



African Development Bank

Private Sector Operations

BAGAMOYO SUGAR PROJECT

Project Brief

BOARD APPRAISAL: April 2014

COUNTRY	Tanzania
PROJECT NAME:	Bagamoyo Sugar Project
SECTOR	Agriculture
TOTAL PROJECT COST	USD 569.3 MILLION
AfDB CONTRIBUTION	USD 50 MILLION
SPONSOR AND BORROWER	<p>The AgroEcoEnergy Tanzania (AET), a sustainable agriculture and agro-energy company, is sponsor responsible for project development. AET is a subsidiary of EcoDevelopment Europe (EDE), which owns 30% of SEKAB Group (Sweden), a major European player in sustainable ethanol distribution and research..</p>
PROJECT DESCRIPTION	<p>The Bagamoyo Sugar Project (BSP) will establish a 7,800 ha integrated sugarcane plantation and fully integrated sugar production and renewable energy facility that will generate up to (i) 130,000 tpy of raw sugar for the domestic market, (ii) 90,000 MWh/year of renewable energy from bagasse, and (iii) 10,000 cubic meters of fuel ethanol from molasses for the domestic and/or international markets. The project will feature a comprehensive out-grower scheme, which will commercialize smallholder farmers on 3,300 ha of land surrounding project the site. BSP will be the first PPP supported by the Bank in the agriculture sector; this proposal focuses on the nucleus sugarcane plantation and integrated processing facility.</p>
PROJECT BENEFITS	<p>Key development outcomes include: (i) direct employment generation; (ii) improved economic and social infrastructure (renewable electricity generation and transmission, irrigation, roads); (iii) positive balance of payments impact through import substitution; (iv) increased government revenues through taxes and dividends; (v) SME and private sector development, primarily through the outgrower program; and (vii) reduced CO2 emissions from the use of renewable energies.</p>