

Identified Bottlenecks, Opportunities and Investment Priorities by LIC

SIFF investments must be directed towards unlocking bottlenecks in selected value chains, clusters and other target areas in the investment climate identified by LIC. Therefore projects which target these bottlenecks will be prioritized.

A 'bottleneck' is a weakness or constraint in the proper working of a value chain, or cluster. A bottleneck can also be in the form of a general constraint in the local investment climate.

The bottlenecks identified are based on studies conducted by LIC, studies from others, verifications from stakeholder meetings of which it is annually adjusted where if any changes are identified immediately they are updated into the LIC website. [Read more](#)

Identified Bottlenecks, Opportunities and Investment Priorities by LIC.

| Bottlenecks | Opportunities for LIC investment in order of priorities. |
|--|---|
| 1. General Bottlenecks | |
| a. Limited understanding of the Concept of LIC as an investment Project and as a departure in development aid from the traditional donor approach of a social good to that of an investment package | <ul style="list-style-type: none"> As LIC continues to create awareness of its focus as an investment project through its activities and shared platforms it is most likely that the idea of return to investment from LIC support will increasingly becoming understood as LIC moves forward. Once SIFF supported investment projects begin to show positive returns the concept of investment will become a reality to beneficiaries of LIC investment, leading to greater appreciation of the project, |
| b. Limited understanding by LGAs, in particular, of PPD as a developmental tool that is capable of bringing positive change within the two sectors and between them in PPP engagements | <ul style="list-style-type: none"> Through the RBCs and DBCs there will be further emphasis on the importance of PPD to LGAs and the private sector to work together to resolve issues of mutual interest to the extent that joint actions are already taking place. The value of PPDs as instruments for resolving challenges will be even focused and thereby more appreciated when specific resolutions agreed through the RBCs and DBCs are firmed up in the Local Business Environment Reform Plan (LBERPs) and implemented successfully. |
| c. LGAs may not fully appreciate its mandate and specific roles of promoting (nurturing) private sector (local business and investment) development. | <ul style="list-style-type: none"> The ongoing RBCs and DBCs already show that they are promising tools for strengthening private sector capacity to dialogue, advocate and demand key services from the LGAs in a manner that is acceptable to both parties LIC will engage further both TNBC and TPSF (TCCIA) in this process LIC activities generally offers a number of opportunities to strengthen the capacity of LGAs trade officers to provide more service to private sector by improving basic business service delivery. LIC expects that the operationalization of the One Stop Business Center and the Business data Base the LGAs will deliver better and more services to the private sector in areas of Business Registration and licensing as well as land administration |
| d. The synergy accruing from the Private and Public sector working together towards a common goal is not fully appreciated by either party | <ul style="list-style-type: none"> LIC will continue and increase its strengthening the ongoing RBCs and DBCs the two sectors will be able to meet, dialogue and work together and in the process recognize that together they can act as agents of positive change. This will most likely lead to growth in appreciation and respect of each other's roles in development When agreed actions are implemented and change is witnessed by both parties areas of disagreement will diminish and trust will be built between the two sectors. With the mutual accountability embodied in the RBC and DBCs it is likely that the weak sector will recognize its weaknesses and own up while making effort for improvement as the relationship between the two sectors strengthen. LIC will support and advocate the weak sector |

| | |
|--|---|
| | <ul style="list-style-type: none"> LIC will strengthen TNBC's capacity to be able to take over the PPD process and monitor the same and ensure the positive results obtained will be taken to another positive level |
| e. LGA's poor local revenue collection | <ul style="list-style-type: none"> LIC will develop further the success of the first comprehensive local LGA revenue study to cover all districts and municipals in both Dodoma and Kigoma |
| f. Limit capacity of LIC's National Partners | <ul style="list-style-type: none"> LIC will engage ALAT more directly in the LGA PPD progress and thereby be more a partner which can spread lessons learned to other LGA's. LIC will strengthen TPSF's effort to lift the local TCCIA to be a solid player in the local PPD/BC process LIC will support TCCIA on local level to produce the LBERP LIC will try to engage further PMO-RALG so really be a solid counterpart |
| | <ul style="list-style-type: none"> |

