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# SAGCOT – AFRICA'S SUCCESS STORY

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The Southern Agricultural Growth Corridor of Tanzania (SAGCOT) initiative, established in 2011, is a public-private partnership that aims to promote sustainable agricultural growth in the region, and engage smallholder farmers in relevant policy dialogues.

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Over the past 10 years, Tanzania has become a pioneer in leveraging public-private collaboration to transform its agricultural sector. One of the best examples is the Southern Agricultural Growth Corridor of Tanzania (SAGCOT), an initiative conceived during the World Economic Forum (WEF) in Dar-es-Salaam in 2010. SAGCOT officially started operations with a double launch, first in Dar-es-Salaam by retired Prime Minister Pinda, in January 2011, and subsequently during the WEF in Geneva by the retired Tanzanian President, Dr. Kikwete.

SAGCOT is a public-private partnership (PPP) that seeks to develop the Tanzanian agricultural sector by fostering responsible agribusiness investments in the country's Southern Corridor. The SAGCOT Centre Ltd works as a broker and catalyst in the formation of partnerships among registered organisations to incubate initiatives that promote inclusive, sustainable and viable agricultural value chains.

Through a coordinated multi-stakeholder effort the SAGCOT partnership hopes to:

- Transform agriculture in the Southern Corridor;
- Promote sustainable resource management;
- Leverage public and private investments to spur growth;
- Promote smallholder engagement models that enable inclusivity.

SAGCOT is made up of registered partner organisations from a variety of sectors, including the government (both ministries and agencies), private

sector companies, development organisations, research institutions, foundations, civil society organisations and farmers' groups.

SAGCOT's cluster model approach for 'making it happen' seeks to connect investors to smallholder out-grower schemes in the vicinity of large-scale farms throughout the Corridor. The economies of scale stimulated by the cluster model approach depend on the cooperation of farmers, agribusinesses and service providers within the partnership. Importantly, this approach enables the participation of small, medium and large-scale farmers and makes it possible for them to share the benefits that derive from the clusters.

SAGCOT has six clusters in specific locations: Ihemi, Mbarali, Kilombero, Ludewa, Rufiji and Sumbawanga. In an effort to ensure positive and measurable impact, SAGCOT has started to operationalise the Ihemi Cluster, which covers the Iringa and Njombe regions. The learnings derived from this cluster will inform operations of the next cluster, which is expected to be introduced in 2018.

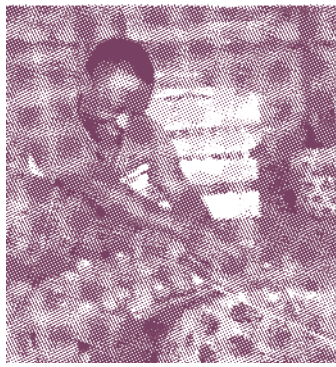
In 2016, 62 companies and initiatives committed themselves to action and described the concrete investments they planned to make. The SAGCOT Centre, in consultation with other partners, selected 17 of these investment proposals for intensive implementation in the Ihemi cluster. The companies chosen are listed in the table below.

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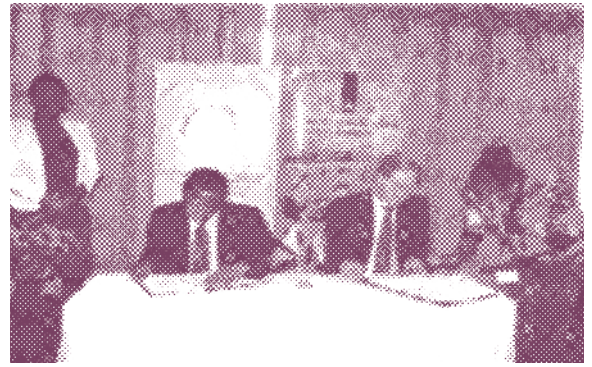
*Cover A view of the Southern Corridor*



*Left Kayusi Musigwa an emerging dairy farmer*



*Middle Mussa a small scale tomato farmer*



*Right Signing of the MOU between the Dutch Potato Mission and SAGCOT*

## **Applying a green growth approach**

To ensure that the SAGCOT Investment Blueprint for accelerating agricultural development in Tanzania's Growth Corridor meets the needs of smallholder farmers and contributes to the valuable environmental assets of the Corridor, the SAGCOT Centre instituted the SAGCOT Green Reference Group (GRG).

The SCL GRG works with partners to support sustainable agricultural intensification in the SAGCOT region by constructing a conceptual framework with decision support tools to be used by the SAGCOT partners, such as Tanzania Nature Conservancy, the Wildlife Conservation Society and the World Wildlife Fund.

In 2016, the SAGCOT Centre GRG continued promoting environmental sustainability in the six SAGCOT clusters through quarterly GRG meetings. These meetings addressed issues that affected cluster investments, including water use, relationships with local communities, land use, availability of technologies and sustainability.

