

*Submitted to:*



**MINISTRY OF AGRICULTURE, FOOD SECURITY AND  
COOPERATIVES (MAFC)**

**REVISED AGRICULTURAL SECTOR DEVELOPMENT  
STRATEGY (ASDS):**

**”Final Draft”**

Prepared by:



**ECONOMIC AND SOCIAL RESEARCH FOUNDATION  
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*Dar es Salaam*

**15<sup>th</sup> April 2013**

**UNITED REPUBLIC OF TANZANIA**

**MINISTRY OF AGRICULTURE, FOOD SECURITY AND  
COOPERATIVES**

**AGRICULTURE SECTOR DEVELOPMENT STRATEGY-II  
FOR PERIOD 2012/13 to 2020/21**

**MAIN DOCUMENT: FINAL DRAFT  
A JOINT INITIATIVE BY THE AGRICULTURAL SECTOR LINE MINISTRIES<sup>1</sup>**

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## ACKNOWLEDGEMENT

This report is a culmination of joint efforts through consultations by stakeholders in the agricultural sector line ministries (ASLMs) led by the Ministries of Agriculture, Food Security and Cooperatives (MAFSC) and Ministry of Livestock Development and Fisheries, the Agricultural Sector Working Group, which incorporates Development Partners under the leadership of JICA and USAID and the Prime Minister's Office, Regional and Local Government. The document draws from the experience of implementing ASDS and also the newly formulated Tanzania Agriculture and Food Security Investment Plan (TAFSIP).

The preparation of this report was conducted in two stages: a review of the performance indicators which were provided during the formulation of ASDS in 2001, and later on revision of the ASDS based on those experiences and also ideas from other newer programmes that came along after ASDS was formulated. The background report on implementation experiences of ASDS benefitted from contributions from stakeholders representing different MDAs as well as Development Partners, in particular, JICA, USAID, World Bank, African Development Bank, IFAD, FAO, ILO, European Union, DANIDA, and the Irish Embassy.

Funding of the task has been through the Government of Tanzania and JICA on behalf of other development partners.

## PREFACE

The preparation of this second generation of the Agricultural Sector Development Strategy (ASDS-II) is a result of a broad based collaborative process that involved experts and policy makers from both national and sectoral institutions, in particular agricultural sector line ministries and development partners. The report brings on board the need to address new developments since the first version of ASDS was formulated in 2001. It has also mainstreamed all of the concerns raised in Kilimo Kwanza document as well as strategic intervention areas identified in the TAFSIP document. Luckily, because the these two most recent documents engaged widely all key stakeholders nationally and internationally, the preparation of ASDS-II document was saved from undertaking that process as it would have been a duplication of efforts. It therefore relied on limited consultations and expert advice from the ASLM officials. In preparing the document care has been taken to ensure that it addresses the goals and aspirations spelt out in the Tanzania Development Vision 2025 and the Long-Term Development Plans prepared by the President's Office Planning Commission and blessed by the National Assembly of the United Republic of Tanzania in June 2011.

It is our belief that since ASDS-II uses some inputs from the TAFSIP document, it is automatically compliant to the continental initiative under CAADP as well the international framework for enhancing food security on the continent as outlined in the 4<sup>th</sup> United Nations Least Developed Countries (LDCs) Istanbul Plan of Action prepared in May 2011. Indeed, the strategy particularly sits well with both the East African Community (EAC) and SADC strategies for improving agricultural productivity, food security and commodity export for income diversification for our citizens.

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Permanent Secretary  
Ministry of Agriculture, Food Security and  
Cooperatives  
Dar es Salaam: March 2013

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Permanent Secretary  
Ministry of Livestock Development and  
Fisheries  
Dar es Salaam: March 2013

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## LIST OF ABBREVIATIONS

ACT	Agricultural Council of Tanzania
AFSP	Accelerated Food Security Project
AGRA	Alliance for a Green Revolution in Africa
ASDP	Agricultural Sector Development Programme
ASDS	Agricultural Sector Development Strategy
ASLMs	Agricultural Sector Lead Ministries
ASP	Agricultural Sector Plan (Zanzibar)
ASSP	Agricultural Services Support Programme (Zanzibar)
ATI	Agricultural Transformation Initiative
A-WG	Agricultural Working Group (of DPG)
CAADP	Comprehensive Africa Agriculture Development Program
CBO	Community Based Organization
CGS	Chief Government Statistician (Zanzibar)
COMESA	Common Market for Eastern and Southern Africa
DADP	District Agricultural Development Plan
DPG	Development Partners Group
FAO	Food and Agriculture Organization
FDI	Foreign Direct Investment
FY	Fiscal Year
GDP	Gross Domestic Product
GoT	Government of Tanzania
JAST	Joint Assistance Strategy for Tanzania
LGA	Local Government Authority
M&E	Monitoring and Evaluation
MAFC	Ministry of Agriculture, Food Security and Cooperatives
MANR	Ministry of Agriculture and Natural Resources (Zanzibar)
MDAs	Ministries, Departments and Agencies
MDGs	Millennium Development Goals
MFI	Micro-Finance Institution
MITM	Ministry of Industry, Trade and Marketing
MIVARF	Marketing, Infrastructure, Value Addition and Rural Finance Programme
MLF	Ministry of Livestock and Fisheries (Zanzibar)
MALE	Ministry of Agriculture, Livestock and Environment (Zanzibar)

MLDF	Ministry of Livestock Development and Fisheries
MWI	Ministry of Water and Irrigation
MTEF	Medium Term Expenditure Framework
NAIP	National Agricultural Investment Plan
NBS	National Bureau of Statistics
NEPAD	New Partnership for Africa Development
NFRA	National Food Reserve Agency
NGO	Non-Governmental Organization
NPCA	NEPAD Planning and Coordinating Agency
NRDS	National Rice Development Strategy
NSGRP	National Strategy for Growth and Reduction of Poverty (MKUKUTA)
PADEP	Participatory Agricultural Empowerment Project
PASDEP	Plan for Accelerated and Sustained Development to End Poverty
PDB	Presidential Delivery Bureau (under the President's Office-Planning Commission)
PEMANDU	Performance Management and Delivery Unit
PMO-RALG	Prime Minister's Office – Regional Administration and Local Government
RDS	Rural Development Strategy
RECs	Regional Economic Communities
ReSAKSS	Regional Strategic Analysis and Knowledge Support System
RGoZ	Revolutionary Government of Zanzibar
SAGCOT	Southern Agriculture Growth Corridor of Tanzania
SO	Strategic Objective
TA	Thematic Area
TAFSIP	Tanzania Agricultural and Food Security Investment Plan
URT	United Republic of Tanzania
ZSGRP	Zanzibar Strategy for Growth and Reduction of Poverty (MKUZA)

Agricultural Sector Line Ministries (ASLMs)

Ministry of Agriculture, Food Security and Cooperatives (Leader)

Ministry of Livestock Development and Fisheries

Ministry of Natural Resources

Supervisory Ministry:

Prime Minister's Office- Regional Administration and Local Government (PO-RALG)

National Planning Coordination:

President's Office- Planning Commission (PO-PC)

**Fiscal Planning Year**

July 1<sup>st</sup> -June 30<sup>th</sup>

**Exchange Rate (February 2013)**

TZS 1,600 = US\$ 1.00

**Weights and Measures**

Metric System unless otherwise stated

## EXECUTIVE SUMMARY

1. This agricultural sector development strategy is part of Tanzania’s Long Term Perspective Plan (LTPP: 2010/11 to 2025/26), which is implemented through three phases of five year development plans: the first from 200/11 to 2015/16 focusing on “Unleashing Growth Potential”; the second from 2015/16 to 2020/21 which will focus on “Nurturing an Industrial Economy” and the last phase from 2021/22 to 2025/26, that will focus on maintaining momentum to “attain export growth and trade competitiveness”<sup>3</sup>.
2. **Goal and Objectives:** The Goal of the ASDS is to “contribute to the national economic growth, household income and food security in line with national and sectoral development aspirations”. The Development Objective aims to “rationalize allocation of resources to achieve annual 6 percent agricultural GDP growth, consistent with national objectives to reduce rural poverty and improve household food and nutrition security” and CAADP objectives and principles. This objective embodies the concepts of allocating resources to invest more, produce more, sell more, nurturing the environment, and eliminating food insecurity; all of which are embodied in various national policy instruments.
3. There are mixed outcomes from the implementation of ASDS during the last ten years. On the success side, the agricultural sector managed, though in a modest form, to achieve the following:
  - (a) Maintained an average agricultural GDP growth rate of 4.2 per annum, compared to annual population increase of 2.9 per cent
  - (b) Attained food self sufficiency ratio above 100 percent for most of the years, although it failed to reach the target ratio of average 120 percent
  - (c) Contributed to the reduction of food poverty, though it failed to reach the set target of reducing the proportion of households experiencing food poverty to below 19 percent by 2010
  - (d) Almost doubled the area under irrigation from less than 200,000 ha in 2001 to 399,000 ha in 2011. However, this is still a small area compared to the LTPP target of 1 million ha by 2015 and out of the high potential for irrigation area of 2.3 million hectares
  - (e) Realized the target of generating export earnings from agriculture to above USD 800 million per annum by 2011, less than earnings from tourism services

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<sup>3</sup> POPC, 2011. The Tanzania Long Term Perspective Plan (LTPP) 2011/12 to 2025/26. The Roadmap to a Middle Income Country. President’s Office, Planning Commission. Dar es salaam.

- (f) Attracted significant investments by private sector from TZS 177 million in 2005 to TZS 691 million in 2011, which is regarded not large enough compared to the potentials in the sector
- (g) Increased the ratio of processed exported commodities from 18.7 percent in 2005 to 27.4 percent in 2011
- (h) Administratively, the proportion of LGAs that qualify to receive top-up grants due to good performance increased from 37 percent in 2005 to 96 percent in 2011, signifying an improvement in governance of public funds at local levels, though the LGAs capacity is still low.
- (i) Government also successfully launched and executed plans for the active engagement of the private sector, and in mainstreaming agriculture in all sectoral undertakings emphasizing the importance of “Kilimo Kwanza” meaning “agriculture first”. Internationally, the country got support from the G8 to mobilize international private sector capital and technology transfer in support of revamping the agriculture sector.
- (j) Government, Development Partners and Private Sector agreed to adopt a cluster approach to agriculture development so as to optimize human and financial resources in attaining maximum impact at the shortest time possible. The Southern Agricultural Growth Corridor of Tanzania (SAGCOT) is among the first programmes under the cluster approach arrangement where partnership between government, small scale farmers and large scale commercial farmers/processors is emphasized.
- (k) Government launched an Agricultural Bank to address the lack of development financing in the sector. This was after initial efforts to establish agricultural development financing window with the Tanzania Investment Bank (TIB (in early 2013 renamed TIB Development Bank).
- (l) Government established an active engagement with development partners in planning the implementation of ASDS through public financed ASDP components and those funded outside the government budget, where a joint mechanism for monitoring and evaluation was also established.
- (m) There were a number of challenges that prevented the fulfillment of some of the critical objectives set out in 2001; such that there should be continued focus to address aspects related to low productivity due to slower rate irrigation (only 400,000 ha out of 7.1 million hectares of medium and high potential), less than 10 percent usage of improved seeds and fertilizer, 64 percent fields prepared manually (hand-hoe), poor infrastructure for transportation and still about 75 percent of exported agricultural goods are

unprocessed, thus denying the country more income and job opportunities. There is also shortage of extension agents with sufficient knowledge of commodity value chain approach, a key factor for engaging in commercial production of non-traditional cash crops such as oilseeds (sesame, sunflower, and palm-oil), fruits (pineapples, water melon and apples), and flowers.

- (n) Whereas there have been plenty of success stories in terms of promoting modern or commercial farming, there has been limited success by government and the private sector to roll-out the tested rural development approaches (usually donor funded). Stakeholders seem to be still stuck with the old system of “piloting” without rolling out already tested systems.
- (o) The flow of public funds through the budget cycle is still problematic; characterized by late releases of funds, most of it being lumped during the second half of the year, mostly releasing less than 80 percent of the approved budget in any given fiscal year. This has tended to affect smooth implementation of development plans and wastage of funds due to rushed expenditure by the end of the fiscal year.
- (p) The apparent good will by some development partners, especially CSOs, to implement rural projects outside the government funding system, has led to some coordinated challenges by both the Central and Local Government authorities.

#### **4. Lessons from ASDS-1**

A number of most recent reviews of the implementation of ASDS and ASDP; as well as lessons from other programmes supported by various multilateral and bilateral donors, revealed the need to take on board the following aspects while revising the ASDS.

- (a) The need and importance of managing and harmonizing all agricultural sector development initiatives, including institutional structures and financing arrangements to support the common goal of transforming the sector. It is appreciated that ASDP-I attempted to implement the ASDS using sector-wide approach and had begun to bear fruits. However, ASDP funding accounted for only a half of public investment in the sector, and did not incorporate some of the large internationally funded programmes, nor did it account for the contribution by the private sector. The embracing by government of the mostly private-sector spearheaded Kilimo Kwanza blueprint ushers a new era in effective engagement of the private sector in planning, financing and implementing rural programmes in the country.
- (b) Inconsistent funding of ASDP was one of the pitfalls in implementing ASDS. Given the successful preparation and adoption of TAFSIP, the investment plan should be taken as the overarching coordination mechanism for harmonizing investment

decisions and implementation modalities for the ASDS-II and its programme, the ASDP-II.

- (c) Although there was a well structure at the national level coordinated by ASLMs, consistency of data and regularity in reporting from LGAs proved a challenge. It will therefore be important that M&E capacity be further developed at all levels, and to the maximum extent possible simplified and harmonized to cover all sectoral initiatives.
- (d) Although increased production of staple foods is a valid objective in relation to food and nutrition security, the objective can only effectively contribute to rural poverty reduction through well developed markets.
- (e) Given that there is evidence of high levels of malnutrition in the society besides having attained a positive food balance, there is also need to consider quality of food to enable nutritional security beyond the availability and access of physical quantities of food.
- (f) Given that it is envisaged more role of the commercial privates sector, there will be need to ensure Public Private Partnership (PPP) through the implementation of the Public Private Partnership Policy of 2009, as it applies to the agricultural sector. This will require that the public sector creates an enabling environment for greater participation of the private sector through service delivery and direct investments in agriculture in general, and a win-win mode of partnership between smallholder farmers and large scale commercial farmers, agro-processors and agro-dealers.
- (g) Financial outreach is still very narrow in the country, and more so for the rural areas where less than 5 percent of the population were banked in 2011. A range of financing modalities should be considered, since a number of development partners require full traceability of their funding which cannot easily be provided through the basket mechanism.
- (h) LGAs have proven to be key allies in the transformation of the rural sector. However, financial management capacity requires further improvements.

#### **Cross- Cutting Matters should also be considered**

5. In line with national and international principles, ASDS-1 integrated a number of cross-cutting issues within each thematic area, a case to be continued in the revised ASDS. Gender, governance, environment and HIV/AIDS are all issues that can affect the outcome of the ASDS and the associated interventions. There are already in place and in operation policies and strategies covering these issues, which ASDS will continue to promote as elaborated below.

- (a) **ASDS related interventions will mainstream the empowerment of vulnerable groups-** including HIV/AIDS affected women and children; through policies that

target their ability to be active participants in the sector and ensure that their food and nutrition security is maintained at healthy levels. This will require effective targeting of these groups to engage in more commercial activities in order to raise household incomes and positively impact on food security.

- (b) **Gender mainstreaming to promote equity among different social groupings** - will be strengthened in order to increase the benefit obtained from rural labour (men and women) and enhance value addition. In particular agribusiness investment policy needs to enable all groups to be involved at the high-value end of the market chain. Gender imbalances also need to be addressed at all levels of the institutional framework.
- (c) **Continuous capacity building to improve governance and accountability among key stakeholders** through training for better management within public and private institutions and ensuring an effective M&E system to improve planning, implementation and monitoring in the sector.

### **The Need to Do Things differently**

6. Lastly, in implementing ASDS-2 it will be important to have a common understand on some critical aspects for the next phase of ASDS to be successfully implemented by stakeholders, which include, among others:

- (a) On SWAp: A clear understanding of how ASDS will be implemented through a sector wide approach (SWAp) by all stakeholders will be critically important in order to establish a solid ground for an effective funding mechanism and implementation arrangements by both public and private sector stakeholders.
- (b) Funding mode: It is envisaged that all stakeholders will have to subscribe to the priority areas under the ASDS framework, but that funding could use different channels, including supporting the TAFSIP as the main official investment plan for the sector and continuing with sector budget support where appropriate.
  - Ideally, there should be some criteria for mandatory disclosure of funding of projects/programme by CSOs and the private sector. This criteria will be developed to allow district authorities to monitor and report to the national level.
  - An equally important aspect relates to correcting delays in public sector funding and raising the actual amount of funds disbursed compared to the approved budget. This is an area to be addressed so as to raise the time and money available for implementing plans in any one given fiscal year.
  - The shifting of time for budget approval by parliamentary starting with FY 2013/14 is part of the solution, but doesn't necessarily solve the low

disbursement ratio caused by other factors such as low revenue collection rates, narrow tax base and bureaucratic inefficiency in processing of funds.

