



Commercial Agriculture for Smallholders and Agribusiness

**Roadmap to unlocking green and inclusive
agri-investment in Tanzania – Executive Summary**
April 2026



Building on extensive FCDO-led initiatives, this study develops a roadmap to unlock green and inclusive agri-investment at agriSME and production level in Tanzania

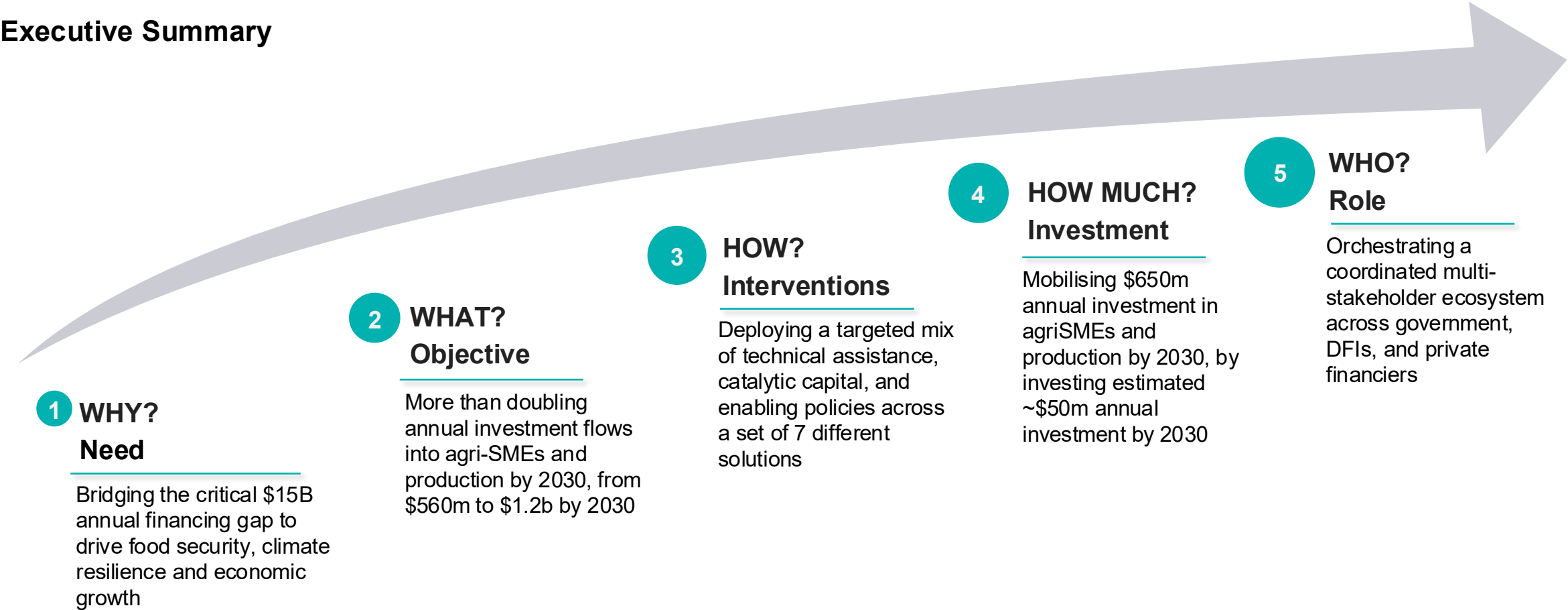
Relevant recent or ongoing work		Scope of current study
FCDO Tanzania	Invest for Impact program under the Green Growth Facility (ongoing)	- Leveraged the extensive fact base of the existing agri-financing flows and key barriers developed on Agri-financing study - Identified and quantified the potential of select tangible and implementable solutions building on the ongoing work with CASA partners (banks, funds, SMEs, etc.) - Defined the role that key stakeholders (i.e., donors, DFIs, government) should play to unlock opportunity - Quantified the investment required to unlock the roadmap and its ROI
CASA Plus <i>(funded by FCDO, FMO, BII)</i>	- Market building program (ongoing) - Pre- and post-investment technical assistance to Tanzanian agribusinesses (ongoing)	
CASA <i>(funded by FCDO)</i>	“Agriculture Financing Flows in Sub-Saharan Africa” study, with specific deep dive on Tanzania	

The objective of this new study is to develop a tangible and implementable roadmap that donors, DFIs and government can use to unlock agri-finance at scale, leading to economic growth, climate resilience and food security

Source: TNS research and analysis

The roadmap defines key components to more than double annual agri-financing flowing into agriSME and production levels, from ~\$560m to ~1,2b

Executive Summary

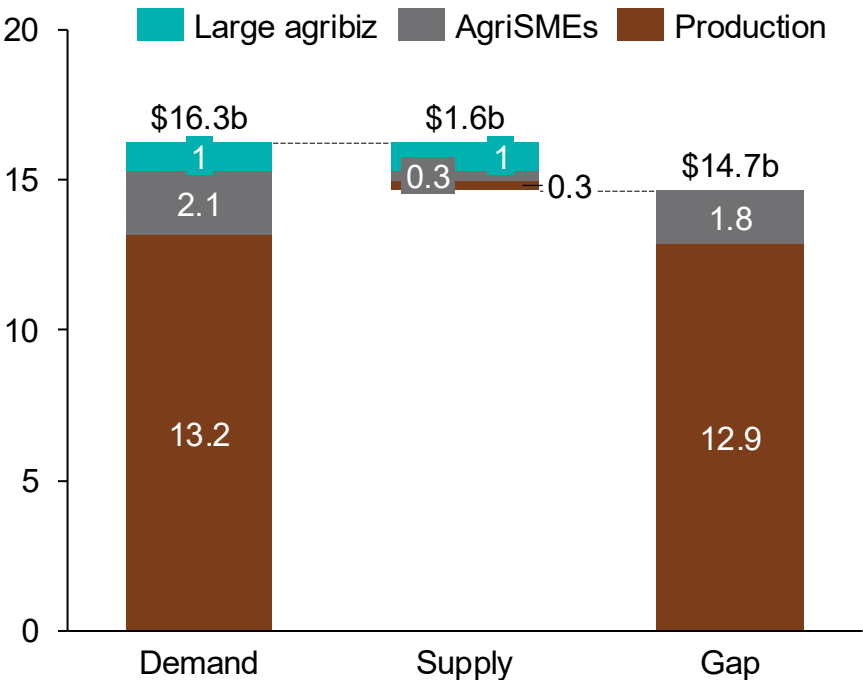


Source: TNS research and analysis

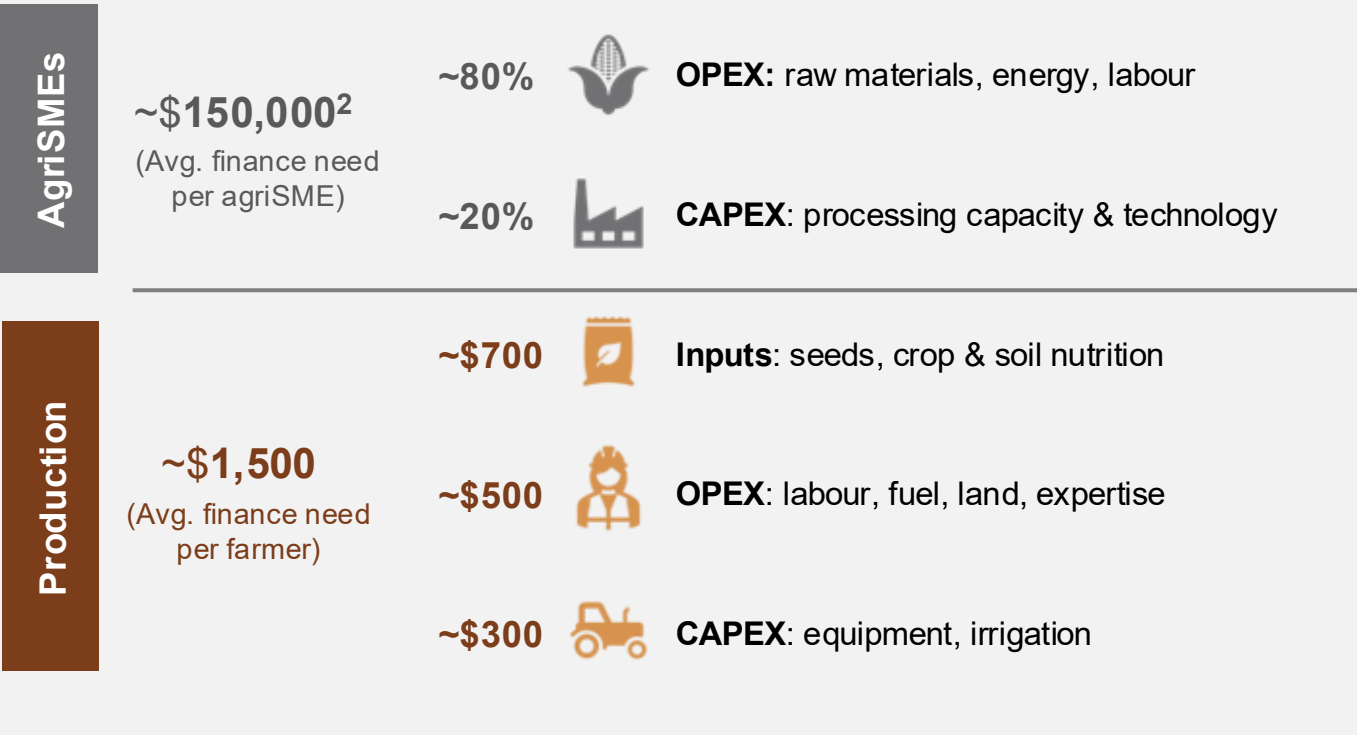
There is a massive agri-financing gap at the production and agriSME level, which prevents farmers and businesses access to basic means of production and operation

Market Level Agriculture Sector¹

Annual agri-finance gap in TZ (\$b)

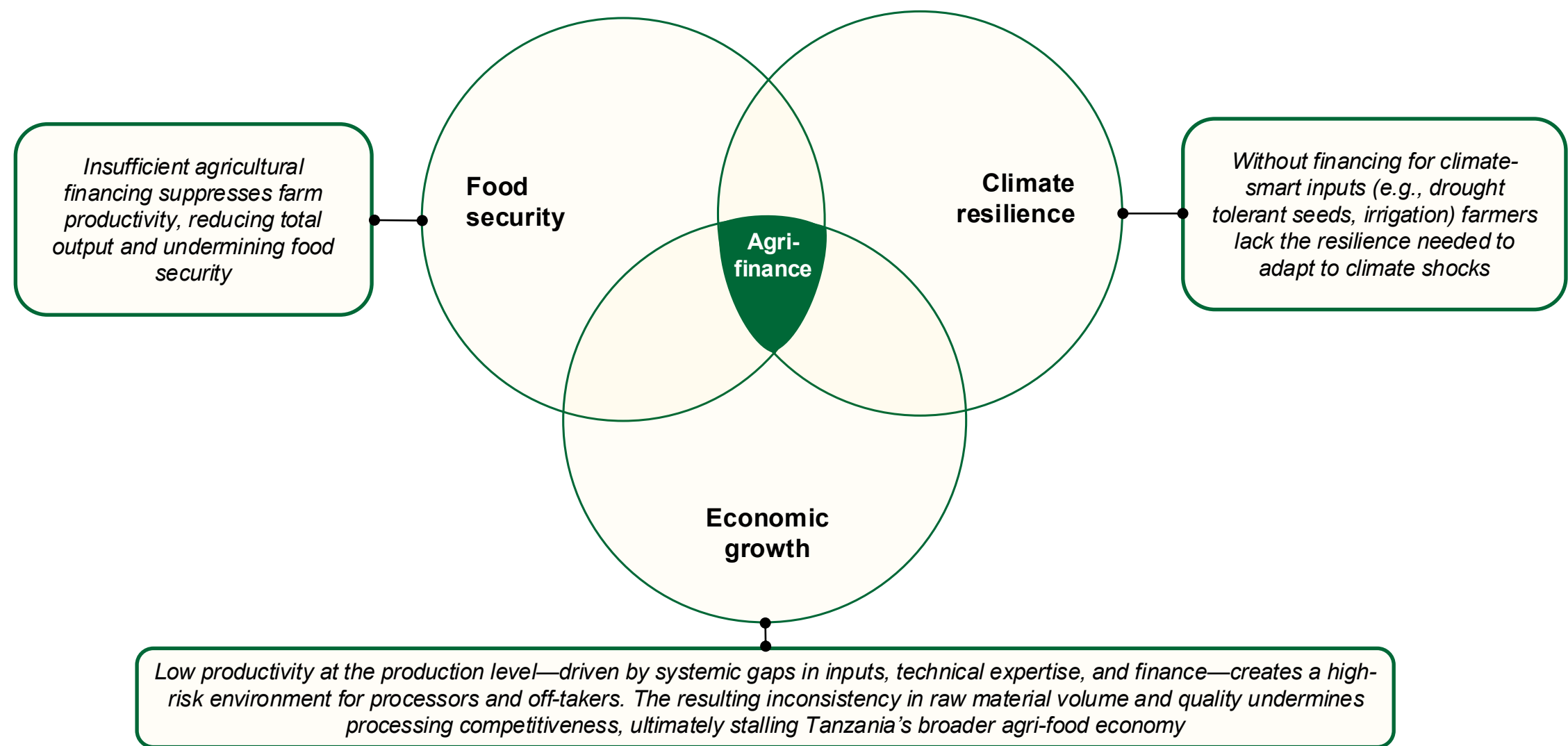


Agri-Financing Demand per Agribusiness and Farmer



Notes: 1. Detailed methodology, data sources and details are found in the “Agriculture Financing Flows in Sub-Saharan Africa” report, available upon request; 2. \$150,000 average financing need per agriSME is a weighted average of the needs of micro, small and medium agribusinesses, based on the data from “Agriculture Financing Flows in Sub-Saharan Africa” report.
Source: TNS research and analysis.

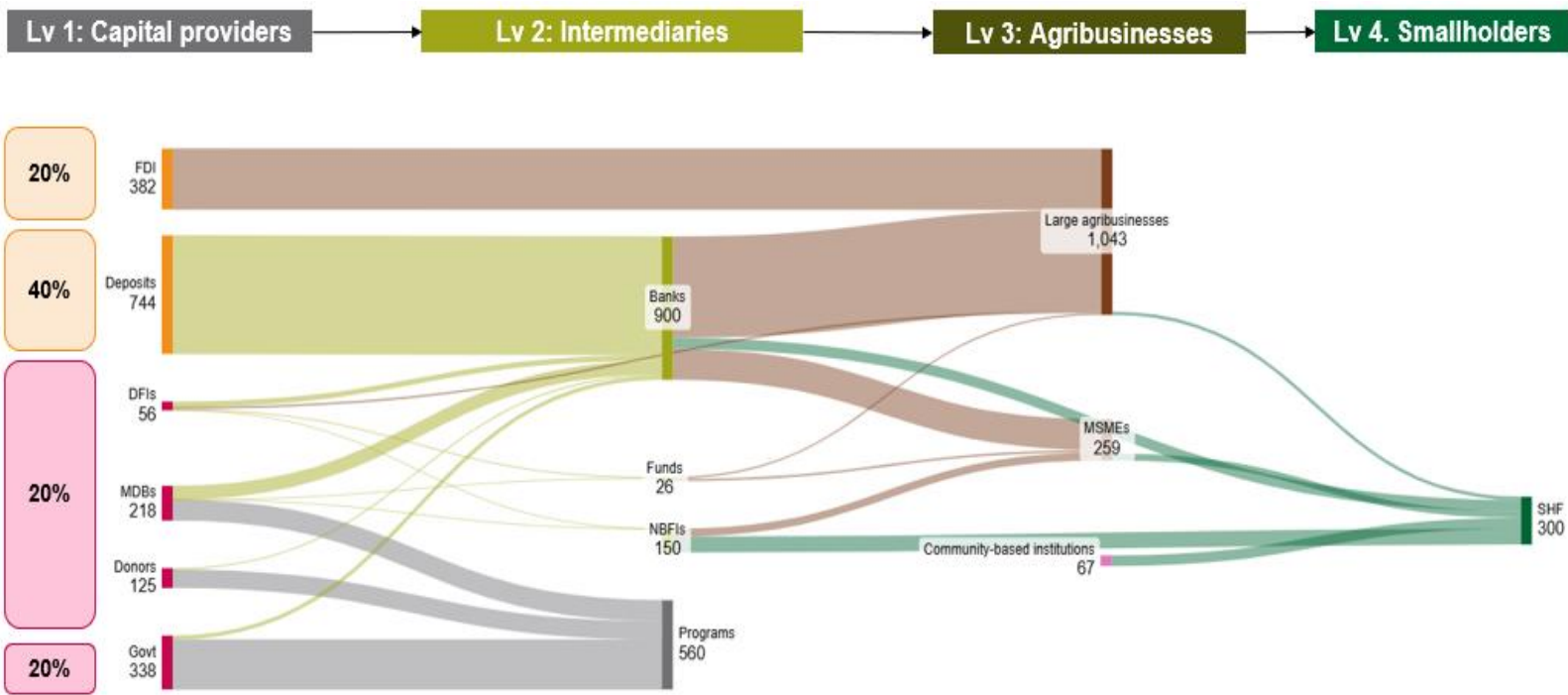
The lack of agri-finance has deep negative consequences in food security, climate adaptation and economic growth



Source: TNS research and analysis.

Agri-finance is highly skewed towards large agribusinesses; from the current annual ~\$1.6b flow, only ~\$560m are directed into agriSME and production level

Annual Financing Flow in Agriculture in Tanzania
\$ M



- Most agri-finance (65%) is flowing from FDI and local banks into large agribusinesses
- The little finance that MSMEs get comes from local banks, NBFIs and impact funds
- SHFs receive a limited flow of funds, primarily from NBFIs and community-based institutions

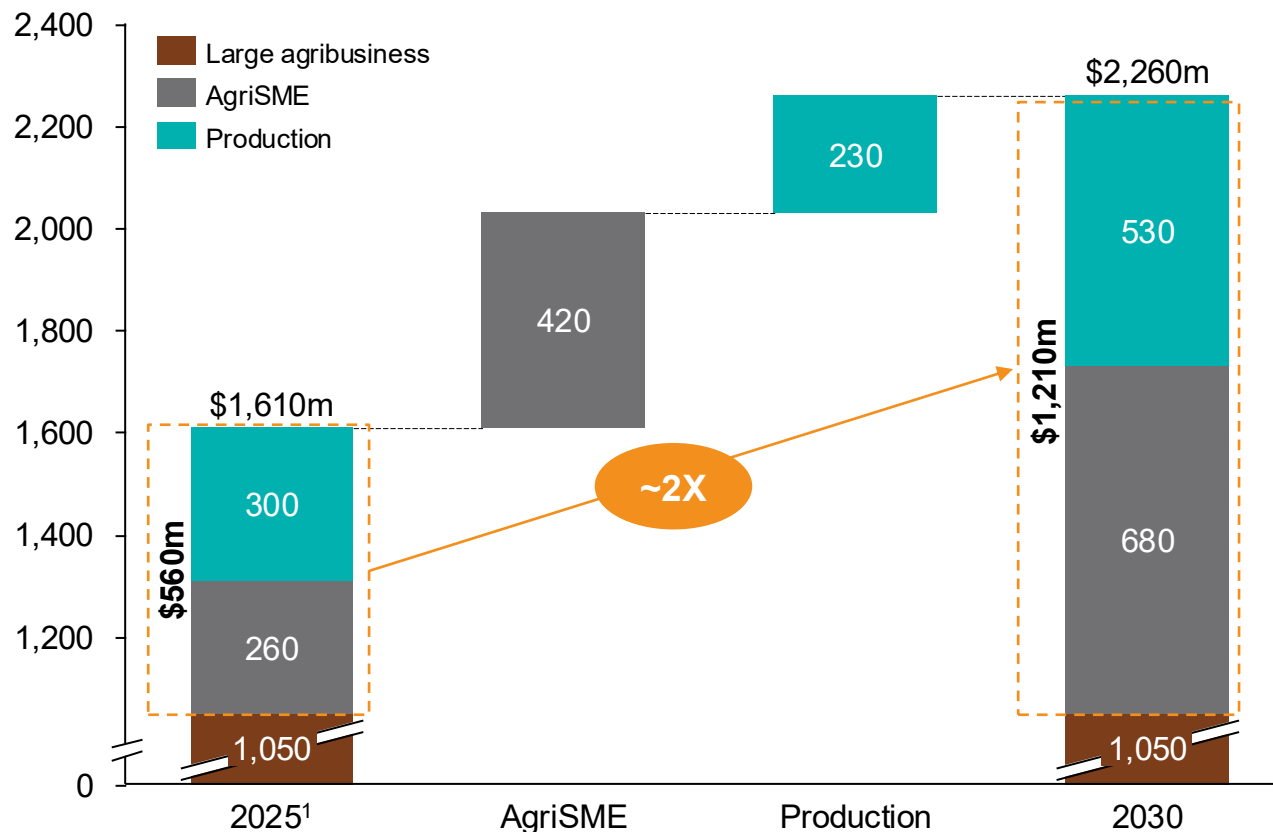
Note: Highly directional given data limitations and potential overlaps between public funding sources (e.g., donor funding used for govt expenditure). Detailed methodology, data sources and details are found in the “Agriculture Financing Flows in Sub-Saharan Africa” report, available upon request; A large portion of financing from NBFIs (e.g., SACCOs) and village-based institutions (e.g., VSLAs) come from rural communities themselves in forms of pooled savings and communal investments

Source: TNS research and analysis

We believe agri-finance at production and agriSME level can grow ~2x, from ~\$560m to ~\$1,2b annual investment by 2030

Market Level Agriculture Sector Investment Roadmap:

Annual investment into ag in TZ (\$m)



- Of the \$1.6B currently flowing into agriculture in Tanzania, the majority goes to large agribusinesses, with only \$560M reaching agriSMEs and production
 - These segments face the greatest financing needs, and have therefore been **prioritized as target segments**
- The goal is to increase total financing to agriSMEs and production to **\$1.2b by 2030**
- Beyond identifying financing solutions, a **strong enabling environment** is required, particularly from a **policy perspective** in Tanzania
 - For example, previous single digit lending policies from the Bank of Tanzania have proven effective in stimulating investment into the sector

Note: 1. Detailed methodology for 2025, data sources and details are found in the "Agriculture Financing Flows in Sub-Saharan Africa" report, available upon request.

Source: TNS research and analysis.

