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## Norfund invests 10 million dollars in rice production in Tanzania

Rice farm in Kilombero. Photo: Norfund

22/09/2010 // Agrica is a 5,000 hectare rice farm in the Kilombero Valley in Tanzania, of which 3,000 hectare have already been planted and where the first sales of processed rice were made in January 2010. The investment represents for Norfund a continuous focus on the development of sustainable agribusiness in the least developed countries in Eastern Africa.

Norfund's investment will be used to continue expansion of the farm, including preparation of another 2,000 hectares of land, increase in production and storage capacity, machines and equipment and renovation of a small-scale hydropower plant that will supply the production with electricity.

Tanzania does currently not have sufficient production to satisfy local demand (deficiency market), and Agrica will therefore initially produce rice for the local market. The project, that will produce approximately 30,000 tons of rice per year, represents therefore a significant increase in security of rice supply for Tanzania. This is an important investment, especially considering the current global situation with high demand for agricultural products. The project has due to its contribution to employment and import substitution, already received status as "Key Investor" from Tanzanian authorities, which recently launched the program "Kilimo Kwanza" ("Agriculture First") that puts focus on increase of national agricultural capacity 98% of Tanzania's rice is produced by small-scale farmers, where there are tremendous opportunities for productivity and quality improvements. Norfund and its co-investors want to contribute to developing this potential, and have therefore introduced a program called System of Rice Intensification. Agrica will through this program train local farmers in how they can improve their yields through better methods and maintenance, and they will also supply these farmers with high-quality seeds and use them as suppliers if they manage to obtain the right quality. Such cooperation with local farmers will lead to significant development effects in an area where formal unemployment is approaching 100%.

By investing in an early stage, Norfund's role in the project is highly catalytic for further financing to the project. In addition, Norfund will take a Board seat, and thereby also actively contribute to the strategic development of the project.

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Source: Heidi Berg, Norfund | [Share on your network](#) |

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Weather in Dar-es-Salaam

14 March 09:00 - 12:00

27°C

Last updated: 13.March 22:02

Next update: 14.March 11:00

See more [www.yr.no](http://www.yr.no)

Time in Norway 08:22

Facts

**Area:** 385 155 km<sup>2</sup>

**Population:** 4 973 029

**Capital:** Oslo /59 56'N 10 41

**Time zone:**

CET (UTC+1)

Summer (UTC + 2)

Weather in Oslo

14 March 06:00 - 12:00

**-12°C**

Last updated: 14.March 04:46

Next update: 14.March 17:00

See more [www.yr.no](http://www.yr.no)

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