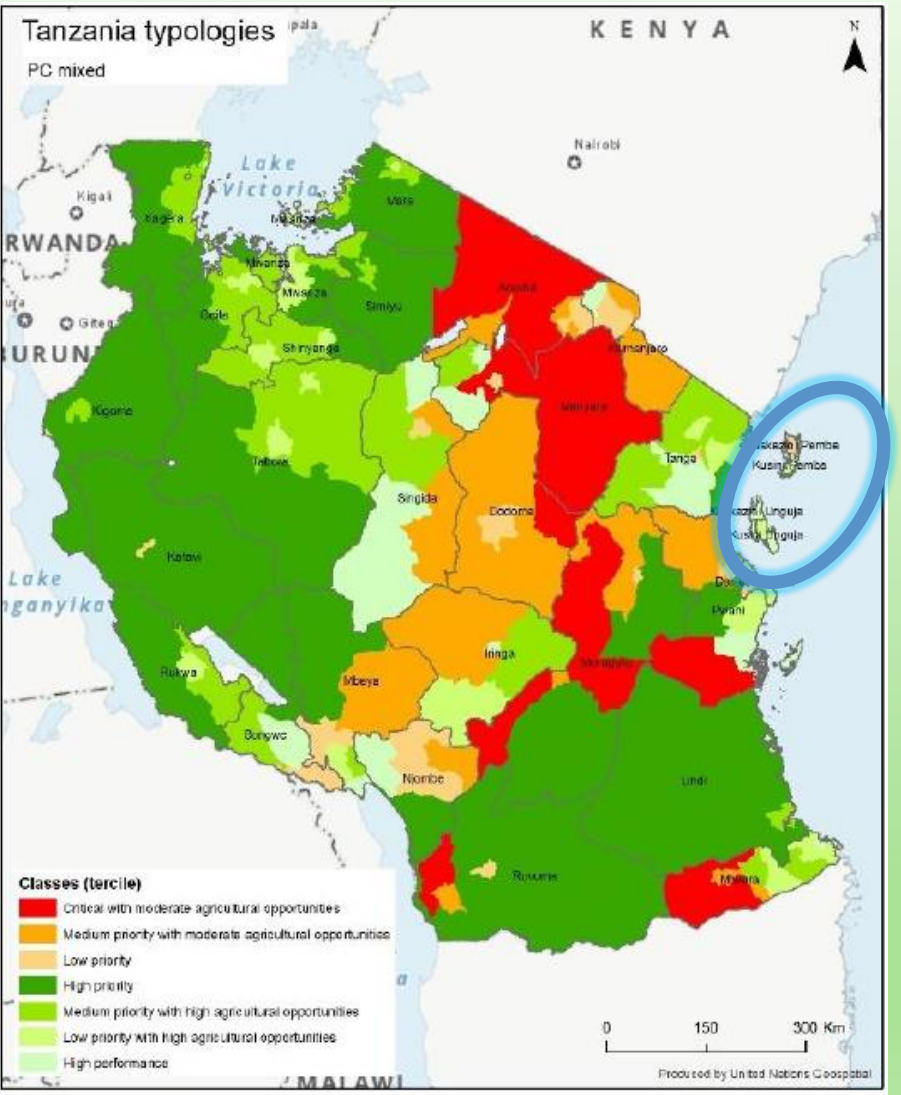
SECTION 1:

Overview

Overview



Source: Tanzania Economic Survey Report 2023-2024

Tanzania

- **Country area:** 947,303 sq. km,
- **Country Population**: 61,741,120
- **Economy Growth:** 4.8% from 2021 to 2023 with a moderate inflation rate of 4.0%.
- Economic Structure: **Agriculture 25% of GDP**
- **Coastline:** 1,424 km along Indian Ocean.
- **Freshwater Coverage**: 54,337 sq.km
- **Territorial Sea:** 64,000 sq.km.
- **Exclusive Economic Zone (EEZ):** 242,000 sq.km
- **Poverty:** declined from 28.2% in 2011/12 to 26.1% in 2019.

