

**THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF AGRICULTURE FOOD SECURITY AND COOPERATIVES**



**INVESTMENT POTENTIAL AND OPPORTUNITIES IN AGRICULTURE
(CROP SUB-SECTOR)**

JANUARY 2009

1.0 BACKGROUND INFORMATION

1.1 Location:

The United Republic of Tanzania is a unitary Republic formed by the union of Tanganyika and Zanzibar (which includes the Islands of Unguja and Pemba) in 1964. Tanzania is located in East Africa between latitudes 1° - 12° South of the Equator and longitudes 29° - 41° East of Greenwich. It shares the borders with eight countries: Kenya, and Uganda to the North, Rwanda, Burundi and Democratic Republic of Congo to the West, Zambia, Malawi and Mozambique to the South. A coastal line of 800 Kms borders the Indian Ocean. The multi-border characteristic of Tanzania reinforces its accessibility and gives it competitive leverage over the neighbouring countries, which possess less exposed boundaries. The total land area of Tanzania is 945,000 km² which includes a land area of 881,000 km² of Mainland, 2,000 km² for Zanzibar, 62,000km² inland water and 3350 km² of forest and woodlands. Tanzania also hosts the highest mountain in Africa known as Kilimanjaro Mountain (5895 mts high above sea level). The population of Tanzania is estimated to be 35 million people in 2002. Population growth rate is 2.8% per annum. The strength of the Tanzanian economy lies on the rich endowed natural resources including minerals, arable land and large population that constitute the large internal markets. Other advantages are existence of ports along the coast and inland ports, favorable climatic condition and political peace and stability.

1.2 Language:

Culturally, Tanzania is described as one of the most diverse countries in Africa and this is reflected in the fact that there are more than 120 local languages spoken in the country. English is the official communication and instructions media in academic institutions; administration and business while Swahili is a national language and mostly widely used language in daily life.

1.3 INFRASTRUCTURE FACILITIES

1.3.1 Roads

A road network of approximately 85,000 kms of which about 5% is paved and the remaining is unpaved. 35,000 km of the network are classified as National Roads and has since 2000 been managed by the Tanzania National Roads Agency (TANROADS), semi-autonomous body under the Ministry of Infrastructure Development. The remaining approximately 50,000 km are district, feeder and community roads and are managed by various districts under the Prime Minister's Office, Regional Administration and Local Government (PMO-RALG). The road network carries over 80% of passenger and over 75% freight traffic in the country.

The tarmac roads are those connecting business city of Dar es Salaam and other regions (Morogoro, Dodoma, Iringa, Mbeya and Ruvuma) located in the southern highlands and central part of the country and neighbouring countries of Zambia and Malawi. Others connect Dar es Salaam with other regions (Tanga, Kilimanjaro, Arusha, and Manyara) and neighbouring countries of Kenya and Uganda. Tanzania is currently in the middle of a ten year Integrated Roads Programme, which is designed to upgrade 70% of the country 10,300 km of main roads and build some 3,000 km of new roads.

1.3.2 Railways

Tanzania has more than 3,685 km of railroads. There are two railway networks which provide both freight and passenger services, a 2,715 km line linking Dar es Salaam with the Central and Northern regions operated by private company Tanzania Railways Limited (TRL) and 1,860 km of which 900 km is in Tanzania linking Dar es Salaam with the southern highlands regions to Kapiri Mposhi in Zambia operated by Tanzania Zambia Railways Authority (TAZARA). TAZARA has a capacity to carry 2.5 million tons a year.

1.3.3 Airports

Tanzania has three international airports, Mwalimu Nyerere International Airport (MNIA), Kilimanjaro International Airport (KIA) and Zanzibar International Airport (ZIA) and more than 50 official airports and airstrips. Major flights in and out of Dar es Salaam include KLM, Swiss Air, British Airways, Gulf Air, Emirates Airlines, South African Airways, Kenya Airways and Egypt Air. The airports are equipped with modern facilities to provide excellent services both to passengers and cargo operators. The main local air transport operators are Air Tanzania Company Limited (ATCL) and Precision Air which connect almost all regions in the country. There are also small air transport operators connecting the tourist attraction sites, wildlife reserve hotels and towns.

1.3.4 Sea Transport

The Tanzania Port Authority (TPA) operates three major ports, Dar es Salaam, Mtwara, and Tanga and three minor ports of Kilwa, Lindi and Mafia. Dar es Salaam port has eight deep water berths for general cargo, three berths for container vessels, eight anchorages, a grain terminal, an oil jetty and onshore mooring for supertankers.

The Dar es Salaam port has intrinsic capacities of dry break bulk cargo of 3.1mn tonnes of containerized cargo and 6.0 metric tonnes of bulk liquid. It handles cargo for Zambia, Burundi, Rwanda, Uganda and Democratic Republic of Congo (DRC).

1.3.5 Lake Transport

Tanzania's major lakes are Victoria covering 35,000 sq. km, Tanganyika 13,000 sq. km, Nyasa 6,000 sq.km, Rukwa 3,000 sq.km and Eyasi over 1,000 sq.km. Lake transport facilities are managed by the Marine Services Company Limited. There are freight cargo and passenger transport services on Lake Victoria (linking Tanzania, Kenya, Uganda), Lake Tanganyika (linking Tanzania, Burundi, Democratic Republic of Congo and Zambia), and on Lake Nyasa (linking Tanzania, Malawi and Mozambique).

1.3.6 Electrical Power

The country's main source of electrical power is hydropower and it is distributed to almost all regions in the country. The fossil source of power under the private company of the Independent Power Tanzania Ltd (IPTL) has also been connected to national power grid under Tanzania Electric Supply Company Ltd (TANESCO). Another source of power, which is recently developed, is using natural gas from Songosongo under the natural gas project (SONGAS) that draws gas from Mtwara. This power has also been connected to national grid. Almost all towns and cities in the country have reliable power supply and most of rural areas have been connected with electrical power.

These power sources ensure and create conducive environment for sustainable development of agro-processing industries.

1.3.7 Telecommunication

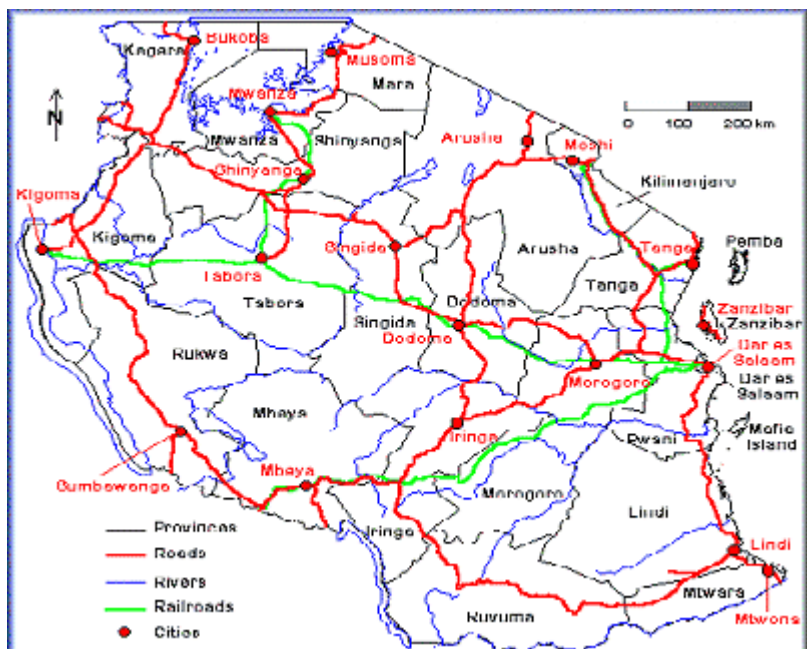
Tanzania Telecommunication Company Ltd (TTCL) is the main gateway to international exchanges and is jointly owned by the Tanzanian government and private investors. Currently there are four cellular mobile network operators licensed by Tanzania Communication Regulatory Authority (TCRA) which are MIC (T) Ltd (TIGO); Zanzibar Telecommunication Company (ZANTEL), Vodacom (T) Ltd and Zain

Tanzania Ltd. All mobile phone companies are operating in both mainland and Zanzibar. Most of these companies connect the highways and rural areas, to provide conducive environment for agricultural investment.

