

**Integrating Food and Nutrition Security into Economic Transformation and Industrialization Agenda in Tanzania: How could agriculture be the driver rather than follower of economic transformation in Tanzania?**



**14<sup>th</sup> Feb – 17<sup>th</sup> Feb 2018**

**POLICY ANALYSIS GROUP (PAG) MEMBERS AND PARTNERS**



## BACKGROUND

There is compelling evidence that structural transformation is beginning to take root in a number of Sub-Saharan African economies including Tanzania. For example, in Tanzania the share of agricultural labor force declined from 80 percent in the 1990s to 65.5 percent in 2017. Concurrently, agricultural GDP has declined from 50 percent to 26 percent in the same period (Benson, et al, 2017). While for a long time the discussion has centered around “the missing middle” or medium sized enterprise in Africa. The story is beginning to change with the rise of medium-sized farms which according to a recent study (Jayne, et al., 2017) are estimated to account for 42 percent of the total farmed land in Tanzania. Downstream the value chain evidence on food systems transformation is also mounting (Tschirley, et al 2017). For example, there has been a rise in consumption of processed and perishable foods. Another trend is the increase in percentage of household depending on the market as their main source of food. Despite the observed structural transformation in Tanzania, the growth of the agricultural sector seems to be lagging behind other sectors of the economy. During the last 15 years, overall GDP growth rate averaged 7 percent while agricultural sector growth has stagnated at 3 percent. The economic growth is mainly attributed to service, construction and manufacturing whose growth rates have exceeded 6 percent. Hence, it is evident that the agricultural sector during the last decade has been follower rather than driver of economic growth.

There is consensus that poverty level has stayed high despite rapid economic growth because the sectors that have potential to promote inclusive growth such as agriculture and manufacturing are lagging behind (Reference?). One-third of the Tanzania's population still lives below the national poverty line and 38 percent of under 5 are stunted. Since 65.5 percent of Tanzanians are employed in agriculture, it

is therefore imperative that the agricultural sector holds the key to eradication of poverty and hunger and promoting broad-based growth through jobs creation. Accelerating agricultural sector growth is also critical to sustain the momentum in the sector transformation.

The 4<sup>th</sup> AAPC focused on addressing two main questions;

- 1) How could food and nutrition security be integrated in the industrialization drive?
- 2) How could agriculture be made the driver rather than follower of economic transformation in Tanzania?

## About AAPC

The Annual Agricultural Policy Conference (AAPC) brings together key decision makers and influencers working on agricultural policy projects and initiatives to share, reflect, learn, deliberate on key challenges and thereafter, collaborate in addressing emerging issues arising from the conference.

Each year, a different theme is determined based on inputs from the previous year and analysis. Organized by the Policy Analysis Group (PAG) in collaboration with the Ministry of Agriculture, Livestock and Fisheries (MALF), the AAPC has emerged as a national conference where policies and ideas are shared between decision makers (GoT), researchers, NGOs, civil society, local think tanks, and the private sector.

The AAPC also provides a platform to present the latest empirical findings across six thematic areas namely: agriculture sector policy, agriculture markets and trade, enabling policy for private sector investment, land tenure policy, access to finance and technology, and agriculture input policy.

The efforts by the PAG go a step further in policy work by providing technical support during policy dialogue, legislative process, policy implementation and in monitoring of policy impacts.

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After the AAPC, a report synthesizing the proceedings of the conference is compiled by the facilitator, reviewed by PAG members and thereafter, PAG members meet to consolidate the key emerging issues emanating from the AAPC into a more refined document capturing policy analysis and analytical gaps for implementation among PAG members. Upon consolidating the emerging issues, a joint meeting is held between the Policy Analysis Group (PAG) and the Partnership Accountability Committee (PAC) to inform the policy gap analysis.

