



**FACILITATING EQUITABLE AGRICULTURAL DEVELOPMENT IN
SUB-SAHARAN AFRICA (FEAD) PROJECT**

Tanzania National Dialogue 2011 Report

ESRF Conference Hall, Dar Es Salaam | 18th October 2011

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LIST OF ABBRIVATIONS

AGOA	African Growth Opportunity Act
ASDP	Agricultural Sector Development Programme
CUTS	Consumer Units & Trust Society
EPA	Economic Partnership Agreement
EAC	East Africa Community
ESRF	Economic and Social Research Foundation
EU	European Union
FEAD	Facilitating Equitable Agricultural Development
GDP	Gross Domestic Product
HBS	Household Budget Survey
LDCs	Least Developed Countries
MTS	Multilateral Trading System
NGOs	Non Governmental Organizations
SUA	Sokoine University of Agriculture
WTO	World Trade Organization

1. INTRODUCTION

1.1 Background Note on the National Dialogue in Tanzania

CUTS-Geneva Resource Centre (CUTS-GRC) initiated the Facilitating Equitable Agricultural Development in Sub-Saharan Africa (FEAD) Project, which is first being implemented in Kenya, Tanzania and Uganda. Under the project organically linked activities of research and analysis, advocacy and dissemination and networking are being undertaken, for the purpose of strengthening the necessary horizontal and vertical linkages towards equitable development of agriculture in Africa.

As part of FEAD Project aims to disseminate research products, CUTS in collaboration with the Economic and Social Research Foundation (ESRF) organized a national dialogue workshop that aimed at presenting the drafts of the FEAD research studies for discussion and validation amongst stakeholders.

The National Dialogue Workshop was held on the 18th October 2011 at the ESRF Conference Hall bringing the key stakeholders from the Government, Private Sector, Business Community, Civil Society Organizations, academia, and media for open discussion and validation of the findings generated by the research studies.

1.2 Opening Remarks

The Coordinator of the Capacity Building Unit at ESRF, Ms. Dora Semkwiji, officially opened the event by warmly welcoming participants. She then gave a brief overview of the project and its objectives.

In anticipation for constructive discussion to improve on the draft and validating the study, the stakeholders were urged to focus their attention and direct all contributions on the studies to be presented. It was also stated that the proceedings were expected to be lively, informative and help to generate recommendations critical for subsequent stages of advocacy for equitable agricultural development in Africa and Tanzania in particular.

2. PRESENTATIONS

There were two presentations on research studies carried under the FEAD Project that covered the global and national scope respectively. The presentation on FEAD Global Studies was delivered by Mr. Julian Mukiibi of CUTS Geneva Research Centre, followed by a presentation on the FEAD Tanzania research study by Mr. Hussein Nassoro, ESRF Associate Research Fellow.

Brief summary of the papers and the comments they aroused are presented in this section.

2.1 FEAD Global Studies

The FEAD Global Studies presentation featured the analysis of the Multilateral Trading System (MTS) as well as the analysis of the Economic Partnership Agreement (EPA) between the EU and the EAC with focus on agriculture related provisions.

The summary of the presentations is provided hereunder:

It was informed that the MTS and the WTO Agreement in particular features disciplines under three pillars of market access, domestic support and export subsidies. The strategic interest of EAC for respective disciplines was identified as follows:

Market Access: facilitation of value addition to fetch higher prices at the world market and increase farmers' income

Domestic Support: further tightening of such measures favourable, including the deliverables on the cotton issue as suggested in the current WTO negotiations

Export Subsidies: these disciplines would guarantee stable international prices for EAC agro-products and hence uplift livelihoods.

It was said that the MTS is an avenue for growth, development and poverty reduction, in the case of EAC countries, it's through harnessing trade opportunities in agriculture that would create an enabling environment towards equitable agriculture development. It was explained that equitable agricultural development entails these elements: reformed international and regional trade disciplines in agriculture, increased investment, redressing constraints against agriculture-related trade facilitation, capacity building for small and medium farmers and traders, and encouraging multi-stakeholder consultations and coordination.

It was concluded that the MTS offers opportunities for equitable agricultural development in the EAC but harnessing them requires deliberate measures to address the constraints faced by the agro-sector within the region.