Doubling the capital unlocked at agriSME and production level has the potential to drive significant impact across food security, climate resilience, and economic growth dimensions

HIGHLY INDICATIVE

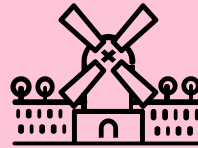
Food security



+150k MT

of yearly incremental production

Climate resilience



+250k hectares

of more resilient production

Economic growth



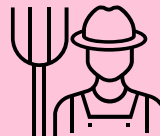
+\$300m

incremental GDP growth



+\$150m

yearly revenue growth for farmers
and agriSMEs



+200k farmers

more climate resilient



+20k new jobs

created

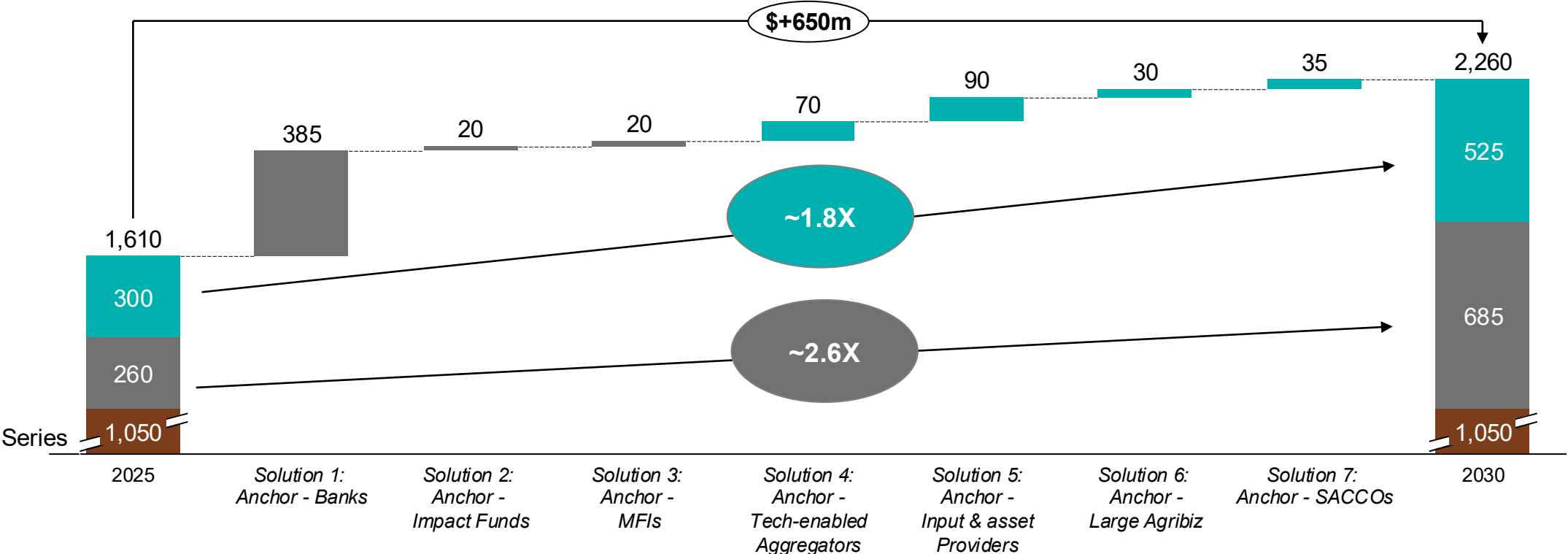
Source: TNS research and analysis.

We have defined a set of implementable interventions anchored in different financing channels to unlock additional ~\$650m annual agri-finance by 2030

Market Level Agriculture Sector Investment Roadmap:

Annual investment into agriculture sector in Tanzania (\$m) - illustrative

Production level AgriSMEs Large agribiz



Existing supporting initiatives:

- Aceli Africa
- Invest for Impact
- CASA Plus
- CASA Plus
- CASA Plus
- World Bank

Source: TNS research and analysis.

Technical assistance, catalytic capital and enabling environment interventions are the three core levers to unlock the additional flow of funding to agri-SMEs and producers



Technical Assistance

Technical assistance includes targeted support across a range of actors:

- **To Financiers:** Supporting banks and impact funds in specialized areas, such as designing agricultural strategies or developing effectively tailored loan products
- **To Agri-SMEs:** Enhancing the growth of small and medium enterprises by supporting investment readiness and providing core business operations support
- **To Production:** Strengthening good agriculture practices through private sector-led extension services, by building the capacity and incentives of private sector players to deliver it



Catalytic Capital

Catalytic capital can enable unlocking broader capital through three levers:

- **Risk mitigation:** Providing guarantees or risk covers for lenders to protect against potential losses
- **Increased incentives:** Increasing profitability of agriculture loans through mechanisms like Aceli's origination incentives
- **Reduced cost of capital:** Lowering the cost of funding for lenders (e.g., via low-cost credit lines or subsidized interest rates) so they can provide affordable lending to borrowers



Enabling Environment

- **Government:** Promote favorable and predictable policies, such single-digit lending and regulatory frameworks that attract foreign investment
- **Research:** Foster localized research and institutional collaboration to translate data into practical financial tools and innovations for the private sector
- **Infrastructure:** Develop rural roads, storage, and digital connectivity to lower logistics costs, and reduce the cost to serve remote areas
- **Implementation & Advisory:** Strengthen delivery capacity and coordination toward specialized, agri-specific financial and advisory solutions

Source: TNS research and analysis.

Each solution combines a unique mix of technical assistance, catalytic capital, and requires favorable enabling policy for effective implementation

Solution	Select key players	Levers		
		Technical Assistance	Catalytic Capital	Enabling Environment
1 Banks - Expanding agriSME lending: Partner with lead commercial banks to strengthen agri-specific capabilities and provide financial incentives to increase lending to the agricultural sector	NMB, CRDB, TADB	High TA to both the banks and the agriSMEs	High Through derisking mechanisms and lower cost of capital	High Favorable lending policy (e.g., single digit lending policy)
2 Impact funds - Increase impact fund investments into ag: Support capital deployment through existing funds and enable the development of new ag-focused investment funds	AgDevCo, Acumen, DOB, Sahel, CFC, Rabo	Medium TA to match different type of funds (new or existing)	Medium Most relevant to help emerging funds crowd-in commercial funding	Medium Need for supporting policy for small international investments
3 MFIs – Capital mobilization: Support MFIs in accessing low-cost capital and de-risking portfolios to expand credit distribution to agriSMEs and smallholder farmers*	VisionFund, BRAC, Victoria Finance, ASA	Medium TA to build core capacity, governance and access to capital	High Access to low-cost capital for disbursement	Medium
4 Tech-enabled aggregators (TEAs) – Support TEAs extending loans to in-network farmers: Support setting up partnerships with 3 rd party financiers to extend loans to their extensive farmer networks	East Africa Foods, MazaoHub, Zowasel	High TA to set up models with 3 rd party financiers	High For de-risking the model and reducing cost of capital for farmer affordability	Medium Need for farmer data infrastructure
5 Input & asset providers: Strengthen core operations and investment readiness to help providers unlock capital for high-impact asset loans (e.g., tractors, solar)	EFTA, Pass Leasing, OAF	Medium TA for core business ops & improve access to capital	Medium Need for blended finance models to scale up	Medium Need for farmer data infrastructure
6 Large agribusinesses – Value chain financing: Support and incentivize large agribusinesses extending input-finance directly or through 3 rd party financiers to their farmer network	Sucafina, Taylor Winch, ECOM, Mama Cashew	High TA to boost the inclusive model of agribusinesses with farmers	Medium Provide de-risking mechanisms	Low-medium Need for policy predictability to reduce risks
7 SACCOs – Expand agri-loans portfolios of SACCOs: Support SACCOs accessing and distributing specialized agricultural credit to smallholders	Wabango, Sama Kaya, Rukwa	Medium TA to build core capacity, governance and access to capital	High Access to low-cost liquidity for disbursement	Medium

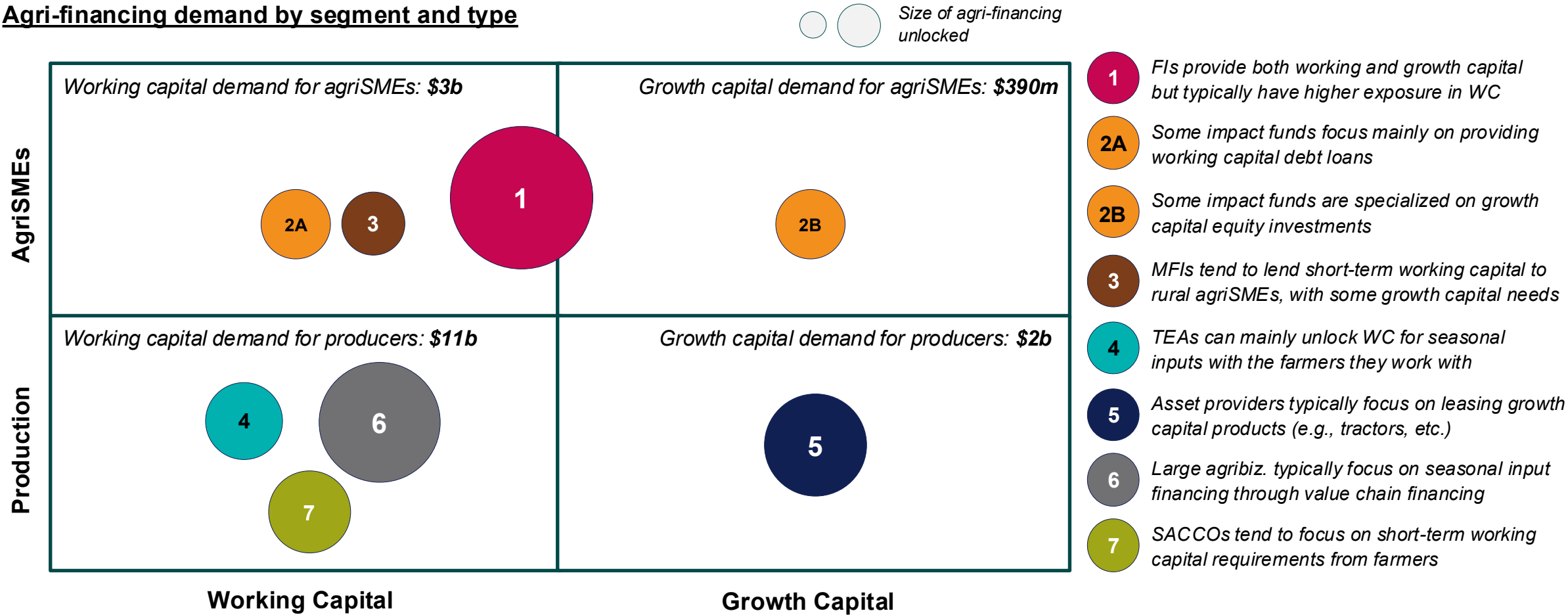
Relevance: ■ High ■ Medium ■ Low

Note: * MFIs primarily invest in agriSMEs, with few focusing on smallholder farmers.

Source: TNS research and analysis.

The set of solutions are complementary and synergetic, as they cover different capital requirements (working vs growth capital) across different segments (production vs agriSMEs)

Agri-financing demand by segment and type

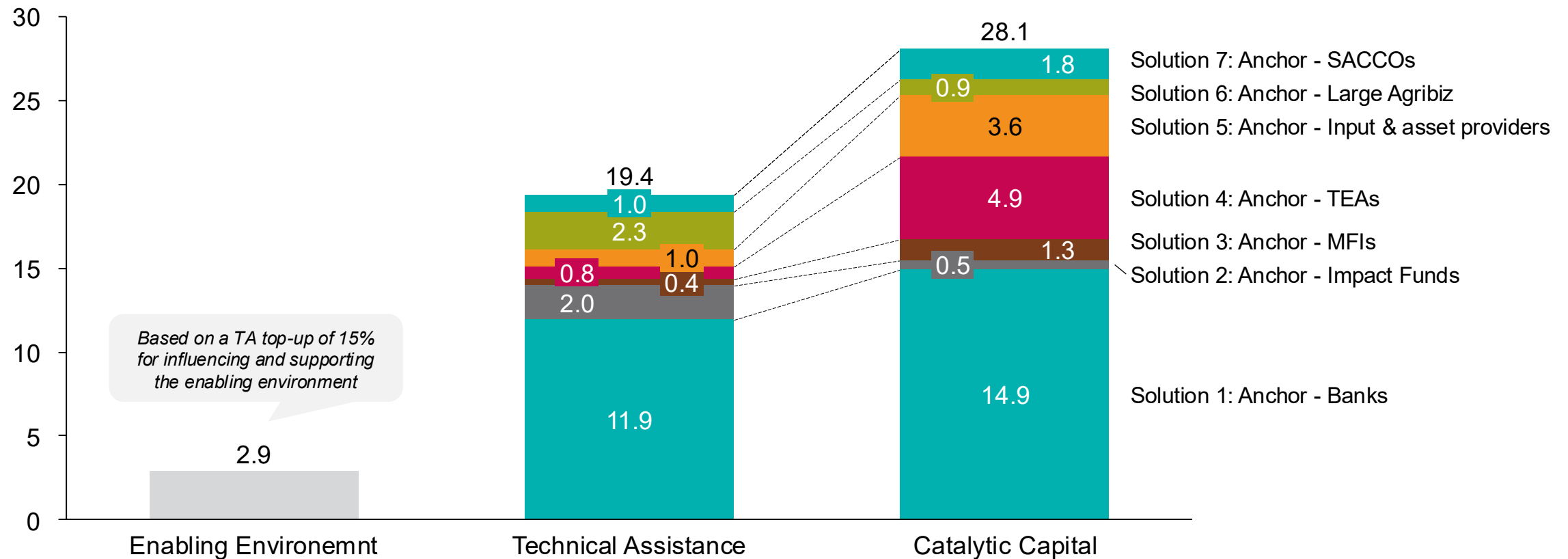


Source: TNS research and analysis.

We estimate that unlocking the additional yearly ~\$650m capital by 2030 will require ~\$50m annual investment in TA (~\$19m), catalytic capital (~\$28m), and enabling environment (~\$3m)

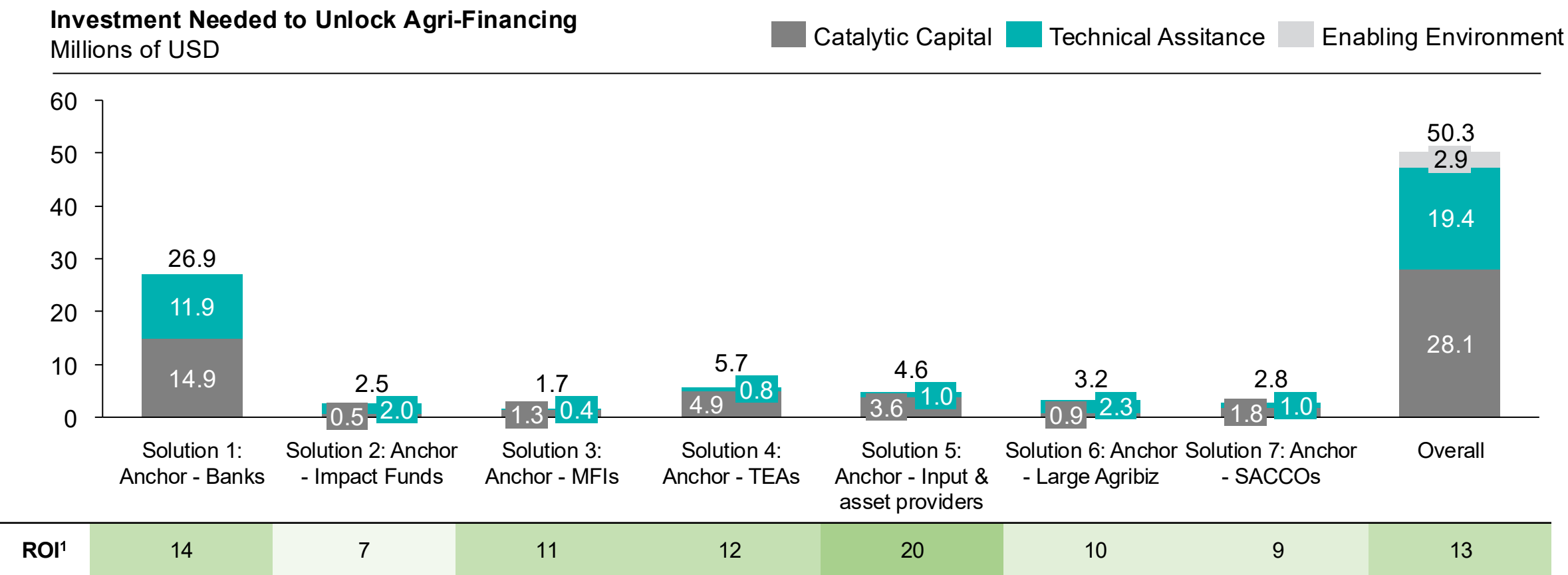
Annual Investment Needed to Unlock Agri-Financing

Millions of USD



Source: TNS research and analysis.

Each solution requires a different investment allocation across technical assistance and catalytic capital to be effectively implemented



This ROI does not consider other benefits beyond financing unlocked (e.g., segment of beneficiary, innovation, future scalability, etc.)

Notes: 1. ROI is based on total financing unlocked over the investment required (Technical Assistance + Catalytic Capital)
Source: TNS research and analysis.

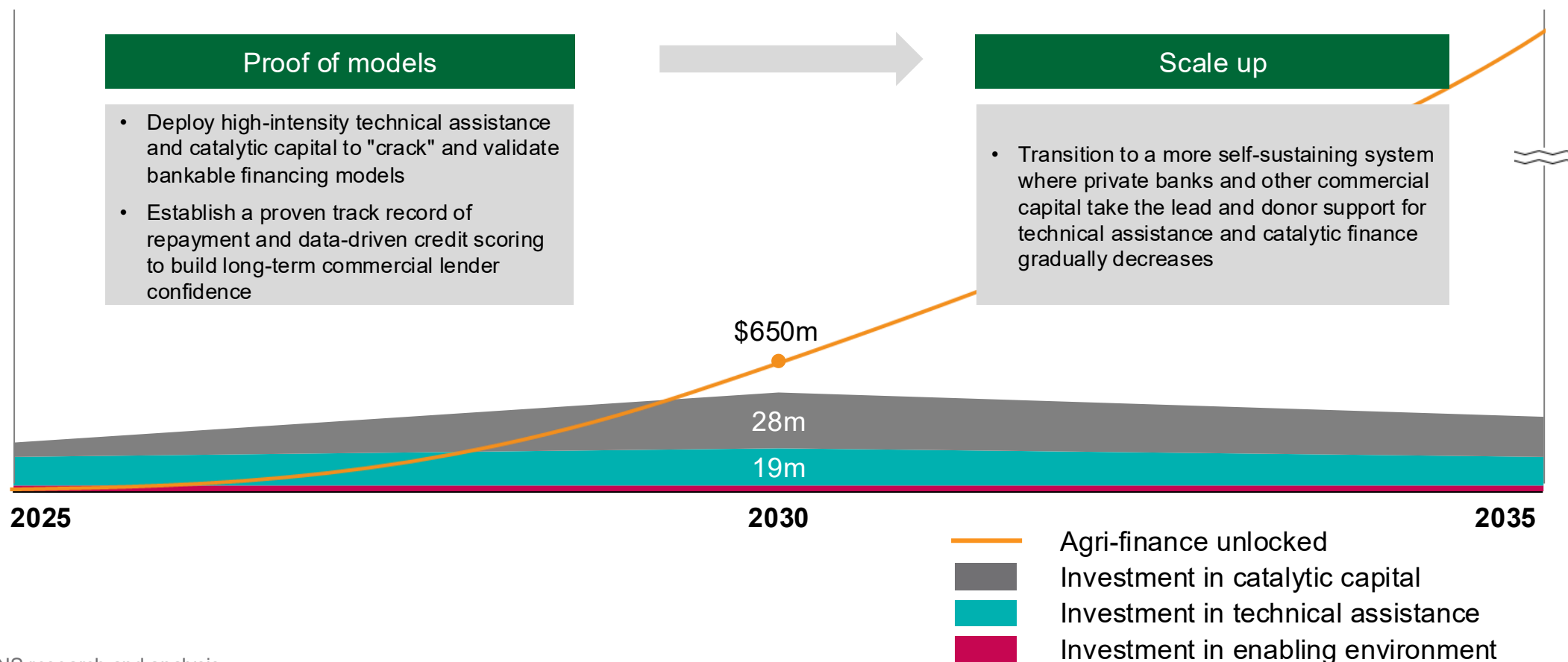
While upfront investment needs may exceed the amount of financing unlocked, as TA is implemented and CC disbursed, agri-financing levels increase and ROIs improve

Market Level Agriculture Sector Investment Roadmap:

Annual investment vs. financing unlocked into ag-sector in TZ (\$m) - illustrative

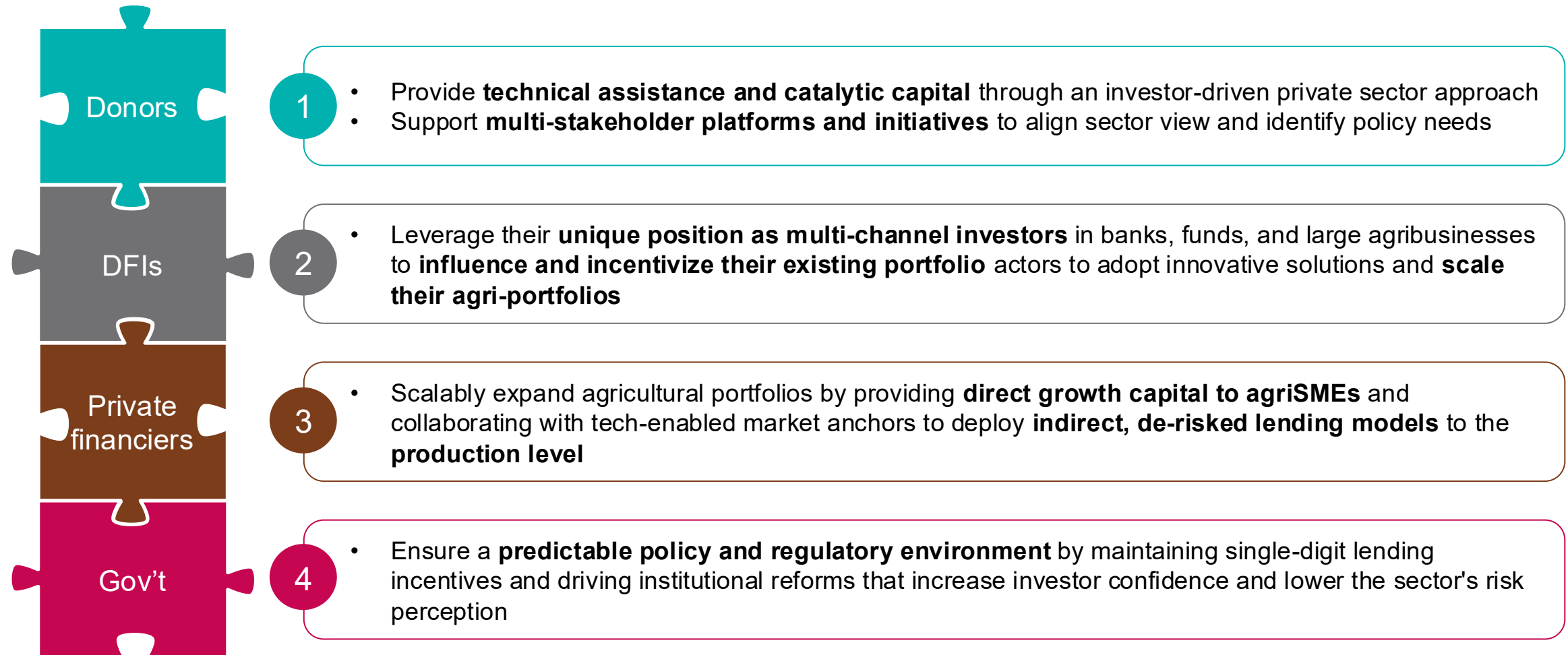
Investment required

Agri-financing unlocked



Source: TNS research and analysis.