Currently there are nine Public Data Communication Service Providers including Simbanet (T) Ltd a subsidiary of International Communication Systems (ICS), Datel (T) Ltd, Wilken Afsat (T) Ltd, Equant (T) Ltd., Fastcom Ltd., Soft-Tech Consultants Ltd., Tansat Ltd., Simunet Ltd. and Pocanet Ltd.

TTCL is currently implementing a rural automation project, which is geared at ensuring that all district centers and suburbs (with economic potential) have full automation digital exchanges. Another programme underway is the Telecommunication Restructuring Programme (TRP). The TRP has managed to raise teledensity from 3 telephones per 1,000 inhabitants to 7 telephones per 1,000 people.

1.3 MAP OF TANZANIA SHOWING COMMUNICATION NETWORKS



2.0 PEACE AND STABILITY OF THE COUNTRY

The Constitution of the United Republic of Tanzania (1977) stipulates that Tanzania aims at building a democratic society founded on the principles of freedom, justice, fraternity and concord, in which the Executive is accountable to a legislature composed of elected members and representatives of the people. The judiciary is independent and dispenses justice without fear or favour, thereby ensuring that all human rights are preserved and protected. The constitution hence provides for legislative supremacy of the Parliament and independence of the Judiciary. It also embraces the principles of rule of law; separation of powers and pluralistic political system. Tanzania is free of ideological confrontations, ethnic problems and labour disputes. It is a centre of economic and political stability in Sub-Saharan Africa. Multi party democracy adopted in 1992 has not disturbed the peaceful political climate of the country. The political scene is characterized by parliamentary democracy and public consensus on key social and economical priorities.

Investors in Tanzania are highly optimistic of the future of the economy. Low inflation, a reasonably stable currency, a friendly Government and peaceful country are what most of the international companies chiefs quoted as being economic driving forces.

Overall, international investors, potential and current, have great words for Tanzania - Africa's most stable and peaceful country.

3.0 CLIMATE

3.1 Temperature

Tanzania has predominantly tropical climate and some isolated highlands with typical temperate climates. Temperatures range from 10°C to 35°C depending on altitude and season, usually cool from end of May to end of August. In the highlands, temperature ranges between 10°C and 20°C during cold and hot seasons respectively. The rest of the country has temperatures not lower than 20°C. The hottest period is between November and February and it ranges from 25°C to 35°C while coldest period occurs between May and *August with temperature ranging from 15°C to 20°C.*

3.2 Rainfall Pattern:

Bimodal pattern of rainfall is characterized by short and long rains in regions around Lake Victoria Basin, Northeastern Highlands and North Eastern Coastal and Hinterland areas. Short rains occur during September to December, with total rainfall ranging between 200 and 500mm while long rains range between 300 and 600mm in March to May. Unimodal areas receive rains from November to April, ranging between 500 and 1000mm and cover the rest of the country.

3.3 Wind

The wind condition is slightly normal in most parts of the country; however more pronounced windy conditions are experienced during rainy periods. The presence of land and sea breeze brings about localized amplification in coastal areas, resulting in rains in some isolated areas.

3.4 SOILS AND SOIL FERTILITY

Soils in Tanzania vary according to parent rock and position on the landscape. The following are major soil types, level of their fertility and major crops grown.

3.4.1 NORTHERN ZONE (Arusha, Kilimanjaro and Manyara regions)

This zone has soils of variable texture, volcanic ash soils at very high altitude volcanic plateaus and slopes to fertile clays derived from volcanic sediments and lavas. Most of the soils are fertile. Major soils types are: - *Mollic Andosols, Luvic Phaeozems, Haplic Solonetz, Sodic Solonchaks, Haplic Phaeozems, Chromic Luvisols, Eutric Planosols, Chernozems*. Major crops grown are: - coffee, banana, round potatoes, beans, tea, vegetables, flowers, wheat, barley, sugarcane, maize and sisal.

3.4.2 SOUTHERN ZONE (Mtwara, Lindi and Tunduru district)

This zone has soils of variable texture from predominantly sandy soils along the coast, friable clays to heavy clays in lowlands and valleys. Soil fertility levels are low to medium. Major soils types are: - *Cambic Arenosols, Eutric Fluvisols, Eutric Leptosols, Ferralic Cambisols, Haplic Lixisols, Sodic Solonchaks and Eutric Vertisols*. Major crops grown are: - cashew, sesame, cassava, sorghum, groundnuts, bambara nuts, paddy, pigeon peas, cowpeas and coconut and finger millet.

3.4.3 SOUTHERN HIGHLANDS (Iringa, Mbeya, Rukwa and Ruvuma regions)

Soils in this zone vary from friable clays of low to moderate fertility to low altitude lacustrine alluvial with fertile soils of medium to heavy textures and fertile volcanic ash at volcanic highlands plateaux. Major soils types are: *Vitric Andosols, Haplic Nitisols, Haplic Acrisols, Dystric Calcisols, Cambic Arenosols, Eutric Fluvisols, Eutric Leptosols, Ferralic Cambisols, Haplic Lixisols, Umbric Acrisols, Umbric Nitisols, Haplic Solonetz and Haplic Ferralsols*. Major crops grown are:- coffee, tea, round potatoes, banana, beans, vegetables crops, flowers, wheat, barley, maize, paddy and sunflower.

3.4.4 CENTRAL ZONE (Dodoma and Singida regions)

Soils in this zone are mainly sandy and loamy of low fertility and seasonally waterlogged or flooded clays. Major soils types are:- *Ferralic Cambisols, Chromic Cambisols, Gleyic Solonetz, Eutric Vertisols, Haplic Phaeozem, Umbric Nitisols, Utric Planosols, Lithic Leptosols, Luvic Phaeozem and Chromic Luvisols*. Major crops grown are:- vine, maize, beans, wheat, rice, tobacco, sunflower, cotton and groundnuts.

3.4.5 WESTERN ZONE (Tabora and Kigoma regions)

Soils in this zone are mainly sandy and loamy upland soils and seasonally or permanently waterlogged clayey bottomland soils. Major soils types are:- *Ferralic Cambisols, Dystric Calcisols, Fluvic Histosols, Haplic Nitisol, Cambic Arenosols*

Major crops grown are:- banana, maize, beans, palm oil, coffee, cassava, paddy and tobacco.

