

**THE UNITED REPUBLIC OF TANZANIA**

**MINISTRY OF AGRICULTURE AND FOOD SECURITY**

**AGRICULTURE SECTOR DEVELOPMENT STRATEGY  
(PRACTICAL EXPERIENCE IN DESIGNING POLICY)**

**AUGUST 2002**

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## **1.0 Introduction**

Agriculture is the backbone of the national economy of Tanzania in terms of production of food, employment generation, production of raw materials for industries, and generation of foreign exchange earnings. Agriculture accounts for about 80% of the employed population producing about 50% of GDP and about 75% of merchandise exports. The contribution of forestry and hunting and fishing to agricultural GDP is estimated at about 3% and 2.5% respectively. The livestock sub-sector contributes approx 18% of the total GDP, and 30% of agricultural GDP.

There are about 3.8 million farm-households according to estimates made in the 1994/95 agricultural sample census. These smallholders carry out mainly rain fed agriculture, producing a variety of crops mainly for subsistence. Smallholder products account for most of the food produced in the country. The commercial/large scale sub-sector is relatively small (about 1,000 holdings) accounts for some of the cash crops in the country (e.g. coffee, tea, sisal, and sugar).

## **2.0 Agricultural Policy Framework**

Since the mid-eighties, the Tanzanian economy has undergone gradual fundamental transformation that has redefined the role of the government and the private sector. Under the new environment most of the production, processing and marketing functions have been assigned to the private sector while the government has retained regulatory and public support functions. These macro changes have and continue to have a profound impact on the agricultural sector in which, already agricultural input and output prices have been decontrolled, subsidies have been removed, and monopolies of cooperatives and marketing boards have been eliminated.

At institutional level, the lead Ministries in the agricultural sector namely Agriculture and Food Security, Cooperatives and Marketing, Water and Livestock have assumed a new mission in which these

Ministries are essentially performing public sector support functions, which among others include:- research, extension, training, policy formulation, information services, regulatory functions, protection of environment and provision of enabling environment for private sector participation in agricultural production, processing and marketing.

The privatization of commercial functions is supported by a programme of parastatal divestiture, which aims at enhancing investment resources in agricultural enterprises, thereby stimulating productivity and production and ensuring financial sustainability of the enterprises.

### **3.0 The need for an Agricultural Sector Development Strategy (ASDS)**

The need for an Agricultural Sector Development Strategy (ASDS) derives from three considerations. (i) As an integral component of on-going macroeconomic and structural reforms that are being supported by Tanzania's multilateral and bilateral partners. Some of these reforms, including those being supported under the Poverty Reduction and Growth Facility (PRGF), Programmatic Structural Adjustment Credit (PSAC-1) and Poverty Reduction Strategy (PRS), are expected to have a significant impact on the welfare of the rural poor in general and small crop and livestock producers in particular. Accordingly, Government has chosen, as detailed in the strategy, to complement the interventions of these reforms with sector specific actions to enhance the impact on farm incomes and poverty reduction in the rural areas.

(ii) As an instrument for guiding public and private efforts towards broadly shared sector objectives and specific inputs and outputs. Implementation of the Local Government Reform Programme, aimed at transferring responsibility for formulating, implementing and monitoring agricultural development programmes and projects to districts and grassroots communities has started, but it will take time to complete. The ASDS will, therefore, need to be implemented flexibly to accommodate local development needs and opportunities within the framework of the envisaged District Agricultural Development Programmes (DADPs). Thus, the ASDS will provide a basis for action by both the public and private sectors to meet agreed or specified inputs and outputs in the agricultural sector at national and district levels.

(iii) As critical to rural poverty reduction. According to ASDS, recent studies in the agricultural sector indicate that about 50 per cent of Tanzanians can be defined as poor. This means that they have a per capita income of less than US \$ 1 per day (national average per capita GNP in 1997 was US \$ 210). The studies also concluded that well over 80 percent of the population live and eke a living in rural areas with agriculture as the mainstay of their living. However, the 2001/01 Household Budget Survey show that poverty is declining as follows:-

- The proportion of population below food poverty line has declined from 21.6% in 1991/92 and 17.74% in 2000/01 for Mainland Tanzania.
- The proportion of population below the basic needs poverty line also declined from 38.6% to 35.34% during the same period.

This implies that improvement in farm incomes of the majority of the rural population is a precondition for reduction of rural poverty in Tanzania. Government strongly believes that a strengthened agricultural sector, if properly assisted, will have strong forward and backward linkages and a positive impact on farm incomes and rural poverty reduction.

