

## ABSTRACT

This study aimed at analysing the impact of Foreign Direct Investment on agricultural sector and economic growth in Tanzania for a period spanning from 1990 to 2016. Annual time series data was used to test the significance of relationship between FDI inflow and agriculture value added as a percentage of GDP on one hand and FDI inflows and economic growth on the other hand. Also the relationship between economic growth and agriculture growth rates was examined. Other variables such as gross fixed capital formation, inflation rate, trade liberalization, real exchange rate and population were considered as control variables. The study employed linear regression models in order to arrive to the outlined research objectives. Results showed a significant positive relationship between FDI and real growth meaning that as FDI inflow increased to the country, the rate of economic growth increased. Results also revealed a negative correlation between FDI and agriculture value added. Similarly the study revealed a negative relationship between economic growth and agriculture growth rates for the whole period under investigation. Such results indicated that FDI in agriculture sector was insignificant that there could not be any vivid positive impacts to the sector. It is hereby recommended that the government should increase the effort towards attracting more FDI to agriculture sector in Tanzania so as to improve its productivity and as a result this will lead to economic growth and reduction of poverty.

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