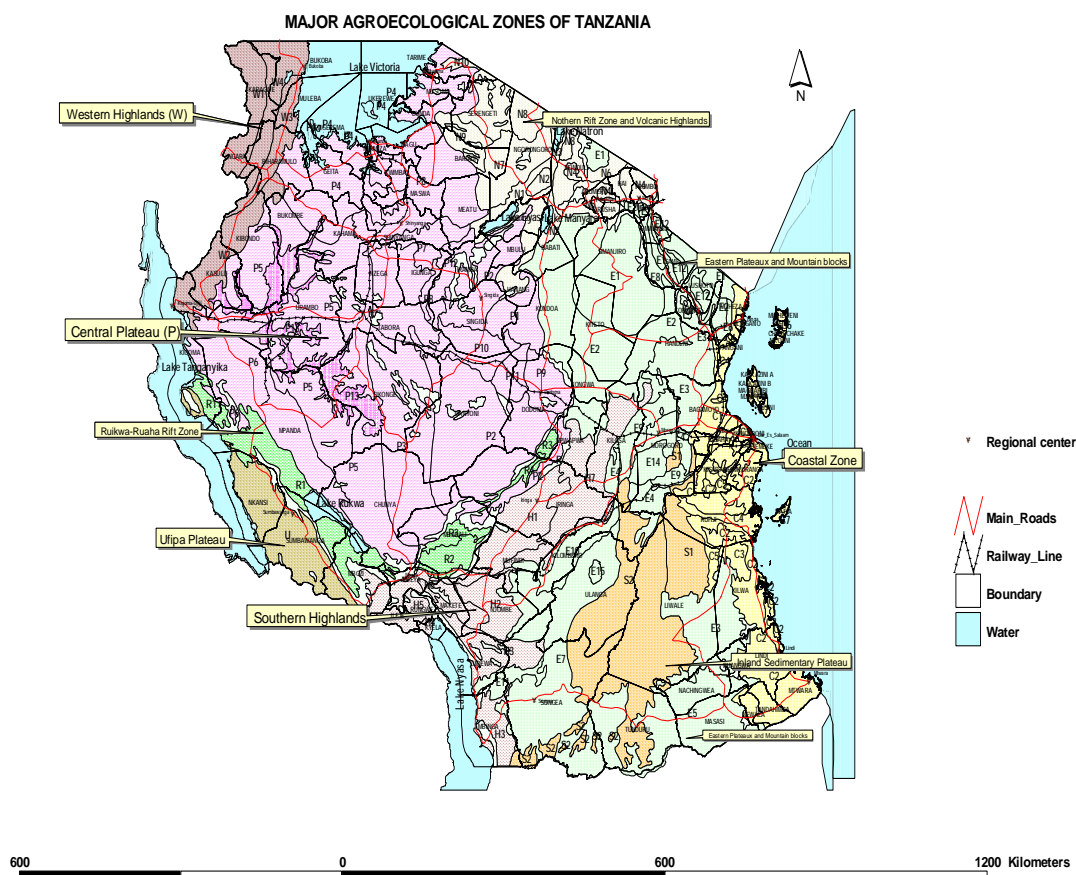
3.4.6 LAKE ZONE (Mwanza, Kagera, Mara and Shinyanga regions)

Soils in this zone are sands and loams, in some areas clay, heterogeneous soils. Hardpan soils and clayey soils of moderate to high fertility. Major soils types are:- *Chromic Cambisols, Haplic Ferralsols, Eutric Planosol, Eutric Vertisol, Luvic Phaeozems and Haplic Nitisols*. Major crops grown are:- paddy, maize, beans, coffee, banana, tea, sugarcane, vegetables, cotton, cassava, sorghum, millet and sweet potatoes.

3.4.7 EASTERN ZONE (Tanga, Coast, Dar es Salaam and Morogoro regions)

Soils in this zone are mainly sandy and heavy textured clayey soils. In tropical highlands clayey soils dominate. Fertility status is low to moderate. Major soils types are:- *Cambic Arenosol, Chromic Luvisols, Eutric Fluvisol, Eutric Leptosol, Eutric Planosol, Eutric Vertisol, Ferralic Cambisols, Haplic Acrisols, Haplic Lixisols, Haplic Luvisols, Haplic Phaeozem, Lithic Leptosols, Mollic Fluvisols, Rhodic Ferralsols, Sodic Solochak, Umbric Acrisols and Umbric Nitisols*. *Coastal lowlands and lacustrine alluvial/Riverine floodplains rich in young alluvial soils*. Major crops grown are: - sugarcane, sisal, coffee, banana, vegetables, tea, cotton, maize, cassava, paddy and coconut.

3.4.8 MAP OF AGRO-ECOLOGICAL ZONES



4.0 IMPORTANCE OF AGRICULTURE

Agriculture is the mainstay of the Tanzanian economy. It contributes about 26.5 percent of GDP and 30 per cent of export earnings. Agriculture has been experiencing a dismal growth rate over time. However, there has been an overall increase of five year moving average agricultural GDP growth rates of about 3.3% (1991 - 2000) to 5 percent in 2001 to 2006. The agricultural sector provides employment to about 75% of the total labour force out of which 56% are women.

The crop sub-sector contributes about 35% of GDP and grows at 3.8% annually. Food crop production has grown at a rate of about 2.8% accounting for about 65 percent of agricultural GDP while cash crops account for only about 10 percent. Maize is the most important food crop accounting for over 20% of total GDP. Agricultural export crops have been growing at about 6 percent while food crops have been growing at 4 percent. Food and cash crops account for about 70 percent of rural incomes.

5.0 AGRICULTURAL POLICY FRAMEWORK

Since the mid-eighties, the Tanzania economy has undergone gradual fundamental transformation that has redefined the role of government and the private sector. Under the new environment most of the production, processing and marketing functions have been assigned to the private sector while the government has retained regulatory and public support functions. These macro changes have and continue to have profound impact on the agricultural sector in which, already agricultural input and output prices have been decontrolled, subsidies have been removed, and monopolies of cooperative and marketing boards have been eliminated.

At institutional level, the agriculture sector lead ministries (Ministry of Agriculture Food and Cooperatives, Ministry of Livestock Development and Fisheries, Ministry of Industry Trade and Marketing and Prime Minister's Office Regional Administration and Local Government) have assumed new missions in which they see themselves as essentially performing public sector support functions, which among others include research, extension and training, policy formulation, information services, regulatory functions, protection of environment and provision of enabling environment for private sector participation in the agricultural production, processing and marketing.

The privatization of commercial functions is supported by programme of parastatal divesture, which aims at enhancing investment resources in agricultural enterprises, thereby stimulating productivity and production and ensuring financial sustainability of the enterprises.

6.0 THE AGRICULTURAL SECTOR VISION

Stakeholders in agriculture envisage an agricultural sector that is modernized, commercial, highly productive and profitable, utilizes natural resources in an overall sustainable manner and acts as an effective basis for inter-sectoral linkages by the year 2025.

7.0 ARABLE LAND:

7.1 Potential areas for agriculture in the country:

Tanzania is endowed with an area of 94.5 million ha. of land, out of which 44 million ha are classified as suitable for agriculture. However, part of this arable land may be only marginally suitable for agricultural production for a variety of reasons, including leaching, drought proneness and tsetse infestation.

7.2 Currently land under utilization

According to National Sample Census for Agriculture of 2002/2003 the area under cultivation is 9.1 million ha. This includes 7.8 ha of annual crops (including fallow), 1.2 million ha permanent crops (including planted trees). Studies conducted by URT/WB 2000 estimated that out of 50 million ha. suitable for livestock production only 26 million ha, or 50% is currently being used mainly due to tsetse-fly infestation. Per capital land holding (hectare per head) is 0.1 ha.