The SAGCOT Centre established a partnership with the Land Use Dialogue and the International Union for the Conservation of Nature to facilitate cluster level GRG events in the SAGCOT region. The Land Use Dialogue platform, hosted by Yale University, can be used to address competing stakeholder interests in implementing a landscape approach to conservation. Opportunities still exist for the sustainable intensification of smallholder agriculture, linking conservation to food production, developing value-chains and bioenergy production.

## **Policy reforms: creating an enabling environment**

SAGCOT is a showcase initiative for PPPs geared towards agricultural growth. In order for SAGCOT to be able to leverage public and private investments of up to €3 billion by 2030 to spur growth, Tanzania needs to have an enabling environment that attracts such investment. Policy reform, advocacy and dialogue promoting PPPs are all critical to achieve this objective.

Since its inception in 2011, SAGCOT has facilitated policy dialogues through different avenues, including the Partnership Accountability Committee, the Policy Analysis Group and Compact. These dialogues have made concrete progress in ensuring that the government of Tanzania delivers on its policy commitments. The main objective of engagement through policy dialogue is to increase clarity and certainty with regards to policy formulation and implementation for the agricultural sector, as well as the implications that these policies have for priority regions such as SAGCOT.

In October 2016, SAGCOT established a policy department to deal with its policy advocacy and dialogue agenda. This new department has shaped SAGCOT's policy direction and its focus on creating strategic policy partnerships in order to create a strong and robust policy network. Among the stakeholders, smallholder farmers have been singled out as critical to policy discussions related to the agricultural sector.

## **Key highlights**

SAGCOT convened a high-level dialogue between key stakeholders in the agricultural sector and the Vice President of Tanzania during the Grow Africa Investment Forum in Kigali in May 2016.

SAGCOT championed the Dutch-Potato Mission to the Corridor region, which resulted in a memorandum of understanding (MOU) being signed between the governments of Tanzania and The Netherlands in 2016. The MOU aims to develop the potato value chain in Tanzania

by increasing the capacity of the Tanzanian institutions in the region that are involved in this sub-sector.

SAGCOT's policy direction is guided by four main strategies:

1. Foster policy research, analysis and dissemination on the priority policy constraints from the cluster
2. Establish strategic policy partnerships with key stakeholders at regional and national levels;
3. Promote policy advocacy with key stakeholders at regional and national levels; and
4. Promote infrastructure development that supports agribusiness and smallholder farmers in the region.

SAGCOT has adopted IFAD's Public Private Producer Partnership (4Ps) approach, which means that its policy calls for the inclusion of producers in partnership decision-making. SAGCOT needs to start actively engaging the 4th P – producers – and bring them closer to the partnership table because they play a critical role in further linkages with smallholder farmers.

Recognising the importance of smallholder farmers' participation in policy dialogue, SAGCOT has started

to establish strategic policy partnerships that will pave the way for their participation. SAGCOT will learn from similar regional initiatives, like the EU-funded programme *Enhancing Opportunities of Eastern Africa Farmers Organisations*, in how to establish effective policy dialogue for food security, governance and the improvement of rural livelihoods.

Through its Policy Department SAGCOT will partner with smallholder farmer organisations within the region, including National Networks of Farmers' Groups in Tanzania and the Kenya National Farmers' Federation. SAGCOT also aims to assess the current capacity of smallholder farmers to understand policy matters and their ability to engage in robust policy dialogues. This will lead to an understanding of the gaps that need to be bridged through strategic policy partnerships.

SAGCOT believes that smallholder farmers are key stakeholders and that it is important to ensure their understanding of policy matters if they are to meaningfully participate in policy dialogues. In fact,