| 2. Bottlenecks in Cluster Value Chains: | LIC's plan to overcome these bottlenecks is order of priority |
|---|---|
| (i) General Bottlenecks | |
| <ul style="list-style-type: none"> Absence of a clear understanding among stakeholders of the concept of cluster approach and its strength over the previous models i.e. cooperative societies, Cooperative unions, AMCOS etc. | <ul style="list-style-type: none"> The newly developed LIC cluster guidelines are promoted through PPD sessions, stakeholder meetings, Website etc . It is expected that stakeholders will have better clarity of what clusters are and why a cluster is a better approach to reaching stakeholders compared to conventional ones. Existing and new clusters once empowered to function effectively in the market place will demonstrate the inherent advantages much to the appreciation of cluster members. |
| <ul style="list-style-type: none"> Lack of clear prioritization of potential value chains at LGAs levels | <ul style="list-style-type: none"> Prioritization of LGA value chains must be evidence based, results from LIC sponsored studies will contribute valuable information that can support systematic prioritization of potential value chains. |
| <ul style="list-style-type: none"> Limited trust among value chains actors | <ul style="list-style-type: none"> LIC activities that are planned for cluster enhancement can strengthen systems for collaboration that could lead to better forward and backward linkages but most importantly ensuring fair play at the market place through pricing and in contractual arrangements. LIC will further develop the good results from the already LIC supported VCA in Sunflower, Cassava, Fish. |
| (ii) Specific Bottlenecks | |
| Sunflower: | LIC will: |
| <ul style="list-style-type: none"> Low productivity (due to poor practices (GAP), limited use of improved varieties and other essential inputs, lack/limited availability of water, etc). | <ul style="list-style-type: none"> Through various SIFF/cluster support initiatives in irrigation development and cluster enhancement, improvement of water resources management can be realized with focus on Green Growth. Hands-on support through demonstration units will provide skills needed for technology adoption and utilization to improve productivity; Seeing is believing Promote of contract farming/M4P will enhance access to and adoption of improved GAP as well as assurance to producers of secure markets and reliable prices for products deemed in demand. |
| <ul style="list-style-type: none"> Poor postharvest handling (up to 40% loss) | <ul style="list-style-type: none"> Through cluster enhancement strategies stakeholders will access affordable technologies to reduce drudgery and improve product handling. Possibilities exist through cluster enhancement activities and SIFF supported projects to promote better storage facilities and lab and testing facilities |
| <ul style="list-style-type: none"> Quality assurance not carried out | <ul style="list-style-type: none"> Through LIC's cluster enhancement activities, cluster members could acquire skills and tools to improve quality to the extent of having Certificates of approval by the Tanzania Food and Drug Authority (TFDA) and the Tanzania Bureau of Standards (TBS). The new CEZOSAPA lab will prove this and can be duplicated |
| <ul style="list-style-type: none"> Poor processing technologies | <ul style="list-style-type: none"> Through collaborative arrangements with the Private Agriculture Sector Support (PASS) LIC project beneficiaries can access support from SIFF investments for improved processing technologies where Green Growth is a must for LIC |