Land Resource (million ha)

Total land	94.5
Arable land	44.0
Cultivated land	9.5
Area suitable for irrigation	29.4
Planted area under irrigation	0.27
Area of high development potential	2.3
Area of medium development potential	4.8
Land under medium and large scale farming	1.5
Range land	50.0
Land under livestock	26.0
Tsetse infested area	24.0
Total land allocated to small holders	11.9

Sources:

URT	National Sample Census of Agriculture 2002/2003
URT/WB	Tanzania Agricultural Performance and Strategies for Suitable Growth, February 2000
URT	Ministry of Agriculture, Food Security and Cooperatives Budget Speech 2006/2007 and 2007/2008
MWLD	Livestock Sub sector Memorandum, 2000

7.3 Land Distribution in the Country i.e. land available in each region that is potential for Agriculture Investments

The available surveyed land in each region and unsurveyed land parcels that are potential for agriculture investment is shown in Table 1 below

Table 1: Distribution of selected land parcels/areas by regions that

are potential for agricultural investments

No	Region	No. of Parcels	Area (Ha)
1	Arusha	14	4171.66
2	Coast	61	85410.42
3	Dar es Salaam	NA	NA
4	Dodoma	NA	NA
5	Iringa	16.0	6391.05
6	Kagera	NA	NA
7	Kigoma	NA	NA
8	Kilimanjaro	6	2579.73
9	Lindi	NA	NA
10	Manyara	NA	NA
11	Mara	12	11463.00
12	Mbeya	4	554.07
13	Morogoro	1	20000.00
14	Mtwara	NA	NA
15	Mwanza	7	4835.00
16	Rukwa	2	507.50
17	Ruvuma	4	5012.32
18	Shinyanga	NA	NA
19	Singida	1	2197.00
20	Tabora	1	43012.00
21	Tanga	18	268497.56
TOTAL		147	454,631.30

Source: Ministry of Lands and Human Settlements Development (2004)
Report on the Analysis of the Verified Land Parcels for the Land Bank

Table 2: Distribution of Verified Land Parcels

**(Surveyed / unsurveyed) potential for Agricultural Investment
in Coast, Dodoma, Tanga and Morogoro Regions**

No.	Region	District	No. of Land Parcel	Area (ha)
1	Coast	Bagamoyo	42	333,051.43
		Mkuranga	33	52,186.23
		Kibaha	128	21,837.14
		Kisarawe	6	12,559.38
2	Dodoma	Kongwa	26	75,780.00
		Mpwapwa	19	2,770.00
3	Tanga	Korogwe	5	19.59
		Muheza	9	14,045.00
		Kilindi	13	3,059.00
4	Morogoro	Morogoro (R)	18	79,050.00
		Kilosa	11	27,171.00
		Mvomero	35	*120,232.20
		Ulanga	3	58,077.20
		Kilombero	48	164,459.00
Total			396	964,297.17

* Area for 7 land parcels only, area for other land parcels not available

Source: Ministry of Agriculture, Food Security and Cooperatives
Land Use Planning (2007)

7.4 LAND TENURE SYSTEM

Land Management

For the purpose of the management of land under Land Act, 1999 and all other laws applicable to land, public land falls in the following categories: -

- General Land;
- Village Land; and
- Reserved Land.

Under Section 4 (1) the Land Act, 1999, all land in Tanzania belongs to the State. Land can, however, be owned in three different ways 1) Government granted right of occupancy 2) Tanzania Investment Center (TIC) derivative rights 3) Sub - Leases created out of granted right of occupancy by the private sector.

Rights of occupancy and derivative rights are granted for short term and long-term periods ranging from 5 - 99 years and are renewable, but for not more than 99 years. Long term derivatives rights and leases range between 5 - 98 years.

Right of Occupancy

Requirements for application of right of occupancy include: -

- Duly filled Land Form No. 19
- Passport size photograph
- Application fee
- Any other information as required by the Commissioner of land
- Declaration of all rights and interests in Land in Tanzania which the applicant has at the time of application
- Consent of local authority or other body where any law requires
- Application by a non-citizen or foreign company should be accompanied by a Certificate of Incentives granted by Tanzania Investment Centre (TIC) under Tanzania Investment Act, 1997

Acceptance of offer of a right of occupancy shall be:

By filling and signing Land Form No. 20 (for urban land) or Land Form No. 21 (for farm land) and signed by the applicant or his authorized representative or agent accompanied by a fee.

A Certificate of Occupancy shall be issued in the name of the President and shall be in Land Form No. 22 (for urban land) and Land for No. 23 (for farm land).

7.4.1 Procedures for acquiring land for local investors

Under Section 19 (1) of the Land Act 1999 citizen investors or group of them may acquire land by a granted right of occupancy or a derivative right or by obtaining a sub - lease from private sector.

The procedures to be followed by local investors when applying for farmland

1. Application submitted to District Authority
2. Consideration by District Land Allocation Committee for land up to 500 acres
3. Recommendations by Minister of Lands for land exceeding 500 acres
4. Application approved or rejected by Minister of Lands or District Land Allocation Committee.
5. Applicant notified
6. Letter of Offer issued stipulating fees for approved application
7. Certificate of Occupancy prepared
8. Certificate registered
9. Duplicate given to the occupier of land

The procedures to be followed by local investors when applying for urban land

1. Application submitted to Urban Authority
2. Application submitted to Urban Authority Allocation Committee
3. Application approved or rejected.
4. Applicant notified
5. Letter of Offer issued stipulating fees for approved application
6. Certificate of Occupancy prepared
7. Certificate Registered by Registrar of Titles
8. Duplicate Certificate given to occupier of land

The procedures to be followed by both local and foreign investors when applying for Tanzania Investment Centre (TIC) Derivative Rights. It applies to both urban and farmland

1. Land identification by, Ministry of Lands, Urban Authority, District Authority, TIC or An Investor.
2. Land gazettment by the Ministry of Lands
3. Land designation to TIC by the Commissioner for Lands
4. Submission of application to the Executive Director TIC
5. Application approved or rejected by TIC
6. Investor(s) notified
7. Preparations of Derivative of Rights for approved application
8. Derivative Title registered
9. Duplicate Derivative title given to occupier of land.

7.4.2 Procedures for acquiring land for foreign investors

Occupation of land by non-citizens is restricted to lands for investment purposes under the Tanzania Investment Act, 1997. Under the Land Act, 1999 a foreign investor may occupy land through:

- Derivative rights under section 20(2) of the Land Act, 1999
- Application to the Commissioner for Lands for grant of Right of Occupancy under section 25(1)(h) and (i) of the Land Act, 1999
- Sub-leases from private sector
- Licenses from the Government
- Purchase from other holders of granted Right of occupancy.

Land designated for investment purposes shall be identified, gazetted and allocated to TIC, which shall create derivative rights to investors. Instances of grant of right of occupancy to a non-citizen are recognized under section 19(2) of Land Act, 1999. Section 22(1) (ii) allows the granted right of occupancy to be capable of being a subject of disposition.

In this later case a right of occupancy can be disposed off from one holder to another provided the land will be sold to and acquired by a non-citizen if it is for investment purposes endorsed by TIC. Another way in which non-citizen investors can acquire land is by obtaining sub-leases from the private sector or through Government Licenses.

