

Annual Agricultural Policy Conference (AAPC)

Policy Brief 5

Prioritizing Agriculture in the Industrialization Agenda for Tanzania under the Agriculture Sector Development Program (ASDP-2)



13th – 15th February 2019

POLICY ANALYSIS GROUP (PAG) MEMBERS AND PARTNERS



BACKGROUND AND CONTEXT

Tanzania is determined to transform its economy into a middle income country by the year 2025 where its per capita income would be raised from the current US \$ 900 or (US \$ 836 in 2015) to US\$1,200 dollars in 2025. On top of this agenda is the industrialization drive where according to the Long-Term Perspective Plan (LTTP) targets to increase the share of the manufacturing sector in GDP from the current 10 to 12 percent to 17.5 percent by 2025 while increasing its share of employment from the current 9 percent to 17 percent. Concurrently, as the economy transforms, the share of agriculture in GDP is expected to decrease from 29 percent in 2015 to 20 percent by 2025 while the share of the population employed in agriculture is expected to fall from 65.5 percent in 2015 to 40 percent by 2025.

In June 2018, the second phase of the Agricultural Sector Development Program (ASDP-2) was launched by the President of the United Republic of Tanzania, His Excellence Dr John Pombe Magufuli. ASDP-2, a 10-year program is expected to contribute to transforming the agricultural sector in Tanzania in its journey to middle income status by 2025 in which among other things, the program would accelerate the sector growth from the current 3 percent to 6 percent per annum. Among the main objectives of ASDP-2 include operationalizing transformation of the agricultural sector (crops, livestock and fisheries value chains) into modern, commercial, highly productive, resilient, and competitive in both national and international markets. The expected outcomes of ASDP-2 include increased productivity, enhanced development of the value chain, development of sustainable market linkages for competitive surplus commercialization, value addition, increased farmer incomes, increased food security and nutrition, and poverty reduction.

The main component/ program areas of ASDP 2 include: a) Sustainable Water and Land Use Management; b) Enhanced Agricultural Productivity; c) Rural Commercialization and Value Addition; and d) Strengthening Sector Enablers.

Despite being food self-sufficient at national level, Tanzania is among countries with high incidence of child malnutrition in which stunting is at 34 percent. The National Multi-Sectoral Nutrition Action Plan

(NMNAP, 2016-2021) among other targets aims to reduce the percentage of stunted children in Tanzania from 34.5 percent to 28 percent by 2021.

Tanzania has made great strides in policy reforms during the last five years to create an enabling environment for agriculture. The most notable ones include:

- Reduction in agricultural levy (produce cess) administered by local governments from 5 percent to 3 percent
- Relaxation in trade restrictions for staples (export ban)
- Removal and reduction of over 105 levies and charges administered by regulatory agencies including crop boards
- Waiver of VAT or import duty on various agricultural technologies such as irrigation equipment, etc.
- Temporarily raising of import tariff on some of the import substitution commodities to reduce competition with domestic industry

Despite these achievements, especially in fiscal regime, farmers and agribusinesses are still grappling with perceived overregulation. In 2018, the GoT endorsed the “Blueprint on regulatory reforms to improve business environment in Tanzania”. The “Blueprint”, as popularly referenced provides a comprehensive roadmap for regulatory reforms in Tanzania across sectors and within specific sectors. The Agricultural Sector Lead Ministries (ASLMs) have to champion reforms within their sectors. Implementation of reforms under the Blueprint offers a great opportunity to accelerate reforms in the sector.

The 5th Annual Agricultural Policy Conference (AAPC) taps onto existing efforts by the GoT including the recently launched ASDP-2 and inception of the reforms under the Blueprint. The 5th AAPC theme “Prioritizing Agriculture in the Industrialization Agenda for Tanzania under ASDP-2” captures very well the 5th phase Government agenda for industrialization in which agriculture has to be the driver, as the source of raw materials and workforce, especially for the low skilled labor.

The theme will help broaden the industrialization agenda into the big picture of economic transformation

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in a manner that is inclusive. The transformation agenda captures key elements such as inclusive growth, poverty reduction, food and nutrition security and job creation especially for youth and women. The sub-theme brings into context regulatory reforms which are mostly value-chain specific. ASDP-2 prioritizes value chains according to agro-ecological zones and hence it makes sense to analyze policy issues in the context of value chain.

Therefore, the 5th AAPC approach is of value chain as opposed to thematic areas of the previous conference.

KEY POLICY ISSUES FOR DISCUSSION

Based on the theme and sub-theme for the 5th AAPC, the following are some of the key questions to be tackled during paper presentations and discussions:

- 1) What is the current status and prospects for agriculture and economic transformation in Tanzania? What is the position of agriculture in economic transformation including the industrialization agenda? Is agriculture the driver or follower of economic transformation?
- 2) Is Tanzania making progress in policy reforms? Does the pace of reforms keep up with the ever-changing market conditions? What policy areas has Tanzania made remarkable progress and which in thematic areas are reforms lagging?
- 3) Of the six broad groups of value chains across agro-ecological zones, which value chains are facing more challenges than others and why? What are the value-chain specific challenges? Could the policy issues be prioritized?