The analysis of the EPA between the EU and the EAC brought to the attention of the stakeholders that: FEPA contains provisions that relate to agriculture with potential to achieve equitable agricultural development for the EAC countries. The provisions cover: (1) Trade in goods that provides for duty-free and quota free (DFQF) market access for EAC exports to EU and liberalizing 82% of EU imports over 25 years (2) Rule of Origins that allow cumulation by moving up the value chain and diversifying the production base through processing of goods (3) Prohibition of all export taxes with exceptions of fostering development of domestic industry and to maintain currency value stability (4) Bilateral and multilateral safeguards and includes special provisions for infant industries (5) Development cooperation, notably the EAC has drafted Texts on Agriculture and Economic and development Cooperation.

Potential for equitable agricultural development in the framework of EPA was highlighted with stress placed on increased investment that would lead to improved productivity. That DFQF market access can create incentives for investments leading to improved productivity, diversification, import of capital goods, and acquisition of spill-over technology. Also, the possibility of cumulation under the Rules of Origin provides for value addition and increased export activity in agro-products.

As a way forward to achieving equitable agricultural development in the EAC region the following important considerations were put forth:

- Reforming international and regional disciplines in agriculture
- Redress of trade facilitation constraints
- Capacity building of small and medium sized farmers
- Multi-stakeholder consultation and coordination
- National governments of the EAC to dedicate their political and technical resources towards shared benefits with stakeholders within their countries and with the partners under the EAC framework.

2.2 FEAD Tanzania Research Study

Stakeholders were informed that the study was anchored on the verifiable fact that transformation of agricultural sector is critical for poverty alleviation in Tanzania. The study objectives were fourfold: to examine the relationship existing among the key actors in agricultural sector and their role/contribution to the policy formulation and implementation; to identify both the positive and negative policy elements that either facilitate or hinder positive interaction and equitable terms of trade among the stakeholders; to encourage and promote dialogue through inclusiveness; and to generate practical recommendations to become a basis for advocacy for farmer-friendly and private sector-led agricultural development.

The study noted that while Tanzania has been able to sustain an impressive economic growth rate not below 6%, almost 33% of the total population live in poverty. Agricultural sector was described as critical for poverty reduction being the major employer and contributor to GDP; yet vast potential for agricultural development remains unexplored. This has rendered the sectoral growth less impressive in its contribution to reduce poverty among the people.

The policy context of agricultural development in the country was described as comprising three main policies: agricultural policy, trade policy and investment policy. The analysis revealed that there are no contradictions between the policies

The study found out that the agricultural sector comprise of the small, medium and large scale farmers with each category playing its own functions. Policies recognize the needs of each category of farmers who, however, share these common needs: land allocation, tax exemption, transport infrastructure development, and human resources. The challenges facing farmers include supply constraints, conflict with investors/traders, inadequate value addition, contract farming/out grower scheme, and inefficient marketing systems.

The study established that stakeholders of the agriculture sector include private traders and their associations, farmers and their associations, Ministry of Agriculture, Crop Market Boards, government agencies, local government authorities, and agricultural research institutes. It was noted that vertical and horizontal integration among the private traders is weak and they are affected by "ad hoc policies" like food export bans

It was found that the stakeholders face policy-related constraints (poor policy implementation, policy inadequacy and policy failure) that hinder efficient and effective interaction between them and affects the sectoral growth as well. The factors identified as affecting equitable terms of trade among Stakeholders were inefficient market systems, inaccessibility of financial services and agro inputs, weather conditions, poor extension services, ad hoc policies, and tax (crop levy). More specifically, the private sector is constrained by energy problems, transaction costs, and unsteady supply of crop produce.

The study concluded that the agricultural sector is dominated by small farmers and together with the medium and large scale farmers, their productivity is affected by lack of access to credit, market information, agricultural inputs, storage facilities and insufficient supportive services. The farmers' influence on policy processes and decisions is through lobbying, advocacy and policy reviews that involve farmers associations and NGOs. It recommended deliberate efforts be directed to increased resource allocation for infrastructure development, scale-up of warehouse receipt system, contract farming, facilitation of positive interaction (partnership) between small farmers and large scale farmers, and finally the Development Partners should inject more financial aid into the agricultural sector.

3 STAKEHOLDERS' DISCUSSION

The plenary discussion was a session that enabled the stakeholders' deliberations as they shared their insights, posed questions on the presentations, giving clarification on certain issues as well as to make some relevant recommendations. Moderation of the discussion was the key aspect that helped to keep the dialogue on the proper track.