| | |
|--|--|
| | <ul style="list-style-type: none"> • Even where beneficiaries do not qualify for SIFF funding a bankable Business Plan from PASS can enhance of accessing a commercial loan for improved processing technologies |
| <ul style="list-style-type: none"> • Limited enterprising skills (producers, processors etc.) | <ul style="list-style-type: none"> • Continue to highlight investment opportunities both large and small for local and other investors. It is expected that this exposure of opportunities will increasingly become a springboard for entrepreneurship development in LIC supported LGAs. LIC will provide such TA • LIC's approach to M4P includes horizontal and vertical market linkages as well as market information and bargaining skills that would lead to sustained business growth locally and beyond. |
| Cassava: | LIC will: |
| <ul style="list-style-type: none"> • Cassava mosaic and brown streak diseases | <ul style="list-style-type: none"> • Through a variety of cluster enhancement strategies and partnerships with likeminded entities/organizations it is highly likely that LIC beneficiaries would have access to and be empowered to adopt improved and high yielding mosaic and other disease resistant varieties. • Support for the high yielding varieties by the LGAs because these are not only a good source of income for farmers but also of revenue for the LGAs. |
| <ul style="list-style-type: none"> • Limited processing facilities | <ul style="list-style-type: none"> • Provide SIFF funding and bankable Business Plans from PASS it is likely that LIC beneficiaries will be able to access improved processing technologies through matching grants or commercial loans. • Provide SIFF funding/TA for a facility for on-site training by way of demonstration units where stakeholders acquire hands-on knowledge of the use and benefits of processing technologies and thereafter be motivated to procure the same using own resources. |
| <ul style="list-style-type: none"> • Lack of access to new technologies in processing | <ul style="list-style-type: none"> • Through cluster enhancement activities support and enable linkages between users/producers and technology providers/innovator companies for technology access and also for growing business relationships for local communities • Through more value chains analysis highlight technology gaps that exist within the chain and this information could be tapped to prioritize technologies that could catalyze change at local level |
| <ul style="list-style-type: none"> • Limited enterprising skills (producers, processors etc.) | <ul style="list-style-type: none"> • Market linkages to be enhanced once the location of quality cassava products is known and market demand is in place. With LIC support a network of the vast market that exists for cassava flour and other products in and outside the country will be established. |
| Horticulture: | LIC will: |
| <ul style="list-style-type: none"> • Unreliable water supply/irrigation technology | <ul style="list-style-type: none"> • Irrigation development as the most important approach to managing water resources in horticulture development with focus on Green Growth. • Simple irrigation technologies to be made available through SIFF/Cluster support and their operational modalities demonstrated to farmers. • Promote well proven solar/wind driven small/medium scale irrigation set-up • Let SIFF invest in water catchment |
| <ul style="list-style-type: none"> • Pests and Diseases | <ul style="list-style-type: none"> • Support availability and the knowledge of how to apply pesticides, fungicides and insecticides for reducing the risk of pests and diseases. Through Cluster enhancement strategies commercial linkages could be established between input suppliers and service providers and producers to ensure timely availability and application of control measures. |
| <ul style="list-style-type: none"> • Post -harvest losses – limited technologies | <ul style="list-style-type: none"> • Through SIFF funding and commercial loans facilitated by Business Plans from PASS, simple post-harvest technologies demonstration and make available for preservation • Will support VCA and thereby create an better understanding of the market mechanism and the supply/demand paradox/challenge. |
| <ul style="list-style-type: none"> • Production and handling skills | <ul style="list-style-type: none"> • Through cluster enhancement support producers to acquire skills for product handling after harvest for hygiene and market appeal |
| Fisheries: | |
| <ul style="list-style-type: none"> • Poor fishing gears | <ul style="list-style-type: none"> • Through SIFF support and commercial loans facilitated by Business Plans from PASS |