Zanzibar

- A **semi-autonomous island** in the United Republic of Tanzania (URT).
- Two main islands, Unguja and Pemba, land area of **2,654 km²** and population of **1.9 Million**.
- **Economy Growth:** 7.4% in 2023 with an inflation rate of 6.9%.
- Economic Structure: **Agriculture 24.9% of GDP**
- **Poverty:** Declined from 30.4% in 2014/15 to 25.7% in 2019/20

Why Investing in Zanzibar?

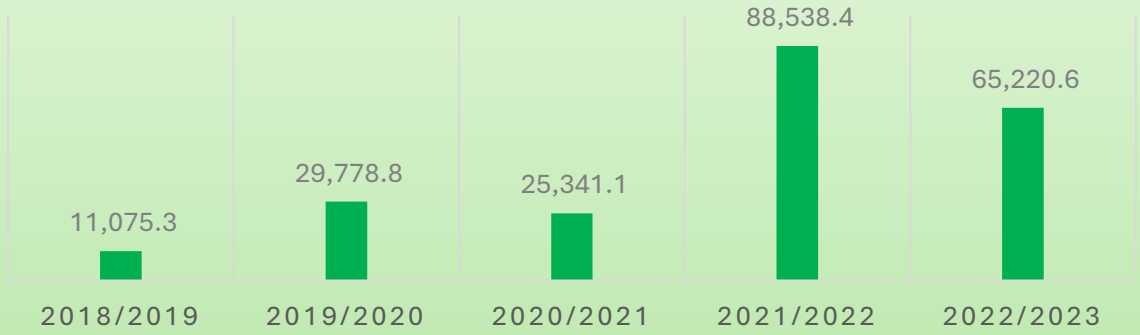
- Medium priority with high agriculture potential.
- Potential for Seaweed investment as part of blue economy agenda.
- Government commitment to support investment through attractive tax incentives.

