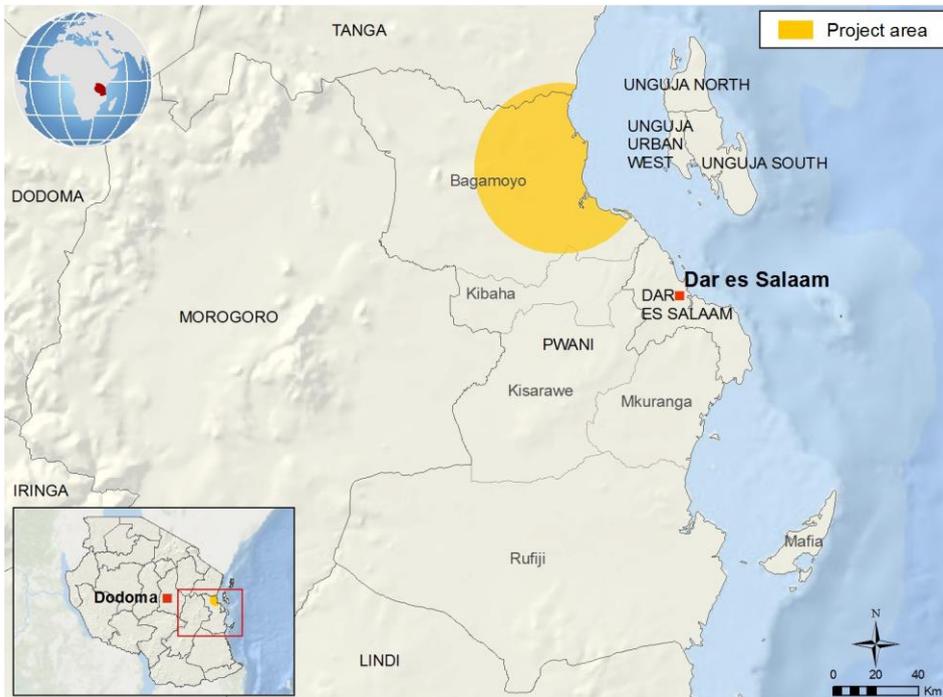


TANZANIA

Bagamoyo Sugar Infrastructure and Sustainable Community Development Programme (BASIC)

The designations employed and the presentation of the material in the map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.



ISSUES

Tanzania is currently ranked 152 out of 182 countries on the Human Development Index (HDI), and its business environment is ranked 134 out of 185 countries.

In 2012, Tanzania's poverty percentage was 28 per cent of the population. This is down from 33 per cent in 2007. Despite progress, there are still over 12 million people living in poverty, the great majority of whom live in rural areas. Life expectancy is low, at 64 years on average for men and women.

Tanzania also has a large demographic of young people. The population under 24 years of age almost doubled from 4.4 million in 1990 to 8.1 million in 2010, and is expected to grow to 11 million by 2020. Youth currently accounts for almost 30 per cent of the work force, mainly in agriculture.

The agricultural sector contributes to about one quarter of Tanzania's gross domestic product (GDP). Agriculture provides employment to three quarters of all Tanzanian workers, while fulfilling 90 per cent of the country's food needs. About 80 per cent of production comes from subsistence farmers. Since the 1960's, there has been a major increase in weather variability. Floods and droughts are now occurring both within and between seasons. Rainfall seems to be decreasing whilst temperatures are increasing and seasons are becoming less reliable.

Tanzania is being subjected to huge changes in its climate. Sea level rise is expected to reach up to 0.8 meters by 2100. By 2060, "hot days" are expected to increase by up to 40 per cent, and by up to 65 per cent by 2090. This will be due to an expected increase of average temperature of up to 2.7°C by 2060, and up to 4.5°C by 2090. In the Bagamoyo area, credible models suggest a rise of up to 3°C by 2050, culminating in reduction in maize yields as high as 40 per cent. This temperature change will be responsible for floods, droughts, cyclones, migration away from rural areas, glacier loss, coral bleaching, depleted mangroves and corals and the destruction of natural resources.



Investing in rural people

Adaptation for
Smallholder
Agriculture
Programme

ASAP

Launched in 2012, the Adaptation for Smallholder Agriculture Programme (ASAP) channels climate and environmental finance to enable smallholder farmers who participate in IFAD projects to increase their resilience. Through ASAP, IFAD is systematically integrating climate resilience into the overall IFAD portfolio.

PROGRAMME SUMMARY

Total cost: US\$136.6m

Approved IFAD loan:
US\$56.6m

ASAP grant: US\$10m

Other contributions:

African Development Bank (AfDB): US\$30.1m

Private Banks: US\$19.9m

United Republic of

Tanzania: US\$15.4m

Beneficiaries: US\$4.6m

Programme period: 9 years
(2015-2024)

Executing agency:

Ministry of Agriculture, Food
Security and Cooperatives

ASAP beneficiaries:

91,500

Programme objectives: To contribute to the inclusive growth and rural transformation of Bagamoyo District by empowering villages through investing in the sugar industry.