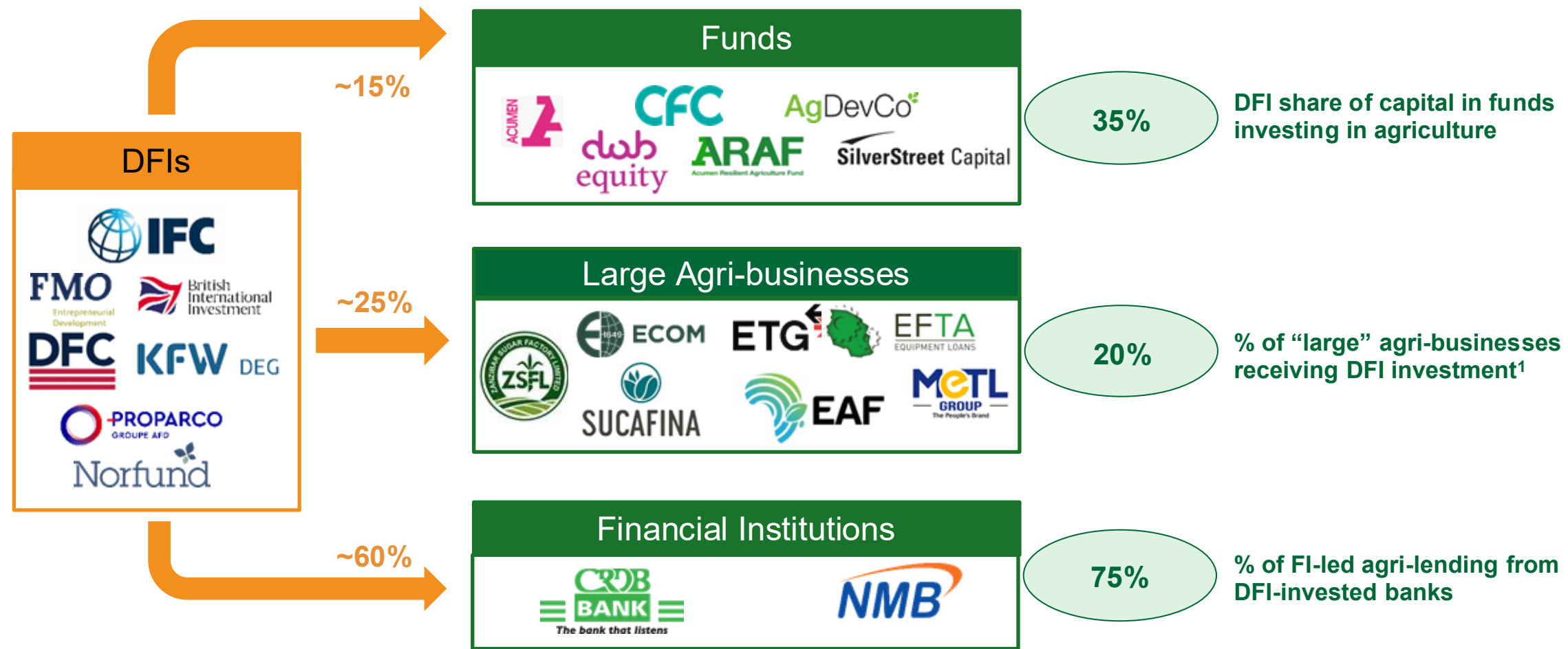
Coordinated engagement across key actors is critical to effectively mobilize and direct capital to agriculture



Source: TNS research and analysis.

DFIs play a significant role in shaping agri-lending in Tanzania, with DFI-invested banks generating approximately 75% of FI-led agricultural lending

DFI Investment Flow in Tanzania
Directional



Note: 1. Likely higher if accounting for all indirect investments through DFI-invested funds
Source: DFI databases, investor websites and reports, bank annual reports, CASA analysis



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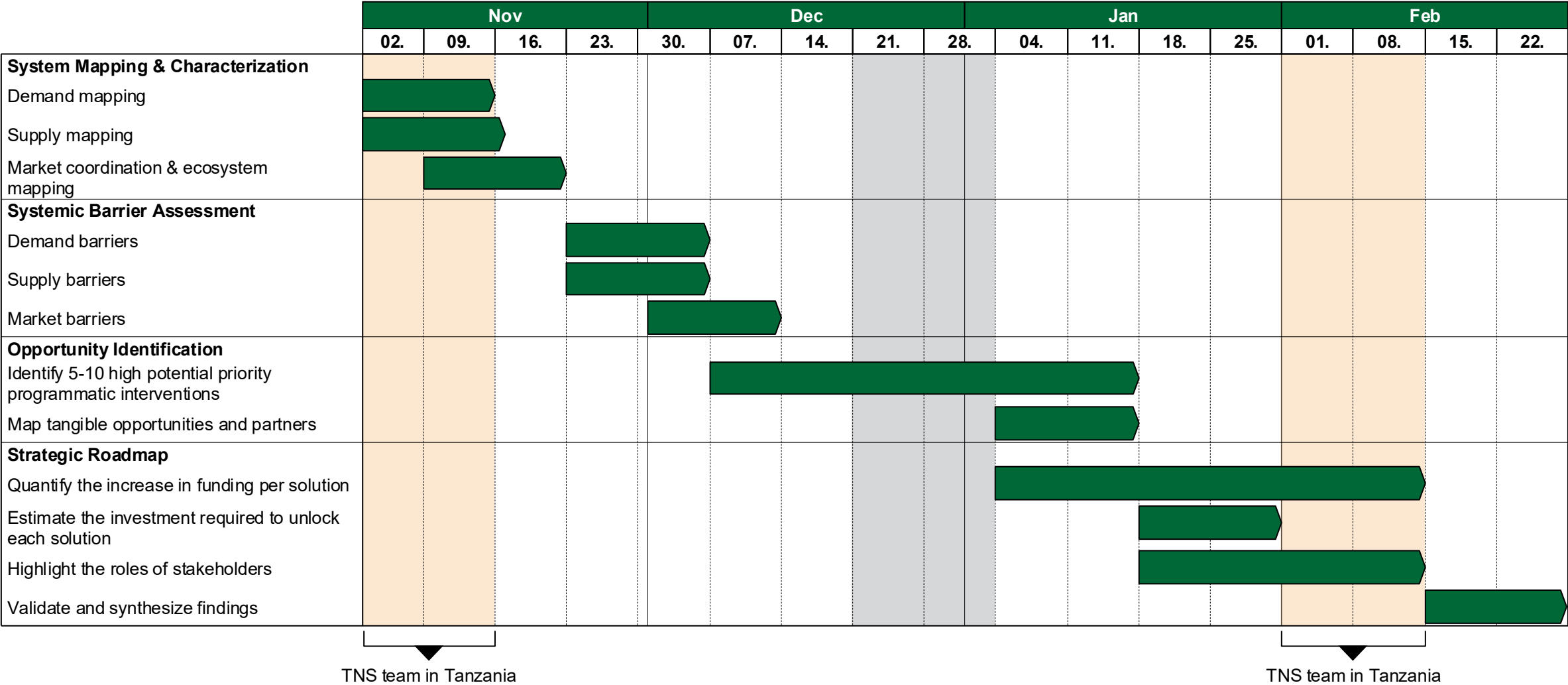
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Source: TNS research and analysis

The current study has built on prior agri-financing flow studies to design an actionable roadmap for unlocking green and inclusive agri-investment in Tanzania by 2030



We reviewed 30+ reports and leveraged our fieldwork with dozens of agribusinesses, financiers and other stakeholders in Tanzania



Agribusinesses

- Apollo Agriculture
 - Biobuu
 - Dark Earth Carbon
 - East Africa Foods
 - East Coast Agritech
 - EatFresh
 - GoldenPot
 - Hello Tractor
 - HZCP
 - Ilomba Best (coffee coop)
 - Ikuwo Beans
 - Kazi Yetu
 - Mama Cashew
 - Matalai
 - MazaoHub
 - Mountain Taste
 - NEI
 - Rogathe Dairy
 - Silverlands
 - Sucafina
 - SunCulture
 - Sunwave
 - Tanganyika Blue
 - YYTZ
 - Zowasel Tanzania
- ...Many other businesses we have worked with across TechnoServe projects*

60+ stakeholders



Financiers and others

Donors / DFIs

- BII
- Dutch Embassy
- FCDO
- FMO
- Rabo Foundation
- ...

Banks

- BRAC
- CRDB
- FINCA
- NMB
- TADB
- ...

Funds

- Acumen
- AgDevCo
- Alpha Mundi
- AfricaEats
- CFC
- DOB Equity
- HRSV
- Sahel
- ...

Ecosystem support organizations

- AVLC Group
- Aceli Africa
- TAHA
- FSD-T
- PASS Trust
- One Acre Fund
- ...

20+ stakeholders



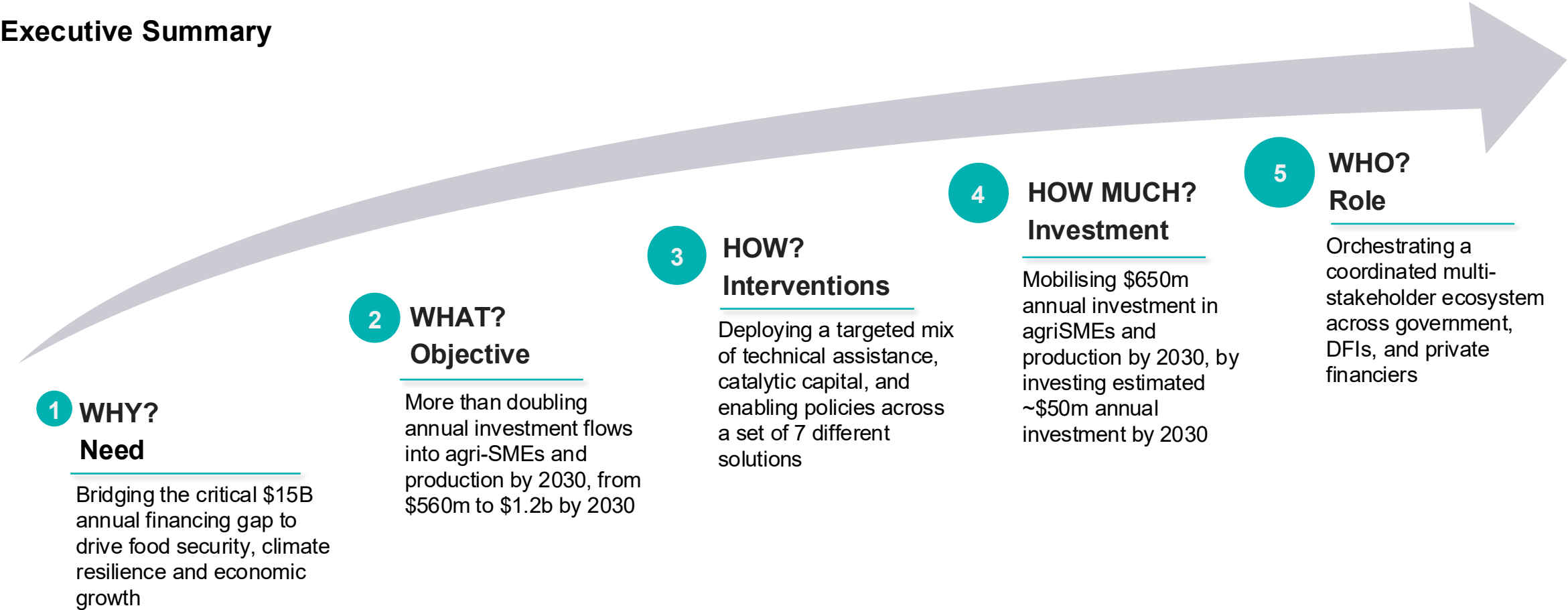
Secondary sources

- ACELI Africa Agricultural SME Lending in East & Southern Africa
- AgFims Tanzania Technical Demand Side Report
- BoT Annual Reports
- BoT Financial Inclusion Report
- Cardiff School of Geography and Planning Financial inclusion and microfinance in Tanzania
- CLIC The Finance Gap for Small-Scale Agrifood Systems
- CLIC The Triple Gap in Finance for Agrifood systems
- Dakar 2 Tanzania Country Food and Agriculture Delivery Compact
- Dalberg The Economics of Agri-SME Lending in East Africa
- Farm Africa Access to finance for MSMEs in Tanzania
- ETP How can African SME funds mobilise more capital?
- ISF AdvisorsTCDCUnited Republic of Tanzania Annual Agricultural Sample Survey 2022/23
- ...

30+ reports

The roadmap defines key components to more than double annual agri-financing flowing into agriSME and production levels, from ~\$560m to ~1,2b

Executive Summary



Source: TNS research and analysis

Agriculture's centrality to Africa's development is not reflected in current levels of investment in the sector

Agriculture's role in economy and climate

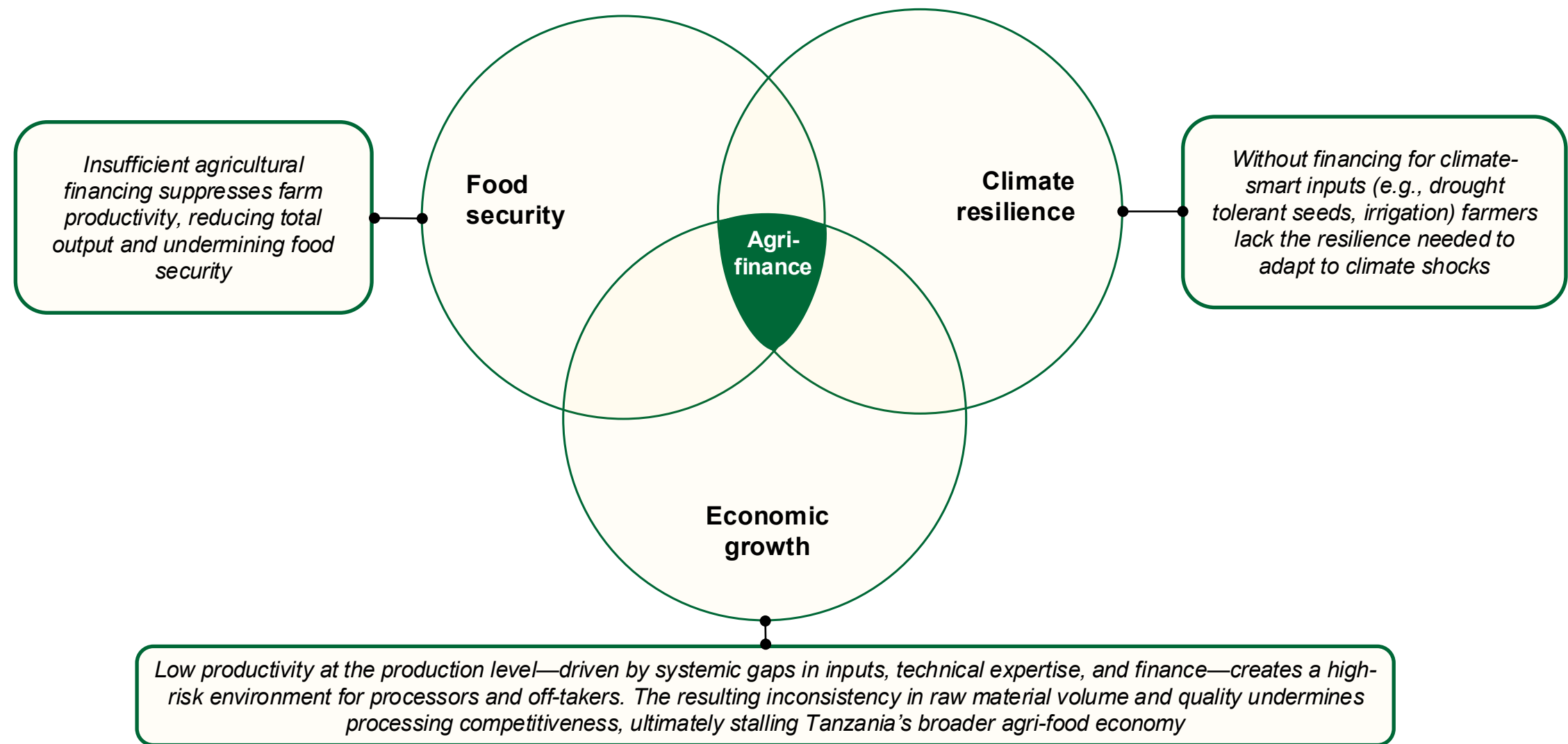
 Economy	GDP	19%
	Export value	16%
	Jobs	45%
 Climate	GHG emissions	59%¹
	Adaptation needs	50%²

Investment in agriculture

 Private capital	DFIs	6%
	Commercial banks	<5%
	PE / VC funds	<5%

Note: 1. GHG emissions figure represents the whole African continent and includes farm-gate, pre- and post-production, and associated land change; 2. Represents the higher limit of the estimated 30-50% range (\$9-14B out of the total \$30-50B adaptation cost); Source: World Bank, FAO, AfDB, WMA, ACET, SAFIN, Acumen

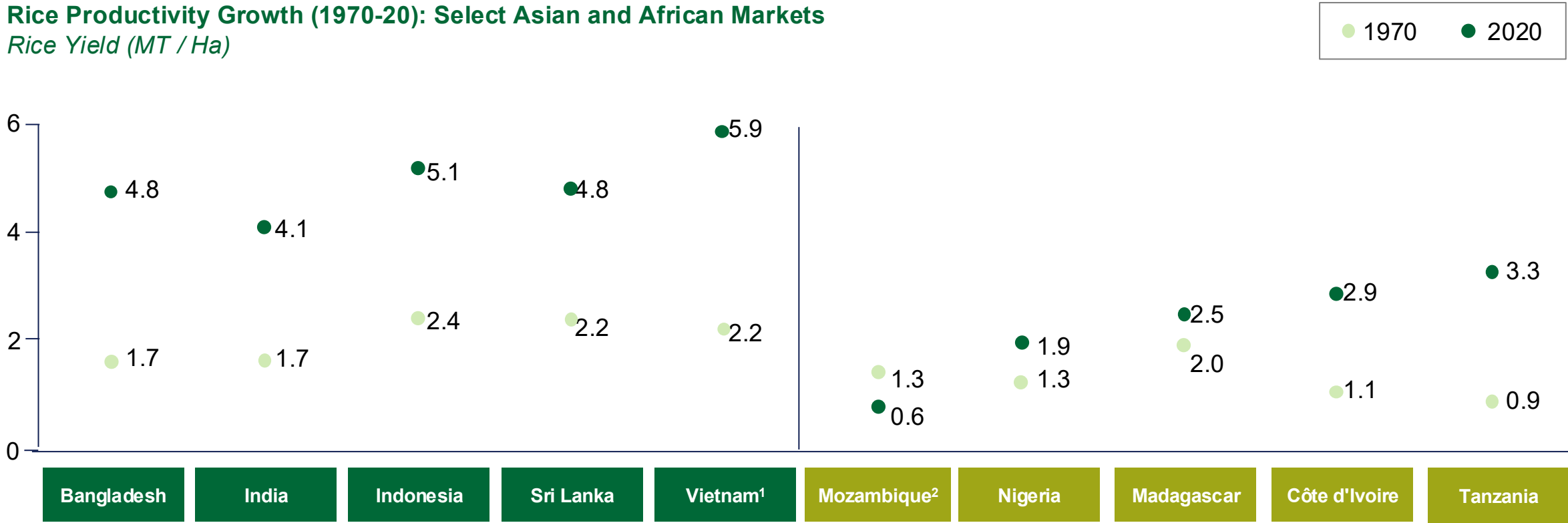
The lack of agri-finance has deep negative consequences in food security, climate adaptation and economic growth



Source: TNS research and analysis.

Historical under investment in agriculture sector also has a negative impact productivity and therefore agriculture sector level growth

Rice Productivity Growth (1970-20): Select Asian and African Markets
Rice Yield (MT / Ha)



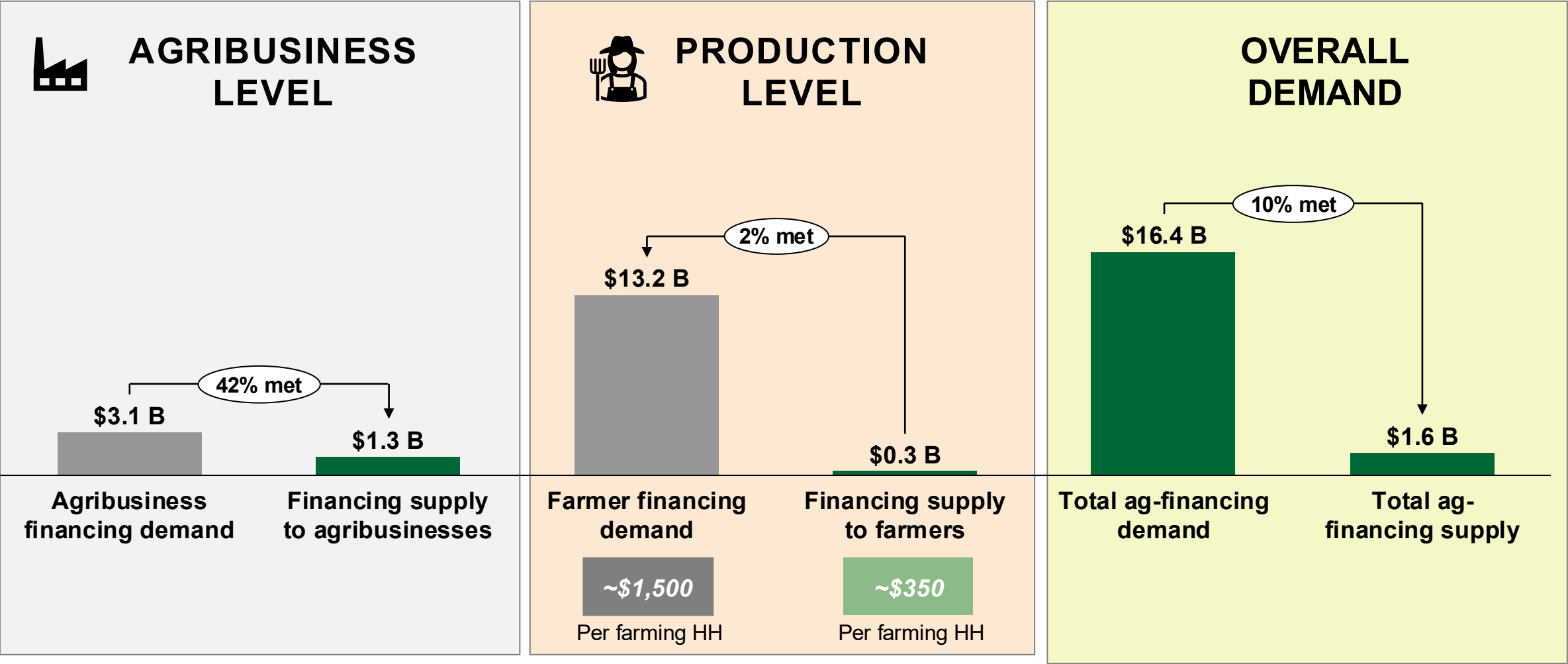
Asian countries that have successfully mobilized investment into the agriculture sector have experienced productivity gains and agricultural growth, which then supported diversification and growth in other sectors

The following examples illustrate how a lack of competitive production has constrained economic outcomes for agribusinesses and key subsectors

	Citrus Processing in Tanga & Morogoro Regions	Kilombero Plantations Limited (KPL)	Sunflower Oil Processing
Situation	An ultra-modern fruit processing factory was established in Morogoro to revive the industry after the collapse of various plants in the Tanga region.	KPL was built to be the "showcase model" for the Southern Agricultural Growth Corridor of Tanzania (SAGCOT) and act as a hub for 7,000 smallholder rice outgrowers – but the company failed and went bankrupt in 2019.	According to the Tanzania Sunflower Processors Association (TASUPA), most members have machinery capable of producing 3,000 kg of oil per day but end up producing only 213 kg (i.e., 7% utilization)
Cause of Failure	They could not secure consistent supply of industrial-grade citrus variants for processing. Despite producing 450k+ tonnes of citrus annually (70% in this region), most of the trees have been adulterated & the oranges produced are "table varieties" (i.e., for fresh consumption only).	The model relied on SMHs delivering high volumes to the KPL mill to reach economies of scale. However, they struggled to integrate smallholder farmers into their supply chain effectively to ensure a steady flow of high-quality rice.	80%+ of farmers use traditional or recycled seeds instead of hybrid or improved varieties, which yield ~30% less for processors. As a result, local agri-processors struggle to secure volumes at a competitive price (i.e., vs. imported alternatives such as edible oil).
Impact Today	The resulting citrus are sold for "table use" in street markets given inability to sell into processed high-value export products. As a result, post-harvest losses have reached levels between 30% and 50%.	The project collapsed under a \$20 million debt and the farm was seized by its creditors. It has served as warning of the risks large-scale agribusiness models face if they fail to stabilize their supply chains.	There are over 800 SME processors in the "Sunflower Corridor" (Singida, Dodoma, Manyara), operating at 20-30% capacity. Agri-SMEs are trapped between high national demand and an inability to fulfill it, as local production only meets 40% of the total national demand.