| | |
|--|--|
| | <p>fishers can access improved fishing gears that are both efficient and environmentally friendly</p> <ul style="list-style-type: none"> Cluster enhancement activities that include skills training for the appropriate use of improved gears. |
| <ul style="list-style-type: none"> Post – harvest losses due to limited processing and preservation technologies | <ul style="list-style-type: none"> Cluster support initiatives including information sharing about ways to preserve fish Bankable Business Plans from PASS cluster members to be able to access commercial loans to procure simple and affordable technologies to preserve and process fish leading to reduced post-harvest losses. Through Kibirizi prove that the use of ice can reduce the post-harvest losses from 60% to 5% and extend the shelf life of the fresh fish from 1-2 days to 10 days |
| <ul style="list-style-type: none"> Fishing and handling skills and knowledge | <ul style="list-style-type: none"> Cluster support in creating awareness and training on modern ways fishing using improved gear (better net, fish finders, better fishing lights and more reliable engines). |
| <ul style="list-style-type: none"> Lack of reliable fisheries data | <ul style="list-style-type: none"> Support The Tanzania Fisheries Research institute, the national body responsible for data, information and knowledge management for the fisheries sector could support data collection, verification and dissemination. In the Fish Value Chain Analyze and Fish Cluster Mapping provide valuable information on the sector |
| Livestock: | |
| <ul style="list-style-type: none"> Un reliable water supply | <ul style="list-style-type: none"> With SIFF funding livestock keepers can develop water systems for livestock on a sustainable basis that would also ensure adequate pastures. Commercial loans will also be possible with a Business Plan from PASS to enable livestock keepers to have access to water and fodder |
| <ul style="list-style-type: none"> Lack of entrepreneurial skills | <ul style="list-style-type: none"> Market linkages through cluster support to enable farmers to do business in a new way like processing and exporting livestock and livestock products instead of relying on traditional auctions. Prove with the planned VCA where the real bottlenecks are |
| <ul style="list-style-type: none"> Lack of productivity performance (Feed conversion rate, mortality rate, diseases). | <ul style="list-style-type: none"> SIFF funding will provide demonstration centers for feed lots and modern butcheries as well as small scale model livestock processing facilities and preservation units. Business Plans prepared by PASS will facilitate access to commercial loans that would enable livestock keepers to acquire own feedlots and other modern ways of operating along the livestock value chain. |
| Paddy: | LIC will: |
| <ul style="list-style-type: none"> Low productivity | <ul style="list-style-type: none"> Through Cluster enhancement activities, rice farmers will be linked to input suppliers Through supported demonstration plots established provide impart skills and knowledge on modern farming techniques for rice Use business Plans developed by PASS to rice farmers and thereby access loan for working capital to Business demonstration unit. LIC supported irrigation paddy schemes must produce min 5 MT/Ha |
| <ul style="list-style-type: none"> Unreliable water supply | <ul style="list-style-type: none"> With SIFF funding for irrigation schemes developed in partnerships with selected LGAs triple the existing yield Improve existing public irrigation by creating a SPV to avoid future collapse Commercial loans made possible by Business Plans developed by PASS could enable farmers acquire simple irrigation technologies like solar powered water pumps to ensure sustainable access to water resources |
| Oil palm: | |
| <ul style="list-style-type: none"> Low productivity (local varieties, old trees) | <ul style="list-style-type: none"> Through SIFF funding support could be extended to farmers to access improved oil palm varieties e.g. as done by SCT. Through cluster development initiatives farmers could learn about husbandry for the new improved varieties |
| <ul style="list-style-type: none"> Rudimentary processing technologies | <ul style="list-style-type: none"> Feasibility and case studies for new processing facilities for palm oil to be examined and where feasible tried out in pilot areas. With matching grant in combination with commercial loans to processors establish modern processing facilities for palm oil. At least as demonstration. This is also to |

| | |
|---|--|
| | utilize the new improved oil palm varieties. |
| Grapes: | |
| <ul style="list-style-type: none"> Unreliable water supply | <ul style="list-style-type: none"> Irrigation development made possible by contributions from SIFF or by a commercial loan (facilitated by a Business Plan from PASS) is one way of ensuring sustainable water resource management as well as general water user education on green growth, primarily drip irrigation The use of demonstration units for water resource management like rain water harvesting, drip irrigation, solar powered technologies for irrigation and other simple technologies could be used to show farmers how possible it is to access water on a sustainable basis at low cost. |
| <ul style="list-style-type: none"> Low productivity (5kg/ tree/year vs 23kg/tree/year in SA) | <ul style="list-style-type: none"> Through cluster enhancement activities provide farmers with know how to identify the right soils for grapes and the right grape varieties for various soil types. This, couples with know-how on vine management will most likely empower many farmers to reap higher yields. Through small demonstration plots for model vineyards established with SIFF funding to show farmers how grapes are grown, when they should be harvested and how they could be handled/processed etc. |
| <ul style="list-style-type: none"> Light processing technologies | <ul style="list-style-type: none"> Through SIFF fund simple processing technologies to be acquired to demonstrate the ease and possibility of making use of fresh grapes either as juice or preserves. It is expected that once producers know of the availability of new and affordable technologies they would be interested in investing in such endeavors. Partnership between LIC and SIDO could greatly enhance not only the skills of producers to process but also to facilitate and enable linkages for producers to acquire the technologies at an affordable price |
| <ul style="list-style-type: none"> Fresh grape losses and low pricing | <ul style="list-style-type: none"> Alternative uses of like drying, juice and wine making would be adopted so long as these approaches are within the reach of the producers. LIC's efforts of cluster enhancement in the grape industry are well placed to create awareness of these options. |