EXPORT OF GOODS VALUE IN THE PAST FIVE YEARS

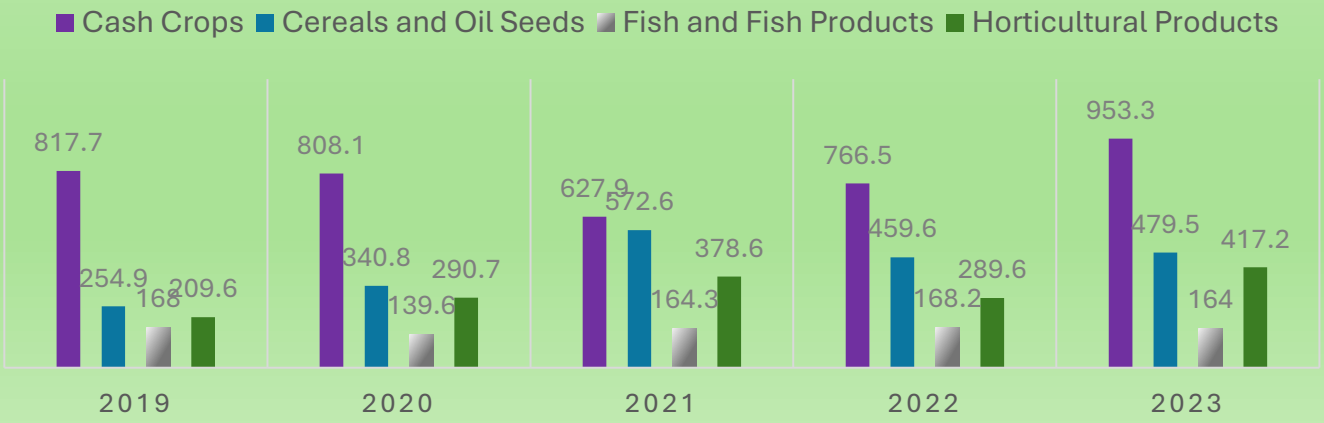
Hand-in-Hand Initiative

TANZANIA EXPORT IN MILLIONS OF USD

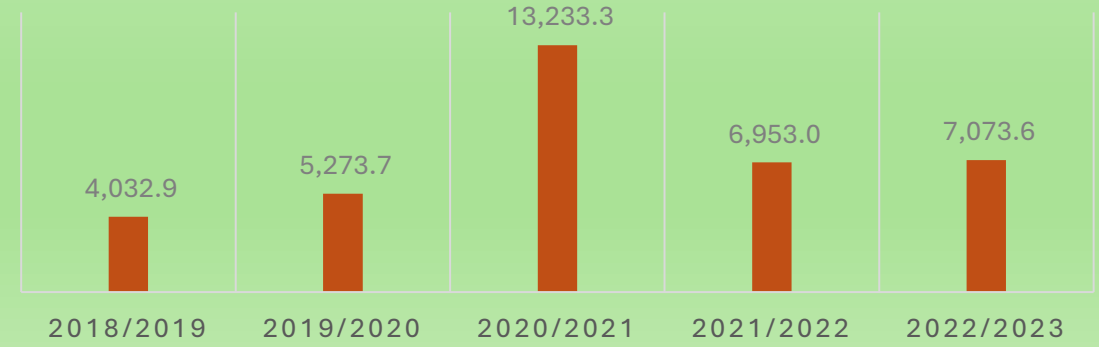
ZANZIBAR EXPORT IN THOUSANDS OF USD



TANZANIA EXPORTS IN MILLIONS OF USD



ZANZIBAR SEAWEED EXPORTS IN THOUSANDS OF USD



Source : *Bank of Tanzania Monthly Economic Review January 2024*

SECTION 2: ENABLING ENVIRONMENT

- Ease of Doing Business & Government Priorities
- Economic factors & Fiscal Incentives

Ease of Doing Business & Government Priorities

Hand-in-Hand Initiative

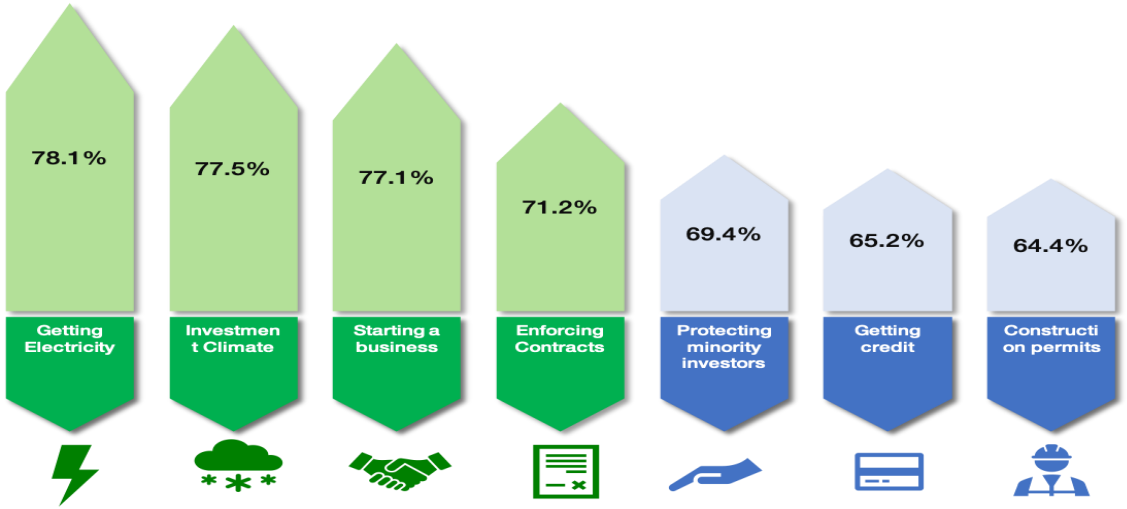
Location	**Sub_Saharan Africa**
Income category	**Low-income**
Agencies for investment support	**TIC, ZIPA, ZNBC, BPRA, ZNCC**

94th

Out of 191 countries

Score: 63.2 points

Ranking on Doing Business topics – Zanzibar



Source: *Zanzibar Business Enabling Environment [3] report, 2021*

Thematic Entry Point (Policy and Planning Environment of the Government)