The procedures to be followed by foreign investors when applying for grant of right of occupancy. It applies to both urban and farmland

1. Application submitted to the Commissioner for Lands accompanied by Certified copy of Certificate of Incentives issued by TIC and photograph of the applicant(s)
2. Application approved or rejected by Commissioner for Lands
3. Investor(s) notified

Note: The acquired land either for farmland or urban land is subject to payment of stamp duty, survey fee, registration fee, preparation fee and land rent charges. These fees are subject to changes with time and location.

8.0 IRRIGATION

Tanzania is blessed with enormous water resources potential constituting rivers, lakes, and underground water sources for irrigation and other uses. In view of the existing scenarios of water, land and socio-economic considerations, the irrigation potential in the country is found to be 29.4 million hectares with varying degrees of potentiality. There are 2.3 million hectares of high development potential, 4.8 million ha, medium potential and 22.3 million ha of low potential. To date only a total of about 279,266 Ha are under improved irrigated agriculture.

8.1 The irrigation potential distribution for each region is as shown in the table.

S/NO.	REGION	MEDIUM IRRIGATION POTENTIAL (Ha)	HIGH IRRIGATION POTENTIAL (Ha)
1.	Arusha	700,000	410,700
2.	Coast	171,800	83,000
3.	Dar es Salaam	20,000	8,000
4.	Dodoma	68,900	10,000
5.	Iringa	1,051,400	163,600
6.	Kagera	59,000	95,300
7.	Kigoma	107,900	107,400
8.	Kilimanjaro	109,600	238,500
9.	Lindi	20,000	19,600
10.	Mara	531,500	210,000
11.	Mbeya	499,700	285,000
12.	Morogoro	602,400	376,800
13.	Mtwara	40,000	14,000
14.	Mwanza	165,000	98,500
15.	Rukwa	79,800	11,000
16.	Ruvuma	240,000	23,200
17.	Shinyanga	210,000	80,400
18.	Singida	20,000	10,000
19.	Tabora	38,000	25,000
20.	Tanga	45,000	30,000
TOTAL		4,800,000	2,300,000

8.2 Water Sources for Irrigation

Tanzania is endowed with abundance of water resources like rivers, lakes and groundwater. The distribution of water resources is not uniform; there are areas with immense water resources while some other areas are dry. These being the case, efforts were made by construction of dams, shallow and deep wells. These interventions are augmented by affordable and appropriate technologies like drip and sprinkler systems, wind and solar powered pumps, and treadle pumps. Furthermore, water-harvesting technologies are being developed to harvest and conserve run-off water from slopes and ephemeral streams.

8.3 Plans and Strategies for Irrigation development.

It is envisaged to fully exploit the existing irrigation development potential in order to enhance crop productivity and profitability to the smallholder, medium and large scale irrigation farmers. This can be done through proper utilization of the land, water and human resources with application of appropriate technologies in a sustainable manner to ensure food security and poverty reduction and contributing to the national economic growth and development.

Irrigation development will involve all technologies and methods appropriate for a particular area and situation. Such irrigation application methods like gravity and pressurized systems for sprinkler, drip and other systems will be promoted where appropriate. Wide range of water sources for abstraction of irrigation water including rivers (for Run-of-river types), reservoirs provided by storage dams, lakes and ground will be promoted. Where appropriate, exploitation of non conventional sources of energy such as wind power and solar energy will be promoted for pumping irrigation water. Target crops will vary depending on the climate and demand for market. In this regards the strategies for irrigation development are:-

- Use of appropriate low cost technologies blended with modern affordable technologies like drip, sprinkler, pumps operated by wind and solar power, and utilization of treadle pumps.
- Rehabilitation of existing traditional smallholder farmers' irrigation schemes.
- Construction of medium and strategic large-scale irrigation projects.
- Construction of small, medium and strategic large scale dams.
- Adoption and promotion of rainwater harvesting technologies.
- Involvement of private sector in developing cost effective technologies.
- Employment of better techniques of water application, which promote soil infiltration and reduce runoff.
- Leveraging the private sector to invest in irrigated agriculture through the Public-Private Sector Partnership (PPP) arrangement

There is an ample opportunity for the private sector to actively participate in a business way either as service providers or as commercial farmers. Service providers have opportunities in supplying equipment and devices for water lifting such as water pumps, windmill, solar power units; equipment and devices for irrigation water conveyance and application including water pipes, drip units and sprinkler systems. Investors have a big opportunity to invest in manufacturing locally the above mentioned equipment and to invest in commercial irrigated agriculture as medium or large scale farmers.

The private sector through the Public Private Sector Partnership arrangement can also get involved in providing support services and direct investment.

Provision of Support Services for Irrigation Development and Management

The private sector can provide support services in the area of provision of consultancy services and undertaking construction works for irrigation development under contracts with the government and farmers. Further more there are opportunities in the management of large/complex irrigation infrastructures for water delivery.

Direct Investment in Irrigated Agriculture

There are opportunities for the investors to be directly involved in commercial irrigated agricultural production. Under the PPP arrangement the private sector will be involved in irrigation development in areas identified with irrigation potential suitable for medium and large scale commercial farming. The government can undertake the initial cost for preparatory works which include conducting the relevant detailed technical studies, topographic surveys, designs, securing the land title deeds and water use permits and registering that potential area with the Tanzania Investment Centre (TIC). Such essential basic arrangement will be made available for interested prospective investors to procure and develop as per designs. The land title deed and water right will be under TIC as a derivative right transferable to a successful investor.

For some of the designs, the government will invest for infrastructural development to either full development or partial development level depending on complexity and availability of funds. The partial infrastructural development of an irrigation system entails providing for the costly part of the investment covering the primary infrastructures like dams, diversion weirs, large main canals and principal access roads/farms to market roads.

The partial or full infrastructure developed will be publicly advertised by TIC for competitive possession by interested investors on a contract basis. Irrigation schemes developed partially will be completed by investors with the cost for partial investment being considered when repaying the investment costs to the government.

9.0 AGRICULTURAL INPUTS AND MECHANIZATION

Mechanization of agriculture has the potential to turn idle land into productive land for national economic growth, food self-sufficiency, industrial growth and employment. At present, it is estimated that out of the total power potentially available for agricultural operations, only about 10% represent motorized (tractor) power, some 20% from draft animals and the agricultural labour force contributes some 70%. This shows that agricultural production is highly dependent on hand tools, which do not permit acceptable increase in areas under cultivation and meet timeliness requirements for various field operations. It is feared too that the effective labour force is probably growing more slowly than the estimated percentage due to the effect of HIV/AIDS and malaria pandemics. Therefore the contribution of higher levels of mechanization in the economic development in Tanzania is a matter of great importance and cannot be avoided.

At present, there are more than 15 million heads of cattle in Tanzania. It is estimated that there are approximately 2 million mature steers and about 220,000 donkeys that are suitable for training for draft power. The number of trained oxen is approximately 1.5 million and there are about 570,000 animal drawn ploughs. On the average the number of ploughs has been increasing at an average of 20,000 units per year.

There are also about 9,500 tractors that are operational and another 6,000 are broken down although repairable. The country needs 1,800 tractors annually in order to cater for mechanical power needs for agricultural growth. Despite its obvious benefits, tractor sales in the country have drastically dropped over the past 20 years from 1,143 tractors in 1984 to 274 in 2003 mainly because of their high prices that render them out of reach to the majority of farmers. Lack of credits, stringent borrowing conditions from commercial banks and low crop prices make tractors unaffordable. While the price of a 70 Hp tractor has been keeping on increasing year after year and the prices of most crops has almost remained constant, this has made most of the small-scale farmers in the country to depend on the hand hoe for cultivation. On average about 2,000,000 hand hoes are imported annually to meet their needs.