Some of the key issues and recommendations are presented in this section as follows:

3.1 Comments on the FEAD Global Studies

It was argued that within the African context subsidies in the agriculture sector are bound to remain critical variable in the sector's development for a number of years ahead. As subsidies were helping the small-scale farmers acquire the necessary agricultural inputs especially fertilizers whose impact has been witnessed in several countries, including Tanzania, in terms of increased level of productivity.

Stakeholders made inquiry on the role and position of CUTS in relation to facilitating the necessary intervention for agricultural development with specific reference to research. In recognition of the critical importance of research to influence policies and push for agricultural development, it was asked whether CUTS provide research grants and how the funds are being allocated towards achievement of such goal.

Based on the experience witnessed in the EAC countries with respect to the failure to honour the agreement reached by the Member States to allocate at least 10% of the national budget to agriculture sector, Stakeholders asked whether there are any mechanisms developed to ensure adherence to the agreement as a way of addressing broad policy inadequacies in the region.

It was observed that the global and regional trade agreements, and to a substantial extent at the national level, barely involve the small-scale farmers in the policy design and plotting of actions that, however, affect the health of their activities and welfare. It was said that the small-scale farmers be helped to establish strong and vocal associations, such as farmers' cooperative societies, to strengthen their position in such negotiations. Stakeholders were informed that the Government has recognized vitality of strengthening farmers' cooperatives following lessons drawn from Japan.

It was noted that there are myriad and variety of difficulties in the agricultural sectors of the EAC countries. The difficulties range from unequal stock of food produce and price differentiation that culminate into unhealthy differences between them, and so the Stakeholders asked about the way to address such problems.

It was noted that Tanzania has failed to use the opportunities under AGOA which raised the question of how farmers can be helped to benefit from such opportunities?

Responses by Presenter

It was said that, agricultural subsidies remain important in the Least Developed Countries (LDCs) and that in fact the African countries have yet to reach the threshold established under the international trade agreements.

It was informed that CUTS is principally a civil society organization/non-government organization that works through partner organizations in Africa, and elsewhere to promote equitable development and poverty reduction among its many programs. CUTS does not provide direct funding, but rather identifies project funders through its various programs in line with its objectives and mandate.

It was appreciated that EAC countries face serious difficulties and contradictions embedded in their agricultural sector strategies and food security status. Still it was said that integration of these countries banks on the idea that areas of surplus would bring advantage over deficit areas. This requires, however, harmonization of the relevant policies and putting safety nets for protection against undesired troubles of the neighbour states.

3.2 Comments on FEAD Tanzania Research Study

It was noted that the study had a narrow scope on its treatment of agricultural sector, as it excludes sub-sectors such as livestock and fisheries that are of great importance to its overall sectoral development. As such, the title "Facilitating Equitable *Agricultural* Development (in Sub-Saharan Africa)" was somewhat an exaggeration of the actual substance contained in the draft.

On the methodological note, Stakeholders raised the issue of adequacy of the stakeholders involved as informants in the study; most notably, reference was not made to the involvement of the Ministry of Industry, Trade and Market.

It was commented that some important statistics used in the draft report (particularly poverty status based on the 2002 Household Budget Survey) were not up-to-date and others, such as decline in poverty being disproportional to economic growth as well as decline of productivity in most recent years, were not subjected to critical analysis despite their relevance to agriculture sector development. Also, Stakeholders advised that the use of a single year (2009) to examine the trends in demand and supply of food renders the analysis invalid, and suggested that statistics covering between 10 and 20 years would capture realities of food productivity.

It was commented that the analysis of the *policy* framework mistakenly featured as well government strategies and programs such as ASDP but omitted the Public Private Partnership policy despite its relevance to agricultural investment.

Stakeholders advised that the choice of language be reconsidered and particularly use of certain terminologies (such as “ad hoc policy”) with controversial or provoking connotative meanings as found in the report as the end product of the research study will be consumed by a more diverse group of stakeholders within and outside the country.

Stakeholders made important comments on contract farming. It was agreed that contract farming has proved to work very well with most best practices found in the Lake Zone. However, there were some concerns with regard to informality and non-enforceability of the contracts between farmers and investors. Some concrete examples were used to highlight incidences of side-selling and side-buying involving both parties in attempt to secure extra gains in the dealings. But it was informed that the Ministry of Agriculture and Livestock Development is currently preparing regulations for the practice in order to protect the welfare of the farmers and the investors alike.