The Zanzibar Development Vision 2050

Emphasizes high-quality crop and livestock production, promoting agribusinesses, blue economy and sourcing local products for tourism

The Zanzibar Agricultural Sector Development Program 2019-2029

Aims at sustainable practices, infrastructure development, and supporting research for innovative farming techniques

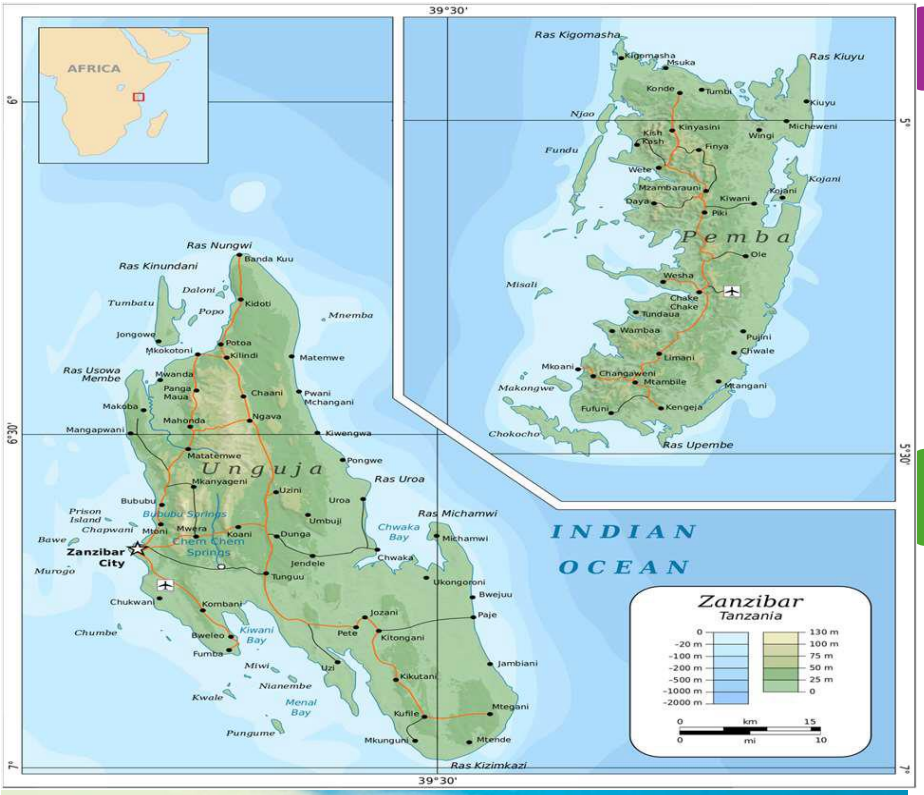
The Zanzibar Development Plan 2021-2026

Focuses on boosting productivity, supporting smallholder farmers, and investing in marine resources, including seaweed farming, sustainability in seaweed & dairy

Blue Economy Policy 2022

Sustainable management of marine resources, highlighting the economic potential of seaweed farming and integrating marine resources with agriculture

Enabling Environment: Economic Factors & Fiscal Incentives



Market Access and Trade Agreements

- **Domestic and international markets** through trade agreements and partnerships.
- AGOA 2000, EBA 2001, Samoa Agreements 2023, EAC (8 states), SADC (13 states), Tripartite FTA (29 states) and AfCFTA (55 states)
- **Adequate transportation networks**, including roads, ports, and railways, to facilitate the movement of products.

Incentives to Investors

- **100% foreign ownership is allowed.**
- **75% exemptions on duties and taxes on importation of construction goods or pre-operational goods and any other goods of capital nature.**
- **100% Allowance on R&D expenditures for five years.**
- **100% exemption Accelerated Depreciation of Plant and Machinery for five years,**
- **By application, 100% exemption of corporate income tax for the first five years, (10 years in Free Economic Zones). Thereafter a corporate tax will be charged as specified in the Income Tax Act which stands at 30% currently.**
- **Exemption from payment of withholding tax on rent, dividends, and interests for the first 10 years if operating in FEZ.**