(c) Local Government: Since the policy is clear on the role of LGAs in planning and implementation of development programmes, it will be necessary to reinforce that by empowering LGAs to undertake that responsibility, including monitoring, evaluation and reporting on outcomes based on result-based management approach.

- The LGAs need to have a leading, rather than secondary role, with regards to establishment of innovative interventions such as Land Banks, Economic Zones and Cluster-Based development approaches such as SAGCOT.
- LGAs should be allocated and receive more resources, in terms of manpower and funds, relative to the Centre, so as to encourage actions at the local levels
- This means, once empowered to prepared plans, the LGAs should be taken to account for their successes and failures, moving away from the current practice of centralized control of plans.

(d) The Presidential Delivery Bureau (PDB) under the President's Office Planning Commission will set out monitorable targets for fast delivery using accountability system for maize, paddy and sugar during the first five years.

(e) Corridor and Focal Area Approach: The already approved system for focusing on addressing production and value chain development challenges and optimize opportunities for commercial production and processing based on selected geographical areas and special commodities will be strengthened. This will address the historical problem of spreading resources thinly across the board resulting to sub-optimal outcomes and impacts. This will however mean building consensus among district level stakeholders, especially political leaders, on the merits of the approach. It will be equally important that even under the cluster-based system LGAs or (Regional Secretariats working for several districts), are also held to account for the implementation of the development programmes as part of PEMANDU (result-based management approach).

(f) Reforming the country's extension and research system to promote a commodity-value chain approach as part of building a modern and commercialized agricultural sector

(g) Promoting the use of "Made in Tanzania" products such as carpets from locally produced sisal, fruit wines and liquor, coconuts and cashew nuts, will contribute greatly in perfecting our brands before they are launched in the regional and international markets.

### **Key Tenets of the Revised ASDS (2013-2020/21)**

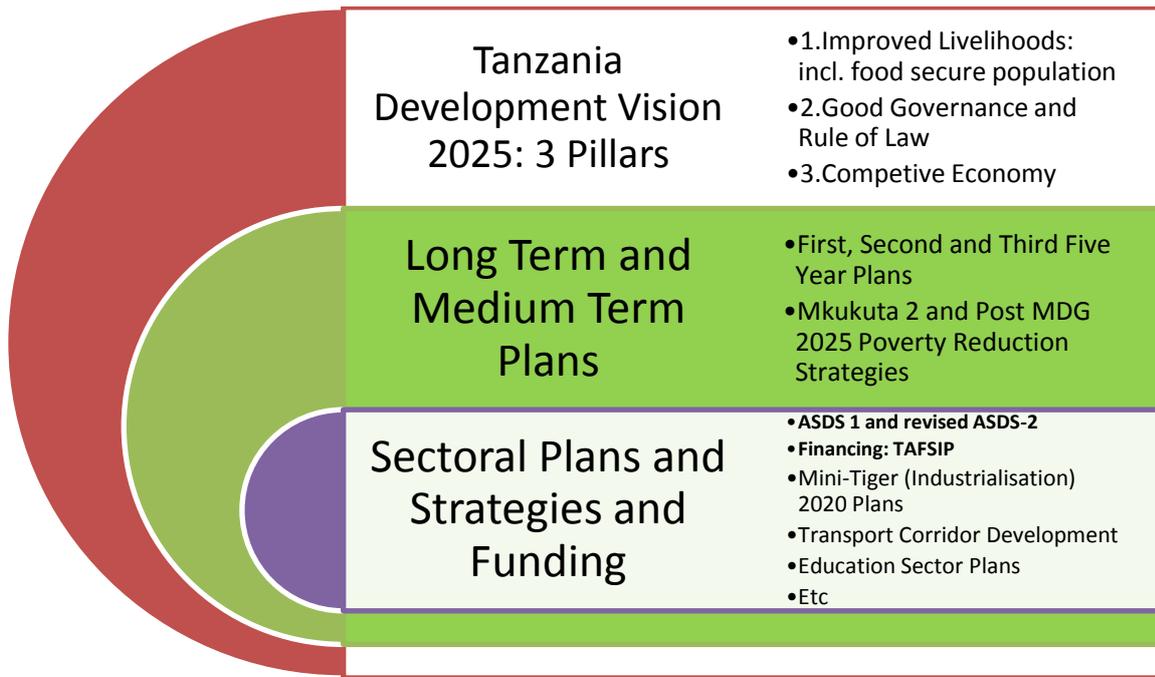
- (h)** The revised ASDS (2012) has combined ideas from the first version of ASDS (2001) with those from TAFSIP (2011), different ASDS I Review reports and other donor and government stand-alone programmes, and seeks to address the following aspects:
- (i) Improved seeds:** To increase the utilization of improved seeds for grains, from the current level of about 10 percent, to reach at least 50 percent of the requirement by 2017, and 80 percent by 2020. Measures to support the private sector, including smallholder farmers, to bulk improved seeds will be put in place.
  - (ii) Fertilizers and agro-chemicals:** Currently farmers in the country use about 9 kg/ha, compared to SADC's level of 16 kg/ha. A plan to raise the level of fertilizer use to at least 50 kg/ha by 2017 and 75 kg/ha by 2020 should be prepared and implemented. The stalled plans to establish a new fertilizer factory will be revived in order to take advantage of natural gas and therefore reduce dependence on imported fertilizers and agro-chemicals.
  - (iii) Mechanization:** There will be plans to raise the ratio of farm area prepared using tractors and animal-drawn ploughs from the current levels of 14 and 24 percent, respectively to reach at least 50 percent of the land mechanically prepared by 2020. This shall be supported by the establishment of mechanization support centres. It will also entail plans to increase the sale of new tractors to reach at least 900 units per year, but at the same time scaling up land conservation techniques to enhance water penetration and soil quality.
  - (iv) Irrigation Productivity:** Establish interventions to increase yields for paddy from less than 2 t/ha at the moment to an average of 5 t/ha for at least 80 percent of the irrigated land. This will come from a combination of use of high-yielding seeds, proper spacing, and timely weeding and water management. Other sources of productivity enhancement from irrigated land could come from intensification of the developed area through introduction of double and triple cropping as a result of installation of water storage dams and diversification of crops as well as lining of canals to reduce water loss during transmission.
  - (v) Pasture and Rangeland Management:** The seasonal and geographical variation in availability of pastures and water for livestock has not been solved, sometimes leading to death of livestock and conflicts with crop farmers. Central and Local Government Authorities will step up efforts to plan and provide (i) reliable water points, animal hygiene facilities (e.g. vaccination, dips and insemination), and fattening and holding grounds (ii) technical support to demarcate land for pastoralists and agro-pastoralists (iii) knowledge on land laws and their community roles in land management, and (iv) system for early warning on drought and floods.

- (vi) **Improved Animal Breeds:** Engage with pastoralists to acquire title deeds on rangelands through cooperative and societies so as to ultimate gradual reduction of low yielding livestock to improved breeds. Among agro-pastoralists a plan to increase the proportion of improved breeds to at least 50 percent by 2020 should be put in place. It is expected that the benefits from keeping improved breeds will trigger automatic reduction of low yielding indigenous breeds. Current efforts to upgrade indigenous poultry by crossing with improved breeds, regarded as a low cost initiative to improve farm incomes, should be rolled out to cover all the districts by 2020.
- (vii) **Improved marketing system for livestock, fisheries, poultry and honey:** There will equally be emphasis on improving infrastructural facilities for marketing, processing, storage, packaging and marketing of livestock sector related products. This will include improving the existing livestock trekking routes, trucking facilities by road and railways, well serviced holding grounds, and increasing the number of modernized slaughter houses and cold chain facilities for distribution and of animals and meat.
- (viii) **Pests and Disease Control:** Current efforts to combine chemical and biological control of pests and diseases for crops should be intensified, with priority given to biological control. Plans to have at least one cattle dip per ward in the livestock keeping districts shall be prepared and implemented.
- (ix) **Post-Harvest Management:** Efforts shall be intensified to reduce post-harvest losses from the current 30-40 percent for cereals to 10 percent and from more than 50 percent for seasonal fruits to less than 25 percent by year 2020. A system for milk collection and preservation/processing shall be put in place in all the major livestock keeping districts in the country. Priority shall be given to selected districts in Southern Highlands (e. Mbeya, Mbozi, Makete and Ludewa), Central Corridor (Mpwapwa and Kigoma) and Northern Corridor (Tanga, Moshi, Arusha, Babati and Musoma).

#### **Anchorage of the Revised ASDS-II**

- (i) The revised ASDS-II is compliant to the National Development Vision 2025,** and seeks to implement strategic interventions outlined in the Long Term and Medium Planning Perspectives, which were approved by Parliament in 2011. Most of the interventions suggested in the ASDS-II are also reflected in MKUKUTA-II and will contribute to the realization of MDG2025. The funding of ASDS is pegged on the already approved TAFSIP (2011).

**Figure 1: Relationship between ASDS, TAFSIP and Long Term Plans**

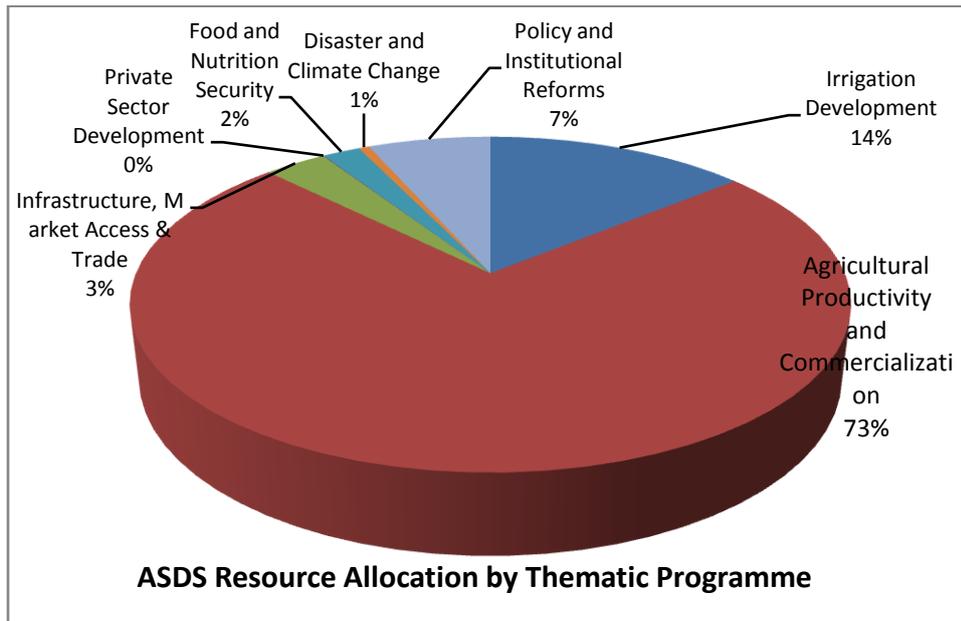


**(i)** In order to achieve the above objectives, the ASDS and its accompanying investment plan is expressed in terms of seven thematic program areas each with its own Strategic Objective and major investment programmes. The main themes/investment areas are:

- Sustainable Water Resources, Land Use Management and Irrigation Development
- Production and Rural Commercialization
- Rural Infrastructure, Market Access and Trade
- Private Sector Development
- Food and Nutrition Security
- Disaster Management, Climate Change Adaptation and Mitigation
- Policy Reform and Institutional Support.

**(k) The Plan Costs and Financing:** It is estimated that the achievement of 6 per cent annual growth of sectoral GDP will require investments of around TZS 8.1 trillion (USD 4.93 billion) over the first five years to be financed by the Government, Development Partners, Private Sector and other players. It is expected that both basket funding for ASDP-II and general sector budget support will be used to channel funds from donors and the government. At the district levels, financing arrangement will use five windows namely, District Agricultural Development Grant (DADG); District Irrigation Development Fund (DIDF); National Irrigation Development Fund (NIDF); Agricultural Extension Block Grant (AEBG); and Discretionary Capacity Building Grant (DCBG).

**Figure 2: Summary of TAFSIP Cost Estimates by Program Tanzania Mainland (TZS 000,000)**



(1) The share per investment area will be as follows:

- Irrigation Development, Sustainable Water Resources and Land Use Management TZS 1,137,565 million
- Production and rural Commercialization TZS 5,956,143 million
- Rural Infrastructure, Market Access and Trade TZS 270,294 million.
- Private Sector Development, TZS 4,042 million
- Food and Nutrition Security, TZS 162,825 million.
- Disaster Management, Climate Change Adaptation and Mitigation TZS 46,008 million.
- Policy Reform and Institutional Support, TZS 534,169 million.

**Table 1: Summary of Programme Cost Estimates (in million TZS) – Mainland Component**

PROGRAMME	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL (TZS Million)
Irrigation Development	180,515.76	204,418.67	223,967.81	250,670.64	277,992.59	1,137,565.48
Agricultural Productivity and Commercialization	918,976.56	1,103,999.00	1,199,471.14	1,302,412.92	1,431,283.58	5,956,143.20
Rural Infrastructure, Market Access & Trade	51,657.39	58,479.09	59,668.09	54,723.59	45,766.59	270,294.75
Private Sector Development	614.50	719.20	775.50	880.50	1,053.00	4,042.70
Food and Nutrition Security	16,896.16	37,656.18	37,582.67	34,240.37	37,455.57	162,825.42
Disaster Management and CC Mitigation	6,398.68	6,948.38	12,726.26	12,070.46	7,902.96	46,007.74
Policy and Institutional Reforms and Support	88,408.74	104,394.83	109,840.90	110,612.78	117,655.79	534,169.14
<b>TOTAL</b>	<b>1,263,467.79</b>	<b>1,516,615.35</b>	<b>1,644,032.37</b>	<b>1,765,611.26</b>	<b>1,919,110.08</b>	<b>8,111,048.42</b>

*Source: GOT, 2011<sup>4</sup>.*

(m) The indicative financing plan focuses on the first five years (2011-12 to 2015-16) is based on: (i) estimates of the likely availability of funding from various sources; and (ii) estimates of the size of the investments needed to generate a 6 per cent per annum growth in agricultural sector GDP. The difference between (i) and (ii) is the financing gap which will have to be filled if the government's LTTP and CAADP objectives are to be reached. The availability of funding is estimated on the basis of URT Medium Term Expenditure Framework (MTEF) projections. On this basis the agricultural sector development budget will increase from the 2010/11 level of around TZS 907 billion to around TZS trillion 3.8 over the five years in Tanzania Mainland. The balance will be mobilized from the private sector and development partners.

(n) **Implementation and Coordination:** Since ASDS is a sector-wide strategy to be implemented through a harmonized programme operating within and building on the existing sector-wide ASDP institutional framework, the involvement of other Ministries requires high-level responsibility for management and implementation oversight. The proposed coordination mechanism will include an Inter-Ministerial Coordinating Committee, a Technical Committee of Directors, thematic working groups and ASDP Secretariat /CAADP Country Team. The ICC will maintain close communication with Cabinet and the Presidential Delivery Bureau (PDB) under the POPC with regard to implementation programmes. The system is modeled after the Malaysian PEMANDU<sup>5</sup> where in the agriculture sector maize, paddy and sugar have been picked for big, fast and accountable results.