Areas for investment in Agricultural Mechanization in Tanzania

- Establishment of private machinery hiring services centers so as to increase the accessibility of farm power
- Rehabilitation of broken agricultural tractors and encourage importation of new and reconditioned tractors to increase availability of farm power at lower costs.

- Spare parts importation and distribution to machinery owners throughout the country.
- Establishment of private draft animal centers for hiring and training
- Manufacturing and assembling of agricultural machinery and implements
- Manufacturing of post harvest processing machines and storage facilities

10.0 SUPPORT SERVICES

10.1 Extension Services

The major objective of extension is to facilitate farmers to increase agricultural production and productivity thus improving their socio economic status. Extension aims at empowering farmers to identify and analyze their agricultural problems, and give the right decisions on matters pertaining to profitable and sustainable agriculture.

As a form of adult education discipline extension should facilitate farmers to learn improved agricultural practices including farm management and efficient utilization of available resources.

For many years agricultural extension has been entirely financed by the public sector. However, the government is now encouraging the private sector to provide and finance extension services. As a result several NGOs, church based organizations, private agribusiness have started to supplement public extension services often by using government extension staff.

According to the Local Government Act of 1997 the delivery of public extension is now vested with the local governments. The idea is to have extension service administered at the lowest level of government for better accountability where active participation of beneficiaries and other actors can be more effective. The role of the central government as far as agriculture extension is concerned is to facilitate and support local authorities to carry out extension services. This is done by training extension staff, providing transport facilities, guidelines, regulations and coordination in general

10.2 Agricultural Research Services

Agricultural research is an important support to the agricultural sector in Tanzania. The main objective of agricultural research is to develop, test, disseminate and promote appropriate agricultural technologies for the farming communities in the country. The main focus of the research effort has been to increase agricultural productivity through generation of client oriented technologies addressing the needs, interests and opportunities of the technology users.

Through its network of research stations, the Department of Research and Training, in the Ministry of Agriculture, Food Security and Cooperatives has developed and disseminated several technologies to farmers aimed at improving agricultural productivity for food and export, enhancing farm income and food security. The development of these technologies has taken into consideration the existing agro-ecological and socio-economic variations, needs and opportunities of the various farming communities. One of the goals of the National Strategy for Growth and Reduction of Poverty (NSGRP) is "sustainable and broad based growth is promoted". A relevant corresponding operational target for the agricultural sector is "increased agricultural growth from 5% in 2002/2003 to 10% by 2010"

One of the stipulated strategies to meet this operational target is to improve and increase access to support services with particular focus on research and extension meeting the needs of farmers.

In line with this strategy a phased Agricultural Sector Development Programme (ASDP), which started during the Financial Year 2006/07 among others aims at enabling farmers to have better access and use of relevant agricultural technologies thus contributing to higher productivity and profitability. The following three components under the delivery of agricultural services are covered:-

- Farmers' empowerment (improving demand)
- Provision of agricultural services (improving supply) and
- Programme coordination and quality control.

The ASDP will cover the whole country. Initially, the agricultural support services will be concentrated in 21 districts and up-scaled in subsequent phases. The programme horizon is 7 divided into two phases of three and four years respectively.

11.0 PROCEDURES FOR IMPORTATION AND EXPORTATION OF AGRICULTURAL PRODUCTS

11.1 Importation of Agricultural Products

What is required from client?

1. A letter requesting for Plant Import Permits addressed to Chief Inspector for Plant Health Services/ Assistant Director Plant Health Services. The letter should specify the following
 - a) Country of origin (exporting country) where the agricultural products comes from
 - b) Point of entry in Tanzania to be used when importing the agricultural products

- c) The purpose of importation:- Human consumption, livestock feed or planting
 - d) Scientific/Botanical names for each type of the agricultural product
 - e) Specific weight for each type of agricultural product
2. Payment of Plant Import Permit fee in Tanzanian Shillings which is equivalent to 5 \$ (US Dollar) per consignment
 3. The Plant Import Permit should be sent to exporting country prior importation for them to follow the conditions imposed by importing country.
 4. Upon arrival of the consignment, the importer should submit the Phytosanitary Certificate to Plant Health Inspectors based at the point of entry for inspection of the consignment.
 5. Payment of inspection fees based on the weight of consignment as follows:
 - a) If the consignment is 1 ton or less is charged in Tanzania Shillings which is equivalent to 2 \$ (US Dollar) per consignment
 - b) If the consignment is more than 1 ton but not less than 1,000 tons is charged in Tanzania Shillings equivalent to 2 \$ + (No. of tones x 0.20\$) per consignment.
 - c) If the consignment is more than 1,000 tons is charged in Tanzania Shillings equivalent to 202 \$ + (No. of tones x 0.1\$) per consignment
 - d) Treatment supervision per consignment, the minimum cost is charged in Tanzania Shillings equivalent to 100 \$ per consignment but it can be more per consignment depending on the type of treatment cost.

Official Procedures:

1. The Pest Risk Analysis is done based on the imported products before issuing the Plant Import Permit
2. The Plant Import Permit has the following conditions:
 - a) The imported consignment should be accompanied with Phytosanitary certificate
 - b) Description of restricted products
 - c) Description for quarantine pests
 - d) Valid period for importation
3. The signature of authorized personnel, signed for Director of Agriculture
4. Stamp of Ministry of Agriculture, Food Security and Cooperatives Plant Health Services
5. Inspection of consignment at the entry point
6. Treatment supervision after importation if necessary

11.2 Exportation of Agricultural Products

What is required for client

1. The consignment should be at the exit point ready for inspection and be assured of the following:-
 - a) The consignment should abide with all conditions as directed in Plant Import Permit of the Importing country.
 - b) The consignment should be free from pest and diseases
 - c) The consignment is packed in the standard containers and the packaging materials are not contaminated with any insect pests and diseases. Note that all solid wood packaging materials are treated and stamped by Ministry of Agriculture, Food Security and Cooperatives.
2. Payment of Phytosanitary Certificate fee in Tanzania Shillings which is equivalent to 15 \$ (US Dollar) per consignment
3. Payment of inspection fees is based on the weight of consignment as follows:
 - a) If the consignment is 1 ton or less is charged in Tanzania Shillings which is equivalent to 2 \$ (US Dollar) per consignment
 - b) If the consignment is more than 1 ton but not less than 1,000 tons is charged in Tanzania Shillings equivalent to 2 \$ + (No. of tones x 0.20\$) per consignment
 - c) If the consignment is more than 1,000 tons is charged in Tanzania Shillings equivalent to 2 \$ + (No. of tones x 0.1\$) per consignment
 - d) Treatment supervision per consignment, the minimum cost is charged in Tanzania Shillings equivalent to 100 \$ per consignment but it may be more depending on the treatment cost. Note that the treatment is done if live pests are observed in the consignment.

