



SAGCOT Today and Tomorrow

Catalysing responsible investments in partnership

The Southern Agricultural Growth Corridor of Tanzania (SAGCOT) is a public-private partnership (PPP) designed to improve agricultural productivity, food security and livelihoods in Tanzania by catalysing private sector investment, and to ensure that this happens in an environmentally sustainable way. SAGCOT has the potential to make a significant and sustainable impact by bringing together government, business, donor partners and the farming community to harmonise resource use and work together towards a common goal. A home-grown Tanzanian initiative, SAGCOT is complementary to, and fully aligned with the principles of the country's Kilimo Kwanza ("Agriculture First") programme. SAGCOT is also supported and recognised at the regional and international levels through initiatives such as Grow Africa and the World Economic Forum.

Activities to date

The founding document of SAGCOT, the Investment Blueprint, was developed by the founding partners encompassing government, donor partners, farmers, and the private sector. The SAGCOT Investment Blueprint details the objectives of SAGCOT and how these will be achieved. This is a long-term initiative, which will take 20 years to fully implement. However, the positive impact of bringing the public and private sector together to develop agriculture is already yielding results. Since its inception, SAGCOT has achieved the following main milestones:

Establishment of the SAGCOT Centre

The SAGCOT Centre became operational in October 2011 to facilitate alignment of activities and investments amongst Partners that support small-scale, emergent, and large-scale farmers, and agri-business in targeted high potential areas in the Corridor. As a partnership broker and secretariat to the Partnership, the Centre works in close cooperation with other implementation agents such as the Tanzania Private Sector Foundation

The New Alliance for Food Security and Nutrition launched at the last G8 meeting in 2012 has resulted in agricultural partnerships resulting in over 20 national and international companies committing to invest over US\$200m to the corridor, potentially improving the livelihoods of over **1 million farmers**. The impact of these investments is visible in a number of active projects in the Corridor, covering sugar, rice, inputs, and tea.

The SAGCOT Investment Partnership Programme (IPP) has been established in collaboration with the Tanzania Investment Centre and the Prime Minister's office, to facilitate larger scale commercial investments, as well as policy reforms to improve the business environment for farmers of all scales, including smallholders, and other value chain actors. The first promotion wave focused on the rice, sugar and livestock sector, whereas it is expected that the next wave will focus on oilseeds, horticulture and maize. A tender is already in process for the Mkulazi site.

Improving the business environment

The Government of Tanzania, in collaboration with SAGCOT partners, has taken the following initiatives to create a better operating environment for farmers and stakeholders across the value chain:

- VAT waived on irrigation equipment, tractors, farm implements (including spare parts) and milk processing products
- Crop cess tax is in the process of being removed
- Land demarcation in Kilombero for smallholder farmers, with villages now demarcated and development of land use plans underway in 20 villages.
- Budget allocated for smallholder infrastructure development by both the Government of Tanzania and USAID's Feed the Future initiative.

A Catalytic Fund is under development as an innovative financing mechanism for investments in the Corridor. The Fund has received pledges to date from the Government of Tanzania and donor partners totaling US\$50-100m. The SAGCOT Centre is also exploring alternative financing solutions for farmers, particularly small-scale farmers.

The donor community has also continued its support as partners in SAGCOT. The UK Department for International Development (DfID), European Union (EU) and the Feed the Future initiative of the United States Agency for International Development (USAID) have recently collaborated to support the upgrade of a 103km road that connects Mikumi, Kidatu and Ifakara in the Kilombero Valley to allow for transportation of agricultural goods and inputs.

This marks the first step in a broader coordination of planning and activities to address infrastructure challenges for the agriculture sector.

Ensuring green growth

Green growth and environmental sustainability are core to SAGCOT's approach. In addition to the release of a Strategic Regional Environmental and Social Assessment (SRESA) Interim Report an Investment Greenprint is being reviewed. Partners have established a Green Reference Group, that advises the Partnership on relevant matters.

Where next for SAGCOT?

SAGCOT is a long-term initiative with a 20 year horizon. Over the next five years partners will continue to work together towards the shared goals of improved agricultural productivity, food security and livelihoods in Tanzania.

Planned investments in SAGCOT will all additionally be subject to environmental and social reviews in accordance to Tanzanian law to ensure that SAGCOT leads the way in demonstrating best practice in the approach to agricultural development within a green economy.

Furthering understanding of SAGCOT

A communications strategy has been developed for the SAGCOT Centre, to help further understanding of the initiative and its objectives, as well as to ensure that SAGCOT is continuously engaged in a two-way dialogue with its stakeholders to listen and learn from others.



Partner	Years 1-2	Years 3-5
Central Government	<ul style="list-style-type: none"> Carry out business environment assessment within the clusters Infrastructure rehabilitation (road/rail, irrigation and storage upgrades) Clarification of available and accessible agricultural land for investments, including smallholder farmers Engaging and empowering smallholder farmers, specifically female farmers, to participate in, and benefit from, planned partnerships Deliver on the G8 policy commitments under the New Alliance for Food Security and Nutrition 	<ul style="list-style-type: none"> Improve national land use planning to link with district- and village-level land use planning Infrastructure rehabilitation (energy, port)
SAGCOT financing facilities	<ul style="list-style-type: none"> Provide start-up and expansion funding to at least three agribusinesses in the priority clusters Actively seek new innovative financing models for small, emergent and large scale farmers 	<ul style="list-style-type: none"> Provide further finance to another five agribusinesses in Ihemi and Kilombero cluster
Private Investors	<ul style="list-style-type: none"> Pilot agriculture partnerships to engage with smallholders Provide funding for investments promoted by the Catalytic Fund, and expansion finance for existing commercial businesses 	<ul style="list-style-type: none"> Roll out partnerships to include out grower/contract farming models with local/international investors
Civil Society	<ul style="list-style-type: none"> Aid the partnership in identifying critical safeguard issues and recommendations and a relevant M&E system Engage smallholders, specifically women and vulnerable communities into SAGCOT activities on an equitable base Improve integration of environmental and social targets into business model in partnership with the private sector 	<ul style="list-style-type: none"> Help build the knowledge base of inclusive agribusiness models Assist in monitoring and evaluating activities Communicate success and areas of improvement
Development Partners	<ul style="list-style-type: none"> SAGCOT to engage with district plans on specific opportunities to align activities towards cluster and farm Deliver on the G8 policy commitments under the New Alliance for Food Security and Nutrition 	<ul style="list-style-type: none"> Roll out specific joint funding plans and activities to support smallholder linkages with large-scale farming and increase resources and capacity of implementing agents

 Find out more

For more information about SAGCOT please visit our website at www.sagcot.com or email us as info@sagcot.com