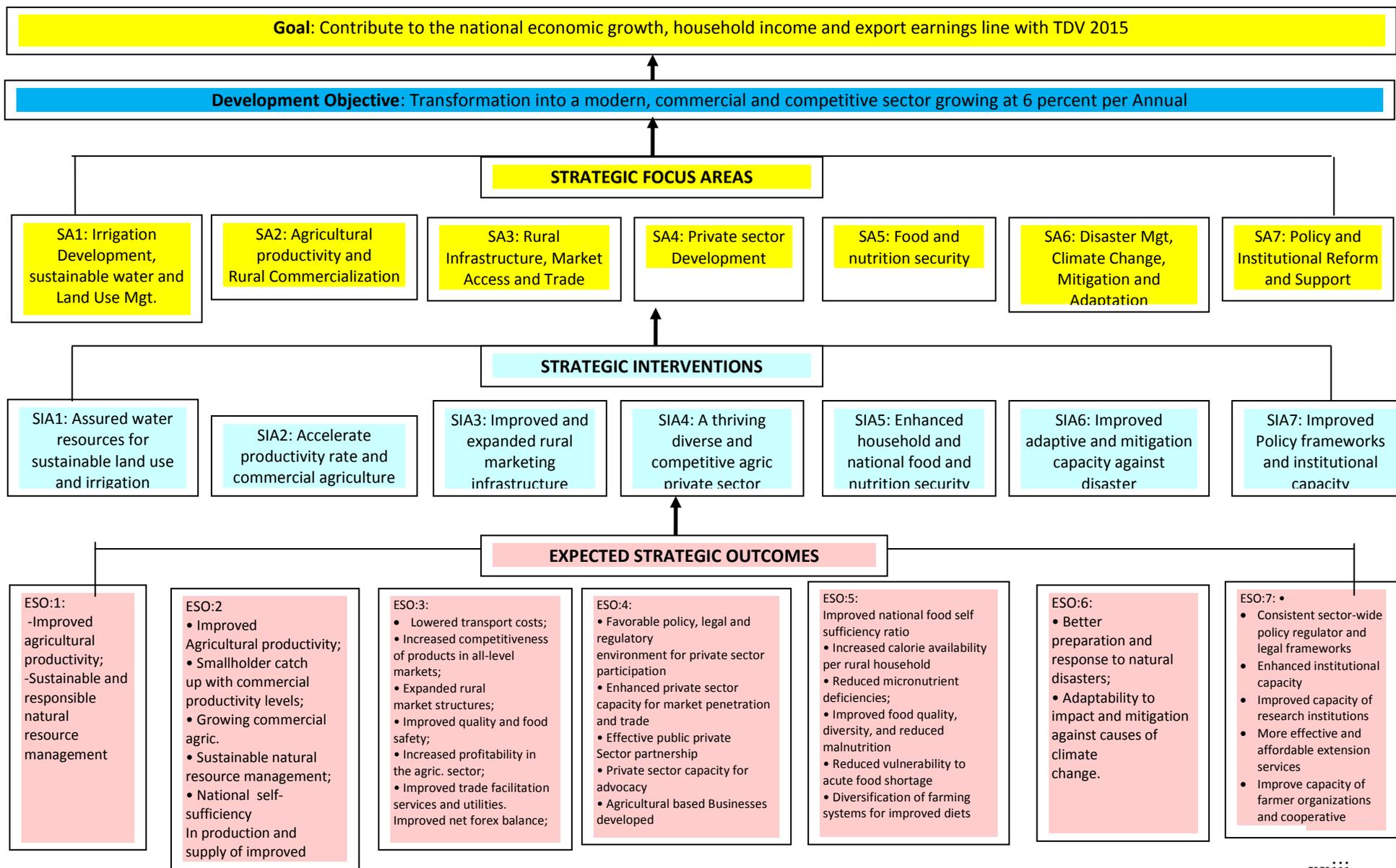
<sup>4</sup> Ministry of Agriculture, Food Security and Cooperatives: TAFSIP Document, October 2011.

<sup>5</sup> Performance Management and Delivery Unit (PEMANDU) where agricultural sector is among the six priority areas expected to bring big, fast and accountable results.

(o) M&E of the sector-wide program (ASDP/AFSP) will use and strengthen the existing systems to monitor and evaluate sector performance. The results framework in Annex 1 details the activities and outcomes that are expected under each of the 7 Strategic Intervention Areas (SIA) (SOs) and milestone indicators which can be used to monitor progress towards each of the objectives. These indicators will be embedded in the M&E systems of the actual and planned flagship programmes and projects in the sector-wide programme that will be implemented under the TAFSIP umbrella. The current sector M&E frameworks for ASDP/ASP will be revised/expanded to integrate, harmonize and aggregate M&E data from programmes and initiatives not included in the current ASDP basket fund.

(p) Figure 2 is a schematic representation of the strategic thematic areas and the associated strategic objectives as adopted from TAFSIP 2011.

**Figure 3: Overview of ASDS-II Results Framework**



A few selected outcome and impact indicators will be used to monitor the overall results from the implementation of ASDS under the supervision of the M&E Working Group of the ASDS/TAFSIP. Most of the indicators have been maintained from the list used during ASDS-I.

**Table 2: Global Strategy Results Monitoring Indicators Matrix**

S/No		Indicator	Baseline in 2001	Baseline in 2010/11	Target by 2015	Target by 2020	Notes
1.	IMPACT	Real GDP Growth per annum	4 %	5.0 %	Above 6%	Above 8 %	minimum 8% pa <sup>(a)</sup>
2.		Real Agric GDP Growth per annum	4 %	4.2 %	6 %	6 %	BOT reports <sup>6</sup>
3.		Rural income poverty levels <sup>7</sup> (% below poverty line) <sup>(d)</sup>	35.7 %	33.3 %	19.5%	Below 15%	
4.		Value of Agriculture exports (USD million) <sup>8</sup>	Less than 1	1.0 <sup>(c)</sup>	1.4	1.8	TRA (2010) baseline
5.	OUTCOME	Food Security: Food Self-sufficiency Ratio	< 100 %	105 % <sup>(b)</sup>	120%	140%	Might be higher <sup>(b)</sup>
6.		Food Inflation	4 %	10 %	Below 5%	Below 5%	
7.		Proportion of farm gate price to final market price: food crops (plans for data collection ongoing) (maize, paddy, cassava, milk, beef, eggs)					To compute
8.		Proportion of farm gate price to final market price: industrial crops (cotton, coffee, tea, sisal, tobacco, cashew nuts, hides & skins, pyrethrum, tobacco, sugar)					To compute
9.		Value addition: ratio of processed agricultural products to total exported agricultural products (maize, paddy, cotton, coffee, tea, sisal, tobacco, pyrethrum cashew nuts, hides & skins, fish, sugar)	Less than 18 %	27.4 % <sup>(c)</sup>			
10.		Proportion of irrigated land out of total farmed land per year	Less than 2 %	4 %	6 %	10 %	
11.		Proportion of farmers using mechanized farming/tilling	< 15 %	20 %	25 %	35 %	Incl. ox-ploughs

<sup>6</sup> MAFS, 2011. Review of the ASDS. Prepared by TISCO Consultants and Associates. October 2011.

<sup>7</sup> GOT, 2001 and 2007. Household budget surveys by National Bureau of Statistics and Ministry of Finance, 2011- Macro-economic policy framework for the 5-Year DevPlan

<sup>8</sup> GOT, 2011 (ASDP M&E Working Group: Figure IM3). Although another report by MAFCS (2011- Review of ASDS by TISCO) quote BOT figure of USD 590 million in 2010.

S/No		Indicator	Baseline in 2001	Baseline in 2010/11	Target by 2015	Target by 2020	Notes
12.		Share of total Private Sector investments into primary and secondary agriculture (TIC records)		12.5%	15%	30%	Excluding extractive industry
13.		Commercial bank lending to agriculture (USD billion)	Less than 500	700 <sup>(c)</sup>	900	1500	For 2015: estimates
14.		Share of Loans by Commercial Banks to Agriculture Sector <sup>(c)</sup>	< 10 %	12.3 %	15 %	30 %	Based on 2010 figures
15.		Proportion of smallholder participating in contract farming for some selected crops (sugar, tea, tobacco)	1:5	1:5	1:3	1:1	Contract farming
16.		Labour productivity (per person per year), TZS at 2001 constant prices*		212,671	375,724	714,940	Assume growth 15.64% per annum*
17.		Livestock productivity: milk, litres/cow/day – for improved herd of cattle	< 2 l/cow	2 l/cow	5 l/cow	20 l/ha	Improved breeds
18.		Farm productivity: Paddy Yields per Hectare	1.5 t/ha	2.0 t/ha	3.9 t/ha	5.0 t/ha	Irrigated farms
19.		Farm Productivity: Maize Yields per Hectare	<1.0 t/ha	1.6 t/ha	3.0 t/ha	4.5 t/ha	Rainfed farms
20.		Sugarcane Productivity: tons per hectare					
21.		Ratio Public Funds to Agriculture Received by LGAs	Less than 50%	66 %	70 %	80 %	Proposed ratios
22.		Proportion LGAs Receiving Performance Bonus	Less than 60%	92% <sup>(c)</sup>	95%	100%	
23.	<b>INPUT CUM OUTPUT</b>	Proportion of Govt budget to agricultural sector	Less than 4%	7 %	10% of budget	Above 10 %	CAADP target
24.		Proportion of Approved Budget Released for Expenditure by ASLMs (%) <sup>i</sup>	Less than 70%	75%	90%	100%	Worse for MLDF <sup>(d)</sup>
25.		Proportion of Approved Funds Received in Q1 and Q2	45%	45%	66%	70%	<sup>(d)</sup> Less < 10% in Q4
26.		Area of land under irrigation (hectares)	< 200,000 ha <sup>(e)</sup>	399,775	580,000 <sup>(e)</sup>	1,100,000 <sup>9</sup>	Assume fully used
27.		Proportion land tilled mechanically (animal and machinery)	<20%	28%	35%	50%	In 2012: 20% ox-plough; 14% tractors

<sup>9</sup>According to 5-Year Development Plan, the target is 1 million ha by 2015. The estimate is scaled down to around 60,000 ha per year between 2011/12 and 2015/15, given that so far there are only 390,000ha. Its assumed from 2015 onward, there will be developed 100,000 ha per year.

S/No	Indicator	Baseline in 2001	Baseline in 2010/11	Target by 2015	Target by 2020	Notes
28.	Extension officer to farm household ratio	> 1,000	950	600	300	
29.	Programs implemented under PPP framework	unknown				
30.	Villages with land use plans	<5%	About 10%	20%	50%	

Note: <sup>(a)</sup>According to POPC (2011a), the economy need to grow at a minimum rate of 8% pa in order to attain MIC status by 2025; \*POPC (2011b): 5-YR Dev Plan, (pg.46): projected TZS 375,724 by 2015/16, hence assume an annual productivity increment of 15.64 percent between 2015 and 2020. <sup>(b)</sup>Some studies (see USAID, 2012- Sera Project study) suggest that the ratio is most likely higher than that since a significant number of exports pass through informal routes and is not officially recorded by the Government of Tanzania. <sup>(c)</sup>GOT, 2011-ASDP Performance Report 2010/11. M&E Working Group. November 2011. <sup>(d)</sup>MAFC, 2010-ASR and PER 2009. <sup>(e)</sup>MAFCS, 2011. Review of Agricultural Sector Development Strategy. Prepared by TISCO and Associates. October 2011; <sup>(e)</sup> MAFCS, 2011-Evaluation of the performance of ASDP prepared by the Directorate of Policy and Planning (June 2011): it is indicated that the number of irrigated area was verified in 2002 to be 191,900 ha, which increased to 266,000 in 2007 and reached 399,775 ha in March 2011

## 1.0 BACKGROUND

### 1.1 Importance of Agriculture in Socio-Economic Transformation and Livelihoods

Tanzania, with a population close to 45 million, is an emerging economy with high growth potentials to be driven by transformation of the agricultural sector and sustainable development of natural resources: water, timber, minerals and natural gas. With per capita GDP approaching USD 600, the economy has recorded consistent growth averaging 6.4 per annum over the last decade, with the strongest growth in the manufacturing industry and service sectors. On the other hand, the income from agricultural sector, which provides direct livelihoods to about 75 percent of the population, recorded about 4.2 percent annual growth, less than the desired 5-6 percent level as was planned in 2001. This happened despite overall increases in government budget allocation to the sector, from less than 4 percent ten years ago to more than 7 percent in recent years. In other words, in response to the African Union (AU) commitment and Maputo Declaration in particular, sector budget in Tanzania has had a steady growth in nominal terms. One notable success has been the attainment of national food self-sufficiency ratio for most of the years, with large unrecorded amounts crossing the border to feed populations in the EAC and SADC countries. As for export commodities, although export earnings increased to USD 800 million per year by 2011, there was less success to generate enough jobs and rural incomes through agro-processing and value addition of the commodities as about 63 percent were exported in raw or semi-processed forms. This was however, an improvement compared to 81 percent six years earlier. Private sector investment in the sector increased from USD 177 million in 2005 to USD 691 million in 2011.

Although the country has a relatively smaller proportion of people living below poverty line than many Sub-Saharan Africa countries, the national poverty headcount had fallen by only 2.1 percentage points from 35.7 per cent in 2000-01 to 32.6 per cent by 2007. While it is still important to enhance productivity in the agricultural sector in general, the need to increase food access and balanced diet should be still at the top of the agenda because the share of people with insufficient food calorie consumption fell by only 1.5 percentage point, from 25.0 to 23.5 per cent; while stunting of children less than five years of age was unchanged at 38 percent. This problem is manifested in the proportion of children suffering from vitamin A deficiency (24 percent) and those who are anemic (72 percent), which affect growth and learning ability at school. It is estimated that malnutrition is the underlying cause of over 50% of the under-five mortality rate in Tanzania<sup>10</sup>. This means that the almost already realized objective of attaining food self sufficiency should be complemented with instruments to ensure the produced food stuff is efficiently distributed and accessed by households at affordable prices to prepare balanced diets.

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<sup>10</sup> World Bank Report on Fortification Action Plan Action Plan on Provision of Vitamin and Minerals to the Tanzania Population, Consultancy, by Anna Verster & Mr. Quentum, 2009/2010).

According to TAFSIP (2011) document, the disconnect between economic growth and poverty and food security outcomes can be attributed to three factors: (i) low investment in agriculture sector; (ii) low commercialization of the sector whose growth that is driven by small-scale farmers producing for subsistence; (iii) low use of improved inputs resulting in low per capita food production; (v) market constraints; and (vi) high negative impact of under nutrition and malnutrition among the population, which affects productivity in the smallholder sub-sector.

Limited progress in rural poverty reduction is also related to relatively slow growth of agricultural GDP (4.4 per cent compared to the combined level of 6.4 per cent) relative to a 2.3 per cent rural population growth rate. This will require broadening the base of agricultural growth to target crops that are important to the poor in terms of both income and nutrition, and to lift the overall sectoral growth rate well above the rural population growth rate. In this regard the CAADP target of 6 percent sectoral growth, whilst challenging, is regarded as a minimum to make significant reduction in rural poverty and food insecurity. The formulation of ASDS therefore takes into account the aspirations and targets spelt out by both the African Union's CAADP framework and the National Medium and Long Term Planning Perspectives by the President's Office, Planning Commission.

## **1.2 Context of the Agricultural Sector Development Strategy**

The agriculture sector is expected to contribute in the realization of Tanzania's Development Vision 2025 outcomes on improved livelihoods, food security, extended life expectancy (Pillar 1 of the TDV2025) and in building a strong and competitive economy (Pillar 3 of the TDV2025) through raising agricultural productivity, engaging in commercially profitable undertakings throughout the commodity value chains and generating surplus household income and export earnings for all. That to happen there is a need to have a well prepared strategy for the sector which brings all stakeholders under a common planning framework. The experiences in implementing ASDS between 2001 and 2012 have been taken into account while raising this strategy for the period 2012-2020.

### **THE AGRICULTURAL SECTOR VISION AS DEFINED BY ASL MINISTRIES**

The ASLMs envision a modern, commercially operated and competitive enough agricultural sector able to generate surplus income for households and enterprises engaged in crops, livestock and fisheries commodity value chains. In order to realize the sector's vision it will be important to implement strategies that aim to (i) enable farmers to have better access to and use of, agricultural knowledge, modern and appropriate technologies, marketing systems and infrastructural facilities (electricity, water, roads and telecommunication), all of which contribute to higher productivity, food security, profitability and increase farm and national income; and (ii) promote private sector investment based as an improved regulatory and policy environment.

## **POLICY FRAMEWORKS FOR AGRICULTURAL DEVELOPMENT**

Key policies formulated under the ASDS, some of which before and after the launch of ASDP include the Livestock Policy (2006), Irrigation Policy (2009), National Trade Policy (2003), Agricultural Marketing Policy (2003) and the National Agriculture Policy (NAP) prepared in 2011 and formerly approved by Cabinet in 2013. The NAP incorporates most of the inspirational goals stipulated in the sub-sector policies dealing with research and extension, land, livestock, irrigation, trade, food security and agricultural marketing. There are, however, still some pending sub-sector policies not yet formulated to cover crucial aspects such as genetically modified organisms (GMOs), climate change mitigation and adaptation, and bio-fuel farming. Other strategies include the National Nutrition Strategy (2011-2015).

### **1.3 Influence of Parallel Interventions on Past Implementation of ASDS and Its Future Configuration**

The global food price crisis of 2008/09 and the reoccurrence of famine in the horn of Africa and some parts of Central and Southern Africa gave rise to renewed interest on the agriculture sector by both continental leaders under the African Union framework and the International Community under the G20 and G8 leadership frameworks. This resulted to proliferation of interventions by local actors (e.g. Kilimo Kwanza) and international/bilateral institutions (e.g. AU (CAADP), AGRA, FAO, and USAID)<sup>11</sup> as well as specific interventions by countries from the developing world (e.g. India and China). The initiatives were designed to enhance technology uptake (e.g. seeds and fertilizer) and investment financing for mechanization, market development and export promotion.