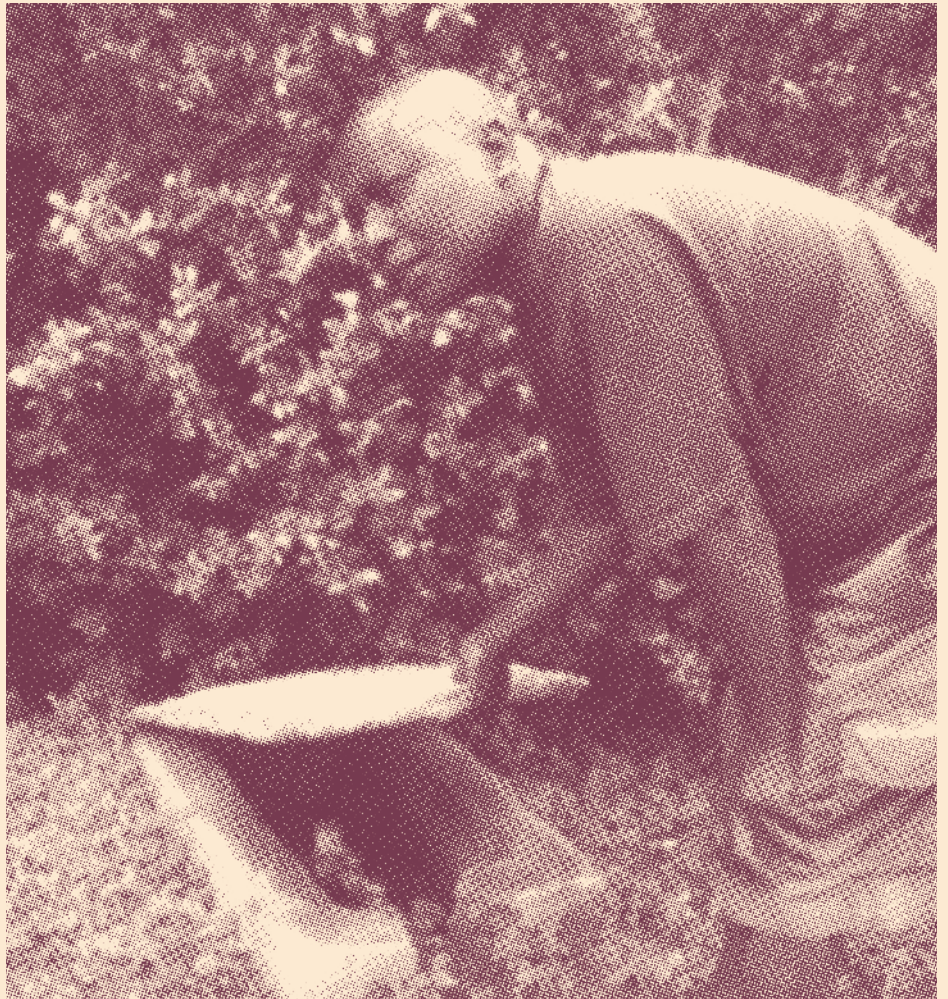
## **Results in Ihemi**

Mussa has been cultivating maize on his farm since 2014. However, in the season 2015/16 he allocated a fifth of his 2 ha farm to cultivating tomato. The timing coincided with the establishment of Darsh tomato processing industries in Iringa, which provided an extra market in addition to the region's existing fresh tomato market. With an assured market for his produce, Mussa is now earning increased income from his land through tomato farming. He says that "farming is my passion and I have discovered that the tomato value chain is my preferred choice and gateway to transforming my life and that of my community in Ilula."

Kayusi Musigwa, an emerging Tanzanian smallholder dairy farmer, was encouraged to venture into the dairy business as a result of the establishment of an ASAS milk collection centre near his 4 ha farm in 2012. This led him to buy two high breeding heifers to start his dairy farm and his stock has since grown from two to eight cows, producing about 65 l of milk daily. Now, he says that "in the dairy business, the most important aspect is market assurance, which ASAS guarantees". He is very grateful to the SAGCOT initiative for making this possible.

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Mr Kayusi Musigwa





*Left Tanzania's Premier Kassim Majaliwa hands over the Outstanding Performers Public Private Partnership Award to the CEO of SAGCOT*



*Right Participants at the high-level dialogue between key stakeholders in the agricultural sector, convened by SAGCOT during the Grow Africa Investment Forum in Kigali in May 2016*

when empowered, SAGCOT believes smallholder farmers can drive the agricultural policy and legislative agenda in Tanzania and beyond.

To achieve greater smallholder farmer involvement SAGCOT will develop plans to enhance their participation in policy dialogues. It will:

1. Conduct a situational analysis of smallholder farmers' current understanding of policy and legislation matters within the agricultural sector
2. Develop a training programme for smallholder farmers to enhance their policy and legislative understanding, and build their capacities to contribute to policy dialogue
3. Convene policy meetings between key stakeholder groups and smallholder farmers

In addition to the above, SAGCOT is already in the process of entering into strategic policy partnerships with key regulators within the agricultural sector. Among other activities, these policy partnerships will convene joint meetings aimed at raising the awareness of smallholder farmers about different policies, regulations and industry standards in the SAGCOT region, starting with the Ihemi cluster.

### **Key lessons**

To ensure key objectives are realised, such as sustainable smallholder commercialisation, green growth and inclusive value chain development, the SAGCOT initiative aims to create focused partnerships and increase the efficiency of its brokerage through "priority value chains and lead partners".

Continuous dialogue is crucial in resolving policy constraints. The creation of an enabling environment for investments in the region will need a continuous approach to encourage dialogue amongst partners, with conversations broadened at all stages to include actors such as farmers' associations, civil society, local companies, financial institutions, and relevant Ministries, as well as other stakeholders in the agriculture sector.

Sustainable market solutions motivate smallholder production. To sustain and reinforce smallholder production, and thereby support market development, it is important to clarify quality standards and requirements early on, and secure partnerships with private companies to guarantee a market for farmer produce.

Finding the right partners for the innovative solutions in the clusters required SAGCOT to work with different models, depending on the cluster and the partners. All clusters face challenges in creating an enabling environment and require partners, such as aggregators and members of civil society organisations, to support their businesses. SAGCOT has a best practice model for joint monitoring visits to resolve bottlenecks and encourage the sharing of best practices from elsewhere between its partners.



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