Source : *Zanzibar Investment Act, 2023 & Zanzibar Investment Guide, 2023*

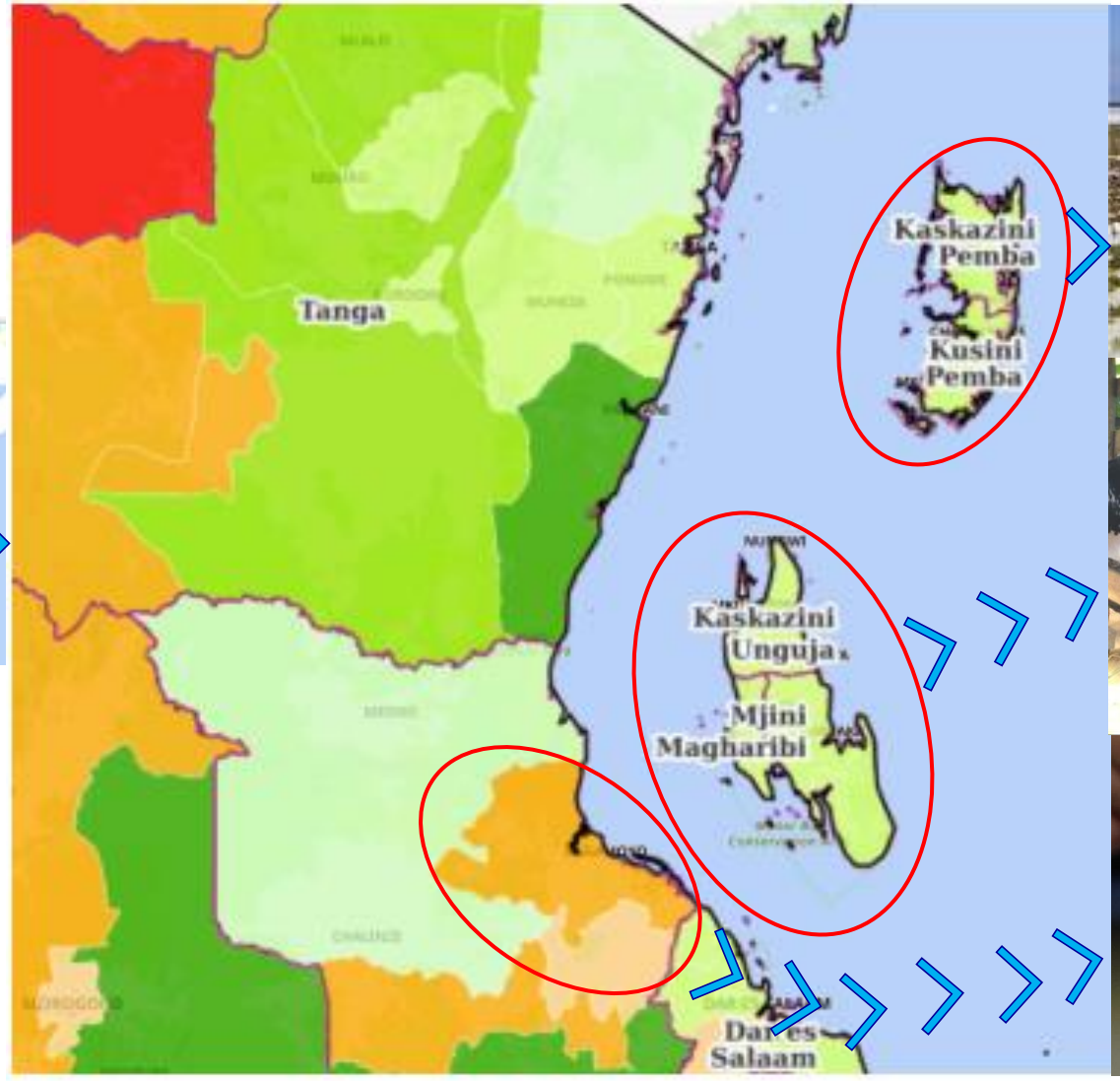
SECTION 3: INVESTMENT PLAN & OPPORTUNITIES

- Zanzibar Typologies
- Possible investment areas and Analysis
- Summary of Investment proposals