These developments have meant that the implementation of ASDS through ASDP got plenty of support from other parallel programmes, which were initially developed outside the programme before some of them being mainstreamed into ASDP. Among the most common initiatives is the Kilimo Kwanza (Agriculture First), which was spearheaded by the private sector and later adopted by government in 2009; and the Tanzania Agriculture and Food Security Investment Plan (TAFSIP), which was formulated in 2011 to underpin coordinated resource mobilization for sectoral investments under the Comprehensive Africa Agricultural Development Programme (CAADP) initiative. The TAFSIP is a 10-year road map for agricultural and rural development that identifies priority areas for investment and estimates the financing needs to be provided by Government, the private sector and its development partners to support the on-going implementation of the main long-term agricultural sector development programmes (ASDP).

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<sup>11</sup> SAGCOT in 6 regions (11 districts) for 20 years (USD 3.4 billion, 2011-2030); Marketing Infrastructure, Value Addition, and Rural Finance Support Programme (MIVARF, USD 150 million) (in all regions) will end in 2018; and projects such as Feed the Future (USD 300 million, 3 regions and Zanzibar) and Tanzania Bread Basket Transformation (USD 173 million 5 regions) will run until 2015.

Other sub-sector policies, strategies and programmes/projects have supported ASDP, and include the “New Alliance for Food Security and Nutrition” set up as a G8 Cooperation Framework support to Tanzania in May 2012; the East African Community (EAC) Agricultural Development Strategy formulated in 2006; the EAC Common Market Protocol (July 2010); and the EAC food security action plan 2010-2015, of which will affect the way the EAC Partner states trade within the community. There are also several new donor funding initiatives in place such as the Southern Agriculture Growth Corridor of Tanzania (SAGCOT), Feed the Future by USAID and Bread Basket Initiative through Alliance for Green Revolution in Africa (AGRA), Disaster Management Programme, and National Adaptation Plan of Action (NAPA).

Given that there have been several new initiatives, most of which directly and indirectly feed fully or partially to the ASDS strategic output areas, there is need to revise the ASDS to account for the changes in agricultural policies, the investment framework, the changing funding portfolio, and most importantly, the level of accomplishment of key performance targets.

This revised strategy takes into account lessons for adequately addressing climate change challenges as part of the country’s fulfillment to global commitments on sustainable environmental management. It has also expanded the scope of food security to encompass nutrition security. The strategy gives a renewed impetus to the role of private sector in the sector throughout the whole value chain of different commodities and the need to open market space by removing or minimizing trade barriers for both domestic and export markets. The strategy also recognizes the importance of a coordinated approach to bring on board all key actors, public and private to achieve the sector’s overall goals.

Chapter 2 presents an overview of the implementation experience of ASDS from 2001/2002 to 2011/ 2012, which is concluded with a summary of key lessons and proposed key thematic areas to be covered in the revised ASDS-II. Nine strategic areas are proposed which are individually outlined and elaborated in chapter 3 for Water, Land Management and Irrigation, chapter 4 for productivity and commercialization of the sector through active engagement of the private sector and chapter 5 for rural infrastructure, market access and trade. More strategic areas are further presented in Chapter 6 for private sector development and chapter 7 for food and nutrition security. Dealing with matters regarding disaster management and climate change mitigation are presented in chapter 8, while in chapter 9 to Chapter 11 the focus is on underlying policies and institutional framework to guide the strategy, implementation arrangements and resource mobilization and the proposed matrix for results monitoring indicators.

## 2.0 PERFORMANCE REVIEW OF THE AGRICULTURAL SECTOR: 2001-2012

### 2.1 RECENT AGRICULTURAL SECTOR PERFORMANCE

#### 2.1.1 Key Features of the Sector

Tanzania has a rich natural resource base to support agricultural development. The country has 95.5 million hectares of land of which 44 million hectares are classified as arable, but only 27% of the arable land is under cultivation. Of the 50 million hectares suitable for livestock, only 26 million hectares is under use while the rest cannot be accessed due to tsetse fly infestation unsuitable vegetation and hostile terrain. About 29.4 million hectares are assessed as potential for irrigated agriculture, of which 2.3 and 4.8 million hectares are regarded as high and medium potential, respectively. However, although it has been on the increase and has doubled over the past 10 years, the area under irrigation by 2012 was less than 400,000 hectares, which is about 1.2 percent of the potential area for irrigation.

The country's agriculture, employing 74 percent of the population is dominated by small-scale subsistence farmers who operate on an average of 0.2 to 2 ha as well as traditional agropastoralists and fishers. Over 80% of the arable land is used by smallholders and only about 1.5 million ha is under medium and large scale farming. A significant proportion of cash crops are produced by these commercial farmers including tea, sugar-cane, coffee, tobacco, sisal and some horticultural crops.

#### 2.1.2 Economic Contribution of the Sector

In recent years the agricultural sector has generated 24-25 per cent of GDP compared to about 30 percent a decade ago; and it contributes about 24 percent of exports, down from about 45 percent some ten years earlier, mostly due to the growth of alternative foreign exchange earning opportunities from minerals and tourism services. The observed relative decline doesn't mean there has been a reduction in absolute amount of net worth generated by the sector, but rather due to the relative expansion of other faster growing sectors such as services<sup>12</sup>, which contributed about 44% of GDP 2011. Since 2004 the gap of annual growth rates (about 4 percentage points) between the agricultural sector and the manufacturing sector has remained constant (figure 1). One can only hope that if the country can manage to stimulate the agriculture sector to grow faster than it has done in the past 12 years<sup>13</sup>, its effect will impact more positively on the overall economic performance, thus solving the current

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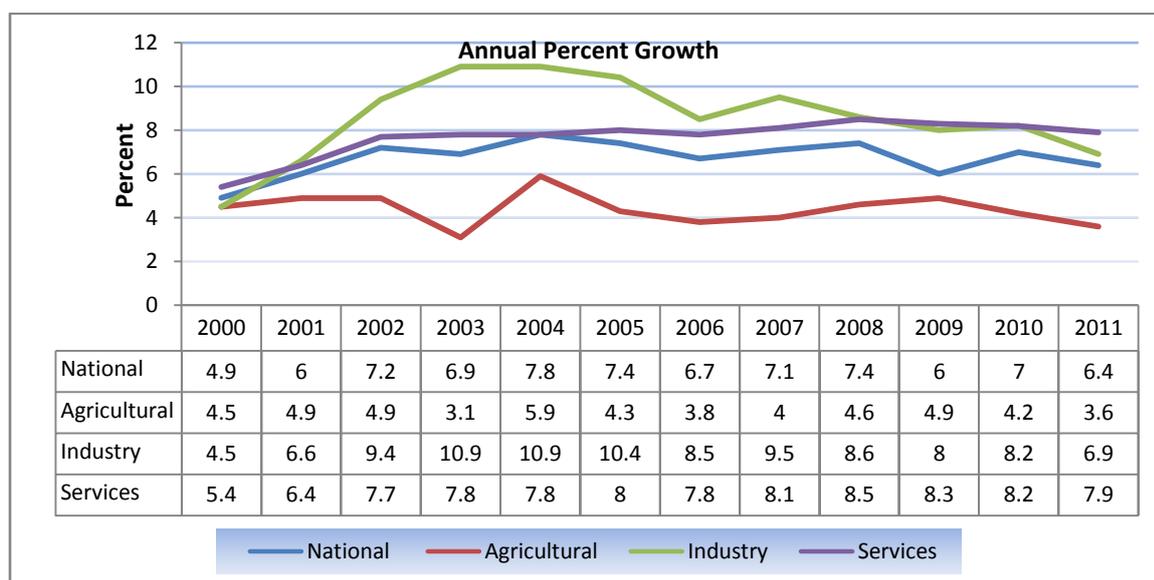
<sup>12</sup> In order of relative importance in 2009 within the service sector: trade and repairs (30%); real estate and business services (20%); public administration (16%); transport (11%); telecommunication (6%); and education and health (7%).

<sup>13</sup> The planned growth rate stipulated in the Tanzania Vision 2025 is above 6 percent per cent, which was also the target under the Agricultural Sector Development Strategy. However, countries that graduated to middle income status recently, such as Vietnam, had maintained a growth rate above 8 percent for a longer period.

problem of slow pace of employment and jobs creation in the manufacturing and industrial sectors.

The sector has generally registered slower growth rate, at about 4.2 percent than the planned rate of more than 6 percent, which was considered necessary to adequately propel the economy to a growth trajectory of above 8 percent per annum. Consequently, the economy grew at average of 6.4 percent, amidst external shocks emanating from the fuel price hikes and global financial crisis, which affected export markets for Tanzanian goods and services.

**Figure 4: Aggregate Economic (GDP) Growth by Sector**



*Source: MOF, 2009 and 2011.*

The low performance of the agriculture sector has impeded efforts to increase household incomes and their livelihoods such that the incidence of poverty was marginally reduced from 35.7 percent in 2001 to 33.6 percent in 2007. Although the country’s food self sufficiency ratio was above 100 percent for most of the years, food poverty was also marginally reduced by 2 percentage points to 16.6 percent in 2007, against a target of 10 percent by 2010. There is a group of 57 districts scattered across 10 regions of Tanzania Mainland, which regularly report food shortages even in years of overall surplus in the country, mainly due to adverse climatic conditions, cultivation of unsuitable crops in the respective agro-ecological zones, poor husbandry practices, among other factors.

### Food Production, Prices and Effect on Cost of Living

The low performance of the sector has impeded efforts to increase household incomes and their livelihoods such that the incidence of poverty was marginally reduced from 35.7 percent in 2001 to 33.6 percent in 2007. Although the country’s food self sufficiency ratio was above 100 percent for most of the years, food poverty was also marginally reduced by 2 percentage points to 16.6 percent in 2007, against a target of 10 percent by 2010. The country had fared well in containing headline inflation rate, which was around 5 percent for most part between

2000 and 2007. Unfortunately, the sudden surge in fuel prices in 2007-08, which was immediately followed by the Global Financial and Economic Crises, forced inflation rate to rise above 10 percent such that by mid 2011 it had reached 19 percent, before stabilizing and gradually reducing towards 10 percent mark by end of 2012. The increasing food inflation and overall inflation affected agriculture as the purchasing power of farmers to access inputs, land and other basic needs was eroded. In addition, while the cost of living has been pushed up, real income from farming for rural households have not been increasing commensurately, thus frustrating efforts to reduce income poverty and the gap between rural and urban areas.

Despite the food self sufficiency ratio being within the comfort zone, there is a group of 57 districts scattered across 10 regions of Tanzania Mainland, which regularly report food shortages even in years of overall surplus in the country, mainly due to adverse climatic conditions, cultivation of unsuitable crops in the respective agro-ecological zones, poor husbandry practices, among other factors<sup>14</sup>. This calls for measures ranging from enforcing measures to discourage growing unsuitable crops, providing incentives to adopt more appropriate crops and livestock, to improving infrastructural facilities in these areas to attract traders and investors. Recent business decisions by major beer brewers in the country to use locally grown sorghum, for example, is among the ways of promoting commercial production of this drought tolerant crop in these famine prone districts.

## **2.2 Growth Areas in Agricultural Sector: Performance of Sub-Sectors**

Sector performance between 2001 and 2011 varied between sub-sectors, with all crops contributing up to 71 percent to agricultural GDP, and growing at a rate of 4.6 percent per annum, whereas livestock sub-sector growth rate averaged 3.2 percent (against 4.2 percent for the whole sector). The relative contribution to agricultural GDP by livestock, forestry and fisheries for the same period averaged 16, 8 and 5 percent, respectively. Cattle population increased at an average rate of 1.4 percent and reached 19.2 million by 2011<sup>15</sup>. Poultry recorded an impressive growth rate of 9.6 percent to reach 58 million chickens, compared to human population count of about 44 million citizens.

Among crops the best performance was recorded in export crops such as sugar, tea and tobacco, which have recorded growth rates of almost 10 per cent per annum. However, these crops are concentrated in specific regions and amongst commercial large scale farmers. However, although they occupy about 10 percent of cultivated land, they contribute 70 percent of export earnings. Fisheries have been growing at around 5 percent per annum but

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<sup>14</sup> This situation has made decisions to encourage cross-border trade of cereals as promised in the ASDS 2001, politically challenging as casual observation gives a misleading interpretation that the reported food shortage in those district could be linked to allowing exportation of food. In reality there is no adequate incentive for traders to reach those areas due to high cost of transport (effective distance from surplus areas), poor infrastructure (roads, communication and storage facilities), and in most cases, low purchasing of the potential customers.

<sup>15</sup> Milk production is estimated to be increasing at a rate of 14 percent per annum, while egg production has been increasing at a rate of 35 percent per annum.

livestock has lagged behind at around 3 percent. There is therefore a challenge of improving farm productivity from the rest (90 percent of the cultivate area owned by smallholder farmers) to effectively contribute to foreign exchange generation.

## **2.3 Growth Drivers of the Sector**

Sorting out supply-side constraints is considered key to driving the sector towards higher productivity levels across the commodity value chains. The ASDS (2001) has identifying the following as requiring specific interventions: improving water supply, management and irrigation, introducing farm mechanization, use of improved seeds, fertilizers and agro-chemicals, and land management. Some of the required facilitating factors include markets and marketing infrastructure, research and extension, private sector business, and financial services. There have been a combination of successes and challenges in realizing the goals set out in 2001 while designing ASDS as summarized below.

### **2.3.1 Water Resource Management and Irrigation**

There are about 7.1 million hectares classified as high (2.3 ha) and medium (4.8 ha) potential supported by numerous rivers, lakes, wetlands and aquifers. Out of the 2.3 million hectares classified as high potential only 399,775 hectares had improved irrigation infrastructure by 2011, which is only 5.6 percent of the total medium and high potential land for irrigation. The pace of development is about 20,000 ha per year, such that even if the rate of development is increased five-fold to 100,000 hectares per year, it will take 15 years to cover the balance of 1.5 million of high potential land. In terms of productivity from the irrigated farms, the average yield of paddy in irrigated areas is about tons per hectare, compared to about 1.8 hectares in adjacent non-irrigated areas. This means if the best irrigation practices were followed, onions would have increased from 13 and 26 tons/ha; and tomatoes from 5 and 18 tons/ha. In the context of rice an additional 176.4 million tonnes could be produced.

### **2.3.2 Mechanization**

The level of farm mechanization is still relatively low as 64 percent of land is cultivated using hand hoes, with that using animal traction accounting for 24 percent and tractors (including hand-held powered tillers) covering 14 percent. Farm mechanization, and especially land preparation, planting and weeding, is taken seriously as among the prerequisites for commercialization of the sector. In the past six years, there were more than 15,000 tractors in the country, but only 9,500 or 63 percent were operational. The number of tractors in use during 2010/11 had increased by 7 percent to 8,556 from 7,998 in 2009/10. Power tillers<sup>16</sup> in use increased from 42 percent in 2009/10 to 66 percent in 2010/11. However, current annual demand for new tractors is approximately 1,800 units but less than 400 tractors (22.2 percent) are actually sold. The impact of the renewed trend of tractors stock replacement has not yet been assessed but it is certain that it has not been translated to a reduction in the price of cereals. It is possible that most of the machineries are directed to non food commercial crops.

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<sup>16</sup> Very popular with young farmers and useful in areas with light soils. They also double as transport for inputs and produce to and from fields

Although mechanization is paramount to the commercialization of the agricultural sector, other measures, such as timely preparation and weeding of fields, proper seeding depth, prevention of sub-soil hard pans and use of minimum or zero tillage techniques, will have equal importance in ensuring sustainable improvements in land productivity.

### **2.3.3 Fertilizer and Improved Seed Application**

Tanzanian farmers use only 9 kg/ha of fertilizer when the average for SADC countries is 16 kg/ha, Malawi is 27 kg/ha and China is 279 kg/ha. Meanwhile, the low levels of application notwithstanding, the market has failed to absorb all the fertilizer stocks supplied by traders, recording a surplus of between 15 and 30 percent during 2007/8 to 2009/10 seasons. Likewise, the annual supply of improved seeds is around 12,000 tons or 10 percent of total estimated requirements of 120,000 tons per year. However, even this small amount supplied is not fully absorbed as 6 percent remain with stockists. This indicates that traders release more stock of fertilizer and seeds than the amount bought by farmers. It is perhaps caused by delayed delivery of the stock, unforeseen inability to pay for placed orders by farmers or simply over-estimation of the effective demand by farmers. More effort is needed to improve seeds and fertilizer distribution and ensuring they sold at affordable prices.