Government intervention in the workings of the market through imposition of food export ban was an important issue also highlighted by stakeholders. It was appreciated that the responsible Ministry has a mandate to issue a ban up to 3 months with support of evidence that non-action would plunge the country or into the problem of food insecurity. Some stakeholders accused *politics* as the culprit behind such decisions, which at times have not been supported by valid evidence. But it was explained that, the food export ban is partly a constructive mechanism aiming to encourage the local government authorities to take their responsibilities of ensuring people are food secured as well as to encourage the households to strive for self-sufficiency. Finally, it was agreed that the government adopt a strategic approach to the use of food export ban in order to ensure the ban is neither detrimental to farmers nor jeopardizing the national food security status. Also, to address the food security issue should involve consideration on food affordability in addition to food availability.

It was said that the land issue should be central in the discussions and strategies directed at achieving agricultural development in the country. Land grabbing and conflicts that involve rural communities versus investors were said to be more frequent and violent, which for some stakeholders calls for rethinking of the role of foreign investors in agriculture and granting the village councils powers over their land in their jurisdictions. However, it was mentioned that the Ministry of Energy has established and published guidelines on bio-fuel production that has gone hand in hand with training of local government councils and awareness-raising as measures to address the problems of land grabbing and conflicts in the country. Another action taken has been to train the local government authorities in order to build their capacities in land management issues.

On the extension services issue, there were contesting views among the stakeholders on the adequacy and quality of extension services being provided to the farmers. Some expressed concerns that the questionable competencies of the government extension

service officers despite having the Sokoine University of Agriculture (SUA) which produce professionals that were expected to improve the service delivery to farmers. Yet it was said that the agriculture sector cannot absorb the professional extension service officers at the moment which has led to government measure of expanding scope of activities to include private firms to address the problem.

Responses by Presenter

It was admitted that some of the statistics in the draft are currently not up-to-date and with specific reference to the household poverty status, the upcoming Household Budget Survey (HBS) would generate more accurate data. On the methodology of the study, stakeholders were informed that a substantial list of relevant institutions were engaged in interviews and focused group discussions, and that the presentation omitted details that are found in the draft paper. Stakeholders were assured that the revised draft would use mild language and contain verified facts.

On the land issue, it was agreed that conflicts between farmers and foreign investors are most frequent in recent years but even the local investors and some village councils are to blame in some instances. It was argued that rural communities tend to be reluctant to declare their land plots but come forth after the investors start bush clearing leading to legal battles and chaos.

It was said that empowerment of small farmers is critical and the non-governmental organizations have played an impressive role in educating them on market related aspects of agriculture. However, problems facing farmers cannot be resolved with market knowledge alone, as there are numerous constraints in the supply and value chain which calls for a holistic consideration rather than pinpointing farmers' capacities are the most decisive factor. Relating to the foregone issue, it was argued that the direct engagement between farmers and investors through contract farming requires re-looking because in several cases the arrangement has had negative and unintended consequences.

It was admitted that the extension service officers deployed by the government cannot meet the needs of the farmers due to their small number. But this was said to be part of a problem, a more serious aspect of it is that the extension service officers tend to be inefficient and have retrogressive attitude towards their role and responsibilities to facilitate agricultural development in the country. Also, the training needs of these officers have yet to be effectively resolved.

4 CONCLUSION AND CLOSING

The presenters expressed their appreciation of the contributions by the stakeholders. The issues and comments raised were said to be relevant and would be helpful for finalizing the research report(s), and some of the important suggestions would be incorporated into their own recommendations. It was stressed that despite some contesting views on certain issues during the deliberations, the value of such arguments lies in their help to clarify those issues so that the advocacy messages would be actual and factual.

The moderator of the discussions and Researcher at the ESRF, Mr. Festo Maro gave a vote of thanks to the presenters and appreciated the active engagement of the attending stakeholders noting the importance of their inputs into the draft report.

ANNEX 1: AGENDA

0830 – 0900	Registration
0900- 0915	Welcome and Introduction:
0915 – 1015	Session I – Presentation of FEAD, Tanzania Research Study
Moderator:	<i>Mr. Festo Maro</i>
Presentation:	<i>Mr. Nassor Hussein</i>
1015 – 1115	Session II – Presentation of FEAD Global Studies
Moderator:	<i>Ms. Irene Alenga</i>
Presentation:	<i>Julian Mukiibi, Programme Officer, CUTS Geneva Resource Centre</i>
1115 – 1145	Tea/Coffee Break
1145 – 1250	Session III - Floor Deliberations
Moderator:	<i>Ms. Irene Alenga</i>
1250- 1300	Conclusion and Vote of Thanks:
1300- 1400	Lunch and Departure

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