



United Republic of Tanzania



Policy Brief

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Best approaches to enhance public-private partnership frameworks for effective and sustainable implementation of food and agriculture transformation

Aligning Government Leadership and Private-Sector Innovation for Long-Term Impact

Key Message

To realize effective and sustainable agricultural transformation in Tanzania, well-designed public-private partnership frameworks are essential. Building on the SAGCOT experience, the shift to AGCOT presents a compelling opportunity to scale corridor-based PPPs, integrate smallholders, de-risk private investment, and streamline infrastructure delivery. By leveraging transport corridors, investing in last-mile infrastructure, accelerating blended finance, and deploying smart investor incentives, Tanzania can leverage PPPs as engines of food systems transformation.

Situation Analysis

Public–private partnerships (PPPs) play a pivotal role in advancing Tanzania’s agricultural transformation by addressing gaps in financing, infrastructure, and technology that the government alone cannot handle. By merging public oversight with private sector innovation and efficiency, PPPs attract investments, strengthen value chains, and improve access to markets. They are particularly important for crowding in both public and private investments, providing clear incentives for private actors to participate, and ensuring that public resources are invested strategically to attract additional private capital. PPPs also create strong complementarity between the two sectors, allowing each side to leverage its comparative advantages for maximum impact.

Since its founding in 2010, the SAGCOT (Southern Agricultural Growth Corridor of Tanzania) initiative has served as a leading PPP model to stimulate agribusiness investment, cluster development, and smallholder farmer inclusion in the Southern Highlands of Tanzania (SAGCOT corridor). To date, the SAGCOT Corridor accounts for over 65 percent of Tanzania’s food production, has attracted USD 6.34 billion in investments, reached 1 million farmers, and created 253,000 jobs.

SAGCOT has promoted and showcased the success of improved agricultural practices. A notable example involves the use of agricultural lime to enhance soil health, reportedly increasing maize yields significantly from 2 tonnes per hectare to 7–8 tonnes per hectare. The adoption of Climate-Smart Agriculture (CSA) practices has also been a key focus. Nevertheless, it has faced challenges, including start-up difficulties, ensuring broad smallholder participation, a missed opportunity for the livestock sector, ongoing issues related to land governance, and navigating a complex enabling environment.

Recent Government Interventions

- In 2023, President Dr. Samia Suluhu Hassan instructed SAGCOT to broaden its efforts to include agricultural corridors across Tanzania. SAGCOT is now transforming into the Agricultural Growth Corridors of Tanzania (AGCOT), focusing on the Mtwara, Central, and Northern Corridors. AGCOT continues to align with Tanzania’s newly developed DIRA 2050 and the New Agriculture Master Plan.
- AGCOT’s framework maintains core principles of inclusivity, sustainability, and commercialization, managed nationally by the reorganized AGCOT Centre. A key feature is its designed synergy with other major initiatives launched at the same time, especially the Cooperative Bank of Tanzania (CBT), which aims to enhance financial access for farmers and cooperatives, and the Building a Better Tomorrow (BBT) program focusing on youth and large-scale farming.
- In March 2025, AGCOT and TADB (Tanzania Agricultural Development Bank) signed a strategic MoU to boost agribusiness financing and identify investable opportunities in the soybean value chain.

Global Best Practices

- **India – Kisan Credit Card & NABARD-linked PPPs:** India’s National Bank for Agriculture & Rural Development (NABARD) helps fund rural infrastructure and supports PPP in agriculture extension and irrigation.
- **Brazil – EMBRAPA + Private Partnerships:** Embrapa’s coordination with agribusinesses in regional hubs supports joint R&D, infrastructure and value chains.
- **Kenya – Large-Scale PPP Agricultural Clusters:** Kenya has used agro-industrial zones where the government invests in roads, water, power, and private players build processing and sourcing infrastructure.

Policy Recommendations

- The PPP Centre, together with AGCOT, should undertake three critical actions:
 - (i) Revisit and review the 2010 PPP Policy and the 2011 PPP Act to identify and remove bottlenecks limiting PPP uptake in agriculture.
 - (ii) Invest in building capacity for designing PPP projects that are inclusive of SMEs and smallholder farmers.
 - (iii) Enhance awareness of PPP opportunities in the agriculture sector among public and private sector players.
 - (iv) Enhance policy predictability to guarantee and commit private sector participation.
- The Government of Tanzania needs to encourage a ‘mindset’ shift in the perception of the private sector. They are not to be viewed as a threat but as a partner in national development.
- TISEZA and AGCOT should align their corridors to create integrated production-to-export clusters and attract large-scale agro-processing investments.
- The Ministry of Agriculture should clearly define the role of the Agriculture Transformation Office (ATO) in AGCOT implementation, particularly in investment facilitation, private-sector mobilization, and policy advocacy.
- Accelerate replication of the SAGCOT model across other corridors by fully operationalizing its governance structures across corridors and securing predictable funding to catalyze private investment.
- Examples of potential PPPs
 - Invest in last-mile infrastructure including feeder roads, aggregation centers, and distribution systems to reduce logistics costs, improve market connectivity, and enhance corridor competitiveness.
 - Create complementary infrastructure aligned with the Standard Gauge Railway (SGR), Julius Nyerere Hydropower Station, ports, airlines/airport, etc, to ensure seamless movement of agricultural commodities from production zones to ports and major markets.
 - Revitalize the TAZARA and Lobito transport corridors (linking Tanzania, Zambia, Angola, and the DRC) to open new regional trade routes for agricultural exports and reduce dependency on a single logistics pathway.

It is important to note that policy predictability is a core investor concern that signals stable fiscal and regulatory regimes. This leads to long-term concession agreements and reduces ad hoc policy shifts that can affect investment.

Policy Implications

- Increased regional trade.
- More stable access to markets, inputs and extension services by farmers.
- Increased private sector confidence and investment in agribusiness due to clearer institutional frameworks and risk mitigation.
- Enhanced corridor performance contributing to agricultural transformation, food security, and rural job creation.

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