TANZANIA | BACKGROUND

Population[1]	42 million
Of which in agriculture[1]	~34 million (80%)
Of which smallholders[2]	~20 million (0.9% of global total)
Funding flow % world	6.2% of total funding captured
% Africa	11.2% of total Africa funding captured

Total Funding Captured 2009-onward:

$749M

Total Number of Projects Captured:

51

Overview of Tanzania's agricultural sector

Since the late 1990's Tanzania's economy has recorded **rapid growth**. During 1998-2007, the GDP growth rate averaged 6.6% per year. **The agriculture sector plays a dominant role** in the economy, contributing 26% of GDP and employing 80% of the workforce. However, since 2000 its share of GDP has been declining and it is currently growing at only 4% annually.[3]

The country has **favorable climatic conditions for cereals production**. However, **yields** for the dominant staple maize average only 0.88 tons per hectare, which is very **low level in international comparison**. From 2000-2007, overall population growth of 3% increased at a faster rate than maize production of 2%.[3] This is particularly regrettable since research has shown that a high growth in maize production would reduce poverty, while simultaneously improving food security of poor households.

Besides pulses, all other crops recorded positive growth. Particularly, export-oriented crops such as cotton, sugarcane and tobacco recorded high growth rates – some almost 10% annually. However, these crops tend to be highly concentrated in specific regions.[3] The fisheries and livestock subsectors contribute a third of agricultural GDP. While fisheries have been steadily growing at a rate of 5.1% per year between 1998 and 2007, livestock trailed behind crop agriculture with an average growth rate of only 3.3% annually.[3] Slow growth in the livestock sector effects poor household particularly since they depend on incomes from cattle and poultry for their livelihoods.

Although recent production trends indicate strong overall growth in the agricultural sector during the period 2000-2007, the **source of growth has been concentrated among a few crops** typically located in the northern and eastern regions of Tanzania and often **produced by large scale farmers**. Thus observed growth did not have huge countrywide impacts in reducing poverty or improving nutritional outcomes.[3]

In formulating the Agricultural Sector Development Strategy in 2001, Tanzania is **moving towards a multi-sectoral development strategy for agriculture**. It aims to achieve a green revolution by improving institutional arrangements, land use and financing and combining these efforts with an industrialization strategy geared to the transformation of the sector.

Challenges and opportunities of the agricultural sector

The agricultural sector is confronted with a range of challenges on one hand, and stands to benefit from opportunities on the other:

- The **strong dependency on agriculture** renders Tanzania **vulnerable** to frequent natural catastrophes as well as unfavorable prices in global commodity markets. [4]
- **Smallholders lack market linkages**, as well as access to agricultural inputs (such as seeds and fertilizers), credit and irrigation water.[5]
- The country has **immense potential for irrigated agriculture.** The area suitable for irrigation is estimated to be about 29.4 million hectares but only 0.33 million ha are currently under irrigation.[3]
- The **Agriculture Sector Development Framework** has had a considerably positive impact by **raising average productivity of paddy fields**, encouraging Local Government Authorities (LGAs) to construct 271 and rehabilitate 187 dip tanks, rehabilitating almost 500 km of rural feeder roads enabling accessibility to crop and livestock markets, and establishing nearly 100 crop markets.[3]
- Tanzania has been identified as one of the **USAID Feed the Future** initiative's potential 'Focus countries'.

Tanzania and CAADP Progress

In July 2010, the Tanzanian government signed a CAADP compact, pledging to increase investment in agriculture. Areas for improvement identified by CAADP include enhancement of private sector involvement in irrigation programs (small, medium and large), rural road construction, and market linkages.[3]

- With an **average growth of 5% in its agricultural sector** over the last decade Tanzania has almost achieved the CAADP goal of 6% per year. In 2008, Tanzania's agricultural sector grew by more than 10%.[6]
- Tanzania **did not meet the CAADP target of 10% agricultural** spending in recent years. Spending on the sector ranged from 4.5-7% in the period during 2003-2007. In 2008, the spending share fell to 2.5%.[6]

[1] World CIA Factbook
[2] Estimate extrapolated from "*Small farms: current status and key trends*", Oksana Nagayets, IFPRI, 2005
[3] Comprehensive Africa Agriculture Development Programme (CAADP) in Tanzania, Brochure 1-3
[4] World Bank: "Tanzania: Country Brief" (World Bank Website)
[5] IFAD: "Rural Poverty in Tanzania"
[6] Regional Strategic Analysis and Knowledge Support System Tanzania Page (www.resakss.org)

TANZANIA | SMALLHOLDER FUNDING TRENDS

Funding trends by focus area

The most noteworthy trend that emerges from the smallholder funding captured for Tanzania is the predominance of **large, cross-sector projects designed to address multiple focus areas**: these account for half of total funding to the country.