Official Procedures:

1. Inspection of consignment at the exit point
2. Treatment supervision prior exportation
3. Issuing Phytosanitary certificate after completion of all necessary procedures

4. The Phytosanitary certification is issued in quadruplet for one consignment where the two copies accompany with the consignment, one copy for the exporter and one copy is left in the office.
5. The signature of authorized personnel, signed for Director of Agriculture
6. Stamp of Ministry of Agriculture, Food Security and Cooperatives Plant Health Services

12.0 MONETARY AND FINANCIAL SYSTEM

The Bank of Tanzania (BoT) bears the responsibility of establishing conducive monetary conditions that will generate low and stable inflation over time. According to the Bank of Tanzania Act, 1995 section 5 (3), "The primary objective of the Bank shall be to formulate and implement monetary policy, directed to the economic objective of maintaining price stability, conducive to a balanced and sustainable growth of the national economy of Tanzania". It is also responsible for supervising, controlling and enhancing disclosure and stability of the banking sector. Other activities include participation in the inter-bank foreign exchange market, being an agent for the auctioning of government securities, and administration of the national balance of payments. In an effort to liberalize the banking sector, the Banking and Financial Institution Act, 1991 was introduced to provide the legal framework for banking operations in Tanzania. As a result of the Act, the entry of new banks has enhanced financial competition resulting into some improvement of the quality and quantity of the financial services offered. The liberalization of the financial sector and the establishment of open markets in foreign exchange and government paper have extended the scope for the implementation of active monetary policy. The Central Bank completely liberalized interest rates with effect from 1993. Generally, banks and bureaux de change play a major role as both dealers and intermediaries in a country's foreign exchange market. Usually, the foreign exchange market is understood to mean dealing, mostly by telephone, in foreign currency balances. The relationship between supply and demand in the foreign exchange market determines the exchange rate for foreign currencies, which is expressed in terms of local currency units for one (a hundred or a thousand) unit(s) of the foreign currency. The Bank of Tanzania gradually eased foreign exchange controls after the enactment of the Foreign Exchange Act of 1991, by allowing the establishment of foreign exchange bureaux in April 1992, introducing foreign exchange auctions in July 1993, and creating the Interbank Foreign Exchange Market (IFEM) in June 1994.

The foreign exchange market in Tanzania is composed of the wholesale and retail markets. The IFEM is the wholesale market, which plays an important role in the determination of the country's official exchange rate and the provision of funds for the accumulation of international reserves.

Bureaux de change and banks cater for the retail market, in which individuals and businesses satisfy their foreign exchange requirements.

Tanzania's trade and exchange system is now completely free of restrictions on making payments and transfers for current account transactions.

The Government has already accepted the obligations of Article VIII of the IMF's Articles of Agreement, in order to boost the country's attractiveness for foreign investors.

13.0 MAJOR MARKETS FOR AGRICULTURAL PRODUCTS

Tanzania offers a wealth of market opportunities for foreign companies. With a population of 35 million consumers, a rapidly growing economy and high levels of domestic investment spending, Tanzania market will remain an important target destination for local and foreign products and services. Tanzania is part of various distinct market areas: Southern African Development Community (SADC) and East African Community (EAC) with some 300 million consumers, the Indian Ocean Rim-Association for Regional Co-operation (IOR-ARC) and WTO. Tanzania like other developing countries, benefits from preferential schemes- the African Growth and Opportunity Act (AGOA-USA), Everything But Arms (EBA-EU), Generalized Preferential schemes from Canada and Japan, Chinese Special and Preferential market Arrangement, Canada's PACT Initiatives and the Economic Partnership Agreements (EPA's) between African, Caribbean and Pacific countries (ACP) and European Union (EU) which negotiation are ongoing.

14.0 INVESTMENT LAWS AND GUARANTEES

The Constitution of the United Republic of Tanzania, 1977 is the mother of all laws of the country. It has set up an independent judiciary, among other organs of the State and does recognize the sacred right of individuals to acquire and own property.

The pro investment attitude by Government is clearly demonstrated by the innovative investment legislation, the increasing number of foreign direct investments in the country and economic and structural reforms that have led to substantial progress in establishing a functioning market economy. Institutional support for priority investment projects is readily available from the Tanzania Investment Centre (TIC) and other Government institutions.

Investments in Tanzania are guaranteed against nationalization and expropriation. Tanzania is signatory of several multilateral and bilateral agreements on protection and promotion of foreign investment. Among other international agreements and membership, Tanzania is a member of Multilateral Investment Guarantee Agency (MIGA) and International Centre for

Settlement of Investment Disputes (ICSID). Tanzania has a stable fiscal regime with sustainable level of inflation. Under its economic recovery program, Tanzania increased revenue streams and substantially reduced spending.

The comprehensive economic and political reform measures, undertaken since mid 1986, have progressively brought about an efficient economic management, financial discipline, and a framework for a dynamic, high growth economy. Tanzania has now won the confidence of foreign investors and the donor community.

15.0 LABOUR FORCE AND AVAILABILITY

Access to low cost labour is a key priority for companies competing in African economies. Tanzania offers trainable skilled labour at significantly lower labour costs. The Government has made a long-term commitment to develop a pool of well-trained and educated specialists in agriculture. Standard working hours are 45 hours a week. Over 45 working hours per week may be allowed in the event of overtime work. The standard overtime pay is 1.5 times the employee's standard pay. All established businesses must register with National Social Security Fund (NSSF). Tanzanians cannot be exempted from the NSSF scheme, but foreign employees can be exempted if they can prove to be involved in another pension programme. The payable contribution is 10% of the basic wage bill. The law provides for an annual leave of 28 calendar days. At the end of every second year, a leave allowance is paid. Employees should be excused from work on mandatory public holidays and there are 14 of them in Tanzania. Leave, which is due, may only be accumulated with the agreement of both parties. In recognizing the needs of having in place appropriate skills at work places, investors who qualify for Tanzania Investment Centre (TIC) Certificate of Incentives are allowed to employ 5 foreign experts. Generally, permission must be obtained from the Minister of Labour when employing a foreigner prior to his/her entry to the country or prior to commencement of work. Work permits are valid for two years and are renewable.

16.0 INVESTMENT OPPORTUNITIES IN THE CROP SUB-SECTOR

Tremendous investment opportunities are available in production, processing, marketing and service provision in the crop sub sector as follows:

16.1 Coffee

- Opening up new large-scale coffee estates in Ruvuma, Mbeya, Iringa, Kigoma and Arusha regions.
- Establishment of coffee processing plants.
 - Potential production for Arabica *2.5 Tons/Ha*.
 - Potential production for Robusta *2 Tons/Ha*.
 - Annual average production volume *43,000 Metric tons*
 - Average yields for Robusta *1 Tons/Ha*.
 - Average yields for Arabica *0.2 Tons/Ha*.

16.2 Cotton

Tanzania's cotton is of medium staple length range: ranging from 28.2mm to 28.7mm for type I, 27.4mm to 27.9mm for type II and 26.7mm to 27.2mm for type III.