### **2.3.4 Feeder Roads and Electricity**

Although the provision of feeder roads and provision of electricity is not under the direct jurisdiction of the MAFCS, there has been some commendable progress by the government to connect all the district headquarters with their regional headquarters, which will in turn be interconnected by end of 2014 after the construction of Iringa-Dodoma, and Dodoma-Babati is finalized. The Rural Energy Agency (REA) has also made some progress in extending electric power to rural areas. District Authorities, Private Sector and CSOs will be encouraged to apply for competitive grants from REA to roll out rural electricity for agro-processing and food preservation.

## **2.4 Growth Facilitators**

### **2.4.1 Research and Extension**

#### Research

The government has worked closely with development partners to revive research stations and research activities, which were drastically scaled down during the 1980s and 1990s. The country's agriculture research stations are strategically located and spread across the country based on agro-ecological zones to cater for different farming systems. Some of the research centres such as Ukiliguru and Uyole are multi-enterprises focused, while some dedicated to a single enterprise such as tea (TRIT), coffee (TACRI), and tobacco (TORITA), which have performed better than those dealing with multiple commodities. Among the key successes in the coffee sector by TACRI is the replacement of most of the coffee trees with new high yielding cultivars in the coffee growing areas. Uyole Centre also succeeded to produce two different varieties of irish potatoes, one for cooking and another for fried chips, such that it is among the thriving commercial crops in Iringa, Njombe and Mbeya, whose combined surplus

constitute 60 percent of potatoes in the market<sup>17</sup>. A national agricultural research system (NARS) has been established to improve coordination of research in the country.

Among the recommendations for enhancing modernization and commercialization of the agricultural sector is to have a system where producers and processors of each commodity contribute in financing research and training of skilled researchers. This should be done in addition to the government fulfilling its commitment to allocate at least one percent of gross domestic product to research.

The government has put plans to improve the ratio of extension agents to farmers through training to fill a gap of more than 8,000 officers by 2011 (down from 15,000 officers five years earlier) and use of more effective extension approaches such as more than 64,460 farmer field schools (FFS) established<sup>18</sup> and farmer-to-farmer extension and study tours. There will be need address the shortage of specialized extension agents who understand their respective commodities' value chain so as to advise farmers to produce the right amount, time and quality for already identified markets. So far there is no established model for sharing of extension services between government and private sector institutions or government supporting efforts of the private sector. It is recommended that government should work closely with the private sector to build a cadre of extension experts specialized in value chain approach in commodity production and marketing, whereby they share the cost of running advisory services.

#### **2.4.2 Financial Services and Private Sector Development**

There is still relatively small support to the agricultural sector by the country's banking sector. Commercial banks point out weaknesses in legal and regulatory systems, especially with respect to enforcement of contracts and property rights as one of the binding constraints. While agriculture recorded 8.4 percent and 14.5 percent annual credit growth between 2009 and 2010, transport and communication credit growth doubled from 17.4 percent to 34.8 percent during the same period. It will be important to step up investments and stimulate higher growth rates in the agricultural sector where the majority (nearly 75 percent) of the people resides if efforts to reduce poverty and improve livelihoods for the majority are to succeed.

According to the Tanzania Investment Centre (TIC) for the period 2001-2008 private sector investments into primary crop and livestock production was worth TZS 169.3 billion, which was only 12.5 percent of total annual private sector direct investments. Meanwhile, the farming community benefitted from a private agriculture support (PASS) programme funded by DANIDA through CRDB Bank Ltd. Other guarantee funds for investment in agriculture (production, processing and exportation) were provided by the governments of India and the People's Republic of China after the global financial crisis.

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<sup>17</sup> ESRF, 2011. Njombe Region Bankable Projects and Socio-Economic Profile.

<sup>18</sup> MAFSC, 2011. Evaluation of the performance and achievements of ASDP. June 2011

### **2.4.3 Private Sector development**

The pattern of growth of the economy is easily influenced by the transformation of the agricultural sector through value addition of primary products, thereby influencing investments in industry and service sectors. Following improvement in business environment, the number of plants for processing hides and skins (blue wet stage) increased from 3 to 6 between 2001 and 2009, with the capacity to meet 52 percent of the total production. The number of tanneries processing plants has increased from 5 in 2001 with the capacity of 38.3 million square ft to 7 in 2009 with the capacity of 48.2 million square feet per year. In 2006/2007, hides and skins worth TZS 16.2 billion were exported, but its value dropped to TZS 12.8 billion in 2008/2009 due to the global financial crisis.

In meat processing, the government has supported the private sector to invest in modern abattoirs and slaughter houses in Sumbawanga, Dodoma, Arusha, Morogoro and Coast regions; and has sold some of its shares in previously wholly government owned companies such as NARCO and Dodoma Abattoir.

Milk processing plants increased from 22 in 2001/2002 to 39 in 2008/2009. There is also resumption of milk processing through private companies in Musoma, Arusha, Tanga, Dar es salaam, Morogoro, Iringa, Mbeya and Njombe. There is still a huge potential to expand the industry given that out of 1.3 billion litres of milk produced per year, only 20 percent is collected and processed. In fisheries, the industry is still dependent on natural waters (lakes and the Indian Ocean, as very little commercial fish farming is undertaken.

### **2.4.4 Markets and Marketing Infrastructure**

The adoption of the Agricultural Marketing Policy (AMP) in 2008 paved the way to collaborate with the private sector (such as Tanzania National Network for Small Farmers Groups (MVIWATA); MUVI, WRS, PADEP and the Rural Livelihood Development Company (RLDC)) to empower producers and form market linkages as well as build their capacity so that they improve productivity, farm incomes and therefore their livelihoods. There have been several programmes in recent years in support of agricultural marketing improvement: the largest being the Marketing Infrastructure, Value Addition and Rural Finance. Other programmes in support of markets development include PADEP, DADIP, and some projects supported by NGOs such as SNV and PASS. The government is in the process of establishing International Markets at Segera (horticulture) and Makambako (grain) in Tanga and Njombe regions, respectively. Border markets are expected to support farmers in terms of price stabilization as market facilities or structures for all to use will be available at one point where all traders and farmers will meet.

#### Warehouse Receipt System

Since its inception in 2007 the Warehouse Receipt System has played a catalytic role in terms of improved agricultural production and productivity, stability of producer prices, improve quality of crops, technological uptake, and improved marketing of agricultural products. In 2007/08 the total share of income which was received by farmers was TZS 37 billion, while in 2009/10 the share of income doubled to TZS 56 billion largely due to the support of WRS.

A Commodity Exchange System (where brokers and traders will be using receipts to trade commodities) is under preparation under the coordination of the Capital Market Security Authority (CMSA). The major challenges which WRS is facing include resistance from some of the actors or players, particularly middlemen in cashew nuts trade.

## **2.5 Agricultural Sectors SWOT Analysis: An Update**

### **2.5.1 Agricultural Strengths and Opportunities**

Despite the fluctuations in world market prices for agricultural commodities the country still possess a cooperative advantage which should be exploited by enhancing productivity and approving efficiency along the value chains. Local production of food crops such as cereals, through with relatively less cooperative advantage relative to industrial cash crops such as cotton, have a high potential as exports commodities given the expanding food market in the neighboring countries as a result of economic differentiation. Improving conditions for enhancing marketing efficiency continue to be crucial for maintaining the profitability of both food and non-food cash crops.

Some crops such as cashew nuts, sesame, bee-honey, milk, sunflower and sugarcane have strong and expanding markets internationally and in the regional markets. The interest shown by the private sector, both domestic and international, in commercial farming, offers a unique opportunity for Tanzania through Public-Private Partnership (PPP). The increasingly strengthened local Government Authorities provide some unique opportunities for a development plan framework as investors identify investment opportunities and the LGA's gain for locally based value addition to generate jobs and income opportunities for their residents.

### **2.5.2 Weaknesses and Threats**

The most common weakness, which has persisted even after policy reforms is the slow pace in enhancing productivity for almost all the commodities. Caused mostly by low levels yield enhancing (inputs such as improved breed seed and fertilizers, but also due to low investment in irrigation (crops) and livestock health facilities, farming has failed to be profitable enough relative to other ventures, thus discouraging adoption of modern methods of farming. Weak rural infrastructure has also discouraged investments in agro-industries by the private sector. The failure to uplift rural incomes has exposed the population to poverty linked risks and threats such destruction of natural forests and tempering with water catchments.

### **2.5.3 In summary, main reasons for the generally slow pace of agricultural sector development include the following:**

- (a) Low levels of mechanization and application of improved farm inputs resulting into low productivity
- (b) Slow rate of improvement in agricultural service delivery, particularly extension;

- (c) Limited public investment applied research and dissemination of knowledge about new technologies
- (d) Low level of private sector participation in service delivery and commercial activities;
- (e) Limited efforts to strengthen client oriented technology development and dissemination;
- (f) Low levels of investment in the sector especially irrigation development
- (g) Weak market linkages which affect commercialization opportunities;
- (h) Inadequate agro-processing and value addition facilities;
- (i) Poor management of farm produce resulting to post harvest losses;
- (j) Poor rural infrastructure, especially feeder roads and storage facilities; and
- (k) Disasters mainly driven by climate shocks resulting into droughts and floods are the most frequent natural disaster, especially in central and northern areas.

#### **2.5.4 Seven strategic areas identified for intervention in TAFSIP and adopted for use under ASDS-II (ASDP-II)**

Based on the above analysis, it is pertinent that increased public and private investments in the sector are inevitable if the subsistence rural economy is to be fast transformed into a market economy. The investments should aim at stimulating forward and backward linkages to stimulate economic activities and income generation necessary for poverty reduction. The priority areas for investment identified include in most of the reviews for the sector, as summarized under the TAFSIP document include:

- (a) Irrigation Development, Suitable and land use management
- (b) Agricultural productivity and Rural Commercialization
- (c) Rural Infrastructure, Market Access and Trade
- (d) Private sector Development
- (e) Food and nutrition security
- (f) Disaster Management, Climate Change, Mitigation and Adaptation
- (g) Policy and Institutional Reform and Support

These above mentioned thematic areas have also been adopted for use in the revised ASDS-II/ASDP-II.

## **2.6 Sources of Inspiration for the Revised ASDS-II**

ASDS-II Thematic Areas	Strategic Intervention Areas (*was not well focused during implementation of ASDP-I)	Inspired by:
Focus Area I: Irrigation Development and sustainable land and water resource management	<ul style="list-style-type: none"> <li>a. Expand the area under irrigation</li> <li>b. Promotion of appropriate mechanization and other labour-saving technologies</li> <li>c. **Establish after sale service centres at village level to ensure timely delivery of inputs</li> <li>d. *Soil and water management</li> <li>e. *Strengthen the implementation of programmes on conservation and climate change</li> <li>f. **Resolve land issues (demarcation, title deeds and governance)</li> </ul>	*TAFSIP/CAA DP and **Mkukuta-II (c) and (f)
Focus Area II: Improving Agricultural Productivity and Rural Commercialization	<ul style="list-style-type: none"> <li>a. Promote agro-processing and value addition including post harvest and quality management</li> <li>b. **Develop value chains</li> <li>c. Increase support and incentives to artisanal fishers and aqua farmers</li> <li>d. Strengthen market information system</li> <li>e. *Promote contract farming and Warehouse Receipt System</li> <li>f. Strengthen organizations for producers, processors and traders</li> <li>g. Strengthen cooperative marketing</li> <li>h. Improve quality and standards of agricultural products</li> <li>i. *Support development of agricultural growth corridors</li> <li>j. Establish business development centres for small-scale producers, processors and traders;</li> <li>k. Further strengthen and reinforcement of capacity of LGAs</li> <li>l. Further ensure active participation and involvement of the Private Sector, Civil Society Organizations (CSOs)</li> </ul>	*TAFSIP/CAA DP and **Mkukuta-II and PDB
Focus Area III: Rural Infrastructure, Market Access and Trade	<ul style="list-style-type: none"> <li>a. Improve rural infrastructure (roads, markets, cold chain, storage facilities and electricity)</li> <li>b. **Develop value chains</li> <li>c. *Identify new markets outlets</li> <li>d. Strengthen market information system</li> <li>e. *Promote contract farming and Warehouse Receipt System</li> <li>f. Strengthen cooperative marketing</li> <li>g. Improve quality and standards of agricultural products</li> <li>h. Promote domestic, regional and international marketing</li> <li>i. *Support development of agricultural growth corridors</li> <li>m. Further strengthen and reinforcement of capacity of LGAs</li> <li>j. Further ensure active participation and involvement of the Private Sector, Civil Society Organizations (CSOs)</li> </ul>	*TAFSIP/CAA DP and **Mkukuta-II
Focus Area IV- Private Sector Development	<ul style="list-style-type: none"> <li>n. Promote Public Private Partnership</li> <li>a. Establish business development centres for small-scale producers, processors and traders;</li> <li>k. **Develop value chains</li> <li>b. Improve rural financial services to increase access of farmers and other stakeholders to financial services</li> <li>c. Promote local production and use of agricultural inputs including mechanization and labour-saving technologies</li> <li>d. Strengthen the capacity of inputs of stockists to improve their efficiency in the distribution of inputs</li> <li>a. *Strengthen financial intermediation for small-scale producers, processors and traders</li> </ul>	*TAFSIP/ **Mkukuta

ASDS-II Thematic Areas	Strategic Intervention Areas (*was not well focused during implementation of ASDP-I)	Inspired by:
	<ul style="list-style-type: none"> <li>b. *Facilitate equipment leasing for agro-processors</li> <li>e. *Fast track establishment of agricultural development bank</li> <li>o. Further strengthen and reinforcement of capacity of LGAs</li> <li>f. Further ensure active participation and involvement of the Private Sector, Civil Society Organizations (CSOs)</li> </ul>	
<u>Focus Area V:</u> Increasing food supply, reducing hunger and improving update of nutritious balanced diet	<ul style="list-style-type: none"> <li>g. Increase production of cereals particularly maize, sorghum and rice as well as sugarcane, oil seeds, root and tuber crops,</li> <li>h. Promote livestock, fisheries and Aquaculture Development ,</li> <li>i. *Improve the nutritional status of communities including children and other vulnerable groups</li> <li>j. *Increase diversity of income and diet, e.g., horticulture</li> <li>k. Promote food security network</li> <li>p. Further strengthen and reinforcement of capacity of LGAs</li> <li>l. Further ensure active participation and involvement of the Private Sector, Civil Society Organizations (CSOs)</li> </ul>	*TAFSIP/ CAADP/ Mkukuta-II , PDB
<u>Focus Area VI:</u> Disaster Management, Climate Change and Adaptation	<ul style="list-style-type: none"> <li>a. *Early warning and emergency preparedness to better manage risk resulting from various shocks</li> <li>b. *Strengthen conservation of renewable resources, climate change adaptation and mitigation measures</li> <li>q. Further strengthen and reinforcement of capacity of LGAs</li> <li>c. Further ensure active participation and involvement of the Private Sector, Civil Society Organizations (CSOs)</li> </ul>	*TAFSIP/ CAADP/ Mkukuta-II
<u>Focus Area VII:</u> Policy and Institutional Reforms and Support	<ul style="list-style-type: none"> <li>a. Strengthen research and development to develop and disseminate appropriate technologies</li> <li>b. Strengthen the extension and training services to increase farmers' access to extension services</li> <li>c. Capacity building at all levels</li> <li>d. Strengthen farmer organizations</li> <li>r. Further strengthen and reinforcement of capacity of LGAs</li> <li>e. Further ensure active participation and involvement of the Private Sector, Civil Society Organizations (CSOs)</li> </ul>	TAFSIF

Source: ASDS, ASDP, LTPP, CAADP, Mkukuta-II and the Presidential Delivery Bureau (PDU based on PEMANDU model) and other documents.

## 2.7 Learning How to Do Business Differently

The experience during the last decade of ASDS implementation point to the need to conduct business differently in terms of approach, management and priority setting areas where there was less success and at the same time scaling up successful experiences in best practices and approaches in modernizing the sector. This means, the key innovative features adopted during the first phase of ASDS as a way of modernizing the agricultural sector will still be applicable, with some modifications where applicable. These still-valid principles include:

- i. A focus on agricultural productivity and profitability for all players in the sector, with special emphasis adopting policies that will transform the existing smallholder farmers to embrace farming as business for all scales of operations along the commodity value chains. As pointed out in 2011, this requires the creation of a

favourable environment for investment in agriculture and harnessing partnerships between providers of technology and capital with our farmers, small and large.