#### 4<sup>th</sup> Annual Agriculture Policy Conference

The 4<sup>th</sup> Annual Agricultural Policy Conference was convened by the Policy Analysis Group (PAG) with a theme of “Integrating Food and Nutrition Security into Economic Transformation and Industrialization Agenda in Tanzania” How could agriculture be the driver rather than follower of economic transformation in Tanzania? The event was held in Dodoma from 14<sup>th</sup> Feb – 17<sup>th</sup> Feb 2018. The 4<sup>th</sup> AAPC was attended by over 150 participants from the agricultural and nutrition sensitive sectors.

The 4<sup>th</sup> AAPC largely featured two main sessions, namely edible oil industry and nutrition. The conference looked at the opportunities that are available in the edible oil industry because of increased demand associated with rapid population growth, urbanization, and rising incomes. The industry offers a great opportunity to integrating agriculture with industrialization agenda. Oil seeds are mostly grown in areas with marginal climate for agriculture and where poverty is pervasive especially in the central zone of Tanzania. Oil seed production has been also growing rapidly in recent years. However, the supply of oil seeds has not been commensurate with the increasing demand by oil processors. Domestic oil production is about 180,000 tons per annum while demand stands at 400,000 tons. Therefore, domestic production has not been able to meet even 50 percent of its edible oil demand. It is also estimated that Tanzania has a processing capacity of 300,000

tons which is underutilized because of inadequate oil seed supply. While the country has not been able to capture fully its potential, importation of edible oil has been soaring. Currently Tanzania spends annually \$ 120 million in importing edible oil to close the gap between supply and demand. Import substitution could create employment opportunity for Tanzanians especially youth while creating a market for farmers. The GoT has been instituting various measures to promote domestic edible oil production. The challenge has been how to manage imports to meet short-term supply gap without undermining long-term domestic production. The featured session on edible oil industry will address some of the key policies necessary to unleash the sector’s potential.

With regards to nutrition, Tanzania is one of the countries in Africa with highest incidence of stunting. In recent years, some gains have been made where stunting has decreased from 42 percent to 34 percent in a span of seven years. That is approximately one percent reduction per year. The recent gain in stunting reduction is the result of many efforts in the past two decades. The presence of many efforts makes it difficult to attribute where the gains came from. Understanding the drivers on nutrition is therefore critical to shaping the current and future nutrition policies and programming so as to accelerate and sustain reduction in stunting and improvement of overall nutrition. On a different note, the changing consumption habits associated with urbanization and rise in incomes have given rise to obesity and hence the term double burden. As the consumption of processed foods and dependency on markets (including supermarkets) increase, it is imperative to have policies to ensure public health particularly with regard to standards (food quality and safety), consumer awareness (including food package labelling) and public education and behavior change. This featured session focused on how nutrition could be integrated into agriculture and industrialization (food processing) agenda.

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**Key areas for recommendations to the Government that came out of this conference were:**

1. Reversing the declining and stagnant resources allocation to agriculture
2. Increase funding for research and development
3. Reducing costs of production and enhancing productivity. This includes re-designing extension services, review taxes on agricultural inputs, equipment and machinery
4. Enhancing competitiveness in agro-industry. This include addressing production, markets and finance policy issues around prioritized sectors, institutionalizing holistic value chains development in interventions and accelerating implementation of ASDP2 by increasing budgets allocation
5. Resolve policy impediments to access to finance by resolving the challenge of VAT on credit guarantee and other empowerment schemes; reviewing banking regulations to relax stringent conditions for agriculture lending and exploring special regulatory banking regulations for agricultural finance institutions
6. Enact policies to promote youth engagement and employment in agriculture. This includes exploring on youth investment parks and youth development funds for agricultural -based incubators
7. Continue land reforms, land-use plans, and learning from land conflicts resolutions • Research and kick-start the process to enact a law to protect agricultural land
8. With regards to nutrition, it was recommended that laws and subsequent policies should be enacted to enhance nutrition improvements, but also enforce regulations against non-desirable foods – sugary, fatty and salty.

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