ACTIONS

The programme will focus on the development of the sugarcane industry in Bagamoyo, while also building the local populations resilience to climate change.

There is huge potential for a lucrative sugarcane industry in Tanzania. At present however, Tanzania still imports about half of its sugar needs, at a cost of US\$150-200 million per year. The project will enable participating villages to develop irrigated sugarcane farms, climate-smart small and medium sized enterprises, and climate-smart agribusinesses.

BASIC will provide expertise and help leverage the financing for investment in climate-smart small-scale farming systems. Intensive capacity-building and mentoring will enable farmers and livestock keepers to become members of modern commercial businesses - producing sugarcane, crops, fodder, livestock products, and other farming services.

A parallel initiative between AfDB, the Government of Tanzania and private sector investors will establish a nucleus estate, where modern crop, irrigation and green harvesting technologies will be used and showcased. There will also be a state of the art sugar mill, capable of generating electrical power from waste products. After the creation of this nucleus estate, profitable outgrower companies will be established. These will all be based upon the nucleus estate and its technologies. These outgrower companies will produce irrigated sugarcane and other crops on approximately 3,000 hectares of land. These crops will not be burned but "harvested green". This will all contribute to making sugarcane growing in Bagamoyo sustainable and resilient to the climatic variations in rainfall that characterise the area.

In line with maintaining sustainability and also working to protect the industry from climate variations, the project will develop infrastructure which will be capable of supplying irrigation water and electricity to outgrower villages. This will ensure a reliable year-round availability of water. The project will also be responsible for the construction of flood-protection dykes which will climate-proof the investments in the outgrower companies.

BASIC will provide training in financial reporting, collection of weather data and water monitoring. The data being provided will also allow them to have advance warning of potential climate shocks and to prepare as necessary, avoiding both loss of yield and post-harvest losses.

There will also be work on the financing of village land-use planning and titling. This enables all villages to obtain land certificates which means they can establish land offices. In turn these offices are authorised to issue certificates of customary right of occupancy to villagers and to outgrower and agribusiness groups.

Additionally, the project will support the sustainable diversification of livelihoods. This will be done by generating an increased demand for food and livestock, products and farm services. Members of farmers groups will be mentored, either to run their own farm businesses, or organise themselves into cooperative agribusinesses companies. Another aspect of this support will be the investment in climate-smart village infrastructure, household technologies and field demonstrations.

EXPECTED IMPACTS

The BASIC project will target 91,500 people, from over 20,000 households, to improve their livelihoods and incomes. This accounts for 30 per cent of the districts population. The work will involve 27 programme villages, creating 22 profitable agribusinesses and 500 small and medium sized

enterprises. This will provide employment and security for many people.

Training of beneficiaries will ensure the sensible and cost-effective use of irrigation water, fertiliser and other agricultural inputs. This will help protect natural resources while still increasing yields.

Enabling villagers access to land rights certification and having their land rights recognised and legal will go a long way towards promoting ownership and forward planning within local communities. Beneficiaries have a greater incentive to sustainably manage land if they see it as theirs.

Investments will trigger the rural transformations required to support the economic development of the rural population whilst enhancing incomes, assets and wealth creation opportunities within the district.

The project will establish 24 profitable outgrower farm companies in 5 villages. These will produce irrigated sugarcane and other crops in line with environmental standards and norms for company sustainability. They should produce and sell 300,000-400,000 tons of green cane to private sector partners under transparent supply agreements. The money generated by this will then be fed back into all the local villages, strengthening and expanding the sugar cane industry further.

With the creation of the outgrower companies, the project intends to involve between 1,500 and 2,000 households. About 9,000 further households will still benefit from project intervention. This is comprised of 4,000 households in outgrower and inner circle villages and 5,000 in the outer circle villages. Inner circle beneficiaries are the direct beneficiaries of the scheme as closer to it, whereas the outer circle would be the wider community i.e. the people who will be indirectly affected by the scheme and that IFAD will actually support the most.

This will be through providing food and other services to the nucleus estate and outgrower farm households. Furthermore they will either produce other crops and/or engage in non-farm activities. These activities will provide food and other services to both the nucleus estate and outgrower household communities, boosting the incomes of all participants.

There is also an indirect target group - the workforce for the nucleus and outgrower companies. This is estimated at 2,300 people for the nucleus estate and at 200-400 people for the outgrower companies. Women, youth and resettled households will be the explicit target groups for inclusion in all activities. Diversification of incomes will allow farmers to broaden their incomes with the confidence that they have the appropriate technology and support to succeed.

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