- ii. Diversification of products will continue to be encouraged so as to expand the export and local market base into more lucrative non-traditional products.
- iii. Produce in response to market demand: Farmers will have to be organized and/or provided information and incentives to produce according to market demands
- iv. Promote Value Addition: At the same time encouraging linkage with agro-processors and other public and private sector initiatives intended to reduce post-harvest losses and waste, which is still a problem in the sector.
- v. Public-Public Partnership and Private-Private Partnership: Government will encourage and promote private sector/public sector and processor/contract grower partnerships. This has started to bear some fruits in some parts of the scale is still limited. The focus on public/private sector partnerships will continue to foster more private sector funding of supporting services and the provision of technology, financial services, markets and processing facilities for primary producers. Support to both upcoming and established local entrepreneurs to expand their businesses should be proactively pursued by the government using an open and transparent system.
- vi. Strengthened role of LGAs in the implementation of ASDS: Experiences weaknesses in the implementation of ASDS through the DADPs will have to be addressed if speed and scale of rolling out of agricultural programmes will successfully be enhanced.

However, it will be important to bring into play some new innovations based on the lessons learned from within and outside the country. These will include:

- vii. Financial flow: There will be need to take special steps to eliminate unnecessary delays in implementing workplans caused by bureaucratic procedures for transfer of funds from the Centre to the District headquarters and finally to the grassroots level. The change of dates from 2013/14 for parliamentary approval of the budgeting cycle to enable appropriation of the budget by 1<sup>st</sup> July should provide extra months for budget implementation compared to previous years.
- viii. Investment/Capital projects: There has been a long standing problem of annual disruption of development projects as unutilized funds have to be surrendered before renewed approval of the budget for the following fiscal year. The LTTP document recommended setting up of a development fund for infrastructural projects whereby all approved funds will be deposited and the relevant authorities allowed to implement to conclusion without interruption. It is hoped that this arrangement could be replicated for district level Development Funds involving agricultural and rural projects as well.
- ix. Devolution: The experiences from D-by-D and the Local Government Reform Programme, which have been in place since mid 1990s should be taken on board to take the process of planning to the next level of trusting lower level organs to oversee the implementation of plans and taking accountability measures using result-based management approaches.
- x. Extension knowledge on commodity value chain approach: Modernization and commercialization of the agricultural sector requires smart planning to produce the right products for the market at competitive prices based on comparative advantages. Most of the extension personnel lack that knowledge. Gone are the days of generalists who were trained for subsistence producers dealing with everything on their farms!

This will require some special intervention to update their knowledge and equip them with the right skills based on products where they are stationed.

- xi. Role of the Banking sector role in financing agriculture: It is high time that there is a policy or regulation within the banking sector to compel Banks and Non-Banking Financial Institutions to allocate a certain proportion of their proceeds to the development of the agricultural sector along some selected commodity value chains.
- xii. Financing Food Security and Income Stabilization: Food production and its cost of storage and distribution have a bearing to both producers and consumers in terms of farm gate price offered and to the final price paid by users, respectively. Consumer food price is also critical in influencing the cost of living and wages for workers in the manufacturing, industry and service sectors, thereby affecting competitiveness of Tanzania's products and services as well social harmony and stability. It will therefore be important to introduce special taxes to finance stabilization of both producer and consumer prices and the same ensuring targeting of most vulnerable segments of the society.
- xiii. Environment: It is generally acknowledged that water catchments (mostly vegetation covered hills and wetlands) constitute natural underground reservoir, which ultimately feed into rivers used for irrigated agriculture, hydro-electricity generation, domestic and industrial uses. Given that there lacks a unified mechanism for applying user-pays principles in natural resource management in order to maintain the water catchments, ASLMs will spread the preparation and adoption of appropriate instruments for sustainable management of the resources.
- xiv. Avoiding wastage: New technologies will have to be adopted and rolled out for (i) saving water in irrigation schemes (ii) safeguarding land and soil health (iii) food conservation and preservation, and (iv) other aspects where there is wastage along the production and processing and marketing chains in the sector.
- xv. Using PEMANDU<sup>19</sup> approach: A specialised Agency to Oversee Result Based Performance Management system: The President's Delivery Bureau (PDB) which is under the President's Office-Planning Commission (PO-PC) has been created. A critical analysis was completed in early 2013 where the agricultural sector is among six priority areas for development funding focusing first on maize, paddy and sugarcane. The "big, fast and accountable" results from prioritized agricultural programmes will engross or hold responsible all key players along the value chain with the support of private sector active participation and involvement.

## 2.8 Strategic Objectives of ASDS - II

The ASLMs have developed and refined sector and sub-sector policies to guide the transformation of the sector in response to the expectations of the Agricultural Sector Development Strategy of 2001. This revised ASDS essentially maintains the same perspectives in terms of overall goal, purpose and strategic objectives for the period 2012 to 2020/21. However, some modifications on the specific objectives are made in order to

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<sup>19</sup> Performance Management and Delivery Unit

accommodate key lessons gained from the experiences of implementing the first phase of ASDS, which should lead to an expanded ASDP-II based on the need to adopt a more workable sector wide approach in commercializing the sector.

### ***Overall Goal***

The overall goal of the ASDS is to contribute to overall GDP growth, national and household incomes and growth in export earnings.

***Purpose:*** The purpose of the strategy is to stimulate and facilitate agricultural sector growth and reduce rural poverty.

### ***Overall Strategic objectives***

- (i) Create an enabling and favourable environment for improving productivity and profitability of the agricultural sector.
- (ii) Increase farm incomes in order to reduce rural poverty and ensure households food security.

### **Strategic Objectives**

- (i) Assured water resources for sustainable land use and irrigation
- (ii) Accelerate productivity rate and commercial agriculture
- (iii) Improved and expanded rural marketing infrastructure
- (iv) A thriving diverse and competitive agric private sector
- (v) Enhanced household and national food and nutrition security
- (vi) Improved adaptive and mitigation capacity against disaster
- (vii) Improved policy frameworks and institutional capacity

### **ASDS Principles:**

- (i) Pursuing an average of 6% annual agricultural sector growth at country level;
- (ii) Allocating 10% of the national budget to agricultural development;
- (iii) Strengthening local ownership and promoting interventions based on country's opportunities and priorities;
- (iv) Building partnerships with a broad spectrum of actors;
- (v) Promoting dialogue and building consensus among all key stakeholders for the priority issues to be addressed;
- (vi) Enhancing peer-review and sound analytical work to inform stakeholders in the sector;
- (vii) Enforcing mutual accountability to ensure sustainable resource utilization;
- (viii) Favouring regional complementarities within the framework of regional economic communities such as NEPAD, SADC, COMESA, ECOWAS and EAC; and
- (ix) Enhancing policy reforms for a more favourable environment for agricultural growth.

## **2.9 National Guiding Policies**

Both long Term perspective Plan (2011-2025) and the First 5- year Development Plan have provided some indicative guidelines and targets to be realized by the agricultural sector in its contribution to the overall development plans of the country. The second phase of the National Strategy for Growth and Reduction of Poverty (NSGRP II), popularly known as MKUKUTA, will also target to address agricultural productivity constraints. The Long Term Planning Perspective (LTPP) 2011-2025 is guided by six key pillars: (i) ensuring a broad based growth across different sections of the population and in different geographical locations; (ii) competitiveness to promote efficiency and effectiveness in production and distribution; (iii) national cohesion and cultural heritage; (iv) good governance and accountability; (v) macro-economic stability; and (vi) sustainable development.

It is envisaged that for the country to reach a middle-income status by 2025, the sector will have to achieve annual GDP growth rate above 6 percent. The challenge for the sector, therefore, is to raise productivity and increase operational efficiency as markets are expanded. **The LTPP has also provided some guiding principles** to be adhered to while developing the agriculture sector, and include: (i) developing strong forward and backward linkages between agriculture sector and other sectors in the economy; (ii) creating favourable conditions for the private, organized in a variety of ways and sizes, to engage profitably in activities in this sector; (iii) development of effective training and research programmes to benefit key stakeholders; (iv) ensure sustainable production based on available resources and the environment; and (v) good governance of resources, and especially land, water and forests.

**Lessons from on-going poverty reduction initiatives** indicate that agriculture must grow at more than 6 percent per year for GDP growth to be broad-based whilst targeting the pro-poor. In relation to food security both LTPP and NGRSP II targets: (i) increasing crop production to improve food security, raising agricultural GDP growth rate to 6 percent and that for livestock sub-sector to 9 percent by 2025; (ii) raising agricultural labour productivity and hence reducing the proportion of people engaged in the sector to less than 45 percent by 2025 (ii) maintenance of a strategic grain reserve of at least four months supply; (iii) developing and promoting crop and livestock varieties adaptable to climate change; (iv) improve rural infrastructure so as to promote commodity value chain approach; (v) promote profitable commercial undertakings by both local and foreign firms; and (vi) strengthening early warning and natural disaster response capacity.

Linked to food security are health related issues to significantly reduce under-nutrition and malnutrition. The proposed steps within LTPP and NSGRP II are very much in line with the principles of CAADP Pillar III which advocates equitable access to food and paying special attention to the nutritional needs of vulnerable groups.

As a result of the investments and transformation in the rural sector, it is envisaged there will be (a) an increase in food production from 9 million tonnes to 12 million tonnes per year; (b) a reduction in the rural population living below the basic needs poverty line from 39 to 24 per cent; (c) a reduction in the proportion of the rural food poor from 27 to 14 per cent; (d)

reduction in the prevalence of stunted and underweight children; and (e) an increase in off-farm income-generating activities.

Needless to repeat, the ASLMs policies are all compliant to the above-mentioned national guiding policies and plans.

## **2.10 Addressing Challenges in the Coordination of Actors**

Given the renewed interest in agricultural sector, and based on medium and long term perspectives, there will continue to be challenges related to uncoordinated intervention by some development partners who might be constrained by their home policies to use Tanzania's preferred mode of channeling funds. While at face value such flexibility might appear like a weakness in enforcing national principles, the mechanism should allow a more practical system for supporting the private sector development in the country.

The revised ASDS will have to specify an optimal harmonized approach in rendering support and interventions in the sector, with emphasis in overseeing that interested parties follow the specified priorities as provided in the five year plans and monitoring both resources and outcomes from such interventions. A Sector-Wide Approach (SWAp) is therefore recommended to optimize prioritized targeting and minimized transaction costs<sup>20</sup>. This means putting in place a coordinated framework involving the central government sector, ministries, local government authorities, private sector, civil societies, community-based organizations and all types of donors, with a clear monitoring and evaluation.

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<sup>20</sup> According to MAFSC (2012), SWAp is commonly regarded as a system that “allows all significant funding for the sector to support a single sector strategy and expenditure framework under government leadership, adopting common approaches across the sector, and progressing towards relying on government procedures to plan, disburse and account for all funds”.

## **3.0 STRATEGY FOR IRRIGATION DEVELOPMENT, SUSTAINABLE WATER RESOURCES AND LAND USE MANAGEMENT**

### **3.1 Context**

Appropriate use of natural resources that include land, water and forest would enhance productivity and profitability in the agricultural sector as well as conserve the environment. Although Tanzania is endowed with an area of 94.5 million hectares of land, out of which 44 million hectares are classified as suitable for agriculture, part of this arable land may be only marginally suitable for agricultural production for a variety of reasons, including soil erosion, nutrient leaching and drought proneness. Out of 44 million hectares suitable for agriculture about 29.4 million hectares are suitable for irrigation, whereby 2.3 million hectares are classified as high potential, 4.8 million hectares as medium potential, and 22.3 million hectares as low potential. However, only 399,775 hectares have been provided with improved irrigation infrastructure, some of which are inefficiently operated due to poor design and maintenance of existing water resources for irrigation. Generally, despite having numerous and diverse water resources in the form of rivers, lakes, wetlands and aquifers, the country still faces challenges in attaining good management and utilization of the resources for sustainable agriculture.

Furthermore, land degradation, due to inappropriate farming and grazing methods, and most importantly, lack of a comprehensive land use plans and demarcation and associated laws to adequately protect land and water resources.

### **3.2 Irrigation Development**

The following strategic intervention outcomes are therefore expected during the next 10 years, with some innovations suggested to do business differently:

- (a) Reduce dependence on rain-fed agriculture and mobilize resource for investment in irrigation so to more than double irrigated area from close to 400,000 ha in 2011 to 1,100,000 ha by 2020, which will be 46 percent of high potential area. Investment should start with those areas which have high to medium potential and are relatively inexpensive to develop.
- (b) Institute comprehensive climate change adaptation and mitigation measures to cover all irrigation schemes, building on a user-pays principle to be promoted in the country. The government should also apply for global support in adopting green agriculture and rural conservation.

- (c) Enhance from irrigation investments by insuring adequate funding of operation and maintenance, use good irrigation practices, and encourage use of high-value crops.
- (d) Land conservation using appropriate and sustainable agricultural methods, such as minimum tillage and zero grazing; and optimal exploitation of common property resources such as grazing land and fisheries.
- (e) Implement a coordinated water resource planning and management, targeting water catchment and wetlands and enforcing national guidelines on water and wetlands management.
- (f) Diversity from the over reliance on the run-of-the river water abstractions for gravity-fed irrigation schemes and ensure adequate investments in water storage infrastructure; thus allowing double or more cropping on the farms
- (g) Build the capacity of farmers to invest in the infrastructure for their traditional irrigation systems, with some emphasis on micro-dams and small irrigation systems, which are relatively cheaper to be maintained by farmers associations
- (h) Encourage the private sector to invest in irrigated agriculture so as to reduce the burden of government funding for every project
- (i) Enact laws which protect irrigation potential and irrigation developed areas; coupled with rewards and penalties for observing participatory established regulations

Among the expected innovative ways to be introduced will include (i) sub-contracting of private sector experts to help speed up the processes of scheme surveys, architectural plans and construction (ii) investment by Water Users Associations in lining of canals to increase water transmission efficiency (iii) built water storage structures in all existing schemes without dams (iv) link members of WUA to banking institutions (v) introduce medical and crop insurance for members of Water Users Association.

### 3.3 Sustainable Water Resources

Given that water is the source of animal and plant life, there will be continued efforts to ensure sustainable water resources management and utilization through the following measures:

- (a) Protection measures to stop the observed and growing degradation of both surface and ground water resources;
- (b) Strengthen a system for hydrological data and information to provide up-to-date information on the current status and also project future trend;
- (c) Improve coordination of Integrated Water Resources Planning among different sector ministries and local level governance structures,

- (d) Improve and expand geographical scope for stakeholder actions on water catchments management;
- (e) Enforcement mechanism for the application of the national guidelines on watershed management
- (f) Build capacity at national and local levels on watershed management

Among the measures to be introduced to enhance sustainable water management practices will include (i) community involvement in participatory preparation of guidelines for conservation of water resources, with a fund for rewarding those adhering to the by-laws (ii) introduce early learning among children on sustainable water resource management (iii) adopt systems that conserve water at farm and household levels.

### **3.4 Land Use Plans And Demarcation For Different Social And Economic Utilisation**

#### Use multi-stakeholder approach in sustainable land management

ASLMs will continue to collaborate with Ministry of Land, Housing and Settlements (MLHS) and Office of the Vice-President's (Environmental), PO-RALG and donors (e.g. AGRA) to roll out the successful piloted programmes in 21 districts to the rest of the country in preparing land use maps by involving village leaderships as part of strengthened land use planning and management. This will involve:

- (a) Support an inter-ministerial programme to prepare a country-wide land use plan and management system, focusing on rural areas as a preventive measure to cover at least 70 percent of the districts by 2020
- (b) Work closely with TIC to establish a land bank for investors in all the districts
- (c) Continue with existing programmes for integrating soil and water conservation, rainwater harvesting and storage for crops and livestock; and
- (d) Emphasize on the use of low cost approach in irrigation farming and community water supply schemes
- (e) Set up a permanent mechanism for resolving and land use disputes between stakeholders
- (f) A comprehensive programme to reverse all degraded and deforested land

Among the innovative approaches to be used is the establishment of local community committees which will be charged with the responsibility of setting up a planned system for allocation and utilization of land resources using simple guidelines to be prepared by an Intern-Ministerial Committee. Communities should also be able to hire private sector surveyors and land valuers to prepare land use plans. This will help increase the rate of land demarcation and usage plans.

#### Pasture and Rangeland Management:

The seasonal and geographical variation in availability of pastures and water for livestock has not been solved, sometimes leading to death of livestock and conflicts with crop farmers. Central and Local Government Authorities will step up efforts to plan and provide (i) reliable water points, animal hygiene structure facilities (e.g. dips) and hunting facilities (ii) technical support to demarcate land for pastoralists and agro-pastoralists (iii) knowledge on land laws and their community roles in land management (iv) system for early warning on drought and floods.

Among the innovation approaches to encourage commercial livestock farming will include (i) livestock insurance for improved cattle breeds and poultry (ii) promote livestock keepers cooperative and allocate demarcated land plots for grazing (iii) introduce an indirect destocking tax for households with large numbers of cattle above the established land carrying capacity and do not belong to a livestock cooperative.