Investment opportunities in the cotton industry include:

- Establishment of larger-scale cotton production farms, particularly in Morogoro, Coast, Singida, Tanga and Iringa regions.
- Establishing textile and spinning industries
 - Potential production *4 tons/Ha*
 - Annual average production volume *239,000 Metric tons*
 - Average yields *0.45 Tons/Ha*

16.3 Tobacco

- Establishing large scale woodlots for tobacco curing in Mbeya, Singida, Shinyanga, Rukwa, and Tabora regions.
- Purchase of tobacco and construction of processing factories
 - Potential production *2.5 tons/Ha*
 - Annual average production volume *53,000 Metric tons*
 - Average yields *1.15 Tons/Ha*

16.4 Sisal

- Establishment of large-scale sisal plantations in Dodoma, Shinyanga, Singida Kigoma, Tanga, Coast and Morogoro regions
- Investment in new plantations and joint venture in the privatized sisal estates

Currently only 4% of the sisal plant is utilized for fiber and twine production. Investment opportunities are available in sisal spinning and weaving, production of alcohol, particle boards, biogas and electricity, citric acid, pharmaceuticals, animal feeds, organic fertilizer, handicrafts (Various items like Bags, Dart Boards, Rugs, Doormats, Tablemats, Curtains), Sisal Mattresses and Padding for furniture and car seats, Sisal polishing cloth Buffing Cloth is a preferred material for polishing metals in industrial settings, Sisal Composites in Automotive, Boats, Furniture and in all areas to replace Fibre Glass and in establishment of pulp factories.

- Potential production for hard fibre *1 tons/Ha*
- Annual average production volume- *25,000 Metric tons*
- Average yield *0.28 Tons/ Ha*

16.5 Tea

- Establishment of large-scale tea production through opening up new plantations in Mbeya, Iringa, Mara and Tanga regions
- Establishment of tea processing factories
 - Potential production for made tea *3.5 tons/Ha*
 - Annual average production volume *30,000 Metric tons*
 - Average yields *1.31 Tons/Ha*

16.6 Pyrethrum

- Establishment of contract and large scale farming of pyrethrum in high altitude regions of Iringa, Mbeya, Arusha and Kilimanjaro
- Establishment of Pyrethrum crude extracts refineries.
 - Potential production *1.7 tons/ha*
 - Annual average production volume *3,000 Metric tons*
 - Average yields *0.3 Tons/Ha*

16.7 Cashew nut production and processing

- Currently 90 percent of cashew nuts crop is exported as raw cashew and therefore there are good opportunities to establish cashew-processing industries.
- Investment in large scale cashew production
- Investment in cashew processing plants and marketing
 - Potential production *1 tons/Ha*
 - Annual average production volume *82,000 Metric tons*
 - Average yields *0.32 Tons/Ha*

16.8 Sugarcane production

- Tanzania current level of sugar self sufficiency is about 75 percent. There are good opportunities in establishment of new sugarcane estates in Coast, Ruvuma, Kagera, Mara, Mbeya, Kilimanjaro and Kigoma regions and in sugarcane processing factories.
 - Potential production for cane *200 tons/Ha*
 - Annual average production volume *215,000 Metric tons*
 - Average yields of cane *62.2 Tons/Ha*

16.9 Paddy:

Suitable areas for paddy production are available in Mbeya, Rukwa, Tabora, Mwanza, Shinyanga and Kigoma regions.

- Potential production *5 tons/Ha*
- Annual average production of paddy *1,301,000 Metric tons* approximately *933,000 Metric tons* of rice
- Average yields of paddy *1.95Tons/Ha*

16.10 Maize:

- Large scale production of maize in high potential areas of Manyara, Kigoma, Kagera, Rukwa, Mbeya, Iringa Morogoro and Ruvuma regions
- Potential production *5 tons/Ha*
- Annual average production of maize *4,167,000 Metric tons*
- Average yields of maize *1.395 Tons/Ha*

16.11 Wheat

- Investment in large-scale production of wheat in Arusha, Manyara, Iringa Mbeya, Kagera, Kigoma, Rukwa and Kilimanjaro
- Investing in existing Hanang' wheat farms - about 28,000 hectares, in Manyara region.
 - Potential production *4 tons/Ha*
 - Annual average production of wheat *42,600 Metric tons*
 - Average yields of wheat *1.4 Tons/Ha*

16.12 Spices

- Establishment of spice production, processing and marketing infrastructure in the coastal and high altitude areas of Tanga, Coast, Mtwara, Lindi, Morogoro, Mbeya, Kilimanjaro, Kagera and Kigoma regions.
- Establishment of spice processing and marketing infrastructure

16.13 Floriculture

- Open flower farms in Tanga- Usambara, Iringa, Mbeya, Kagera, Arusha Kilimanjaro and Morogoro regions
- Invest in Lowland flower farming in Tanga, Dar es Salaam, Mtwara and Lindi regions.
- Flower seed production in Arusha, Mbeya, Iringa and Kilimanjaro

16.14 Fruit and vegetable Production and processing

Tanzania is richly endowed with a large variety of fruits and vegetables. Less than 10% of fruits and vegetables produced are processed. There is room for large-scale production of a range of tropical as well as temperate fruits and vegetables. The following are possible areas for investment:

- Processing and canning factories in regions with high potential for production of fruits and vegetables
- Open fruit and vegetables plantations for domestic and export markets. Potential areas for horticultural crops are Arusha, Kilimanjaro, Tanga, Morogoro, Dar es Salaam, Dodoma, Iringa, Mbeya, Mwanza and Kagera.

16.15 Bananas:

- Investments opportunities for banana production and banana products are available for both domestic and export markets. Areas with high potential for expansion of banana production are in Kagera, Kilimanjaro, Morogoro and Mbeya regions.
- Investment in production and marketing of banana seedling like Williams, Lacatan, Pazz Chinese Cavendish, Grandmine.
- Potential production ***30 tons/Ha***
- Annual average production of banana ***2.2 million Metric tons***
- Average yields of banana ***5 Tons/Ha***

16.16 Oilseed production and processing:

Sesame, Sunflower, Palm oil and Soya beans in various areas of the country

16.17 Other crops:

Cassava, Irish potatoes, sorghum, millets and various legumes can be produced in large quantities for food and feed for domestic and export markets.

17.0 INVESTMENT INCENTIVES FOR INVESTORS IN AGRICULTURE SECTOR

Tanzanian agriculture offers a well-balanced and competitive package of fiscal incentives in comparison with other African countries, aiming at providing competitive fiscal regime for foreign trade. Investment incentives Package in agriculture sector are: -

1. Zero-rated duty on capital goods, all farm inputs including fertilizer, pesticides and herbicides. i.e Importers of all farm inputs do not required to pay customs duty on importation of agricultural inputs. i.e they are levied 0% import duty.
2. Reduced import tariff on project capital items to 0% for investors with Tanzania Investment Centre (TIC) Certificate of Incentives.
3. Favorable investment allowances and deductions on agricultural machinery and implements. i.e. 100% capital allowance for costs relating to clearing of land and irrigation systems and 50% capital depreciation allowance for agricultural machinery.
4. Deferment of VAT payment on project capital goods. i.e. Deferment VAT payment on capital goods allows investors to enjoy the relief of tax before the actual production starts.
5. Imports duty drawback on raw materials for inputs for exports. i.e. Import charged on imported inputs used for producing goods for export is refunded under the duty drawback scheme.
6. Zero-rated VAT on agricultural exports and for domestically produced agricultural inputs. All exports of locally produced goods from Tanzania are charged 0% of VAT i.e. is zero- rated under VAT law.
7. Indefinite carry-over of business losses against future profit for income tax. i.e investors are allowed to carry over business losses for indefinite period until the business start to make profit for income tax deductions.
8. Reasonable corporate and withholding tax rates on dividends, whereby Withholding tax rates on dividends for a company and corporation listed on Dar es Salaam Stock Exchange the rate are 5% and for other company and Corporation the rate is 10% and reasonable corporate tax of 30%.