Source: IAP: [Tanzania Citrus Value Chain](#) - Innovation and Inclusion in Agro-Processing (2021/2022) | The Oakland Institute [Press Release](#) | Farm Africa: Tanzania Sunflower [Market Assessment report](#) (2022)

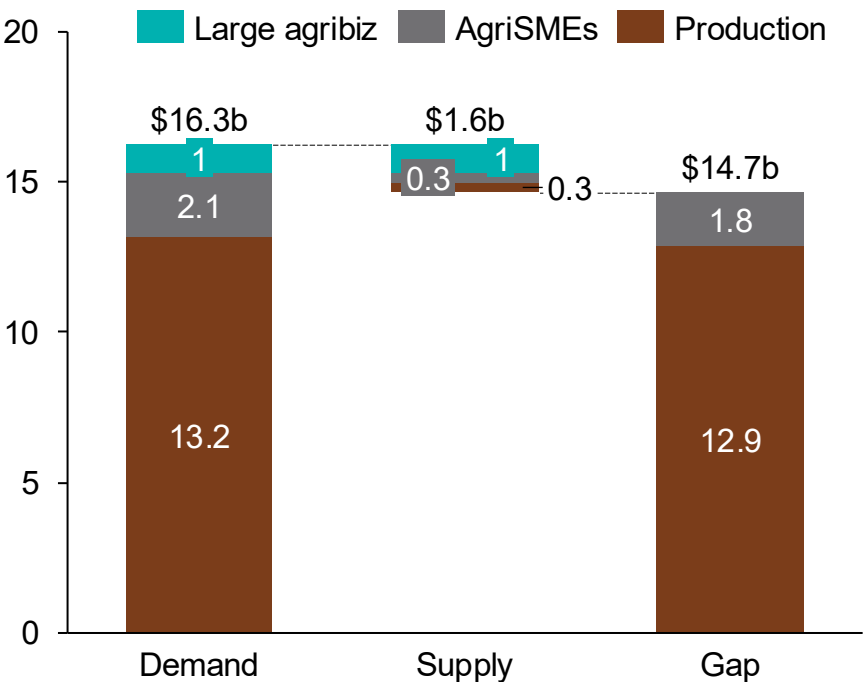
Of the \$3.1b agribusiness demand only 42% is met, while the demand at the production level sits at \$13.2b of which only 2% is currently met



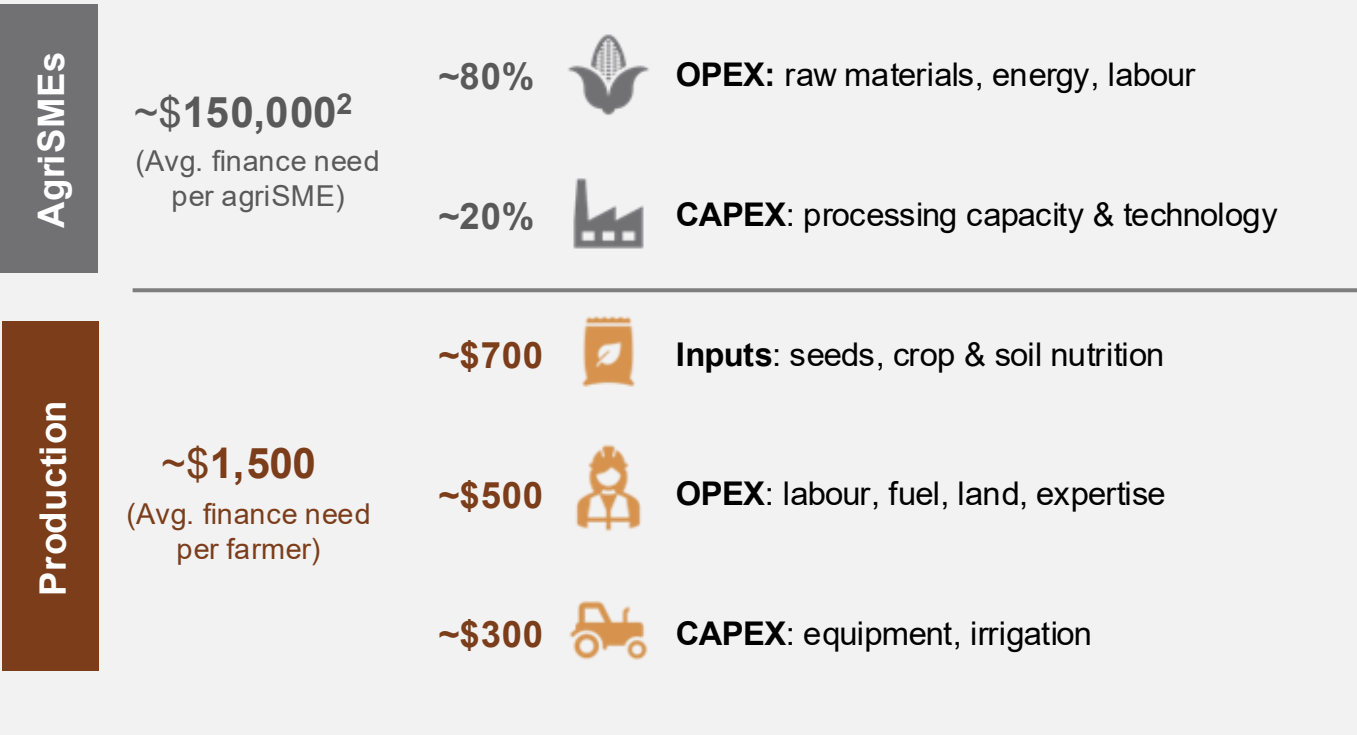
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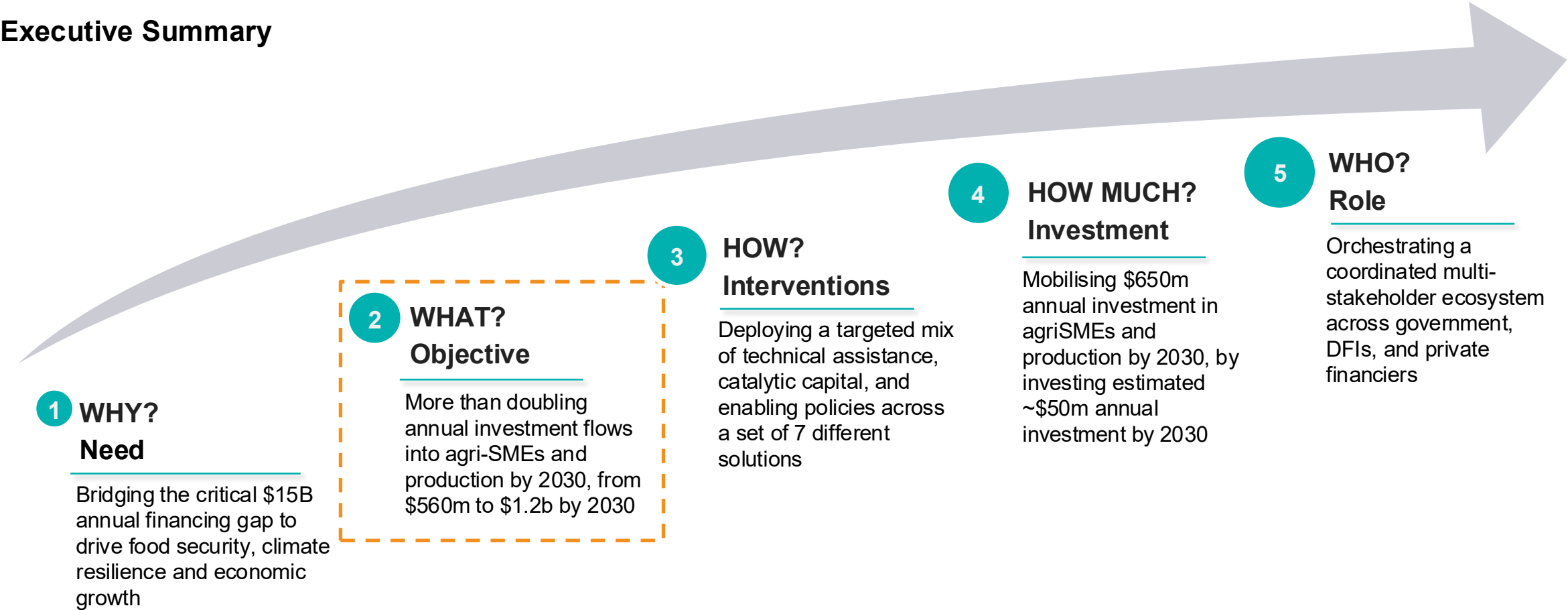
Greater investment in agriculture is the key to unlocking food security and climate ambitions

Sub-Saharan Africa Agriculture Needs ¹		Critical for Food Security	And Climate Adaptation
 Inputs IV seed & fertilizer	10% use improved seeds 15% global avg. nitrogen	Biggest driver of productivity gap	Adaptation not possible without right inputs
 Water Irrigation, water harvesting	5% irrigated	Critical enabler for competitiveness	More critical as unpredictability increases
 Knowledge Extension	10% access extension ²	Lack of knowhow undermines productivity	Diversified models more complex; ROI data needed to adapt effectively
 Markets Structured relationships	7% structured supply chain ³	Supply-demand link drives markets	Often prerequisite to get adaptation finance

Note: 1. Sub-Saharan averages are often directional averages triangulated with data from a few representative countries and value chains; 2. Directional estimate based on Tanzania, with high inter- and intra-country variations; 3. Based on CGAP definition of “commercial smallholders in tight value chains”; Sources: AECF, World Bank, International Water Management Institute, CGAP

The roadmap defines key components to more than double annual agri-financing flowing into agriSME and production levels, from ~\$560m to ~1,2b

Executive Summary



Source: TNS research and analysis

The following section will dive into the current annual investment and key barriers, before illustrating the potential forecast for 2030



Current: \$560m

- Current levels of agri-finance flows* illustrating the volume of funds entering TZ, and how much ultimately reaches agriSMEs and production levels (S32)
- Key barriers to unlock agri-finance from the demand, supply, and market perspectives (S33-36)



Future: \$1.2b

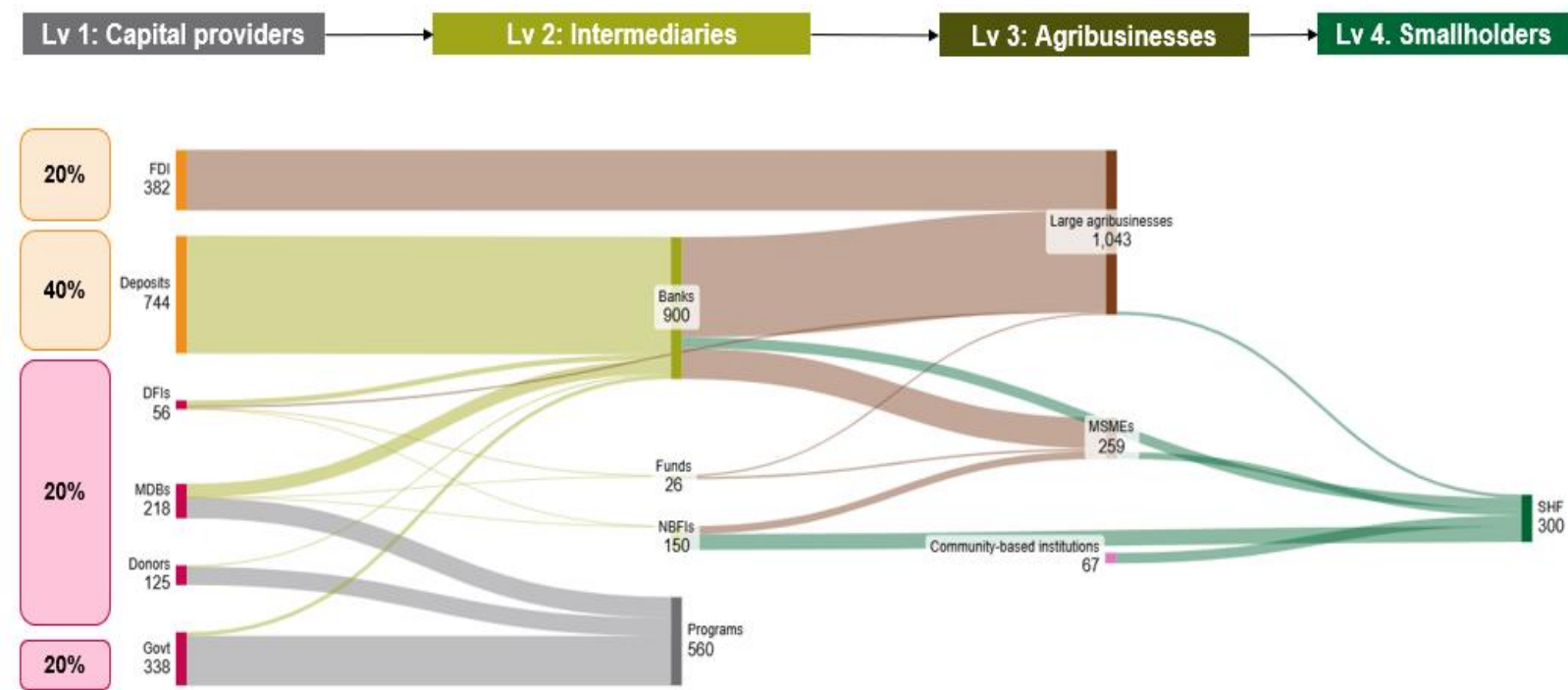
- Forecast agri-finance flow to production and agriSME by 2030 (S37)
- Expected impact potential across food security, climate resilience, and economic growth dimensions (S38)

Note: *Detailed slides available in the appendix.

Source: TNS research and analysis

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Annual Financing Flow in Agriculture in Tanzania \$ M



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Source: TNS research and analysis

Capital flow is hindered by three core barriers: demand-side constraints, supply-side limitations, and gaps in the enabling environment

Demand

Barriers rooted in agribusiness and production capabilities, behaviors and readiness for finance, which include:

- *Agribusiness:*
 - *Limited financial and managerial capacity*
 - *Low margins, high cost of capital and collateral*
- *Production:*
 - *Low productivity and inconsistent quality*
 - *Poor digital readiness and limited access to digital tools*

Supply

Constraints among financiers (including DFIs, impact funds, financial institutions) that limit the volume, type, and risk appetite of available capital for agriculture sector. Financiers have cited

- *High cost of capital across the financial system*
- *Risk aversion and limited experience with agri-lending*
- *Insufficient agri-specific products or lending models*
- *High origination and monitoring costs*
- *Limited pipeline of investment-ready agribusinesses*

Market

System-level constraints that limit the enabling environment for finance to flow:

- *Regulatory uncertainty and limited public sector funding*
- *Weak research linkages and limited applied innovation*
- *Physical infrastructure gaps (roads, irrigation, storage)*
- *Siloed coordination between government, financiers, donors, and agribusinesses*

As agri-financing in Tanzania is constrained by interconnected barriers across demand, supply, and the enabling environment, a coordinated, system-wide approach is required to unlock capital for agribusiness and production-level actors.

Source: Expert Interviews, TechnoServe research & analysis

Demand: Both agribusinesses and production cite their limited financial capacity and low margins as key barriers to accessing capital

	Barriers	Description	Market Feedback
Agribusiness	Limited financial and managerial capacity	Many agribusinesses lack reliable financial statements, formal bookkeeping, basic management systems and strong managerial talent, making it difficult for lenders to assess creditworthiness	"In addition to business strategy support, I also need help in accessing the right talent and training my staff" - Local Wine Processor, Dodoma
	Low margins and high cost of capital	Agribusinesses often operate with low and volatile margins due to price fluctuations, high input costs, and market inefficiencies, making it hard to absorb commercial interest rates	"High interest rate is a limiting factor in the accessibility of agri loans" - RSIS International (2023)
	Insufficient collateral	Agribusinesses often lack acceptable collateral (titled land, registered equipment), preventing them from meeting bank requirements	"As Tanzanian banks require local physical collateral as assets, we have been unable to acquire funding despite having contract with large local and international players" - Regional Tech-Enabled Aggregator
	Informal and complex operations	Parallel informal activities and limited governance reduce transparency, increasing perceived risk for banks and investors	"Lack of quality data, records and statistics on farming makes credit assessment challenging for financial providers." - Digital Agriculture Report
	Weak credit culture	Limited experience with formal lending results in weak repayment discipline, minimal credit history and low lender confidence	"[Farmers do not pursue loans] due to fear of catastrophic consequences if they default." - USAID
Production	Low trust in buyers	Farmers fear unfair pricing or underpayment and avoid committing to contracts when higher spot-market prices are available elsewhere	"When farmers deliver produce, they often don't have means to guarantee payment." - Ministry of Agri, TZ
	Limited financial and contract literacy	Weak understanding of loan terms and contract obligations, combined with lack of basic records (yields, input use, sales), makes it difficult for farmers to engage in formal financing or prove creditworthiness	"SMEs are failing to access financing from banks due to lack of proper financial management and business planning skills." - Former BoT Deputy Governor
	Low productivity and market access	Limited access to quality inputs, extension services, and organized markets reduces yields and income stability, increasing perceived lending risk	"The most critical challenge we face is poor productivity at the farm level." - Economist, MUBS
	Poor digital readiness	Low smartphone penetration, limited digital literacy, and patchy mobile connectivity constrain the use of digital financial services and mobile-based lending tools	"We are working to integrate ICT in Agri to provide farmers with real-time information." - Chair, WiA Tz

Source: Expert Interviews, TechnoServe research & analysis

Supply: There are several barriers that different suppliers of capital face when investing in the ag-sector

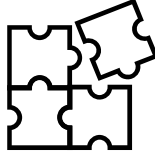
Level of barrier to invest: ■ Low ■ Medium ■ High

	Funding	Capacity	Pipeline and investment readiness
DFIs	Readily available (i.e., concessional debt, TA windows). However, most DFI funding flows through banks, which may reduce actual financing received by the ag-sector	Strong agri- and country- specific knowledge and capacity, but only practical at large ticket sizes (e.g., \$10M+)	<u>Businesses</u>: Very thin pipeline of DFI investable opportunities <u>Banks</u>: Limited number of Tier 1 banks cover most of FI agri lending in the country; DFI hesitancy to fund Tier 2 banks
Impact investors	Several impact investors focused on Kenya have funds available to invest in TZ	Many work at regional level with limited country presence and localised expertise in TZ	Several agribusinesses face key gaps on investment readiness
Local FIs	- Sufficient funds available to focus on agri, with new upcoming funding coming to key banks (e.g., GCF funding for CRDB) - Funding not necessarily well suited for longer tenure growth capital funding (agri-lending)	- Limited expertise and resourcing focused on agri-sector - Limited administrative capacity to run large-scale (foreign funded) lending programs with high reporting & compliance requirements	- Low capacity of agriSMEs to effectively apply and absorb investment - Very high interest rates for short term working capital make it unrealistic for businesses to accept loans
MFIs	Liquidity constraints and weak balance sheet, preventing ability to provide long-term capital suitable for agriculture	MFIs often lack staff trained in agriculture, operate informally, and are unable to appraise agri risks or design appropriate lending products	MFIs have a wide reach of agriSMEs and SHF however they are not equipped to manage and absorb investments due to their size and irregular cashflows
NBFIs¹	Lack of access to deposits, leading to reliance on external capital for lending and leasing and thereby high leasing rates	High origination and transaction cost due to physical verification, equipment evaluation, and monitoring costs, reducing profitability of small-ticket agri leasing	Despite donor support (e.g., PASS Leasing, EFTA), SHF-level leasing remains unviable without blended finance
Agribusinesses (VC financing)	Limited working capital to pre-finance farmers upfront while simultaneously running operations, buying crops, and servicing their own debts	- Weather shocks and crop failure can wipe out repayment capacity, making agribusiness-led lending too risky without insurance - Monitoring farmers, enforcing repayment, and administering input credit is operationally heavy and expensive	Although agribusiness know which farmers to lend to, their suppliers might not be ready to receive funding due to weak contract enforceability

Note: 1. NBFIs (Non-bank financial institutions) include non-deposit taking microfinance providers, asset leasing companies, SACCOs, and community microfinance groups.
Source: Expert interviews, TechnoServe research and analysis

Market: Unlocking investment and directing it to production also requires a coordinated enabling environment anchored in four pillars

Market Mapping

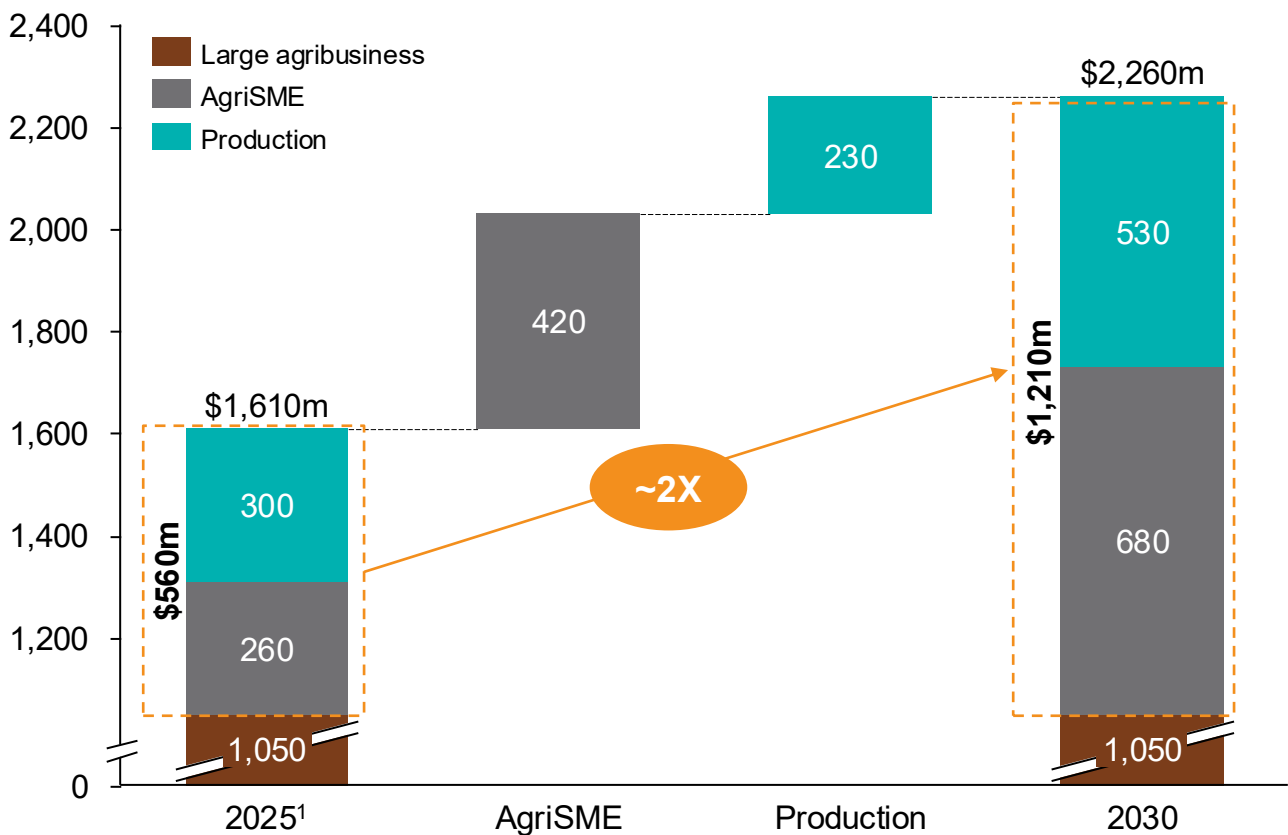
	 Policy	 Infrastructure	 Implementation and advisory	 Research
Description	Government regulations and incentives that create a stable environment for investments in agribusinesses and SHFs.	Physical and non-physical systems that enable activities such as production, storage, processing, market access such as roads, irrigation and insurance	Development partners and implementing NGOs that fill gaps in capacity and financing, which oftens lead to catalysing investments in value chains and SHF systems	Institutions and partnerships that generate new knowledge and data on the sector's production, climate change impact and opportunities for value add
Sample players	   	    	   	   

Note: Strengths and opportunity areas for each enabling actor may be found in the appendix.
Source: TNS research and analysis

We believe agri-finance at production and agriSME level can grow ~2x, from ~\$560m to ~\$1,2b annual investment by 2030

Market Level Agriculture Sector Investment Roadmap:

Annual investment into ag in TZ (\$m)



- Of the \$1.6B currently flowing into agriculture in Tanzania, the majority goes to large agribusinesses, with only \$560M reaching agriSMEs and production
 - These segments face the greatest financing needs, and have therefore been **prioritized as target segments**
- The goal is to increase total financing to agriSMEs and production to **\$1.2b by 2030**
- Beyond identifying financing solutions, a **strong enabling environment** is required, particularly from a **policy perspective** in Tanzania
 - For example, previous single digit lending policies from the Bank of Tanzania have proven effective in stimulating investment into the sector

Note: 1. Detailed methodology for 2025, data sources and details are found in the “Agriculture Financing Flows in Sub-Saharan Africa” report, available upon request.