Soil health and land reclamation support: A programme for discouraging over-tillage of land and misuse of fertilizers and other chemicals shall be established to safeguard soil health. There shall also be programme to reclaim highly eroded land similar to the schemes that were implemented in Kondoa, Singida and Shinyanga in the 1980s and 1990s. Farmers will be encouraged to have a balanced application of inorganic fertilizer moderated with usage of organic fertilizers. Lessons for minimizing misuse of agro-chemicals and continuous irrigation shall be drawn from countries such as India which have implemented successful green revolution by adoption of modern farming methods.

## 4.0 STRATEGY FOR ENHANCED AGRICULTURAL PRODUCTIVITY AND COMMERCIALISATION

### 4.1 Context

In order to enhance productivity from the land and labour, the Government should continue to collaborate with the private sector and international stakeholders to accelerate the pace of improvements and adoption of productivity enhancing technologies. The priority should be to enhance agricultural productivity growth rate in the smallholder sub-sector, which for the past decade has contributed to a sluggish overall agricultural GDP growth rate. Productivity growth rates must be accelerated in order to realize goals spelt out in the Tanzania Long Term Perspective Plan (LTPP) for 2011/12 to 2025/26 as a roadmap to a middle income country. This will require that the country's GDP the country's has to register an annual growth rate of 8 above, while that for the agricultural sector at more than 6 percent, leading to a reduction in proportion of active people employed in the sector from the current level of 75 percent to 61 percent and 50 percent by 2015 and 2020, respectively, all as a result of expected increments in the sector's productivity. Among the major drivers for pushing up productivity will be adoption of commercialization approach across all the commodity value chains.

### 4.2 Agricultural Productivity Enhancement

According to the 2011 TAFSIP document, there is a general consensus among stakeholders on the need to accelerate the adoption of yield-enhancing technologies such as fertilizer and improved seeds, improve access to credit, reduce on farm and off post-harvest losses, improve livestock health services and increase the case of mechanization operations on farms. Other areas of concern that affect productivity include low use of fertilizer and agro-chemicals, poor quality of pasture for livestock, and limited application of aquaculture and investment in apiary. Under-financing of research and extension services is also regarded as a constraint to improving agricultural productivity.

#### **AGRICULTURAL MECHANIZATION**

The level of farm mechanization is still relatively low as 64 percent of land is cultivated using hand hoes, with that using animal traction accounting for 24 percent and tractors (including hand-held powered tillers) covering 14 percent. Farm mechanization, and especially land preparation, planting and weeding, is taken seriously as among the prerequisites for commercialization of the sector. In the past six years, there were more than 15,000 tractors in the country, but only 9,500 or 63 percent were operational. The number of tractors in use

during 2010/11 had increased by 7 percent to 8,556 from 7,998 in 2009/10. Power tillers<sup>21</sup> in use increased from 42 percent in 2009/10 to 66 percent in 2010/11. However, current annual demand for new tractors is approximately 1,800 units but less than 400 tractors (22.2 percent) are actually sold. The impact of the renewed trend of tractors stock replacement has not yet been assessed but it is certain that it has not been translated to a reduction in the price of cereals. It is possible that most of the machineries are directed to non food commercial crops. Although mechanization is paramount to the commercialization of the agricultural sector, it other measures, such as timely preparation and weeding of fields, proper seeding depth, prevention of sub-soil hard pans and use of minimum or zero tillage techniques, will have equal importance in ensuring sustainable improvements in land productivity.

Among the old innovations successfully used in the country in the 1960s and 1970s<sup>22</sup>, and which has been very successful in other countries as well, is the establishment of agromachinery centres for provision of mechanized farm services for commercial and subsidized rates. The centres could also be used to train farmers on use of types of machinery including animal operated field preparation, seed planting and weeding. The adoption of block farms whereby farmers agree to pool parcels of land in order to realize economies of scale for technology transfer and other support services will be promoted.

## **FERTILIZER AND IMPROVED SEED APPLICATION**

Tanzanian farmers use only 9 kg/ha of fertilizer when the average for SADC countries is 16 kg/ha, Malawi is 27 kg/ha and China is 279 kg/ha. Meanwhile, the low levels of application notwithstanding, the market has failed to absorb all the fertilizer stocks supplied by traders, recording a surplus of between 15 and 30 percent during 2007/8 to 2009/10 seasons. Likewise, the annual supply of improved seeds is around 12,000 tons or 10 percent of total estimated requirements of 120,000 tons per year. However, even this small amount supplied is not fully absorbed as 6 percent remain with stockists. This indicates that traders release more stock of fertilizer and seeds than the amount bought by farmers. It is perhaps caused by delayed delivery of the stock, unforeseen inability to honour placed orders by farmers or simply over-estimation of the effective demand by farmers. More effort is needed to improve seeds and fertilizer distribution and ensuring they sold at affordable prices.

Among the innovative approaches to be promoted include selective use of organic farming for some commodities targeting niche local and export markets; and the training and contracting of smallholder farmers to engage in bulking/multiplication of improved seeds.

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<sup>21</sup> Very popular with young farmers and useful in areas with light soils. They also double as transport for inputs and produce to and from fields

<sup>22</sup> The system was used during period of “Ujamaa” villages and the peak of cooperative movement for promoting export cash crops.

### 4.3 Agricultural Commercialization

Productivity enhancement alone will contribute to food security but will not necessarily enable the rural poor to escape poverty. In order to escape poverty, rural households have to graduate from purely subsistence farming to a semi-subsistence/semi-commercial status practicing farming as a business, albeit on a small-scale.

Transforming the way agriculture is undertaken by our farmers, from subsistence type to adopting commercial approaches will be a high priority. For that to happen, the current constraints related to low entrepreneurship skills and for business management skills, low penetration of financial services, poor access to agro-inputs, poor marketing system and rural infrastructural services will have to be sorted out.

The main focus of the strategy in promoting commercial agriculture will be to:

- (a) Promote private sector participation to invest in farming and agribusiness enterprises, with the support from banks
- (b) Create an environment for the penetration of microfinance institutions in rural areas so as to promote commercial farming among smallholders
- (c) Promote a network of established input supply/agro-dealers to enhance access to, and reduced cost of, agricultural inputs.
- (d) Enhance consumer awareness on food quality and safety; and also build the capacity of stakeholders on food safety standards and proper installation and operation of storage, transport and communication services.
- (e) Create incentives for private sector investments in irrigation development to complement public and community investments.
- (f) Continue to build organizational and technical capacity of agricultural marketing cooperatives throughout the country
- (g) Establish a dynamic database system for gathering and sharing knowledge on value adding opportunities and promoting across the country innovative marketing approaches such as contract farming, out grower schemes, warehouse receipts, commodity exchanges, and options trading.
- (h) Promote and strengthen forward and backward market linkages with input suppliers as well as traders, processors and institutional buyers.
- (i) Build adequate skills in agricultural business, value chain development, value addition among professionals and private sector operators.

The above-mentioned strategic areas are further elaborated below.

#### 4.3.1 Access to Finance and Investment Funds

Commercial farming that can provide adequate financial returns to farm operators or actors along commodity value chains requires a minimum level of investment beyond the ability of most low income from households. Such funds could come from micro-finance or banks.

Unfortunately, less than 10 percent of rural households had access to such facilities in (Finscope, 2011)<sup>23</sup>. Most of credit to the sector, which has been annually increasing at 14.5 percent in recent years, is taken by large scale commercial farmers and agro-processors, 45.7 percent of whom are financially served (Fincope, 2011). The Government will therefore accelerate plans to formalize land and other properties to be used as collateral with banks which is seen as a constraints by most banks. MKURABITA shall be stepped up and rolled out beyond the pilot districts. A budget will be set aside to support district teams which will be formed to spearhead this process instead of relying on central government support.

Among the innovative approaches to be promoted will include elaboration of legislation on “land for equity” which doesn’t compel a land owner to sell his/her piece of land in exchange for an investor interested in using the land for a given number of commercially viable period. This will also require a parallel process to educate land owners, bankers and potential investors on this option of business engagement. Such an arrangement will help diffuse some eminent misunderstandings on the benefits of promoting commercial farming through large scale investors.

#### **4.3.2 Micro-Finance Institution and Community Banks**

The Government will continue with efforts to strengthen the existing District Community Banks, encourage start-up of new ones, and provide support to establish stronger and well capitalized grassroots-level micro-finance institutions such as SACCOS and Village Community Banks (VICOBA) as first-line of service to small farmers wishing to commercialize their operations. The current National Micro-Finance Policy will be updated to take into account recent developments in technology such as the use of mobile banking, pension schemes and insurance schemes, which are useful to rural households entering into commercial farming. The aim will be to triple the current number of rural dwellers accessing micro-finance facilities by 2020. Government will also reconsider the mode of deployment of special empowerment funds such as those for women and youth to be aligned with the overall goal of promoting savings mobilization and strengthening micro-finance institutions in the country.

Among the priority areas as part of promoting MFIs is the strengthening of capacity building and overseeing functions of the Cooperative Department at the District level. Among the innovative approaches to be used will be to include financial literacy among the people at early ages, and also in adult learning classes. This will help reduce the risks associated with borrowing without having a well thought of business plan by members of MFIs, who end up liquidating their assets sliding back to poverty ranks. In addition to merging form District Community Banks, some selected well established and managed VICOBA and SACCOS will be provided with financial advisory services to buy shares in high potential businesses listed on the Dar es Salaam stock exchange as a means of diversifying their income portfolio.

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<sup>23</sup> Finscope 2011. AgFIMS Tanzania 2011, Headline findings. Finscope 2009. The demand for, and barriers to accessing financial services in Tanzania 2009 survey

### **4.3.3 Institutions for Agricultural and Rural Development Investment Financing**

The country has lacked a reliable source of funds for medium and long-term investment finance to the agricultural sector, and especially in production and primary processing. The Government will therefore accelerate efforts to adequately capitalize the recently established Agricultural (Investment) Bank to have a capital base of at least TZS 1 trillion by 2020 at 2012 prices. Meanwhile, the Central Bank shall continue to encourage commercial banks to set aside funds for investment in the agricultural sector, along the whole value chain of difficult commodities as a way of encouraging commercialization of the sector.

Among the innovative approaches will be to enact legislation compelling banking and non-banking financial institutions to set aside a proportion of their annual turn-over for lending at concessionary rates to local investors in agricultural commodity value chains ranging from production, storage, processing, packaging and export trade. Preference will be given to young women and men entrepreneurs. In this way, the pace for increasing available capital to promote commercialization of the sector will be enhanced.

### **4.3.4 Attracting Foreign Direct Investment (FDI) Into Agricultural Sector Value Chain**

According to the Tanzania Investment Centre (TIC) the share of FDI to the agricultural sector between 2002 and 2008 was only 12.5 percent, and it ranked fourth compared to other sectors such as mining, tourism and manufacturing. The Government will have to continue with current efforts to mobilize external and internal investors into the sector. The existing framework for engaging the private sector in responsible investment into the sector will be regularly reviewed with a view of addressing emerging challenges and constraints (FAO et.al, 2010<sup>24</sup>, Camp David – G-8, 2012<sup>25</sup>). The aim shall be to raise the share of FDI to agricultural and its allied activities to 40 percent by 2020.

Among the innovating approaches will be to provide incentives that attract relative more capital investment in post-production value chains and penetration of domestic and export markets and discourage speculative accumulation of idle tracts of land by the potential investors.

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<sup>24</sup> FAO *et al*, 2010, Principles for Responsible Agricultural Investment that Respect Rights, Livelihoods and Resources. Abridged Version. FAO, IFAD, UNCTAD and World Bank

<sup>25</sup> Camp David G-8, 2012. G-8 Cooperation Framework to support “The New Alliance for Food Security and Nutrition” in Tanzania

## 5.0 STRATEGY FOR RURAL INFRASTRUCTURE, MARKET ACCESS AND TRADE

### 5.1 Context

Rural infrastructure, in the form of rural roads, marketing infrastructure, private and public storage facilities, telecommunication networks and electricity, are critical in promoting economic growth, bringing both direct and indirect benefits. They provide incentives for setting up of businesses, agro-industries, engaging in profitable trade and transportation, thus creating employment opportunities and jobs. Although there have been some efforts under the ASDP to transforming the rural sector, and in particular efforts to commercialise agriculture, there still requires additional and relentless efforts by government and other stakeholders to keep on improving the situation.

The sector continues to experience high transaction costs of doing business due to poor rural infrastructure, including establishment of agro-industrial facilities and minimizing post-harvest losses. There are also bottlenecks to promoting marketing and trade related undertakings caused by, among others (a) tariff and non-tariff barriers to regional and international trade penetration, (b) poorly informed farmers and their cooperatives on business identification and negotiations, and (c) underdeveloped narrow coverage of special economic zones that could have encouraged value addition of agricultural commodities. There are also bottlenecks linked to improper or weak legal, regulatory and institutional framework regarding land tenure, access to finance, taxation, freely operated regional market and food safety and standards, that will have to be addressed as part of the revised ASDS. The proposed strategic interventions are proposed below.

### 5.2 Rural Infrastructure

Government, through the ASLMs, will work closely with the private sector and development partners to continue with existing efforts to undertake the following:

Rural Roads: ASLMs to work closely with Ministries responsible for Works and Transportation to improve transport transportation infrastructure, specifically linking rural roads to district roads so as to take advantage of recent success where all regions are spatially linked by all-weather roads. This will include taking measures to strengthen the management of Rural Roads Fund and improve the system for allocation of funds and supervision of projects. Other approaches will include:

- (a) In regions such as Morogoro, to strategically link rural roads to feed into the Tanzania-Zambia Railway
- (b) Innovatively to collaborate with:

- (i) Ministry for Works to revive the post-independence system where local communities are engaged in rural roads maintenance including preventive structures to safeguard bridges and development of gullies on slopes
- (ii) Introduce a tax rebate for private companies to invest in rural roads maintenance in their areas of operations just like tea and sugarcane production companies in Amani and Kilombero have been doing.

#### Warehouses, Preservation and Storage

- (a) Roll out the operations of warehouse receipt system to include all non-perishable commodities by empowering rural MFIs to support innovative community approaches for storage, safety and security of the retained produce
- (b) Promote improved household level and village level storage of grains (granaries and mini-silos) to minimize post-harvest waste
- (c) Promote the preservation of perishable food stuffs such as fruits and meat through use of appropriate low cost technologies such as solar drying
- (d) Increase storage capacity for grains and collection centres for milk, building on already registered successes in Tanga, Iringa, Kibaha and Musoma whose products are now marketed in major urban centers countrywide.
- (e) Increase the number and capacity of installed capacity for cold storage and cold chain to service dairy and fish products, building on successes such as that Lake Victoria through the Lake Victoria Fisheries Organization (LVFO) for fresh water products.

Rural Electricity: Although the provision of electricity is not under the direct jurisdiction of the MAFSC, the Rural Energy Agency (REA) has also made some progress in extending electric power to rural areas. ASLMs to work closely with the Ministry responsible for energy to:

- (a) Improve penetration of rural electricity supply, building on efforts by the Rural Electricity Agency (REA). District Authorities, Private Sector and CSOs will be encouraged to apply for competitive grants from REA to roll out rural electricity for agro-processing and food preservation; and
- (b) Create environment for the establishment of agro-industrial facilities in rural area by working closely with SIDO and other agencies.

#### Veterinary Services

- (a) Continue with existing plans to establish more Veterinary Service Centres to cater for types of livestock suitable in each administrative division
- (b) Innovatively, use tax incentives and special grants to encourage investments by the private sector to complement government's efforts in providing livestock husbandry and veterinary services at each at ward and village level so as to increase the

number of cattle dips, artificial insemination centres, vaccination facilities and hatcheries (poultry)

- (c) Innovatively promote the establishment of Community Cells to share facilities for poultry hatcheries, sharing of improved bulls, and also maintenance of cattle dips, insemination and vaccination facilities.

Planned Land: ASLMs to work with Ministries responsible for land to ensure that there is:

- (a) Proper planned and administered land with secured land for current and future infrastructure development by government and private investors
- (b) Innovative collaboration with the Ministries responsible for Land, Habitat and Local Administration to empower village governments to act as primary agents for enforcing land planning and land use principles and guidelines.

#### Market Facilities

- (a) Innovatively, set aside land for weekly market operations for crops and livestock in each ward
- (b) Improve existing and establish more road-side daily markets along all major district, regional and trunk roads. Women and youth to be supported to operate such markets
- (c) Establish border markets to encourage trade with neighboring countries.
- (d) Complete the construction of international produce markets at Kibaigwa (maize, sorghum and beef), Segera (horticultural products) and Makambako (multi-purpose), whose land has been set aside for last couple of years but little progress made in establishing them.
- (e) Make regular assessment of the impact of already built market facilities in order to improve their operations

### **5.3 Market Access: Infrastructure and Systems**

Marketing of the agricultural products requires efficient and well regulated marketing systems. Unfortunately, there are still markets imperfection due to poor information flow, under-developed rural infrastructure, and trade unfriendly regulations that prevent traders to fully seize the opportunities in domestic, regional and international markets for agricultural products (crops, livestock, fishery and agro-forestry). Reducing marketing costs and trade barriers would be a strong contributor to allowing farmers and traders to harness the opportunities of expanded markets. Other constraints to be addressed relate to poorly implemented market policies, attitude by public officials, opaqueness in price determination and inadequate knowledge by farmers, fishers and livestock keepers to identify potential markets for their products.

