## KEY MESSAGES

- The Ministry of Agriculture's budget declined by 7.3%, with development expenditure falling by 13% (from TZS 652.3 billion to TZS 567.3 billion), reducing fiscal space for long-term agricultural transformation.
- Agroforestry is embedded across multiple programmes (seedlings, training, research) but lacks a dedicated budget line or financing mechanism, limiting traceability, accountability, and scale.
- The 2026/27 budget shows partial alignment with the National Agroforestry Strategy (NAS), with persistent gaps in financing architecture, extension systems, and institutional coordination.
- Weak budget execution and fragmented institutional arrangements reduce implementation efficiency and delay delivery of planned investments.
- Without structural reform, Tanzania risks underutilising agroforestry as a cost-effective pathway for climate resilience, land restoration, and sustainable agricultural transformation.



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### CONTACT INFORMATION


071 6993 688

exd@csp.or.tz

Babati-Tanzania


**Where Trees Grow, People Grow**

Vi Agroforestry

CIVIC SOCIAL PROTECTION FOUNDATION

**POLICY BRIEF No 1, 2026**

# FINANCING AGROFORESTRY IN TANZANIA:

## Budget Performance and Implementation Gaps in the 2026/27 Agriculture Budget



## 1. CONTEXT

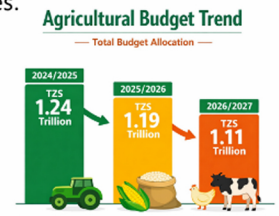
Agriculture contributes approximately 24.6% of Tanzania's GDP and remains central to employment and rural livelihoods. However, the sector faces persistent structural challenges, including climate variability, land degradation, declining soil fertility, and limited access to sustainable agricultural technologies. Agroforestry is a strategic response embedded in the National Agroforestry Strategy (2024–2031). It enhances soil fertility, restores degraded landscapes, strengthens climate resilience, and diversifies rural incomes through integrated tree–crop–livestock systems.

Effective implementation of agroforestry depends on how it is reflected in public financing frameworks. Budget allocations determine the scale, continuity, and institutional sustainability of investments in seedling systems, extension services, research, farmer adoption, and coordination mechanisms. This brief assesses the extent to which agroforestry priorities are reflected in the Ministry of Agriculture's 2026/27 budget and identifies key financing and implementation gaps affecting implementation of the NAS.

## 2. KEY FINDINGS

### 2.1 Declining Development Financing Constrains Long-Term Investment Capacity

The Ministry of Agriculture's total budget declined by 7.3% in FY 2026/27, with development expenditure decreasing by 13% (from TZS 652.3 billion to TZS 567.3 billion). Development expenditure is the primary instrument for financing long-term agricultural transformation, including irrigation, extension services, climate adaptation, and productivity-enhancing investments. Its reduction limits fiscal space for multi-year investments required to scale agroforestry systems, which depend on sustained establishment, adoption, and ecological transition processes.




### 2.2 Agroforestry Is Programmatically Present but Not Financially Institutionalised

The 2026/27 budget includes several agroforestry-relevant interventions:

- 46.6 million tree seedlings produced
- 30 million coffee seedlings and 559,500 certified agroforestry seedlings distributed
- 1.2 million farmers trained in Climate-Smart Agriculture
- Climate adaptation research through the Hombolo Institute

These interventions indicate increasing integration of agroforestry and climate-smart agriculture within sector programming. However, agroforestry is not embedded within the public finance architecture. The absence of a dedicated budget line or expenditure code means that agroforestry-related spending is dispersed across programmes. This results in fragmented financing, weak expenditure traceability, and limited accountability, making it difficult to measure progress against National Agroforestry Strategy targets.

### 2.3 NAS Alignment Remains Partial and Institutionally Incomplete

The 2026/27 budget demonstrates partial alignment with the National Agroforestry Strategy through investments in seedlings, training, research, and market infrastructure.
However, key institutional gaps persist:

- No dedicated agroforestry financing mechanism
- No structured agroforestry extension programme within NAESA
- Limited integration of gender and youth considerations
- Weak communication and technology dissemination systems
- No explicit reference to the NAS in budget planning or policy documentation

These gaps indicate that agroforestry remains embedded within general agricultural programming rather than established as a standalone investment and implementation pillar.

## 3. POLICY IMPLICATIONS

The findings point to three systemic constraints: financing, institutional coordination, and implementation capacity.

**First,** declining development expenditure limits long-term investments required for agroforestry scaling and climate resilience.
**Second,** absence of dedicated budget lines reduces transparency, traceability, and accountability of agroforestry expenditures.

**Third,** fragmented institutional arrangements weaken policy coherence and reduce the efficiency of public investment.

**Fourth,** weak budget execution further constrains delivery performance and delays implementation outcomes.

**Collectively,** these constraints risk slowing progress toward CAADP commitments under the Maputo (2003), Malabo (2014), and Kampala (2025) Declarations on agricultural investment and sustainable agrifood systems.

## 4. POLICY PRIORITIES

**Priority 1:** Establish an Agroforestry Financing Facility
Establish a dedicated Agroforestry Financing Facility within the public finance system, led by the Ministry of Finance in coordination with the Ministry of Agriculture. The facility should consolidate national budget allocations, climate finance instruments, private sector investment, and carbon market revenues. It should finance tree seed systems and nurseries, farmer-managed natural regeneration (FMNR), silvopastoral systems, and agroforestry value chains.

**Priority 2:** Introduce Dedicated Agroforestry Budget Lines
Establish agroforestry-specific budget codes within the Ministry of Agriculture and Local Government Authorities to improve expenditure visibility and accountability. Coverage should include agroforestry extension services, fodder and fruit tree systems, on-farm woodlots, and silvopastoral systems.

**Priority 3:** Mainstream Agroforestry into Extension Systems
Integrate agroforestry into NAESA training and service delivery systems to strengthen adoption and field implementation. Priority areas include soil fertility restoration using trees, climate-resilient farming systems, multipurpose tree integration, and farmer adoption and behaviour change.

**Priority 4:** Strengthen Cross-Sector Coordination
Establish an inter-ministerial coordination platform involving Agriculture, Livestock, Forestry, Environment, Local Government, and Finance to improve coherence and implementation alignment.

**Priority 5:** Mobilise Private and Climate Finance
Scale innovative financing instruments, including carbon markets, ecosystem service payments, green bonds, and blended finance mechanisms.

**Priority 6:** Integrate Agroforestry into Local Government Planning
Mandate inclusion of agroforestry targets and financing in District Agricultural Development Plans to ensure effective local-level implementation.

**Priority 7:** Improve Budget Execution and Disbursement
Strengthen public financial management systems to ensure timely and predictable release of funds to implementing institutions.

**Priority 8:** Promote Silvopastoral Systems
Integrate tree-based livestock systems into livestock development programmes to improve productivity, restore degraded land, and enhance climate resilience.

## 5: CONCLUSION

The 2026/27 agriculture budget recognizes agroforestry but it remains underfinanced, fragmented, and only partially aligned with the National Agroforestry Strategy (2024–2031).
Declining development expenditure, lack of dedicated financing mechanisms, and weak institutional integration limit effective implementation.
Strengthening financing, budget structures, and coordination is key to unlocking agroforestry's potential for climate resilience, land restoration, and sustainable agricultural transformation in Tanzania.