Source: TNS research and analysis.

Doubling the capital unlocked at agriSME and production level has the potential to drive significant impact across food security, climate resilience, and economic growth dimensions

HIGHLY INDICATIVE

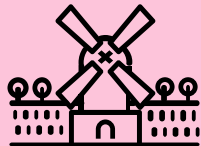
Food security



+150k MT

of yearly incremental production

Climate resilience



+250k hectares

of more resilient production

Economic growth

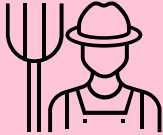


+\$300m

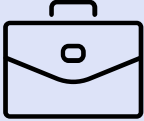
incremental GDP growth



+\$150m
yearly revenue growth for farmers
and agriSMEs



+200k farmers
more climate resilient

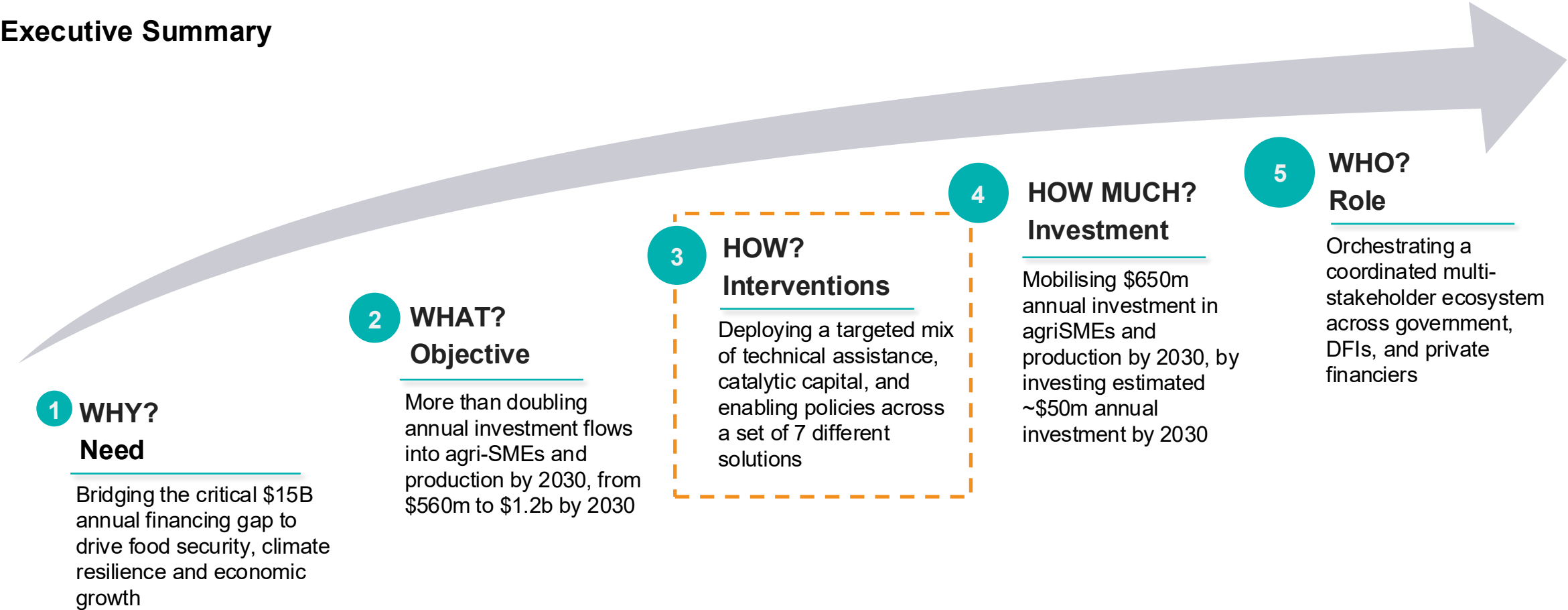


+20k new jobs
created

Source: TNS research and analysis.

The roadmap defines key components to more than double annual agri-financing flowing into agriSME and production levels, from ~\$560m to ~1,2b

Executive Summary



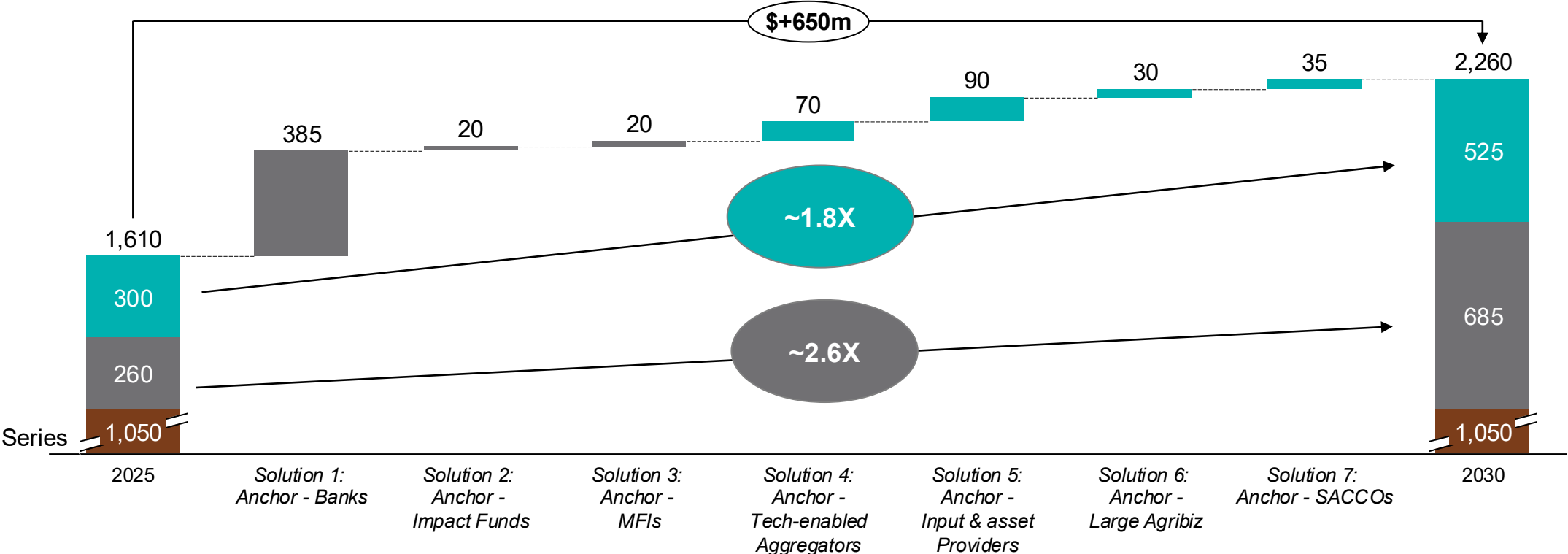
Source: TNS research and analysis

We have defined a set of implementable interventions anchored in different financing channels to unlock additional ~\$650m annual agri-finance by 2030

Market Level Agriculture Sector Investment Roadmap:

Annual investment into agriculture sector in Tanzania (\$m) - illustrative

Production level AgriSMEs Large agribiz



Existing supporting initiatives:

- Aceli Africa
- Invest for Impact
- CASA Plus
- CASA Plus
- CASA Plus
- World Bank

Source: TNS research and analysis.

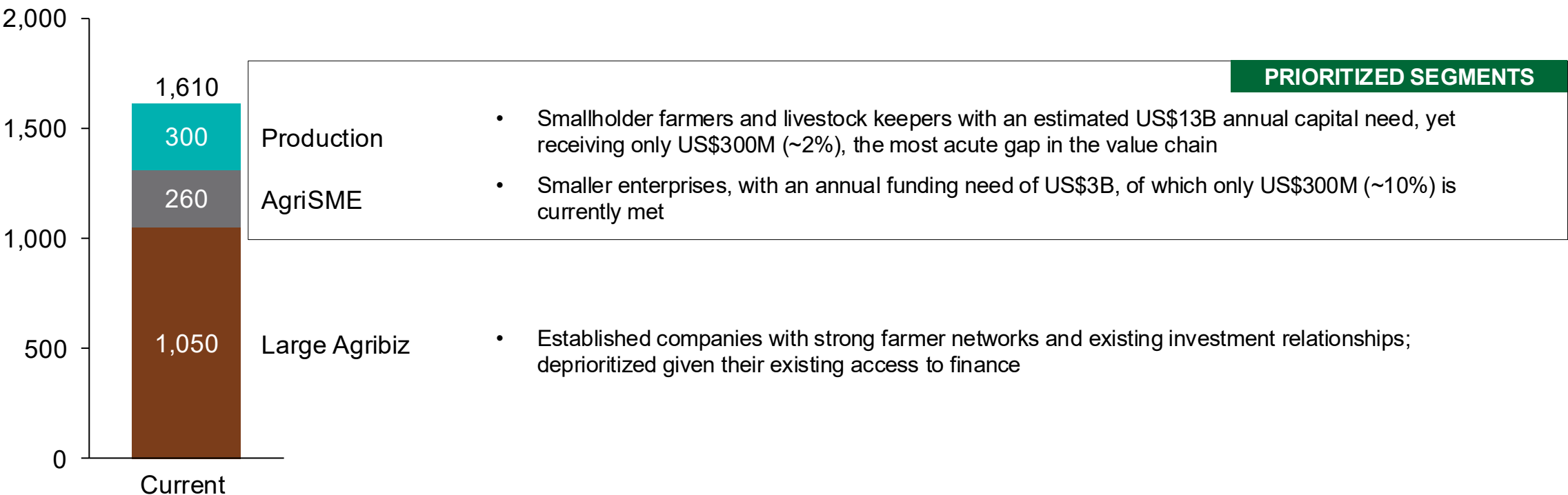
We have characterized the funding recipients, the funding channels and the intervention toolkit for each solution

1. TARGET RECIPIENTS	2. FUNDING CHANNELS		
Large agribusinesses: established companies with strong market presence that in most cases can access financing from either FDI, local banks or DFIs. Deprioritized target segment given their existing access to finance AgriSMEs: Smaller, growing enterprises that need capital to expand operations and better support their producers, yet currently face more limited financing options Producers: Primary production actors (e.g., farmers and livestock keepers) who receive the least direct funding, creating constraints that ultimately affect the performance of businesses further along the value chain	DFIs Banks Institutional / private investors	Impact funds Specialized input/asset providers Tech-enabled aggregators	Large agribusinesses SACCOs / Coops Fintech / Telecom
3. INTERVENTION TOOLKIT			
 Technical Assistance: focused on building the capacity of both financiers and recipients of financing (e.g., agriSMEs/ producers)  Catalytic Capital: focused on providing and unlocking the needed capital to close the financing gap			
 Enabling Policy: policy and regulatory oversight plays a critical role in creating an enabling environment that will drive positive progress and promote success of the agri-initiatives			

Target recipients: The most significant capital constraints are found at the agri-SME and producer levels, where funding is limited despite their central role in driving sector growth

Market Level Agriculture Sector Investment

Annual investment into agriculture sector in Tanzania (\$m)
(2025)



Funding channels: We have explored solutions that flow finance across different types of channels and at different levels

Lv 1: Capital providers

- 1 DFIs**
Invest across local financial institutions, agribusinesses and intermediated funds, anchoring capital in underserved markets. *Examples: FMO, BII, Norfund, etc.*
- 2 Institutional Inv.**
Have minimal direct agriculture exposure, but growing interest via sustainability and impact linked financing. *Examples: JPMorgan, Goldman Sachs.*

Lv 2: Intermediaries

- 3 Impact Funds**
Invest in ag-focused small to mid-size agribusinesses. *Examples: AgDevCo, Acumen, DOBequity, etc.*
- 4 Local financial institutions**
Allocate limited capital to agriculture, with lending largely focused on large agribusinesses. *Examples: CRDB, NMB.*
- 5 Micro-finance institutions**
Provide specialized financial services primarily to micro-entrepreneurs
- 6 NBFIs (incl. SACCOs and VSLAs)**
Offer community-based lending with strong repayment, though ag loans remain a small share of their portfolios.
- 7 Fintechs & Telecoms**
Leverage payments and mobile data to offer micro-loans to producers, typically at small ticket sizes. *Examples: Vodacom.*

Lv 3: Agribusinesses

- 8 Tech-enabled aggregators**
Link farmers to inputs and markets and collect rich data for credit scoring yet lack the capital base to provide loans. *Examples: MazaoHub, Zowasel.*
- 9 Specialized asset & input providers**
Supply equipment / inputs and hold valuable data but require off-balance sheet financing. *Examples: Hello Tractor, EFTA.*
- 10 Large Agribiz.**
Work directly with producers but often lack balance sheet capacity to finance them; producer cash shortages can threaten supply security. *Examples: ETC, Sucafina.*

Intervention toolkit: Technical assistance, catalytic capital and the enabling environment are the three core levers to unlock the additional flow of funding to agri-SMEs and producers



Technical Assistance

Technical assistance includes targeted support across a range of actors:

- **To Financiers:** Supporting banks and impact funds in specialized areas, such as designing agricultural strategies or developing effectively tailored loan products
- **To Agri-SMEs:** Enhancing the growth of small and medium enterprises by supporting investment readiness and providing core business operations support
- **To Production:** Strengthening good agriculture practices through private sector-led extension services, by building the capacity and incentives of private sector players to deliver it



Catalytic Capital

Catalytic capital can enable unlocking broader capital through three levers:

- **Risk mitigation:** Providing guarantees or risk covers for lenders to protect against potential losses
- **Increased incentives:** Increasing profitability of agriculture loans through mechanisms like Aceli's origination incentives
- **Reduced cost of capital:** Lowering the cost of funding for lenders (e.g., via low-cost credit lines or subsidized interest rates) so they can provide affordable lending to borrowers



Enabling Environment

- **Government:** Promote favorable and predictable policies, such single-digit lending and regulatory frameworks that attract foreign investment
- **Research:** Foster localized research and institutional collaboration to translate data into practical financial tools and innovations for the private sector
- **Infrastructure:** Develop rural roads, storage, and digital connectivity to lower logistics costs, and reduce the cost to serve remote areas
- **Implementation & Advisory:** Strengthen delivery capacity and coordination toward specialized, agri-specific financial and advisory solutions

Source: TNS research and analysis.

Each solution combines a unique mix of technical assistance, catalytic capital, and requires favorable enabling policy for effective implementation

Solution	Select key players	Levers		
		Technical Assistance	Catalytic Capital	Enabling Environment
1 Banks - Expanding agriSME lending: Partner with lead commercial banks to strengthen agri-specific capabilities and provide financial incentives to increase lending to the agricultural sector	NMB, CRDB, TADB	High TA to both the banks and the agriSMEs	High Through derisking mechanisms and lower cost of capital	High Favorable lending policy (e.g., single digit lending policy)
2 Impact funds - Increase impact fund investments into ag: Support capital deployment through existing funds and enable the development of new ag-focused investment funds	AgDevCo, Acumen, DOB, Sahel, CFC, Rabo	Medium TA to match different type of funds (new or existing)	Medium Most relevant to help emerging funds crowd-in commercial funding	Medium Need for supporting policy for small international investments
3 MFIs – Capital mobilization: Support MFIs in accessing low-cost capital and de-risking portfolios to expand credit distribution to agriSMEs and smallholder farmers*	VisionFund, BRAC, Victoria Finance, ASA	Medium TA to build core capacity, governance and access to capital	High Access to low-cost capital for disbursement	Medium
4 Tech-enabled aggregators (TEAs) – Support TEAs extending loans to in-network farmers: Support setting up partnerships with 3 rd party financiers to extend loans to their extensive farmer networks	East Africa Foods, MazaoHub, Zowasel	High TA to set up models with 3 rd party financiers	High For de-risking the model and reducing cost of capital for farmer affordability	Medium Need for farmer data infrastructure
5 Input & asset providers: Strengthen core operations and investment readiness to help providers unlock capital for high-impact asset loans (e.g., tractors, solar)	EFTA, Pass Leasing, OAF	Medium TA for core business ops & improve access to capital	Medium Need for blended finance models to scale up	Medium Need for farmer data infrastructure
6 Large agribusinesses – Value chain financing: Support and incentivize large agribusinesses extending input-finance directly or through 3 rd party financiers to their farmer network	Sucafina, Taylor Winch, ECOM, Mama Cashew	High TA to boost the inclusive model of agribusinesses with farmers	Medium Provide de-risking mechanisms	Low-medium Need for policy predictability to reduce risks
7 SACCOs – Expand agri-loans portfolios of SACCOs: Support SACCOs accessing and distributing specialized agricultural credit to smallholders	Wabango, Sama Kaya, Rukwa	Medium TA to build core capacity, governance and access to capital	High Access to low-cost liquidity for disbursement	Medium

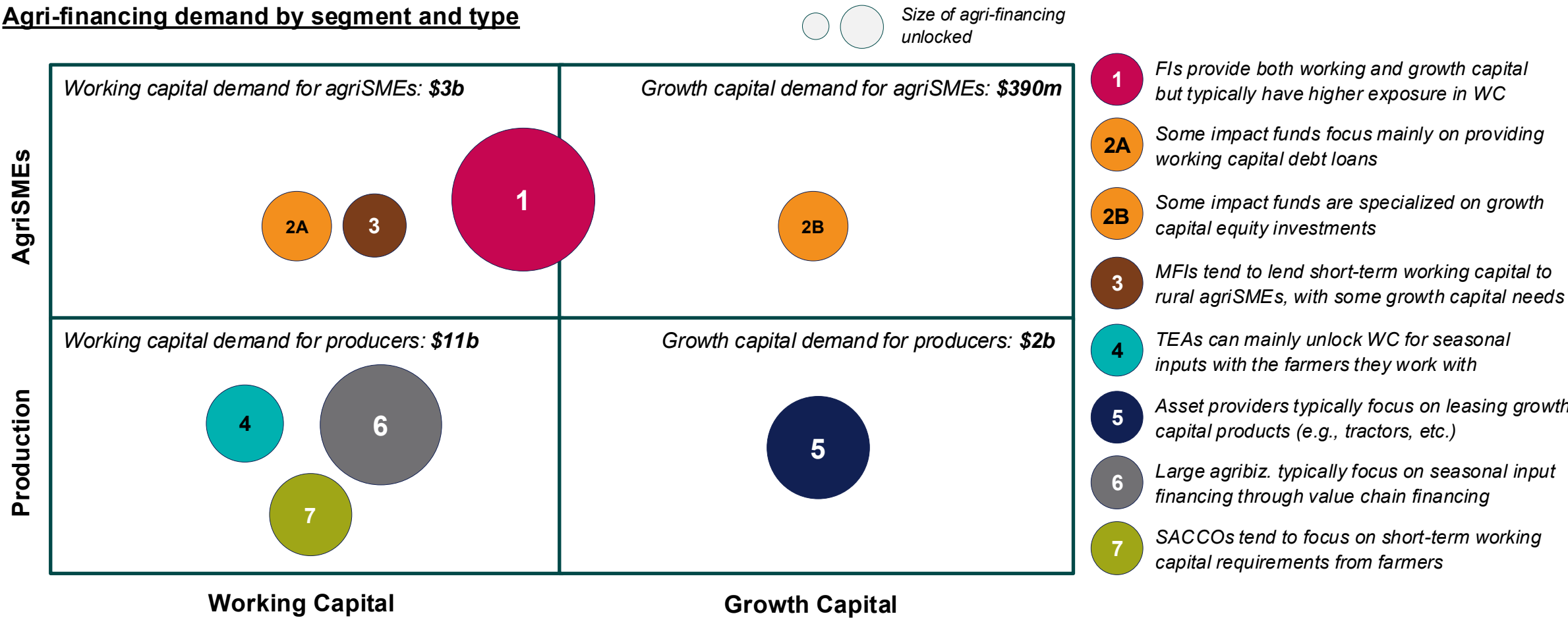
Relevance: ■ High ■ Medium ■ Low

Note: * MFIs primarily invest in agriSMEs, with few focusing on smallholder farmers.

Source: TNS research and analysis.

The set of solutions are complementary and synergetic, as they cover different capital requirements (working vs growth capital) across different segments (production vs agriSMEs)

Agri-financing demand by segment and type



Source: TNS research and analysis.