Zanzibar Hand in Hand Typologies

Hand-in-Hand Initiative

Accessible at: https://data.apps.fao.org/tanzania/



Pemba Island
- Seaweed value chain

Unguja Island
- Dairy value chain

Bagamoyo farm
- Livestock feed

Seaweed Investment Area

Hand-in-Hand Initiative

CURRENT STATUS

- Leading producer of seaweed in Africa, exports more than 90% of its annual production in raw form as dried seaweed.
- More than 90% of seaweed farmers are women working as Small Holder.
- Exports markets is dominated by Asian, potential to expand to European and North American markets

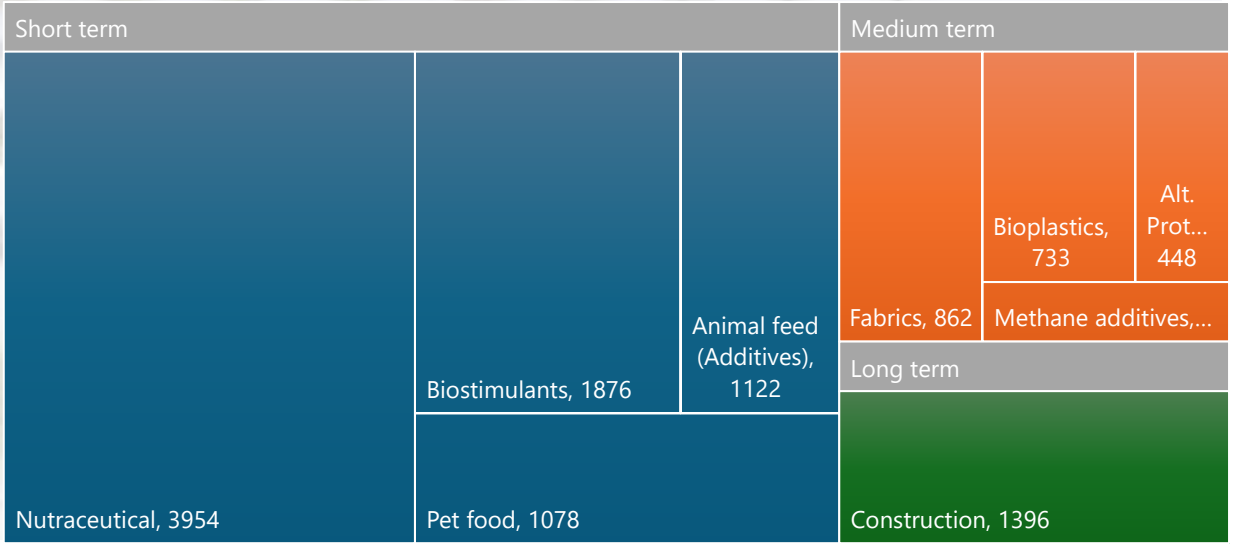
MARKET DEMAND ANALYSIS

- Increasing use of seaweed-based products locally.
- High demand: global market for seaweed is projected to increase to USD 11.8 billion by 2030.
- Asian countries dominates the markets at 98% market share. Zanzibar has a world market share of 0.4%, with significant capacity for upscaling.

Source: Global Seaweed New and Emerging Markets Report, 2023, & The Nature Conservancy. (2023). Tanzania Seaweed Guide

Zanzibar Seaweed Export

World Seaweed Market Projections By 2030 ($ millions)