#### **4.0 Objectives of the Agricultural Sector Development Strategy**

The main objective of the ASDS is to create an environment that is conducive to the improvement of agricultural productivity, in order to improve farm incomes and reduce rural poverty and to attract private investment to the sector. In order to achieve the above objectives, the ASDS identifies five major strategic areas for intervention these are:-

##### **i. Strengthening the institutional framework for managing agricultural development**

The current institutional framework is extremely weak and is characterized by undefined roles of various actors in the sector. We need to define what government can do both at the central and local level versus the role of the private sector in agricultural development. The focus of the ASDS is to strengthen the capacity of the actors and their coordination.

**ii. Creation of a favourable climate for commercial activities.**

This includes a stable macro-economic environment and appropriate changes to the administrative and legal framework.

**iii. Clarifying public and private roles in improving support services.**

Improved delivery of services such as agricultural research, extension, training, regulation, information and technical services is critical to increasing agricultural production and productivity. The private sector will increase its role in providing and financing a wide range of demand driven support services to smallholder farmers and livestock keepers.

**iv. Marketing inputs and outputs**

Agricultural Sector Development Strategy focuses on strategic interventions that will enhance the effectiveness of the marketing system for inputs and outputs. There will improve net farm returns term and commercialize agriculture in the medium to long term.

**v. Mainstreaming planning for agricultural development in other sectors.**

Agricultural development and rural livelihoods are strongly influenced by several issues that are outside the sector. ASDS focuses on issues such as rural infrastructure development, youth migration, environmental management, the impact of HIV/AIDS and malaria, gender, etc. ASDS focuses on such issues.

The Agricultural Sector Development Strategy therefore contains a set of innovative and practical action including a focus on agricultural productivity and profitability, the promotion of private sector and participatory implementation of the strategy through the District Agricultural Development Programmes (DADPs)

## **5.0 The Agricultural Sector Development Strategy Process**

The Agricultural Sector Development Strategy have been prepared through a participatory consultative process with sector stakeholders and was closely coordinated among the Ministries of Agriculture and Food Security, Water and Livestock Development, Cooperatives and Marketing, Finance, Prime Ministers Office, President's Office, Planning and Privatization, and development partners through a joint Food and Agriculture Sector Working Group (FASWOG) Task Force.

### ***5.1 The Preparatory Phase***

The Agricultural Sector Development Strategy is the conclusion of a long participatory consultative process amongst a wide range of stakeholders in the sector. It began in 1995 with the preparation of a new Agricultural and Livestock Policy and the Co-operative Development Policy, and their finalization in 1997.

#### **5.1.1 Agricultural and Livestock Development Policy of 1997**

This Policy emphasizes the importance of competitive markets with the Government providing priority public goods and services. The salient features of this policy can be summarized as: -

- Liberalization of all agricultural markets and removal of state monopolies in the export and import of agricultural goods and produce.
- Withdrawal of Government from direct production activities and reliance on the private sector for all these.
- Clear definition of the roles of government and the private sector in the provision of support services.
- Government responsibility for industry regulation through commodity boards.
- Emphasis on food security at the national and household levels as opposed to national food self-sufficiency.

### **5.1.2 Cooperative Development Policy 1997**

The Policy provides a framework for the restructured cooperatives to operate on the basis of independent, voluntary and economically viable principles and seeks to ensure that cooperatives are member controlled private organizations.

### **5.1.3 A Special Advisory Committee on Agriculture.**

In response to the modest performance of the agricultural sector, in September 1999 the Prime Minister appointed a Special Advisory Committee on Agriculture. Its mandate was to consult throughout the country and advise the Government on priority issues and recommendations for developing the agricultural sector.

### **5.1.4 Task Force on Cooperatives – April 2000**

Concurrent with the preparation of the ASDS, the President of the United Republic of Tanzania appointed a Task Force on Cooperatives in April 2000. After wide consultations with stakeholders in the cooperative movement, the Task Force made specific recommendations for strengthening the cooperative movement in the country. These recommendations have proved valuable in developing the Agricultural Sector Development Strategy.

### **5.1.5 Livestock Stakeholders Conference on Formulation of Livestock Sector Development Strategy in Tanzania – April 2001.**

Strategy development has also benefited from two reports that were prepared by Ministry of Water and Livestock Development on the basis of special consultations with stakeholders in the livestock sub-sector undertaken in April 2001.

### 5.1.6 Sector and Sub-sector studies

Between 1998 and 2000, the Government conducted various studies and participatory consultations at grassroots level. Some of the completed studies include: -

- i. Facilitating Agribusiness development in Tanzania (1998)
- ii. Impact of Taxes and Levies in the Agriculture Sector (1998)
- iii. Update of taxes and levies (1999)
- iv. Rationalisation of the regulatory functions of the Ministry of Agriculture and Cooperatives (1999)
- v. Decentralization study (working relationship between the Local Government and the Ministry of Agriculture and Cooperatives) 1999 and
- vi. Crop and Livestock Sub-sectors studies (1999)
- vii. The Coffee Sector Strategy (1998).
- viii. Assessment of performance of past and current Agricultural extension providers in Tanzania (August 2000) and
- ix. Mechanisms for contracting out selected extension tasks to different agents (2000).