Solution 1: Partner with lead commercial banks to strengthen agri-specific capabilities and provide financial incentives to increase lending to the agricultural sector

Context / barriers

- Banks in TZ allocate a **small share of their lending portfolios to agriculture**
- Most of the agri-portfolio is **focused on large** agribiz., vs. agriSMEs
- Many agriSMEs struggle with **insufficient collateral and mismatched repayment schedules**
- Banks may benefit from support on **technical agri-knowledge, VC risks, and innovative product structures**

Solution



Technical Assistance

- **To banks:** Through **targeted technical assistance**, banks can develop **clearer agri-lending strategies**, diagnose barriers that prevent agribusinesses from accessing finance, and strengthen their internal capacity to appraise agricultural loans
- **To portfolio AgriSMEs:** **pre-investment support** to agriSMEs is required to build the investment readiness of a larger pool of agriSMEs; **post-investment support** is also key to help improve the performance of the agriSMEs, and in turn reducing investment risk by improving the likelihood of loan repayment
 - While 3rd party organizations have typically provided this support to agriSMEs, there is an opportunity for banks to incorporate this support to agriSMEs



Catalytic Capital

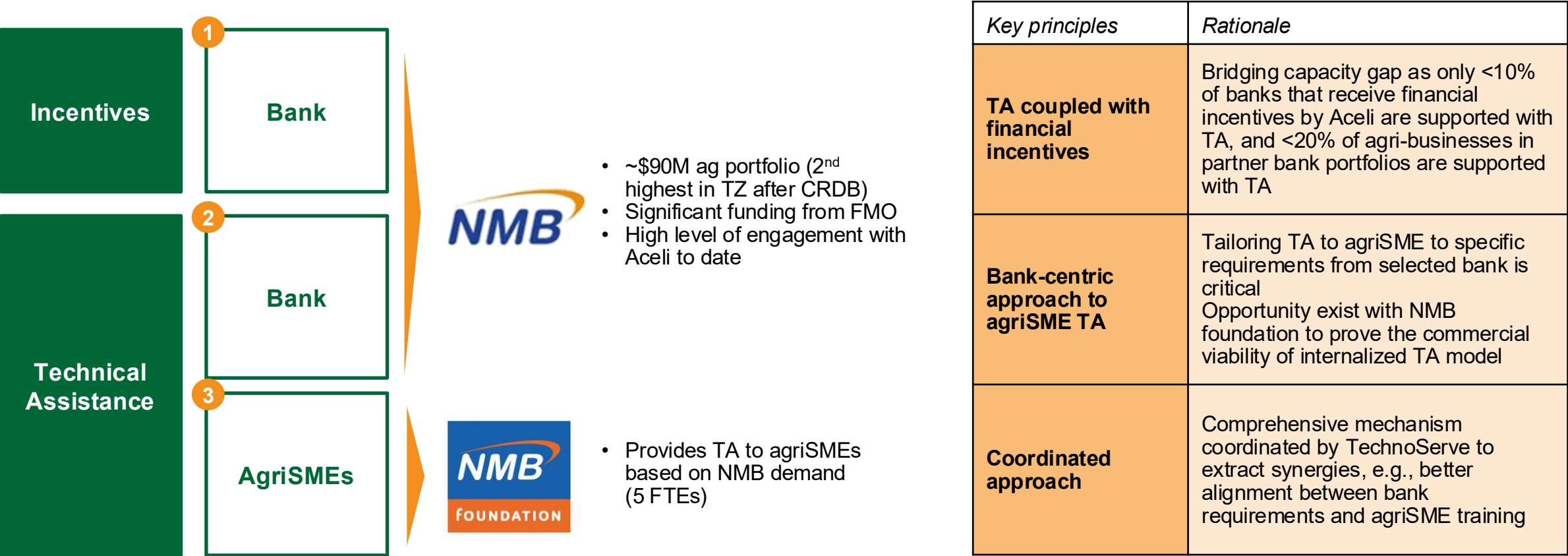
- **Derisking mechanisms** at the portfolio-level, such as:
 - **First-Loss Coverage and Origination Incentives** from organizations like Aceli, absorb losses across agriSME loan portfolios and reduce the transaction costs of smaller early-stage loans
 - **Guarantee schemes** from organizations like FMO's Nasira risk sharing facility also derisk local bank investments by agreeing to cover losses from defaulted loans
- **Concessional credit lines earmarked for agri-lending** can provide banks with sector-specific capital, helping expand their agriSME portfolios (e.g., CRDB's \$200m "Tanzania Agriculture Climate Adaptation Technology Deployment Programme")

Source: TNS research and analysis.

Case Study 1: CASA Plus is currently piloting a collaboration with NMB Bank to design their agri-lending strategy and expand financing to agriSMEs (1 of 2)

1

Expand bank agri-lending: Partner with lead commercial banks to strengthen agri-specific capabilities and provide financial incentives to increase lending to the agricultural sector



Source: TNS research and analysis.

Case Study 1: CASA Plus is currently piloting a collaboration with NMB Bank to design their agri-lending strategy and expand financing to agriSMEs (2 of 2)

1 Expand bank agri-lending: Partner with lead commercial banks to strengthen agri-specific capabilities and provide financial incentives to increase lending to the agricultural sector

INTERVENTIONS	IMPLEMENTING PARTNER	APPROACH
1 Incentives	 <i>Aceli is already funded outside of CASA Plus to deploy incentives to NMB</i>	• <i>Portfolio first-loss cover (FLC):</i> 2-9% of first-loss cover available to loans of \$25K-1.75M, higher % unlocked to incentivize lending to new borrowers and impact areas • <i>Origination incentive (OI):</i> 2-14% of loan amount covered to defray transaction costs (e.g., field costs, staff capacity building) to motivate small-size lending (\$25-500K size)
2 TA to Bank		• 3-month of comprehensive diagnostic on agri capabilities from corporate strategy to branch operations, including products, processes and IT • 9- to 18-month TA implementation focusing on key improvement areas
3 TA to AgriSMEs		• Selection of business segments and value chains based on NMB guidance followed by screening and selection of 35-40 SMEs • TA delivery to agriSMEs and to NMB foundation in parallel; Capacity-building program to the foundation based on self-assessment, uncovering additional needs and assessing commercial viability of model based on outcomes

Source: TNS research and analysis.

Solution 2: Support capital deployment through existing impact funds and enable the development of new ag-focused investment funds

Context / barriers

- Investors present in TZ are often based elsewhere and have limited pipeline and expertise in various value chains, resulting in prioritization of a **narrow segment of the agriSME market**
- Most pipeline **agriSMEs lack investment readiness and capabilities to grow** as per investors expectations
- Furthermore, smaller and emerging funds often require **anchor or first-loss capital** to **catalyze initial agri-sector investments**

Solution:



Technical Assistance

2.1 Supporting establishment of new funds

- Technical assistance would support **fund formation and fundraising**, including strategy development, pipeline building, and access to agri-expertise

2.2 Supporting existing funds

- **Agribusiness facing:** Provide investment readiness support as well as post-investment technical assistance
- **Investor facing:** Support investors with country/sector specific knowledge, pipeline development and due diligence processes
- **Market-facing:** Strengthen the investment ecosystem enablers (e.g., FX risk mitigation), and linkages across investors



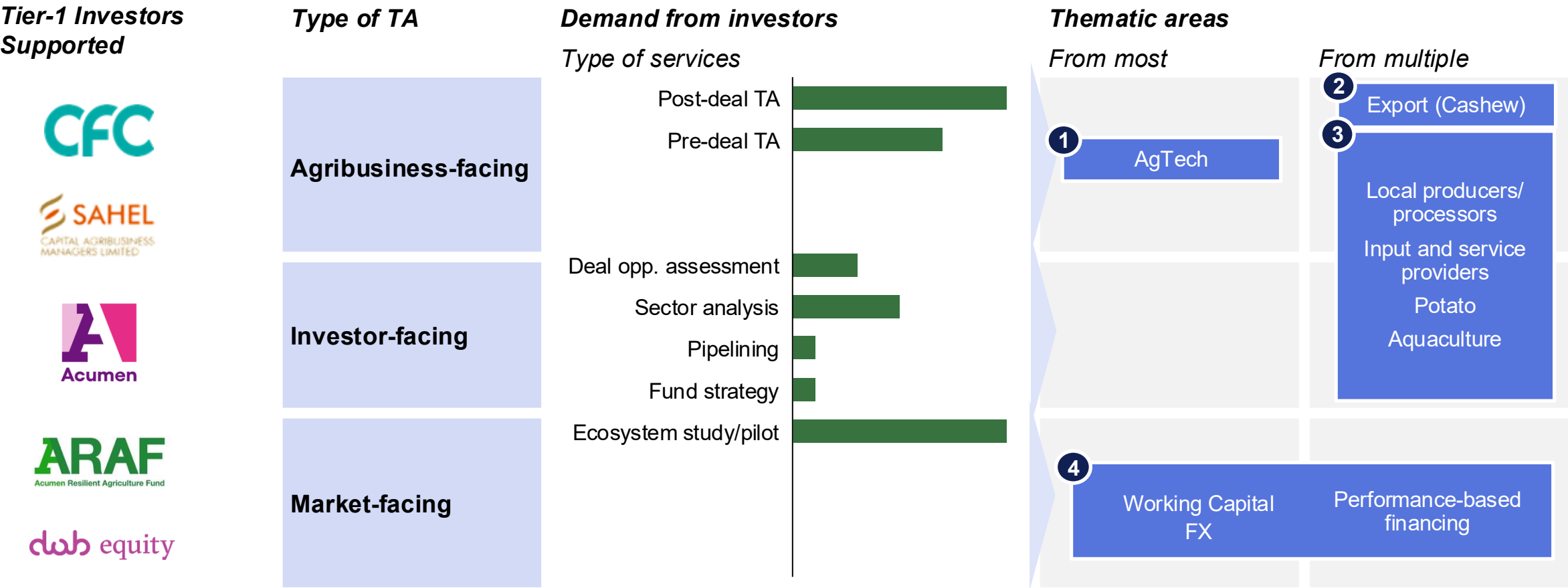
Catalytic Capital

- Deploy catalytic capital to **de-risk agri-investments and crowd in commercial funding**
 - This includes providing **anchor or first-loss capital** to support capital deployment and to facilitate fundraising for new funds and fund-of-funds structures
- Such capital would **improve risk-adjusted returns, accelerate fund closes, and enable greater scale** of agricultural investment
- Note, anchor investments also help crowd in capital and **balance risk-return**, especially for higher-risk segments (e.g., smaller, remote, early-stage SMEs in non-export value chains)

Source: TNS research and analysis.

Case Study 2.1: TechnoServe has already supported several impact funds to catalyze investment in the agri-sector through varying types of technical assistance and focus areas

2
Increase impact fund investments into ag: *Enable the development of new ag-focused investment funds*



Source: TNS research and analysis.

Case Study 2.2: FASA, a fund of funds, can serve as a model for how new funds can be supported to increase investment at the agri-level in Tanzania

2 Increase impact fund investments into ag: Support capital deployment through existing impact funds

FASA FUND

FASA (Financing for Agricultural Small and Medium Enterprises in Africa) is a multi-donor fund launched by Norway and USAID that addresses the financing challenges faced by agri-SMEs across Africa

Objectives:

- Aims to support:
 - 500 agriSMEs
 - 1.5M SHFs benefiting 7.5M people over the next 10 years

OVERVIEW

LAUNCHED

2023

TICKET SIZE

\$50K-\$5M

TOTAL FUNDING

\$70M initial investment
\$200M target for donor investments
\$1B target for commercial capital

FUND MANAGER



GEOGRAPHY

Africa

REQUIREMENT

Invest at least 30% of the fund in Agri-SMEs

ANCHOR FUNDERS



DATA PARTNER



ROLE IN THE FINANCIAL SECTOR

Target focus: The FASA Fund will provide first-loss capital and TA to investment funds supporting agri-SMEs across Africa

Needs Addressed: 1) Using public investment to unlock private capital and funding from other investors by reducing risk via first-loss facility 2) Deploy capital at scale in hard-to-serve segment 3) Build local Financial Service Provider (FSP) ecosystem

TA Capacity: I&P and CGIAR to provide fund TA with scope to leverage other TA facility managers for additional fund and agriSME TA

INVESTMENT APPROACH

Investment approach: Multi-donor first-loss financing facility to channel high-risk tolerant capital to investment funds focused on agri-SMEs in Africa (re: fund-of-funds)

Scale potential:

- **Direct:** support 500 agri-SMEs benefiting 1.5M SHFs and impacting 7.5M people by 2033
- **Indirect:** Mobilize additional capital with more conservative risk-return expectations

Source: FASA Fund website & presentation; I&P presentation(s); TNS interviews

Solution 3: Support MFIs in accessing low-cost capital and de-risking portfolios to expand credit distribution to agriSMES and smallholder farmers

Context / barriers - MFIs rarely have public deposits that they can easily mobilize, leaving them highly dependent on expensive commercial loans or limited donor funding Limited access to low-cost, long-term capital often results in higher interest rates and restricted loan portfolios, especially for the agri-sector - With a significant footprint, unlocking liquidity and low-cost capital for MFIs is essential for driving financial inclusion in Tanzania	Solution  Technical Assistance Core & inclusive operations support: - Provide agri-specific technical expertise to promote MFI loans to agribusinesses - Build capacity through governance reforms and specialized training to improve risk management and ensure high-quality loan portfolios Investment readiness: - Support MFIs to identify and prioritize potential funders that can provide the capital for them to distribute to their members - Support portfolio agribusinesses prepare for investment and manage loans appropriately to maximize impact  Catalytic Capital - Secure low-cost capital to enable liquidity directed towards agri-lending amongst MFIs (e.g., AfriFI's investment into VisionFund) - Identify other catalytic capital providers (e.g., Aceli) that can support MFIs in covering loans, as well as increase the ticket size they are able to provide
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Source: TNS research and analysis.

Case Study 3: AgriFI’s investment in VisionFund TZ demonstrates how targeted capital mobilization can support MFIs to scale agri-lending and bridge the financing gap

3 Capital mobilization: Support MFIs in accessing low-cost capital and de-risking portfolios to expand credit distribution to agriSMEs and smallholder farmers*



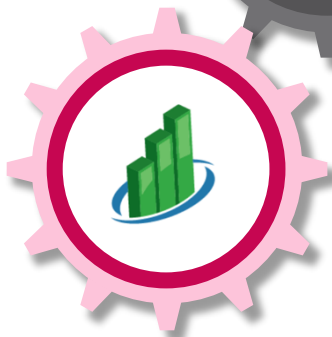
PROJECT OVERVIEW

- VisionFund TZ is a microfinance bank serving low-income clients by offering financial and livelihood solutions, including **microloans, savings programs, microinsurance, training, and education**
- The organization aims to empower families to generate income, create jobs, and unlock economic potential for communities to thrive



FUNDING OBJECTIVE

- AgriFI will provide a loan of up to **EUR 2 million** to support VisionFund TZ in growing its agriculture portfolio and provide access to **finance for smallholder farmers**, while catalyzing additional funding to achieve portfolio growth targets



INVESTMENT RATIONALE

- VisionFund TZ considers **smallholder farmers as a key target clientele** and offers a range of tailored products to this underserve segment of the market
- Through AgriFI’s investment, the MFI will be **able to scale and grow its portfolio and derisk existing debt providers** to catalyze additional debt funding

Note: * MFIs primarily invest in agriSMEs, with few focusing on smallholder farmers.

Source: TNS research and analysis.

Solution 4: Support setting up partnerships between tech-enabled aggregators and 3rd party financiers to extend loans to TEAs' extensive farmer networks

Context / barriers

- Tech-enabled agribusinesses (TEAs) have access to rich, real-time production and transaction data, enabling **more accurate credit scoring and significantly de-risking lending decisions**
- TEAs also **have high touch models** with their farmer networks enabling loan monitoring and limiting risk
- However, despite their strong operational capacity, **TEAs do not have the balance sheet strength or working capital** required to finance production directly

Solution



Technical Assistance

- **Core & inclusive business support:**
 - Support TEAs to **profile in-network farmers** (e.g., analyzing cash flows, seasonality, crop-level profitability) and design loan products that meet farmer and business needs
 - Design a credit scoring approach for TEAs to adopt with their farmer networks
 - Support the rollout of the identified loan partner and solution for TEAs
- **Access to finance support:**
 - Identify the optimal **lending structure and financial model** for the business (e.g., direct lending vs. bank partnerships)
 - Support TEAs to **identify and prioritize potential financial partners** that can provide the capital for the business to extend loans directly to their network (e.g., Equity Bank, CRDB)



Catalytic Capital

- Access to **low-cost capital** (e.g., subsidized interest rates) to enable affordable lending to smallholder farmers
- Identify other catalytic capital providers (e.g., **Aceli**) that can support the business in **covering the loan to reduce the burden on the TEA**, and **secure the investment** for the funding partner

Source: TNS research and analysis.

Case Study 4: Supporting TEAs, like MazaoHub, in extending loans to smallholder farmers has the potential to unlock significant funding at the production level

4 Support TEAs extending loans to in-network farmers: Support setting up partnerships with 3rd party financiers to extend loans to their extensive farmer networks



MazaoHub is a “touch and tech” model to deploy services to farmers in Tanzania, empowering farmers with AI-powered agronomy services with enhanced tracking and analysis of farmer level data, MH has the infrastructure to provide farmers and agriSMEs better access to credit

	Service	Service description	Access	Impact	On-the-Ground Context	Farmer Feedback
	Access to Credit	Record keeping for traceability and financial reports and linkages to 3 rd party financiers	Low	High	Credit and loan access to farmers is low, with respondents citing that they typically rely on predatory lenders such as loan sharks to access loans and look to government agro-dealers to access input credit.	<i>“I have not received any loans or credit from MazaoHub, but I am optimistic that I will receive that before the start of the next season.”</i> - Farmer in Njombe
	Access to inputs	Provision of localized seed varieties, fertilizer, pesticides, herbicides, and equipment enabled by soil testing services	High	High	Farmers cite that they buy inputs from MazaoHub’s FEC centers, with most respondents purchasing fertilizers and pesticides. Some farmers also purchase improved seed varieties and irrigation equipment.	<i>“I have received access to fertilizers, pesticides and irrigation equipment from MazaoHub. I have also received improved varieties of seeds which helps support my seedling business.”</i> - Farmer in Njombe
	Access to knowledge/ Agronomy services	High-touch provision of extension services by agronomists throughout the season e.g. weather forecasting information, and crop monitoring	High	Medium	Farmers say the agronomic services that they have received is essential to the yield and income gains that they have experienced. They especially cite the frequent visits made by agronomists to their farms to be one of MazaoHub’s key value propositions.	<i>“I especially find the agronomic advice that I have received from MazaoHub to be essential. The soil testing results have informed me a lot on the process of land selection; choosing the best available land for optimized yields.”</i> - Farmer in Mbeya
	Access to Markets	Linking farmers to offtakers for produce	Medium	Low	Farmers express optimism on receiving market linkages through MazaoHub’s crop trading platform , citing confidence in navigating market risks due to price transparency and a wider availability of new markets connected to MazaoHub.	<i>“From my conversation with the FEC officers, I am hopeful that I will receive market access for my crops at the end of the season. I hope that MazaoHub will help eliminate the influence of middlemen.”</i> - Farmer in Njombe

Source: TechnoServe Research - MazaoHub Farmer Impact Analysis Report

Solution 5: Strengthen core operations and investment readiness of input & asset providers to help providers unlock capital for high-impact asset loans (e.g., tractors, solar)

Context / barriers

- Input and asset providers are foundational to the production ecosystem, supplying **essential inputs and assets for farm productivity**
- Despite their importance, **high costs and barriers to formal credit** prevent smallholders from acquiring these transformative assets
- **Scaling provider operations** to include **integrated asset-financing models** would bridge this gap and drive meaningful impact across VCs

Solution



Technical Assistance

- **Core & inclusive business support:** Support asset and input providers to streamline their operations, market strategy, and understanding of farmer needs
- **Access to finance support:** Identify loan book securitization strategies for agribusinesses to grow their farmer loan book, including:
 - Technical assistance can provide the **relevant expertise and recruit advisors** to guide the structuring and issuance of securitization instruments like green bonds
 - These businesses can also benefit from support in **investor outreach and engagement** to ensure **successful bond placement**



Catalytic Capital

- Many input and asset providers operating in the region are **currently constrained in the volume of loans** they can provide to smallholders
- By securitizing their loan books **and accessing additional capital through instruments like green bonds**, they can **expand financing for inputs and productive assets** for smallholders in Tanzania
- Catalytic capital is especially critical at the **start of the business cycle** and for **riskier investments** (e.g., solar, boreholes)

Source: TNS research and analysis.

Case Study 5: There are several different models for input and asset providers to access capital for their network of smallholders

5

Scale input & asset providers: Strengthen core operations and investment readiness to help providers unlock capital for high-impact asset loans (e.g., tractors, solar)

Provider	Approach
	- Apollo finances its operations using its own balance sheet (i.e., venture capital equity and debt from international development banks) - This capital allows them to provide "input bundle" loans to farmers, which include high-quality seeds, fertilizer, and mandatory crop insurance (~\$170 per farmer on average) - Farmers repay these loans via mobile money services like M-Pesa after harvest, with a system that tracks weather data to automatically extend due dates if delayed rains impact crop cycles
	- SunCulture utilizes a \$12M structured debt financing facility in Kenya to provide in-house credit for solar-powered irrigation systems - The facility is anchored by Mirova SunFunder (via its Solar Energy Transformation Fund) and Triodos Investment Management, providing the specialized capital needed for renewable energy - This funding enables SunCulture to finance approximately 85% of their equipment sales (~\$700 per item), making high-tech solar pumps accessible to smallholders
	- EFTA raises capital through private bond placements, such as the recent \$20M Medium-Term Note (MTN) launched Feb. 2026 - This MTN framework allows EFTA to raise capital through multiple debt issuances over 3 years - The funds are used to securitize their loan book, providing the liquidity needed to offer lease-to-own financing for tractors and machinery to MSMEs and smallholders
	- Hello Tractor leverages a diversified capital stack that blends commercial debt with DFI funding - To lower interest rates, they use philanthropic "first-loss" capital from partners like Heifer International - This structure enables them to provide asset-backed loans for tractors, secured by John Deere's investment-grade credit enhancements and buy-back guarantees

Source: TNS research and analysis.

Solution 6: Support and incentivize large agribusinesses extending input-finance directly or through 3rd party financiers to their farmer network

Context / barriers

- Large agribusinesses with extensive smallholder networks have a unique ability to **channel capital directly to production**
- However, most **lack the working capital required to finance producers directly**
- VC financing enables agribusinesses to extend input, pre-harvest, or **asset financing to farmers** thereby improving productivity

Solution



Technical Assistance

- **Inclusive technical assistance** prepares large agribusinesses to extend funding to their suppliers through three key steps:
 1. Establish a structured buying relationship with producers
 2. Provide commercial extension services (e.g., agronomic support)
 3. Extend finance for supplier growth and resilience
- **Access to finance support:** Identify and help structure the optimal partnership structure for large agribusinesses and 3rd party funders



Catalytic Capital

- While agribusinesses have extensive farmer networks and an understanding of financing needs, they **lack the balance sheet and require access to low-cost capital**
- Furthermore, **derisking mechanism like guarantee-schemes** (e.g., FMO's Nasira risk sharing facility) can help agribusinesses provide financing for their farmers, while **protecting their crop** (e.g., from being seized as a form of collateral)

Source: TNS research and analysis.

Case Study 6: Export-oriented agribusinesses like Sucafina can serve as effective anchors for value chain financing, ensuring capital reaches on-farm production

6 Value chain financing for in-network suppliers / producers: Support and incentivize large agribusinesses extending input-finance directly or through 3rd party financiers to their farmer network



There are a number of financiers that CASA has been engaging that are interested in providing financing to AMCOS. TADB is providing financing to AMCOS through coffee millers. Rabobank Foundation, with whom CASA has been engaging, is having ongoing discussions with Sucafina.

Offtakers like Sucafina are incentivized to make this model work due to the heavy cost / penalty involved, e.g. Banks can confiscate / seize coffee beans for any loans that are unpaid.

Source: TNS research and analysis.