Seaweed Investment Area

Hand-in-Hand Initiative

Bottlenecks	Key Investment area	Risks & Mitigations
•Limited genetic diversity, seaweed disease, and fouling jeopardize crop resilience. •Limited seaweed production diversity.	• 10Ha (24 lines @ 220m) nursery, • 25 km seeded string hatchery and • Establish long-term contract arrangements between seaweed buyers and producers. • One quality control laboratory.	Risk: ✓ Price volatility ✓ Quality Mitigation: ✓ Variety strain diversification ✓ Secure long-term contracts. ✓ Quality control measures
•High level of crop loss currently at 21% coming from primary production. •Limited post harvest facilities and approaches	• One climate smart post-harvest processing facility. (Renewable energy such as solar drying, women/PPP led) • One quality control laboratory (as above) • 15 seaweed harvest boats	Risk: ✓ Quality of Drying ✓ Efficiency of Drying Mitigation: ✓ Tailored facility design and technology ✓ Strategic Partnership (PPP) ✓ Support women engagement
•Limited local value addition. •Limited technology for advanced seaweed processing.	• Set up advanced seaweed processing facility to produce value added products, e.g. carrageenan and others (Buildings exist, PPP proposed with ZASCO). • Introduce improved packaging and branding for existing seaweed enterprises. • Set up quality control and certification	Risk: ✓ Quality assurance ✓ Standards and trade barriers Mitigation: ✓ Strategic partnerships (PPP)/Joint Venture with ZASCO ✓ Engage in free trade and bilateral agreements.

Seaweed Investments Analysis

Investment Pillars	Investment (USD)	NPV (USD)	IRR (%)
Seaweed Strain Production	523,076.92	152,878.37	25.25%
Post Harvest Handling Technologies	815,384.62	185,538.32	22.35%
Advanced Seaweed Processing Facility	13,183,076.92	4,431,474.18	24.24%

TOTAL REQUIRED INVESTMENT: USD 14.52 M

GOVERNMENT INVESTMENT: USD 3.2 M

INVESTMENT GAP: USD 11.32 M

Seaweed Facility in Pemba

Impacts

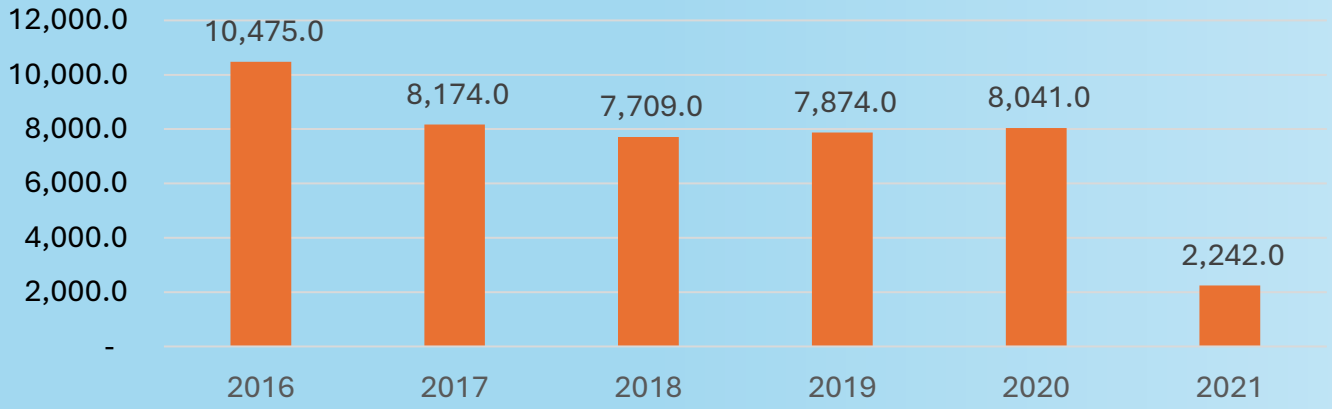
- Potential of **increasing reduction of GHG emissions** through Seaweed Farming by **24,899 tonnes CO2e per year.**
- Reducing food losses by **8,891 tonnes** of dry seaweed per year.
- Increase in total **primary production by 29,141 tonnes** of dry seaweed per year.
- Increase in average income of small-scale producers **by USD 521 per year.**
- Increase in the total number of jobs created **by 1,469 per year.**
- Increase women and youth participation **by 78%.**
- **Beneficiaries**: approx. 32,456 direct beneficiaries and 162,280 indirect

Dairy Investment Area

STATE OF DAIRY FARMING

- The number of dairy cattle in Zanzibar stands at **55,394** in which **88. 5% are indigenous** and **11.5% are improved**.
- Milk yields are low (**3 liters/animal/day for indigenous and 9-10 liters/animal/day for improved**),
- Current annual dairy production stand at **36 million litres**.
- **10%** of production is formally traded and **2.7%** of that processed.