In addition to the above consultative processes and studies, the preparation of the strategy proposals has been enriched by three important studies: -

- *Tanzania Agriculture: Performance and Strategies for Sustainable Growth*, of February 2000, that was jointly prepared by MAC and the WB.
- URT (1999) *Report of the Special Advisory Committee on Agricultural Development in Tanzania, Issues and Recommendations*.
- World Bank 2000) *Agriculture in Tanzania since 1986: Follower or Leader of Growth*. World Bank/IFPRI.

All these studies point out that there are still unresolved agenda for sector development. The Agricultural Sector Memorandum for example points out that there are still unresolved issues in the area of marketing and pricing of crops, agribusiness promotion, institutional structure for the regulatory systems, agricultural taxation, rural infrastructure and agricultural support services such as extension, rural finance, agro-processing etc. The studies

also have provided most of the information needed for preparation of an Agricultural Sector Development Strategy (ASDS).

## **5.2 Stakeholders' Workshops**

In April 2000 initial proposals were made of strategies for developing the agricultural sector. These, together with the views collected in the previous consultations and studies, formed the basis for two rounds of stakeholder workshops held in Bagamoyo. The first was from May 29 to June 1 2000 and the second on September 11 and 12 2000. In the first workshop a total of 50 stakeholders participated in the preparation of the strategy document, while during the second workshop, 59 participants reviewed the strategy. The stakeholders were drawn from different Government Ministries, public agencies, educational institutions, donor agencies and international organizations.

The workshops identified the main obstacles to the attainment of the sector vision as:

- Weak and inappropriate institutions.
- Weak capital base and lack of financial services.
- Inadequate supporting services.
- Agricultural sector not accorded the priority it deserves in overall planning and resource allocation.
- Poor rural infrastructure.

After the workshop, a team of consultants went through all the workshop reports, the available Ministry documents and other sources of information, which were helpful in formulating the draft strategy document.

## **5.3 Need for Further Consultation with Grassroots Stakeholders**

The draft ASDS was submitted in September 2000 and after consultations with Government, it was concluded that there was a need to enrich the ASDS document through further consultations especially with grassroots stakeholders in the rural areas. This led to four zonal workshops:

- Mwanza Centre (27-29 March 2001) 53 participants from Kagera, Mara, Shinyanga and Mwanza regions. Kigoma region did not send participants.

- Njombe Centre (27-29 March 2001) 55 participants from Iringa, Mbeya, Morogoro, Rukwa and Ruvuma regions.
- Bagamoyo Centre (3-5 April 2001) 50 participants from Dar es Salaam, Mtwara, Pwani, Tanga regions; Lindi region did not send participants.
- Dodoma Centre (3-5 April 2001) 37 participants from Arusha, Dodoma, Kilimanjaro, Singida, Tabora.

The participants, of whom 40 per cent were women and 53 per cent were farmers and farmer representatives can be classified into six major categories

<b>Category</b>	<b>Per cent</b>
Smallholder farmers and livestock keepers	35
Medium- and large-scale farmers	5
Representatives of farmer organizations	13
Local Government officers from village to district level	17
Local Government Councillors, NGOs and service providers at grass roots level	13
Central Government Officers from President Office - Regional Administration and Local Government, Ministry of Agriculture and Food Security and Ministry of Water and Livestock Development.	17

From the deliberations made in the workshops, the issues raised in the draft ASDS, and the consultation with the Ministries of Agriculture and Food Security, Water and Livestock Development and Cooperatives and Marketing, specific projects such as the Agricultural Sector Management Project and the National Agricultural Extension Project, the Consultants identified the following issues as the most important for the development of the sector and the revision of the ASDS:

- Undertaking institutional and legal reforms
- Investment and finance
- Support services
- Marketing of inputs and outputs
- Administrative and legal environment
- Macroeconomic stability
- Natural environment and resource management
- Human resource capacity improvement and empowerment
- Improvement of rural infrastructure

#### **5.4 Final Consultations with National Stakeholders**

After reviewing the draft ASDS, a final document was submitted to another round of stake holder's workshop held on 7 and 8 June 2001, in order to fine tune and finalize the document.

The ASDS document was finalized in June 2001 and approved in August 2001. The Government in collaboration with stakeholders including development partners is in the process of preparation of the Agricultural Sector Development Programme (ASDP). The ASDP will be a five year programme but rolled over in a 3 year Medium Term Expenditure Framework.. ASDP will be implemented through the District Agricultural Development Programmes. Currently, guidelines for preparation of the District Agricultural Development Programmes are being prepared.