Solution 7: Support SACCOs accessing and distributing specialized agricultural credit to smallholders

Context / barriers - SACCOs are community-based financial cooperatives which bridge the “last mile” gap where formal banks do not operate - They use peer guarantees and a member’s history of consistent saving as a proxy for creditworthiness - SACCOs have the flexibility to design repayment schedule or grace periods that align more specifically to their members’ crop cycles - With over 1.8m members in Tanzania, SACCOs are critical for financial inclusion, mobilizing capital to drive economic resilience	Solution  Technical Assistance Core & inclusive operations support: - Support in profiling farmer cash flows and seasonality to develop data-driven credit scoring and flexible loan products that meet smallholder needs - Build capacity through governance reforms and specialized value chain training to improve risk management and ensure high-quality loan portfolios Investment readiness: Guide SACCOs in securing patient capital from 3rd party funders, through investment readiness support  Catalytic Capital - Secure patient capital from 3rd party funders to enable SACCOs to lend to their network of farmers - Identify other catalytic capital providers (e.g., Aceli) that can support the SACCO in covering loans to reduce the burden on the SACCOs and its members, as well as increase the ticket size they are able to provide
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Source: TNS research and analysis.

Case Study 7: In Kenya, the World Bank's Safer Fund has been used to provide loans to smallholder farmers through SACCOs such as Siraji and GDC

7 Expand agri-loans portfolios of SACCOs: Support SACCOs accessing and distributing specialized agricultural credit to smallholders



Siraji SACCO

- Siraji SACCO was approved for Ksh.170m to support members affected by COVID-19, especially poultry farmers

"We had poultry farmers with 22,000 birds ready for supply, but lockdowns stopped movement and contracts were cancelled...[the SACCO has been working to help farmers and businesses recover]."
CEO, Siraji SACCO
- The SACCO has roughly 16,000 members who will benefit from the facility channeled through the Kenya Development Corporation



Githunguri Dairy and Community (GDC) SACCO

- Dairy farmers and small-scale traders under the GDC SACCO received a Ksh.500m credit facility from the World Bank
- The facility will be rolled out digitally and monitored annually to track its impact on the Sacco's 38k+ members
- The financing is designed to enable members to access affordable mobile-based loans to purchase modern dairy equipment, upgrade cowsheds, buy animal feeds, and expand their income-generating activities

The facilities carry a tenure of between three and five years at an interest rate of 9%, offering cooperative societies long-term, affordable capital to support enterprise recovery and growth

Source: TNS research and analysis.

A strong enabling environment is critical to unlocking financing for agriSMEs and smallholder farmers across all 7 identified solutions

Context / barriers

- A favorable enabling environment is the primary catalyst for agribusinesses and investors to deepen their market penetration in TZ
- For agribusinesses already operational in-country, stable and supportive conditions are essential to maintain growth, achieve scale, and serve an increasing number of SMHs
- Meanwhile, without clear regulatory and financial security, companies considering expansion into TZ will simply not enter

Considerations

- **A stable and predictable government environment** is the primary de-risking factor for entering new markets, ensuring that high-level political commitments translate into long-term operational success
 - *“...We are definitely interested in entering Tanzania. We had spoken to the President and Agricultural Minister last year prior to the elections, but as is often the case, the political environment became quite tricky over the following months. For us to move forward, we need a stable partnership with government departments to secure interest rates that actually make the business model viable...” – Executive, Hello Tractor*
- **Favorable carbon regulations** are essential for agribusinesses with a positive environmental footprint, as they enable the **monetization of impact** to secure viable margins and offset high market-entry costs
 - *“...The right carbon policy is a game-changer; it essentially replaces the need for larger, permanent subsidies by monetizing environmental impact. However, with setup costs reaching over \$200k per country, the regulatory framework must be favorable. If the policy environment is unfriendly toward carbon credits, the economics of providing affordable solar irrigation simply won't work in that market...” Executive, SunCulture*
- **Unpredictable timelines** of capital releases from **government subsidy programs** create severe liquidity traps for manufacturers
 - *“...The government subsidy program posed a significant operational risk, especially due to delays in the release of capital held by the government after sales. Many manufacturers have struggled to recover their investments, with some considering exiting the market altogether. This uncertainty could distort seasonality and timing—both of which are critical to our success and the consistent rollout of future seasons...” Executive, Apollo Agriculture*

Source: TNS research and analysis.

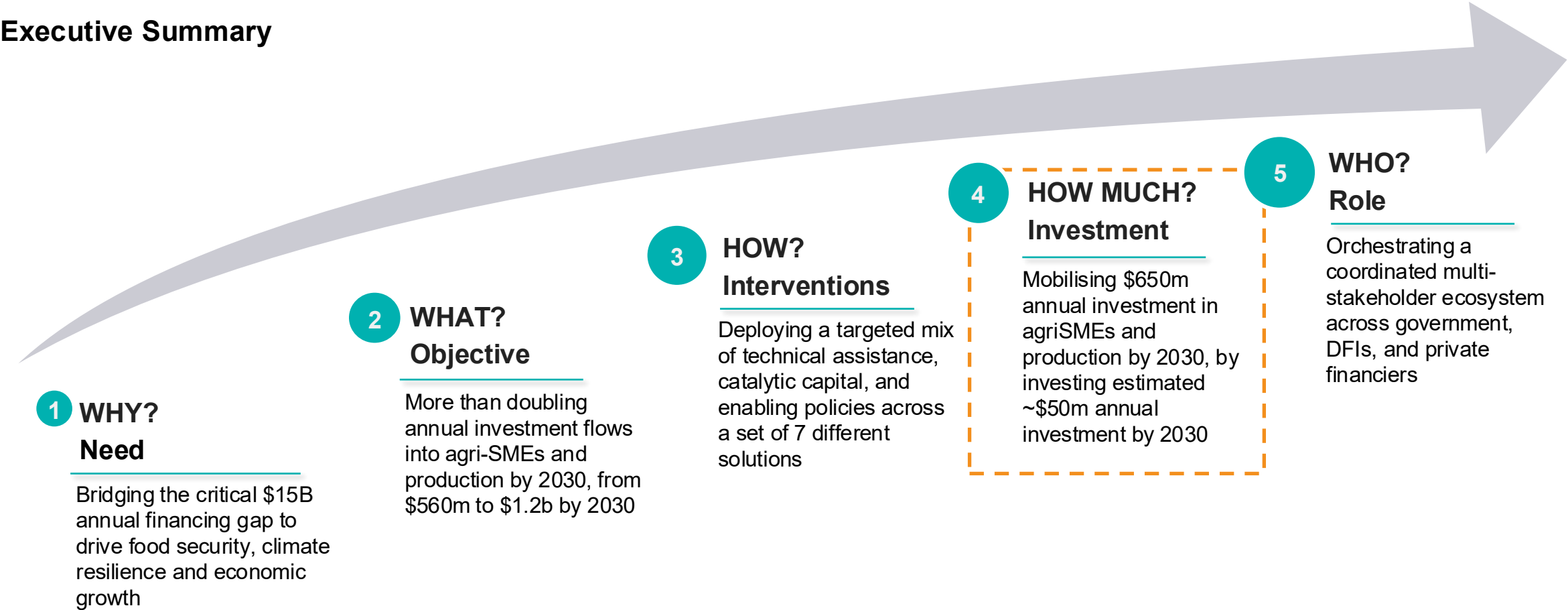
Additionally, there are actionable next steps on the enabling environment front that can be segmented by solution

Solution	Recommendation
1 Banks - Expanding agriSME lending	- Secure a 5-year commitment (2026–2031) from the Bank of Tanzania (BoT) to maintain the Statutory Minimum Reserve (SMR) reduction incentive for banks lending below 10%. This provides the long-term regulatory certainty required for commercial banks to develop multi-year agri-SME lending products. - Establish a minimum percentage of total commercial loan portfolios dedicated to agriculture (i.e., moving from current average of ~8% to 15% by 2030). This is directly aligned with the current administration's Agenda 10/30, which aims to accelerate agricultural sector growth to 10% annually by 2030.
2 Impact funds - Increase investments into ag	Reduce the minimum capital investment requirement for foreign impact funds from \$500,000 to \$100,000 (matching the local investor rate). This lower threshold enables smaller, niche impact funds to register for the Certificate of Incentives, facilitating a more diverse flow of capital into the sector. Increase the FCC's mandatory merger notification threshold from TZS 3.5B for agri-investments. This reduces high filing fees (often exceeding TZS 50M), and approval delays for small-to-medium deals.
3 MFIs – Capital mobilization	Digitize and streamline reporting requirements for MFIs in order to reduce the reporting burden. Currently, MFIs manually submit quarterly lending data and spreadsheets to Relationship Officers via email; this should be replaced by a centralized digital portal for direct data uploads to the Bank of Tanzania (BoT). Maintain the minimum liquid assets requirement of 1% of total outstanding gross loans (reduced from the previous 5% of total assets). This allows MFIs to unlock idle capital and redirect those funds toward expanding their agri-portfolios.
4 Tech-enabled aggregators (TEAs) – Support TEAs extending loans to SMHs	Streamline the mandatory registration process with the Personal Data Protection Commission (PDPC) and reduce costly registration fees. Currently, aggregators must pay up to TZS 1M in fees plus annual renewal costs. Provide TEAs access to the e-Kilimo national platform to enable them to sync with the national farmer registry, reducing the cost of verifying farmer identities and eliminating the need for redundant, manual data collection.
5 Input & asset providers	Review the current ratio that the “proponent” (i.e., input and asset providers) can retain from carbon benefits. For asset providers who bear the high upfront cost of hardware (e.g., solar pumps), the government should adjust this ratio to allow them to retain a higher percentage (e.g., 60-70%) in order to subsidize the asset for SMHs.
6 Large agribusinesses – Value chain financing	Expedite the export permit process for perishable crops (e.g., horticulture, flowers) to reduce post-harvest loss. Currently, traders face significant challenges and delays in obtaining permits through official channels, often taking several days. Require at least 50% of agricultural produce cess revenue (the levy on marketed production) to be reinvested directly into the value chain. Currently, these funds are used for administrative activities and salaries. Mandating this reinvestment will provide consistent funding for extension services, local road maintenance, and pest control.
7 SACCOs – Expand agri-loans portfolios	Reduce the 30% corporate tax rate on SACCOs for profits redeployed towards the agri-sector for low-interest loans for seasonal inputs and equipment. Streamline the transition for unlicensed SACCOs to become compliant under the Tanzania Cooperative Development Commission (TCDC), as currently only 70% of the registered SACCOs are fully licensed to operate.

Source: TNS research and analysis.

The roadmap defines key components to more than double annual agri-financing flowing into agriSME and production levels, from ~\$560m to ~1,2b

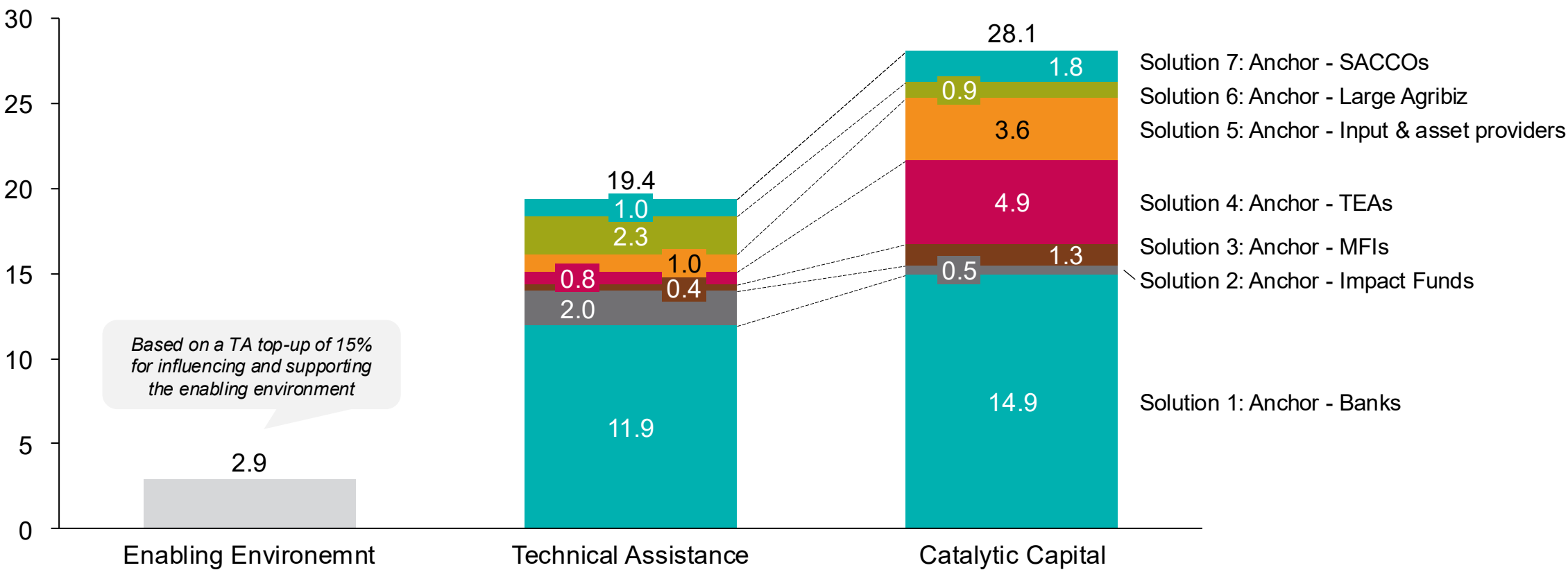
Executive Summary



Source: TNS research and analysis

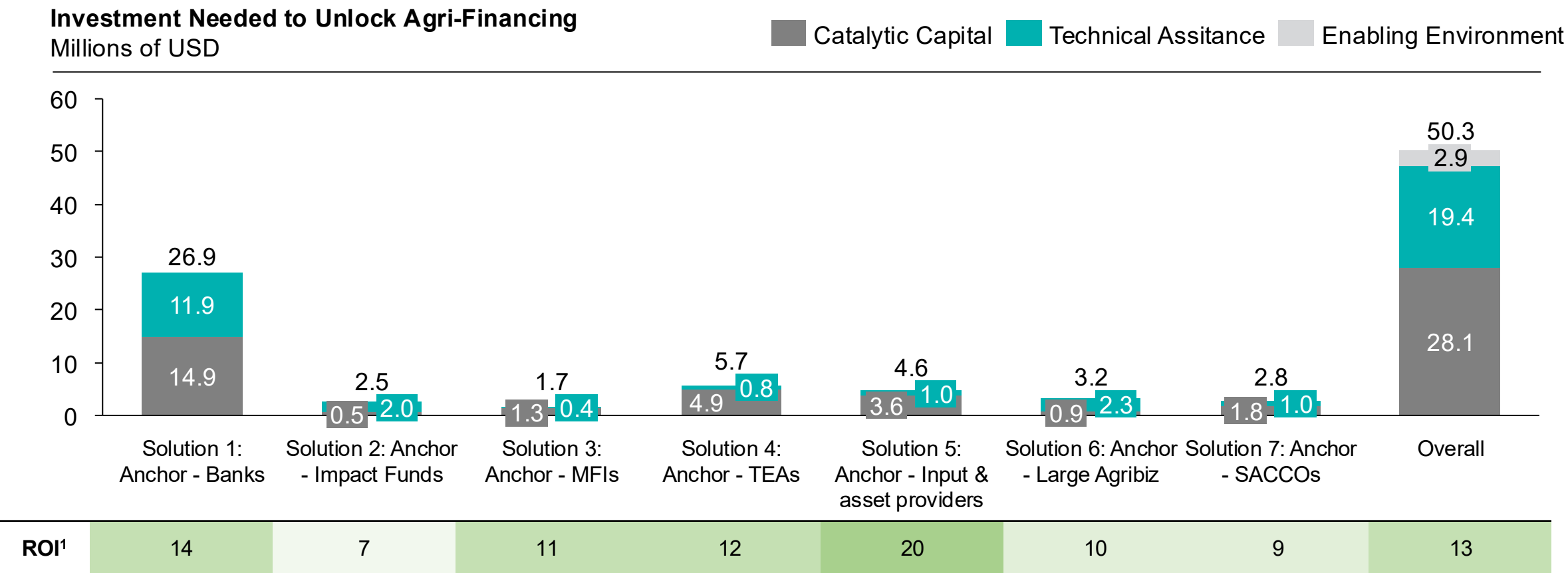
We estimate that unlocking the additional yearly ~\$650m capital by 2030 will require ~\$50m annual investment in TA (~\$19m), catalytic capital (~\$28m), and enabling environment (~\$3m)

Annual Investment Needed to Unlock Agri-Financing
Millions of USD



Source: TNS research and analysis.

Each solution requires a different investment allocation across technical assistance and catalytic capital to be effectively implemented

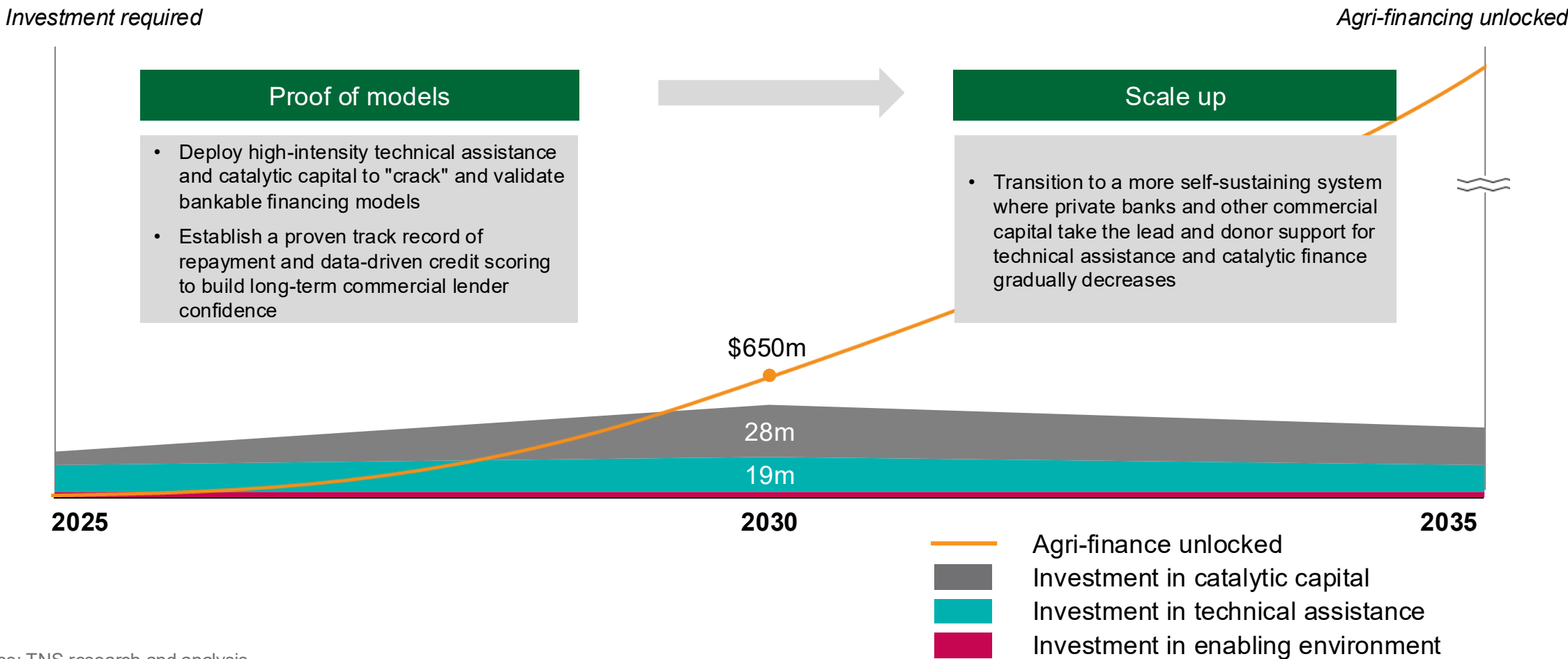


This ROI does not consider other benefits beyond financing unlocked (e.g., segment of beneficiary, innovation, future scalability, etc.)

Notes: 1. ROI is based on total financing unlocked over the investment required (Technical Assistance + Catalytic Capital)
Source: TNS research and analysis.

While upfront investment needs may exceed the amount of financing unlocked, as TA is implemented and CC disbursed, agri-financing levels increase and ROIs improve

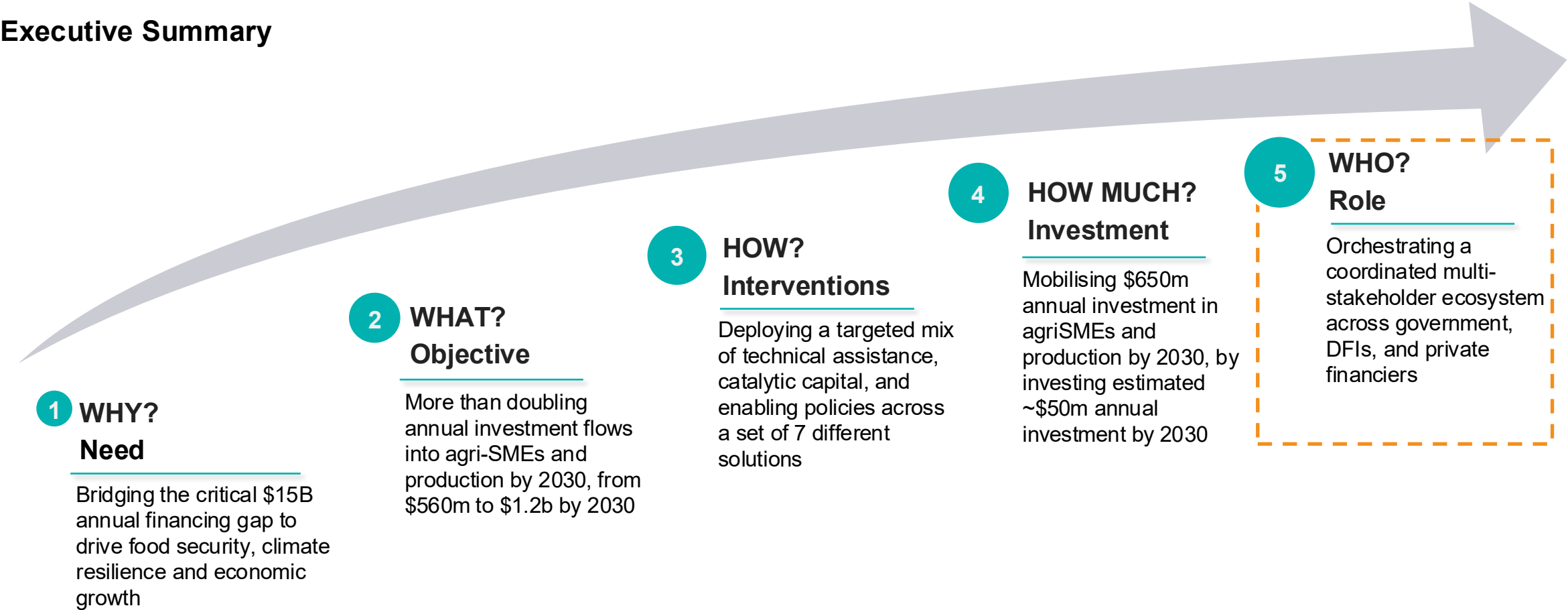
Market Level Agriculture Sector Investment Roadmap:
Annual investment vs. financing unlocked into ag-sector in TZ (\$m) - illustrative



Source: TNS research and analysis.