Zanzibar Processed Dairy Production ('000 Liters)



MARKET DEMAND ANALYSIS

Zanzibar's domestic market for dairy is substantial:

- Total population of 1.9 million offers approximately 127.3 million liters of annual demand.
- Tourism, 638,498 tourists annually contributes an estimate of annual demand of 3.3 million liters.
- This indicates a promising market potential for expanding dairy farming on the Island to meet the growing demand.

Source: Dalberg (2019), Tanzania Dairy Sector Analysis, Zanzibar Statistical Abstract 2021 & NBS (2024)

https://www.fao.org/hand-in-hand/en

Dairy Investment Area

Hand-in-Hand Initiative

Bottlenecks	Key Investment area	Risks & Mitigations
•Limited access to improved breeds that limits productivity.	• Set up one Bio-secure breeding center and one semen collection and processing laboratory • Set up ten artificial insemination service centers, operated by government extension services.	Risk: ✓ Diseases and Feeding ✓ Semen distribution system. Mitigation: ✓ Biosecurity measures and regulated nutrition. ✓ Government engagement in upgrading the extension services
•Limited access to quality animal feeds that limits productivity.	• Set up one feed processing plant and storage and transport Vehicles.	Risk: ✓ Cost and complexity of transportation from Mainland to Island Mitigation: ✓ Strategic partnerships (PPP) ✓ Supply chain contracts
•Reported high level of dairy lose, at 16% due to limited cooling facilities. •High cost of imported milk and dairy products.	• Set up ten milk collection centers on Unguja [6] and Pemba [4] island. • Set up one milk processing plant (30,000 litres per day Capacity) • Set up storage/distribution facility.	Risk: ✓ Quality and hygiene of milk. ✓ Irregular raw milk supply. Mitigation: ✓ Improved quality through collection centers and processing. ✓ Improve smallholders access to reliable processors.

Dairy Investments Analysis

Investment Pillars	Investment (USD)	NPV (USD)	IRR (%)
Breeding and Semen Production	2,967,692.31	257,036.96	16.62%
Forage and Feeds Production	1,173,192.31	193,823.07	18.78%
Dairy Collection and Processing Plant	3,878,846.15	161,697.92	13.68%

TOTAL REQUIRED INVESTMENT: USD 8.02 M

Impacts

- There is an increase **of GHG Emissions by 26,965 tonnes CO2e per year**.
- Reducing food losses up to **1,828,000 liters** of milk per year.
- Increase in total **primary production 121,661 thousand liters** of milk per year.
- Increase in average income of small-scale producers **by USD 528 per year.**
- Increase in the total number of jobs created **by 38,784 per year.**
- **Beneficiaries:** approx. 86,091 direct beneficiaries and 430,455 indirect beneficiaries

Tanzania investment plan

Hand-in-Hand Initiative

SUMMARY	USD 22.54 million Total Investment Required	USD 3.2 Million_ Total Govt. Contribution	USD 19.34 Million Toal Investment Gap	20.15% Overall - Average IRR	USD 5.38 million Overall - NPV	118,547 Direct Beneficiaries	USD 524.5 Average Income Increase Per Capita	12,142 tonne of Co2e per year Emission Reduction

KEY INVESTMENTS

Intervention
Seaweed

Cost (USD)
14.52 million

Average IRR (%)
23.95%

NPV (USD)
4.77 million

Sustainability Benefits
Beneficiaries: approx. **32,456 direct beneficiaries** and **162,280 indirect beneficiaries**
Income increase per capita: **USD 521**
Potential Emission reduction per year: **39,107 tonnes CO2e**

Intervention
Dairy

Cost (USD)
8.02 million

Average IRR (%)
16.36%

NPV (USD)
0.61 million

Sustainability Benefits
Beneficiaries: approx. **86,091 direct beneficiaries** and **430,455 indirect beneficiaries**
Income increase per capita: **USD 528**
Potential Emission increase per year: **26,965 tonnes CO2e**