Funded by multilateral agencies, with co-financing from bi-laterals, these projects aim to increase smallholder productivity and profitability through improved inputs, training and extension, access to markets, capacity building of farmers groups and financial services provision, as well as some investment in rural infrastructure. The largest of these cross-sector initiatives, the **Agricultural Sector Development Programme (ASDP)**, is a Government developed initiative supported through a basket fund of contributions from multilateral and bilateral donors.

Within inputs/training focused funding, specific crops and products that are prioritized include **coffee**, **bananas**, **sweet potatoes**, **rice**, **bees**, and **cassava**.

On the finance/markets side, projects focus on both finance as well as market linkages, ranging for example from **export development of cashew nuts** to strengthening women entrepreneurs in the Arusha region through business training, advisory, and microcredit services.

Finally, in terms of infrastructure, all projects reviewed are focused on **water management**. However, as mentioned the ASDP is multi-focus, including roads and other rural infrastructure.

The donor landscape

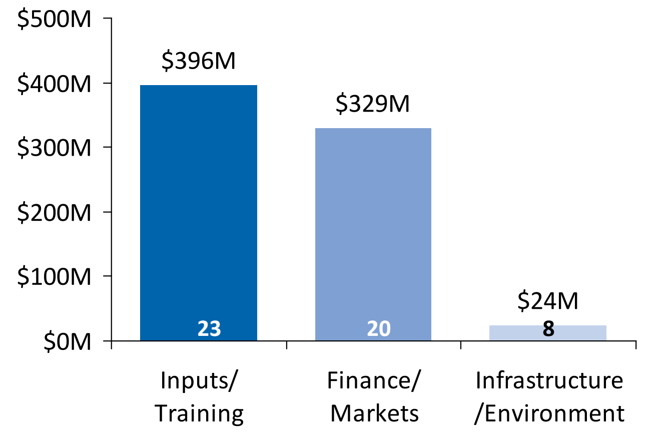
Initiatives from multilateral agencies, often co-financed by bilaterals, account for by far the majority of smallholder investment in Tanzania.

Apart from contributions made as co-financiers and to the ASDP basket fund, the largest single bilateral investments are in irrigation (**BMZ**, **JICA**). Other bilateral work, in which **USAID** and **SDC** are particularly active, focuses on linking smallholders with markets and the private sector.

The Bill & Melinda Gates Foundation is actively funding across all three focus areas: supporting, for example, small-scale pump technologies, improvements to cassava value chains, and pro-smallholder policy change in partnership with AGRA.

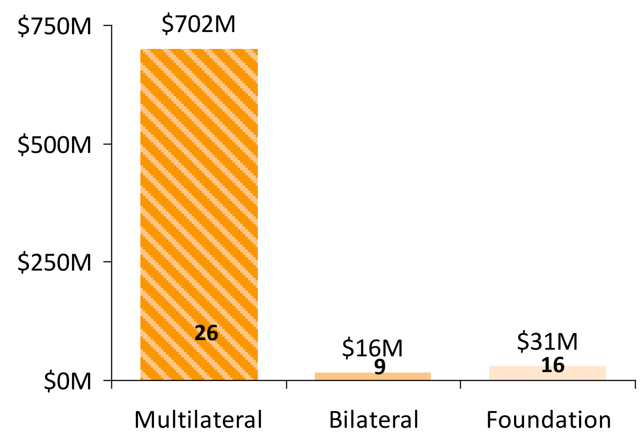
The high level of international donor activity in Tanzania should be considered alongside recent and ongoing **government commitments** to action in agriculture investment. As part of its recent pledges, the government has expressed a wish to see **more collaboration between the private sector**, development partners and the state. For example, at the 2010 Africa World Economic Forum (WEF) in Tanzania, President Kikwete declared his personal support for an **agricultural growth corridor** running through the southern highlands of Tanzania.

Funding & number of projects by main focus area



Representative projects		
• Accelerated Food Security Project, WB	• Marketing infrastructure value addition, AfDB (pipeline)	• Lake Tanganyika Resource Management Project, AfDB
• Tanzania Agricultural Sector Development Programme		

Funding & number of projects by funder type



Active funders		
IFAD World Bank	BMZ JICA USAID SDC	Bill & Melinda Gates Foundation Gatsby Charitable Trust McKnight Foundation