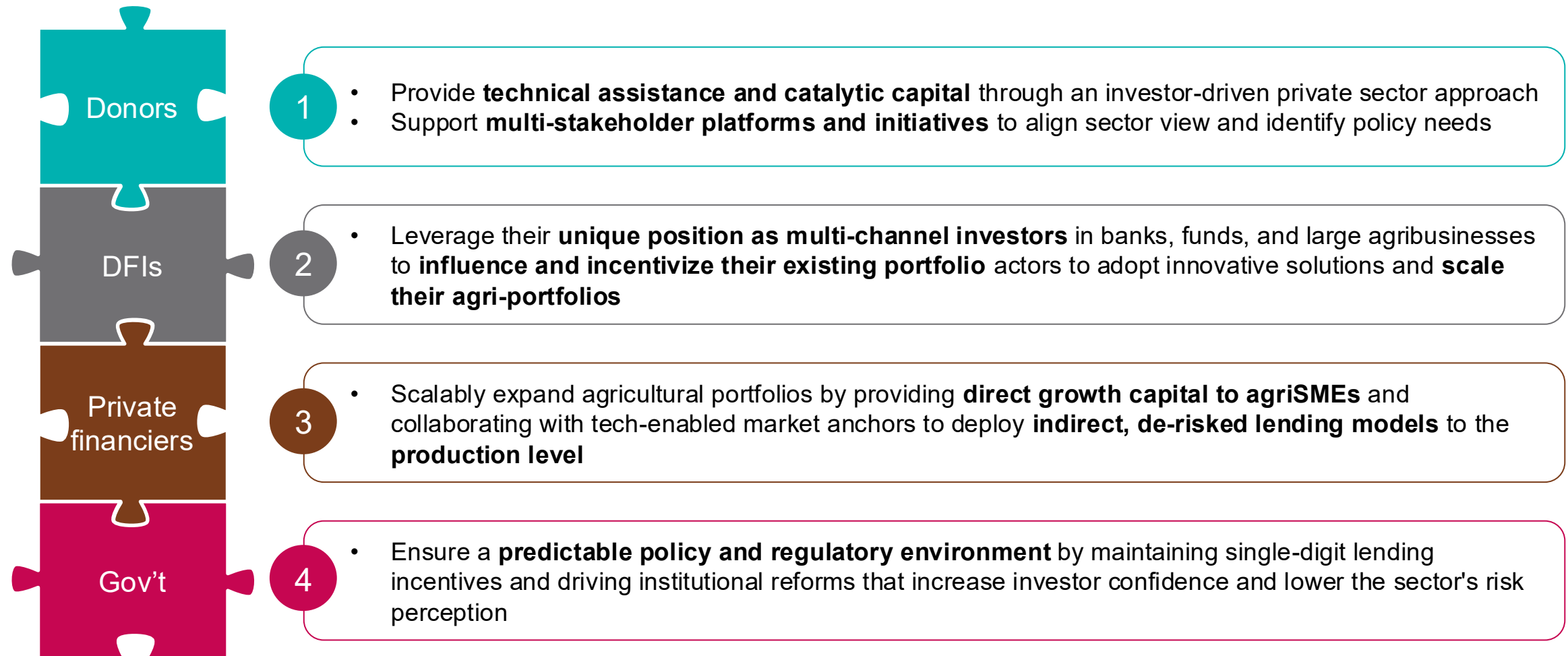
The roadmap defines key components to more than double annual agri-financing flowing into agriSME and production levels, from ~\$560m to ~1,2b

Executive Summary



Source: TNS research and analysis

Coordinated engagement across key actors is critical to effectively mobilize and direct capital to agriculture



Source: TNS research and analysis.

Each solution can be aligned to a specific set of players and embedded within the existing portfolio of activities

Player	Activity	Solution Alignment
FCDO HQ	CASA Plus	(1) Expanding agriSME lending (2) Increase impact fund investments into ag (3) Capital mobilization for MFIs
FCDO TZ	IIT, GGF	
FMO	CASA Plus, Market building	(1) Expanding agriSME lending (2) Increase impact fund investments into ag (3) Capital mobilization for MFIs (4) Support TEAs extending loans to in-network farmers (6) Value chain financing with large agribusinesses
BII	CASA Plus	
AgDevCo	CASA Plus	(2) Increase impact fund investments into ag (5) Scale input & asset providers
EU, World Bank, Others	-	(7) Support SACCOs accessing and distributing specialized agri-credit to SMHs

Thank you!

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Implementing partners:



Appendix

- **Solution sizing & budget methodologies**
- Supplemental slides

Methodology and assumptions for financing unlocked per solution anchor

Solution anchor	Approach to calculations	Key assumptions
1 Banks	- Based on top 3 FIs in TZ: CRDB, TADB, and NMB - Considers that these banks primarily lend to large agribusinesses, but through targeted technical assistance and focused catalytic capital, majority forecast growth can be in the agriSME segment	- Assumes 10% CAGR from 2025-30F (Note: CRDB has publicly stated a vision to triple its balance sheet over the next decade, which imply a 11.6% CAGR) - Assumes growth in ag-share for large enterprises and production in line with economic growth rates (5.5%), and the remainder attributed to agriSMEs - Estimated share of ag-lending portfolios split as follows: 80% towards large agribusinesses, 15% towards agriSMEs, and 5% towards production
2 Impact funds	<u>Existing funds</u>: Based on the average number of investments per year and ticket size for top 4 investors: AgDevCo, DOB Equity, Sahel, Acumen <u>New funds</u>: Based on the size of the FASA funds pipeline for agriculture in TZ	<u>Existing Funds</u>: The deployment rate of the four funds evaluated estimated to double by 2030 (primarily moving from 0.5 investments per year to 1.0 on average); average ticket size held in line with current 2025 estimates <u>New Funds</u>: 10-15 new funds with TZ presence totaling ~\$400m across 10 years, with ~60% targeting African agriMEs across an average of 5 countries.
3 MFIs	Based on 4 key MFIs in TZ: BRAC, ASA, VisionFund, Victoria Finance	Assumes ~\$5M in loans possible per MFI, based on \$2M provided by VisionFund today
4 Tech-enabled aggregators (TEAs)	- Based on 3 leading TEAs: MazaoHub, East Africa Foods, and Zowasel - Considers addressable farmers in 2030, and average loan requirements per farmer	- Average purchase / loan size required is ~\$1,200 per farmer per TNS Agri-Financing Flow Study - Assumes ~60% of each TEA's farmers are addressable for a total of ~60K farmers
5 Input & asset providers	Based on 3 existing TZ input & asset providers: EFTA Leasing, PASS Leasing, and One Acre Fund; as well as 2 regional players with interest in TZ expansion: SunCulture and Hello Tractor	Assumes ~90K incremental farmers receive financing in 2030 (of ~30K estimated today)
6 Large agribusinesses	Assumes working with ~5 large agribusiness per segment: input providers, large local offtakers, large export-focused offtakers. 15 agribusinesses in total	- Assumes ~50K farmers reached across input providers and large offtakers (i.e., local and export focused) - Average loan size requirements ranging from \$500-\$1,500 based on the segment, with currently low penetration across
7 SACCOs	Assumes working with 10-15 agri-focused SACCOs in TZ	- Assumes general SACCO agri-lending continues in line with historical growth rates (i.e., 8%) - Assumes an additional 10-15 SACCOs will be able to provide loans to ~600 members per SACCO, considering an average loan requirement of \$300

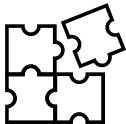
Methodology and assumptions for investment required per solution anchor

Solution anchor	Technical Assistance		Catalytic Capital	
	Approach	Key assumptions	Approach	Key assumptions
1 Banks	- TA for each bank (NMB, CRDB, TADB) - TA for agriSMEs	\$150K/year in TA per bank \$3K/year in TA per agriSME, for ~4K agriSMEs	Considers the incentives required to unlock the estimated amount of agri-financing (e.g., origination incentives, interest subsidy, etc.)	Assumes current interest rate between 16% and 18%, and target interest rate of 10%
2 Impact funds	- TA for agriSMEs in fund portfolios - TA for new funds	\$100K/year in TA for 15-20 agriSMEs supported \$15K/year in TA for TZ portion (i.e., 10%) of 10 supported funds	Based on the TA cost per fund for 10 funds	Assumes \$500k needed for TZ portion (10%) per fund for a period of 10 years
3 MFIs	TA for each MFI (BRAC, ASA, VisionFund, Victoria Finance)	\$100K/year in TA for 4 Mfis supported	Based on the amount of funding mobilized, and current vs. target interest rates and resulting subsidy required	Assumes current interest rate between 16% and 18%, and target interest rate of 10%
4 Tech-enabled aggregators (TEAs)	TA to 3 TEAs (MazaoHub, East Africa Foods, Zowasel)	\$250K/year in TA per TEA, which includes support to TEAs and 2nd / 3rd parties (e.g., AMCOs)	Based on the amount of funding mobilized, and current vs. target interest rates and resulting subsidy required	Assumes current interest rate between 16% and 18%, and target interest rate of 10%
5 Input & asset providers	TA to 5 input and asset providers	\$200K/year in TA per provider, 50% for core & inclusive business support and 50% for access to finance support	- Based on the amount of funding mobilized, and current vs. target interest rates and resulting subsidy required - Assumes that these providers require a smaller subsidy than TEAs	Assumes current interest rate between 16% and 18%, and target interest rate of 13%
6 Large agribusinesses	TA to 15 agribusinesses	\$150K/year in TA per agribusiness	- Based on the amount of funding mobilized, and current vs. target interest rates and resulting subsidy required - Assumes that these large agribiz. require a smaller subsidy (vs. two prior anchors)	Assumes current interest rate between 16% and 18%, and target interest rate of 14%
7 SACCOs	TA to 10 SACCOs	\$100K/year in TA per SACCO	Based on the amount of funding mobilized, and current vs. target interest rates and resulting subsidy required	Assumes current interest rate between 16% and 18%, and target interest rate of 10%

Appendix

- Solution sizing & budget methodologies
- **Supplemental slides**

Market: There are various barriers at the enabling market level that hinder the flow of capital to production

Enabler	Barrier and description
Government 	• Regulatory uncertainty: Unpredictable policies, unclear guidelines, and inconsistent enforcement reduce lender and investor confidence in agricultural finance (e.g., the recurring ad hoc bans placed on the exporting of maize). This discourages new investments, impacts prices, and affects farmer incomes. • Ineffective credit-guarantee schemes: Government-backed guarantees (e.g., SIDO–CRDB) are not accepted by banks as collateral substitutes, resulting in extremely low loan approval rates (e.g., 2/80 applications) and preventing SMEs without registered collateral from accessing finance and capital • Limited funding: Government budget allocations for agriculture (extension, irrigation, credit programs) remain below sector needs, limiting public leverage • Currency volatility: Shilling depreciation increases the cost of imported inputs and raises risk for DFIs, banks, and investors deploying long-term agricultural capital (e.g., the Tsh/\$ rate has depreciated further and been more volatile in the last two years than in the previous eight, 2015-2023)
Research 	• Limited localized research: Few high-quality, value-chain-specific studies exist on farmer economics, risk, productivity, and credit models to inform product design, leading to dependence on donor-funded research (e.g., over 10 years, TZ has yet to reach its target of committing 1% GDP to R&D) • Weak collaboration with government and banks: Research outputs rarely translate into policies or financial products due to limited engagement across institutions; as result of the low volume and perceived quality, govt. and private sector players seek out international research over local research • Low incentives for applied innovation: Researchers lack incentives and funding to develop practical lending models or financial tools adoptable by financial institutions; this lack of last-mile data limits the capacity of financial institutions to provide tailored solutions to people who need it most
Infrastructure 	• Underdeveloped rural infrastructure: Poor roads, storage, irrigation, and market facilities increase supply-chain risk and operational cost (e.g., due to high logistics costs, post-harvest losses, etc.), discouraging agricultural lending and frustrating farmers access to markets • Low insurance penetration: Limited availability and uptake of crop/weather insurance leaves climate risk unmitigated, making the sector too risky for insurers (i.e., current penetration rate for agri-insurance is <1%) • Poor digital connectivity: Especially prevalent in rural areas, weak mobile/internet coverage limits access to digital services (e.g., credit, procurement, farmer identification, remote monitoring, etc.) • High cost to serve remote areas: Distance and poor infrastructure result in high origination and monitoring costs, making small agri loans unprofitable
Implementation and advisory 	• Limited agri-specific financial products: Banks and MFIs rely on generic SME loans that don't match agricultural cycles, seasonality, or risk, while farmers need specialised products like asset financing & long-term loans, which will allow them invest in critical facilities like irrigation & storage systems • Weak delivery capacity: Insufficient extension, agronomic support, and credit-readiness services as well as skilled technical assistance providers prevent farmers and SMEs from successfully using financing • Poor coordination across actors: Government, banks, donors, cooperatives, and private players operate in silos, reducing alignment and scalability of agri-lending efforts, often leading to delayed and overextended projects, failed PPPs, or changes to the target beneficiaries at the point of execution

Source: Expert Interviews, International Growth Centre report on SIDO, TechnoServe research & analysis

Policy: While some policies have unlocked capital in Tanzania, there continue to be certain regulatory frictions that limit capital flows

Targeted policies that are unlocking capital			Regulatory frictions that still constrain investment		
Policies	How it works	Impact and example	Policies	How it works	Impact and example
BoT SMR incentive for single-digit agri lending	Since July 2021, BoT allows a reduction of SMR ¹ equivalent to any new loan to agriculture priced at <10% p.a. If bank extends an agri-loan at <10%, BoT releases an equivalent amount of SMR back to the bank	Reduces the opportunity cost of lending cheaply to agriculture <i>NMB cut rates to 9% for agriculture: as of 2024, NMB reported TZS 1.6 trillion in agriculture loans over two years, of which TZS 400bn was extended at 9% interest, explicitly linked to the single-digit policy.</i>	High entry thresholds for foreign funds	As of 2024, a foreign investor must deploy min. \$500K to register as foreign investor and receive TIC incentives	Restricts smaller impact funds based outside of TZ (e.g., KE) with smaller ticket sizes due to high registration costs and on-going compliance
National Startup Policy (in-progress)	Tanzanian government is developing a National Startup Policy, encompassing roadmap for digital innovation, launching its first dedicated VC fund (\$40M in commitments), and making amendments to Companies Act, Public Procurement Act and Capital Gains Tax to be inclusive to startups	Reforms are currently under review, however there is consistent research on the startup ecosystem and strategic partnerships, including with NMB Bank and Korea-Africa Foundation	Land and collateral restrictions for foreign-backed investments	Non-citizens cannot directly own land for agricultural purposes; they must access land through derivative rights, joint ventures, or TIC-mediated arrangement	Equity and debt structures that rely on land as core collateral become complicated and time-consuming to arrange For PE/VC or impact investors, this increases legal costs and execution risk, especially for primary agriculture projects (large farms, estates), so they tend to favour processing and logistics instead.
VC and PE regulation (in-progress)	Tanzania’s Capital Markets and Securities Authority (CMSA) is drafting the country’s first regulatory framework for PE/VC capital to create investor-friendly environment for capital mobilization, especially into startups and early-stage ventures	Reforms are currently under review, though Tanzanian ecosystem leaders appear to be welcoming of reforms <i>“...We’ve been talking about venture capital for years, but now we have a policy, regulations in the pipeline, and a fund structure being built... Tanzania’s startup ecosystem will change dramatically in the next few years...”</i> <i>- Executive, Sahara Ventures</i>			

Tanzania has put in place powerful tools like the SMR incentive that demonstrably increase ag lending, but regulatory and macro frictions still limit the volume and diversity of capital, especially from smaller impact and regional funds

Source: Bank of Tanzania, Tanzania Startup Ecosystem Status Report 2024, Tanzania Investment Act (2022), Tanzania Investment Centre

Policy: However, the Bank of Tanzania’s (BoT) Strategic Minimum Reserve policy has had a positive impact on FIs agri-loan portfolios

The BoT SMR incentive for single-digit agri loans

Goal	1. Reduce the cost of borrowing (interest rate) for smallholder farmers and agri-businesses to single digits (<10%) 2. Stimulate growth in agricultural credit, which is a core driver of economic growth and employment in Tanzania 3. Reduce credit risk and incentivize agri-lending for banks and other financial institutions
How it works	1. Typically, banks must hold a specific percentage (SMR) of their total deposits (about ~8%) with the BoT, which earns no interest & can't be lent out 2. For every shilling a bank lends to the agri-sector at <10% interest rate, the BoT reduces that bank's required SMR by an equivalent amount 3. This effectively "unlocks" the bank's funds, allowing them to use the freed-up cash for further lending or other profitable investments
Illustrative Example	1. Bank A has TZS 50b in SMR with the Bank of Tanzania (BoT) 2. Bank A lends TZS 10b to a sunflower processing plant and a group of smallholder coffee farmers at 9%; it then submits the loan documents to BoT as evidence 3. The BoT reduces Bank A's SMR position by the TZS 10b agri loan to TZS 40b. This now frees up new TZS 10b in liquidity that Bank A can lend to other sectors • Outcome 1: Farmers and agribusinesses successfully secure financing from banks at a lower rate (9%) • Outcome 2: Bank A has additional capital from the SMR now unlocked, hence higher total loan portfolio

Conditions
• The lending rate must not exceed 10% per annum. • FIs must submit evidence that funds were issued • Funds must be directed toward the ag-sector

IMPACT MEASUREMENT:

Pre-policy ag-loan*: TZS 1.2t with a 9% CAGR (2018-2021)

Post-policy ag-loan*: TZS 3.5t with a 43% CAGR (2021-2024)**

Note: *Impact measurement is based on the top 4 banks (i.e., TADB, CRDB, NMB, and TIB. **The BoT SMR incentive contributes significantly but not exclusively to the high growth rate since 2021. Source: The Bank of Tanzania (BoT) Public Notice issued on July 27, 2021, titled "Policy Measures to Promote Credit to the Private Sector and Lower Interest Rates."

Infrastructure: Agriculture insurance market is nascent and constrained by structural barriers

Market snapshot

Insurance penetration in Tanzania, 2024

	Country-level	Agri-sector
Penetration rate	2.08%	0.04%

Insurance plays almost **no role in protecting farming households or agri-SMEs from climate, price, and operational shocks**, evidenced with financiers to price in higher risks

Market players

Traditional players:

- UAP Old Mutual Tanzania
- Jubilee Allianz General
- National Insurance Corporation
- Heritage Insurance
- Alliance Insurance

Specialized agri-insurance advisory:

- Pula Advisors: *Provides underwriters ag-insurance design, modelling and claim automation*
- ACRE Africa: *Designs index products and digital distribution*
- ZEP-RE: *Regional reinsurer and technical advisory that runs capacity building and product development*

Product offerings



Crop Insurance



Weather Index



Farm Assets / Property



Livestock Insurance

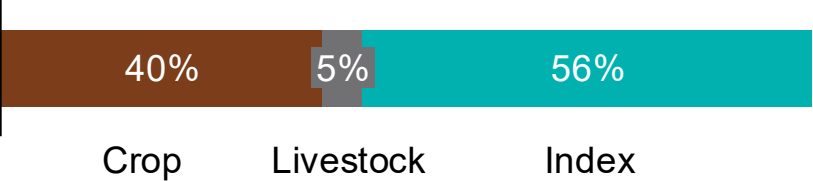


Engineering / Machinery



Plantation / Estate crop

Types of agri-insurance in Tanzania, 2024



The market is **almost entirely dependent on climate-linked index insurance**, while traditional agricultural insurance remains shallow.

Note: Index is a type of agricultural insurance that pays out based on an external, pre-determined index, such as rainfall levels or average regional yields, instead of assessing a farmer's specific losses.
Source: TIRA (2024)

Infrastructure: At the physical-infrastructure level, Tanzania continues to experience notable shortcomings that affect development outcomes nationwide



Export capacity:

- Port expansion (in Bagamoyo) currently underway with optimized efficiency and capacity to accommodate larger vessels
- Tanzania signed a framework agreement with two developers, China Merchants Holdings International and Oman's State General Reserve Fund in 2013 but implementation was delayed due to the terms
- However, Tanzania's 2021 Local Content Regulations require 45% of materials to be sourced domestically by 2026, which causes some constraints and delays for the project



Warehousing and processing:

- \$24M MeTL agro-industrial production project funded by AfDB aims to revitalise and expand Tanzania's agro-industrial production (e.g., by upgrading tea processing factories to double their capacity)
- Global Warehouse Finance Program funded by primarily by IFC supports the agriculture sector by enabling banks to provide commodity-backed warehouse financing through risk mitigation and development of skills in warehouse finance



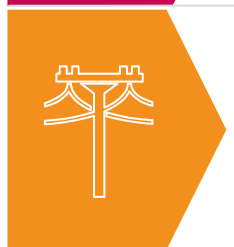
Water:

- Access to water continues to be a major challenge for rural areas in Tanzania
- Sector Support Project (~\$15M) objectives including strengthening the capacity for integrated water resources planning and management in Tanzania, and improved access to water supply and sanitation services in Dar es Salaam
- The proposed Tanzania Sustainable Rural Water Supply and Sanitation Program Phase II (~\$200M) aims to increase and sustain access to basic water, sanitation, and hygiene (WASH) services across rural districts



Connectivity:

- Tanzania Roads to Inclusion and Socioeconomic Opportunities (RISE) Project (\$100M) aims to improve rural road access and in rural areas and build capacity in the sustainable management of rural roads
- Second Tanzania Intermodal and Rail Development Project (\$200M) aims to improve safety, climate resilience and operational efficiency of the railway along the Dar es Salaam to Isaka segment in Tanzania



Electricity:

- Power outages in Tanzania remain a major barrier to productivity and profitability, as highlighted by the World Bank Enterprise Survey which reveals that power outages in TZ cost business 15% of annual sales
- Furthermore, generator fuel costs in Tanzania have risen steadily due to global fuel price volatility, placing smaller enterprises at a particular disadvantage
- Currently, there are several government run hydro-power and natural gas plant projects in the pipeline, as well as donor funded cross-border transmission capacity initiatives

Source: [Reuters](#); [Electricity](#); TNS research and analysis

Despite sufficient certification support, there are very few actors providing the financial incentives and specialized technical assistance needed to drive investment in production

Existing Market Players

Financial Support:



- Compensates lenders for the lower revenues and higher transaction costs of making smaller loans (\$10k-\$500k) to early-stage SMEs, as well as portfolio first-loss cover and impact bonuses



- Facilitates access to finance for agriSMEs by working with various financial institutions and providing them with credit guarantees; to date PASS has impacted close to 5M beneficiaries across Tanzania



- Facilitates a combination of debt and equity finance to growing agriSME businesses and producers in Tanzania; they also offer strategic and operational support to the agribusinesses they work with

Technical Assistance:



- Improves incomes by helping farmers and processors improve their practices, supporting young entrepreneurs, and revitalizing key sectors through stronger post-harvest handling and market connections



- Non-profit development organization that works to reduce poverty in TZ by strengthening capacities and catalyzing partnerships in agriculture



- Equips farmers and growers in Tanzania with the skills and resources they need to boost their productivity, incomes and resilience to climate change, as well as trainings on finance and group savings

CERTIFICATIONS



- **TanCert** is an NGO tasked with the role of inspecting and offering organic certificates for Tanzanian products
- **Tanzania Organic Agriculture Movement (TOAM)** is also involved in the certification for smallholders



- Several certification bodies exist for the Rainforest Alliance, including: **Africert, CERES, Control Union BV, Exocert, Preferred by Nature, and SCS Global Services**
- Additionally, some **large agribusinesses** provide certification support for SMHs in their network (e.g., **Sucafina**)



- Many organizations in Tanzania are certified to run “train the trainer” programs for GAP certification
- Amongst the certifying organization are: **GREENCERT** and **Global GAP Academy**



- While Fairtrade Africa has a presence in Tanzania and supports producers through networks like COFTA, its Eastern & Central Africa operations are **largely coordinated from regional offices outside the country** (i.e., in Kenya)

Thank you!

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