ABOUT AAPC and PAG

The Annual Agricultural Policy Conference (AAPC) is organized by the Policy Analysis Group (PAG) in collaboration with the Ministry of Agriculture. PAG is an informal (community of practice) and voluntary group with members working on agricultural policy projects and initiatives. Members are from the academia, local and international policy think tanks. Established in

2013, the group has about 20 members and provides a platform for sharing information on policy research findings so as to enhance coordination, collaboration and synergy. PAG also aims at ensuring consistency in policy messaging.

Policy Analysis Group (PAG) members include:

- Africa Lead
- Agricultural Markets and Development Trust (AMDT)
- Agricultural Non-State Actors Forum (ANSAF)
- Agricultural Sector Policy and Institutional Reforms Strengthening (ASPIRES)
- Alliance for a Green Revolution in Africa (AGRA)
- Dalberg
- Eastern Africa Grain Council (EAGC)
- Economic and Social Research Foundation (ESRF)
- Enabling Growth through Investment and Enterprise Program (ENGINE)
- Financial Sector Deepening Trust (FSDT)
- International Food Policy Research Institute (IFPRI)
- International Livestock Research Institute (ILRI)
- Ministry of Agriculture (MoA)
- Monitoring and Analysing Food and Agriculture Policies (FAO-MAFAP)
- REPOA
- Regional Strategic Analysis and Knowledge Support System (ReSAKSS)
- Southern Agricultural Growth Corridor of Tanzania (SAGCOT)
- Tanzania Horticultural Association (TAHA)
- Trademark East Africa (TMEA)
- Tanzania Private Sector Foundation (TPSF)
- United States Agency for International Development (USAID)

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Number of Attendees

		Type of Organization								Total
		1	2	3	4	5	6	7	8	
	F	7	6	27	13	-	4	2	1	60
	M	27	11	32	46	3	6	2	4	131
DAY 1	Total	34	17	59	59	3	10	4	5	191
	F	8	6	26	15	2	9	2	1	69
	M	27	13	34	43	7	9	3	3	139
DAY 2	Total	35	19	60	58	9	18	5	4	208
	F	7	6	18	9	1		2	1	44
	M	23	4	27	36	1	1	1	3	96
DAY 3	Total	30	10	45	45	2	1	3	4	140

Key: F=Female, M =Male, 1=Government/Public, 2= Research/University, 3=Development partners/Donors, 4=Private/NGOs, 5=Farmer/Farmer organization, 6=Media, 7=Parliament, 8=Unspecified

EMERGING ISSUES

1. Agriculture Transformation

- Recommending to Government to conduct the agriculture census to capture trends in agriculture transformation.
- Increase public investments in agriculture begin with increasing the budget
- Capturing of data at all levels from MDAs and LGAs even if agriculture census is not conducted; is data available?
- National reports to track transformation indicators in addition to poverty issues and economic growth - Responsible Agricultural Sector Lead Ministries.
- Profiling of farmers and linking the farmer identification and National ID

2. Progress in reforms

- Progress made in policy reforms. However, there have been policy reversals. Thus, the need to legislate the reforms

- The need for more firm alignment of national and subnational policies, laws, and regulations
- There's a need to ratify the East African SPS Protocol
- Operationalize contract farming policy
- Most reforms have been fiscal focused:
 - What is lacking is a regulatory framework
 - Need for mechanisms to implement the Blueprint for Regulatory Reforms to Improve the Business Environment)
 - Encourage Ministries to establish private sector desk like that of the MLF

3. Nutrition

- Commended the coordination of ASDP-2 and NMNAP under PMONoted a challenge in the revision of nutrition policy.
- Recommending the promotion of public education on nutrition and school feeding programs.

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4. Staples VCs

Potential market distortion by public institutions such as NFRA.

A number of options suggested: Regulation for NFRA to purchase from TMX

- Institutional procurements to be based on quality & standards (Weights & Measures)

5. Traditional & Non-Traditional Export VCs

- Need to address specific political economy issues in marketing; overlapping issues between TMX and commodity boards – e.g. coffee board (coffee auctioning)
- Investment for more value addition in traditional and non-traditional exports, i.e., What strategies to adopt Clear strategy to respond to emerging opportunities including those that are not captured in ASDP-2 priority commodities, e.g. sesame - Marketing Intelligence Unit Noted the under investment in research on non-traditional crops

6. Livestock & Fisheries VCs

- Commendable efforts to establish a private sector desk at the MLF
- Advocate for increased investments in livestock and fisheries

- Address the complexity of overregulation in the livestock value chain (seeds, breeds, feeds)
- Advocate for more PPP in fisheries to exploit the subsector's potential

7. Farm Inputs VCs

- Address **high costs** (registration, soil mapping and extensions to avoid post-harvest wastes)
- **The need for farmer field schools:** Extension Agents Empowerment Strategies
- **Domestic Fertilizer Production:** Promotion of Private Sector Investment
- **Promotion, policy incentives for investments in agro-processing**
- **Promotion of organic manure, lime etc.,**
- Promote Industrial scale and complimentary distribution channels

8. Farm Services VCs

- Enhanced coordination of BDS needed in the country
- Alignment of financial services from grassroots level with the new Microfinance Act 2018

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