The government will therefore collaborate with various stakeholders to implement policies, enforce laws and regulations, and create a favourable environment permitting and promoting the following:

- (a) Step up capacity building among producers and traders, and raise their awareness on the required standards for food quality as demanded by domestic and also overseas markets
- (b) Oversee the implementation of recommended grading and product standardization protocols for different commodities to enable penetration to different types of markets locally and internationally
- (c) Introduce innovative ways to promote awareness among stakeholders on the products offered by the current system for market information so that it can provide adequate, regular and up-to-date market information to support commercial decision-making by producers, processors and traders
- (d) Widely publish results from the continuous assessment on the removal of barriers to trade (administrative and taxes/charges) which limit market access, especially with the region
- (e) Improved organizational and technical capacity of agricultural marketing cooperatives to enable them to fully participate in the market
- (f) Enhanced price bargaining ability among farmers for their products as well as inputs for their farms
- (g) Review the existing legal and regulatory framework to enable the operation of an efficient agricultural marketing system, mostly at the LGAs level and for exportation of non-traditional commodities such as maize and rice
- (h) Strengthened systems for enforcing food safety controls based on traceability and proper handling along the value chains of crops, fish and animal products
- (i) Promote the introduction of barcodes for both domestic and exported agricultural products to enhance accountability and traceability
- (j) Innovatively prepare a programme for training and awareness creation among law enforcement agents (the police, immigration and magistrates) to appreciate their roles in transforming the agricultural sector through fair treatment of traders and transporters to minimize non-tariff barriers, among others.

#### **5.4 Trade: Domestic and International**

Given that the country still possesses a comparative advantage for all agricultural products, food and non-food commodities in the region, the government will continue to encourage commercial production for both the local and international markets, including a market for food commodities in the EAC and SADC trading blocks. It is expected that there will be some proportionate gains by producers as a consequence of widening the market catchment for their products compared to the share of the final price taken by middle-agents. On the other hand, producer and marketing associations and cooperatives are still poorly organized

and weakly supported by government to take advantage of the emerging regional and international trade opportunities.

### Strategic Interventions

The government will therefore institute measures to support the following types of interventions in order to promote domestic, regional and international trade for agricultural commodities:

- (a) Bring under one umbrella most of the stakeholder interventions and support meant to promote internal and external trade under the Tanzania Trade Development Authority (TANTRADE).
- (b) Innovatively promoting local brands of products by government and public agencies leading the campaign to use “Made in Tanzania” products such as sisal products (carpets, containers, and bags), cashew nuts, and fruit juices and wines/liquor processed and packaged by Tanzanian companies. Other products include items such furniture made from coconut trees.
- (c) Build the capacity of cooperatives to actively engage and respond to market opportunities, including empowering them to identify, penetrate and bargain for better business deals in the international market.
- (d) Support efforts to build the capacity of private sector to process and package food stuff and their by-products before exporting.
- (e) Undertake studies to identify and prepared a comprehensive action plan to remove or drastically reduce all stumbling blocks, including those related to government bureaucracy so as to improve efficiency in administering international business transaction and their charges
- (f) Expansion of well functioning export processing zones in all the regions, especially those along the border so as to take advantage of the proximity to regional markets
- (g) Identification and branding of Tanzanian commodities and safeguard their reputation in the local and international market.
- (h) Promote for export non-traditional export commodities which have in the past ten years have shown some promising trends in terms of growth of volume and foreign exchange earnings such as such as fish fillet and horticultural crops.
- (i) Government to reinforce the current system of regular consultations with private sector stakeholders to identify and remove constraints related to unfavorable taxes, tariffs and interest rates, which have implications on trade benefits and profitability.

## 6.0 STRATEGY FOR PRIVATE SECTOR DEVELOPMENT

### 6.1 Context

Since the mid 1980's when the government decided to concentration in policy formulation and supervision of the economy, the private sector has been officially recognized as the prime mover of business and driver for economic growth. A number of policies and legislations have been endorsed to facilitate the private sector to invest in agricultural production, processing, marketing and overall commercialization of the sector. However, its engagement in commercial and modern agriculture gets relatively limited support from the financial/banking sector, which doesn't easily provide medium and long term investment funds. The private sector also operates in an environment devoid of some basic infrastructural facilities, which prevents their expansion into new locations suitable for agriculture. Slow bureaucratic procedures for obtaining land titles and establishing business are cited as additional constraints to the growth of the commercial operations in the agricultural sector.

Although a policy and its legislation on Public-Private Partnership has been in place since 2011, there is still limited (i) capacity from the side of the government to translate and implement it for different types of projects, and (ii) awareness and understanding by private businesses on PPP opportunities. A Land Bank is already operational under the Tanzania Investment Centre (TIC) and the Ministry of Finance has already set aside initial funds for the Agricultural (Investment) Development Bank. However, more operating capital is needed to enable the two initiatives to effectively bear the intended outcomes.

Meanwhile, there have been some indications of lack of understanding on the socio-economic benefits of engaging foreign investors in stimulating agricultural commodity value chains, especially at upstream levels where land ownership for production is involved. Large scale farms constitute about 10 percent of the cultivated area in the country, estimated at less than 1.2 million hectares during 2008/09 farming season<sup>26</sup>, compared to 11.45 million hectares cultivated by smallholder farmers. Despite this small proportion of the area occupied by large scale farm, there have been some worries concerning what is termed as "land grabbing" for commercial farming. This means there will be need to prepare policy statements and clear guidelines to ensure clarity among the people and leaders on the future role of smallholder producers. As already noted, smallholder producers form the majority among private sector producers in the country, but lack capital, technical know-how, and a reliable market for the little surplus individually produced. A pilot scheme in SAGCOT has indicated that a well structured partnership between large commercial farmers and/or agro-processors and agro-dealers can significantly uplift farm productivity from smallholder farms<sup>27</sup>.

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<sup>26</sup> URT, 2012. National Sample Census of Agriculture 2007/08. Volume 4- Large Scale Farms. MAFSC, NBS, et. al. June 2012.

<sup>27</sup> Kilombero Plantation Ltd ventured with smallholder farmers in paddy production whose yields have increased from 1.0-2.0 t/ha to 6.0-8.0 t/ha, compared to an average of 4.0-6.0t/ha in the large scale farm.

## 6.2 Strategic Interventions

The government will therefore undertake the following as part of its strategic interventions in the sector:

### On Public-Public Partnership

- a) Prepare a strategic document and manual for directing the implementation of PPP with LGAs and Communities in the agriculture sector
- b) Strengthen and expand current government and donor funded programmes for building the capacity of private sector operators, including small scale ventures, in undertaking commercial farming and other value addition interventions along the commodity value chains

### On Access to Development Financing

- c) Undertake needs assessment in the medium and long term for investment financing in the sector and mobilize resources to adequately capitalize the newly created Agricultural (Investment) Development Bank and the **TIB Development Bank**.
- d) Formulate a policy for engaging all commercial banks in facilitating the development of commodity value chains at affordable capital/loans

### On Access to Land for Investment

- e) Strengthen the management of Agricultural Land Bank and harmonize its operations with the decision-making processes of Local Government Authorities to minimize conflicts of interests with local communities
- f) Establish a special mechanism involving local government authorities in simplifying procedures for accessing land and business licensing
- g) Prepare a public awareness programme on benefits and sacrifices for promoting commercial farming in the country

### On Policy Environment for Doing Business

- h) Establish a legally protected system for dialogue and decision-making process for determining conducive and consistent taxation system for the stimulating and establishing vibrant competitive commodity value chains.
- i) Continue with current efforts to improve infrastructure such as feeder roads, electricity, and communication network.
- j) Continue with current and introduce new interventions for building the capacity of institutions supporting the private sector.
- k) Continue with current with efforts to build the capacity and awareness of private sector operators on business opportunity identification and capture of export markets.

## 7.0 STRATEGY FOR FOOD AND NUTRITION SECURITY

### 7.1 Context

Although the country is able to produce adequate amounts of staple food crops for its population in most of the years, there are regions and districts with pockets of persistent food shortage annually such that food insecurity continues to be a challenge to some section of the population in both rural and urban areas. Low farm productivity due to, among other things, rudimentary production tools, agricultural technologies and climate change have contributed to low production in these perennially deficit areas, which unfortunately cannot be effectively linked to surplus districts due to poor transport and communication infrastructure, and hinders traders from competitively taking commercial stocks to these areas. The opening of cross-border trade for food stuffs has also fear that most of the food will be taken out thus raising domestic consumer prices, at least in the short run, as productivity is still low to adequately satisfy the larger regional market. The existence of some segments of the population with low purchasing power also discourages traders from actively serving these areas. In general, even in those who can access basic food stuffs, there has been a challenge in maintaining quality of food and ensuring the intake of balanced food items by the population, such that malnutrition is still a problem, which has led to persistence of stunting of children below 5 years of age.

It is for the above-mentioned reasons, among others, that the revised ASDS will (i) continue to focus on addressing food security constraints linked to low productivity, unstable inter-seasonal food supply, inaccessibility of food by segments of the population due to adverse spatial locations and/or low purchasing power, and high post-harvest losses; and (ii) pay special attention to malnutrition in the society and in particular among mothers and children by addressing ignorance on preparation of balance diets, low uptake of essential micronutrients and low allocation of budget for school feeding programmes.

### 7.2 Food Security

With the current trend towards urbanization, policy measures to mitigate effects of possible food price spikes and food insecurity for vulnerable segments of the society will increasingly gain strategic importance in social and economic management. Some of the possible measures to improve food accessibility will include:

- (a) The use of strategic reserve stocks to dampen season price fluctuations, which is important for both producers (as they manage to get competitive prices in relation to their production costs) and consumers (who are shielded from overcharging by opportunistic traders and middle men).
- (b) Strengthening the Early Warning Systems, currently supported by FAO and USAID, among other stakeholders.
- (c) Finalize plans to establish a central database with advanced analysis capacity and data sharing protocols among key partners locally.

- (d) Establish an active link with regional governments in the EAC and SADC blocs for detecting regional food security failures given that Tanzania's food will be traded regionally.
- (e) Continue with efforts to strengthen dissemination of early warning information packages through diverse communication channels;
- (f) Establish an efficient system for distributing food stocks to geographical areas not well served by the private sector.
- (g) Coordinating data collection including mechanisms involving communities at risk; which will involve TASAF-II and LGAs in identifying such communities.
- (h) Providing subsidized or famine relief stocks to vulnerable households in rural and urban areas that are identified under the national safety-net programme.
- (i) Given the high costs of maintaining food stocks, it will be important to establish a mechanism for selling to the LGAs, Ministry of Education and other agencies for school feeding programmes.

### 7.3 Nutrition Security

#### Context

Malnutrition is estimated to be an underlying cause of half of under-five mortalities. Tanzania Mainland will have take lessons from Zanzibar which has made better progress in addressing the malnutrition problem. The focus on nutritional issues will therefore be given special attention during ASDS 2011/12-2020/21 because a well nourished population implies a healthy, hardworking and productive workforce resulting into increased productivity. Addressing the prevalence of stunting, wasting and high infant and under five mortality rates is an indirect way of improving consequent educational achievement and improved productivity in adulthood. The effects of malnutrition are also magnified by unsafe drinking water, poor food safety standards and poor hygiene, all of which should be taken as part of an overall strategy for building a healthy population.

#### Interventions

Interventions will focus on ensuring the following, whose success will also contribute to meeting MDG 2025 goals in reducing the proportion of underweight children from 16.8 percent in 2008 to less than 14.4 percent in 2015, and those stunted from 38.9 percent (2009) to less than 23.3 percent in 2015:

- (a) Introduce programmes involving the private sector for food fortification of micro-nutrients in processed staple food stuffs as an intervention to reduce the current levels of malnutrition.
- (b) Prepare a collaborative programme with Ministries responsible for Education and Health and the Local Government Administration to administer regular vitamin supplementation and de-worming campaigns to all children below 18 years of age.

- (c) Collaborate with Ministry for Water to promote provision of safe water to rural communities and schools, which could involve promotion of roof-water harvesting programmes in schools.
- (d) Prepare a collaborative programme with the Ministry responsible for Health and Social Welfare as well as other local and international agencies involved in the reduction of HIV/AIDS/Tuberculosis/Malaria incidences, to provide special agricultural and other technologies that are specifically designed to address the needs of households affected by illnesses and improve their nutritional status. This includes introducing special breeds of grains that are richer than normal in micro-nutrients.
- (e) There will be some special attention by the ASLMs to mainstream the needs of special groups of the population so that they particularly benefit from subsidized schemes in production, processes, marketing and entrepreneurship skill building.

## 8.0 STRATEGY FOR DISASTER MANAGEMENT, CLIMATE CHANGE MITIGATION AND ADAPTATION

### 8.1 Context

Natural disasters in the country are mainly driven by climate shocks and therefore affecting food and nutrition security, as recently witnessed on the horn of Eastern Africa, mostly impacting on women, children, female headed households and the elderly. Effects of climate change are evident through (i) increases in extreme weather variability events such as droughts (drought is the most frequent natural disaster, especially in central and northern areas), coupled with poor distribution of rainfall affecting water sources, production of food and other crops and land resources as soil moisture and nutrients are depleted; (ii) destruction of infrastructure such as roads, railways and bridges which in turn affects transportation/food distribution leading to food shortages and higher food prices. Rivers and dams, upon which the country will depend upon for irrigation development of the more than 2.3 million hectares of high potential, will also increasingly be under pressure as a result of climate changes and human interference on water catchments due to expansion of environmentally unsustainable activities involving clearing of forest cover, encroachment on wetlands and river banks.

### 8.2 Disaster Management

While it is evident that the frequency of climatic shocks and their impact on vulnerable population are increasing, the preparedness and ability to mitigate the possible consequences of a probable event in the country is still low. This calls for an adequate level of preparedness in order to manage risks and mitigate their impacts on vulnerable households. Mechanisms for dealing with food emergencies or with market failure are inadequate. Furthermore institutional integration for early warning and response to disasters is weak. This requires a robust disaster management system to prevent and overcome the impacts of disasters.

For the next decade efforts should be geared towards instituting measures for mitigating the pending impact of disasters and climate change, which should include:

- (a) Improving the current system for detecting and disseminate early warning information on disasters.
- (b) Expanding the scope on emergency response and mitigation measures.
- (c) Strengthening the country's meteorological information collection and sharing system.
- (d) Identification of and preparation of maps on areas most prone to natural disasters in the country.
- (e) Increasing financial capability to deal with shocks and compensation of victims of natural disasters.
- (f) Addressing current weaknesses in institutional integration on the overall early warning system disaster response and preparedness.

### 8.3 Climate Change Mitigation and Adaptation

Climate change adds a further dimension to the natural resource management challenges and opportunities in Tanzania, and indeed the Eastern, Central and Southern Africa region to which the country shares cross-boundary natural resources such as river, forests and game parks. Due to the high level of agro-climatic diversity in Tanzania, climate change is likely to affect agriculture in many and varied ways during and beyond the time horizon of the ASDS-II. Among the intervention to be considered by government and stakeholders therefore, include a number of instruments such as the following:

- (a) Undertake own research and exchange information with other countries, on new crops/varieties and farming systems suited to extreme weather conditions, including hotter/drier conditions, and wetter than normal in some zones.
- (b) Join other countries to improved short and long term weather forecasting, and risk management measures to cope with increasing climatic variability within the country and the region.
- (c) Adopt a system for carbon sequestration through conservation agriculture and reforestation should also be considered.
- (d) Mainstream climate change issues in all ASDS related interventions and those to be derived from the East African Community Climate Change policy, including undertaking carbon accounting studies of all key investments and identifying opportunities for adaptation and mitigation including strategies
- (e) Link agricultural production hotspots in relation to water catchment and hydropower generation so as design a mechanism for electricity users to compensate costs for mitigating the negative effects of agriculture and livestock activities on the catchments and wetlands
- (f) Prepare special policy paper for articulating how to deal with climate change impacts on the most vulnerable groups. This will require building the capacity among experts to analyze and predict food security crises needs using a broader approach<sup>28</sup> that take into account secondary crops, livestock and fisheries, as well as aspects of food availability and prices, purchasing power and nutritional needs.

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<sup>28</sup> beyond the national cereal balance sheet currently in use

## 9.0 STRATEGY FOR POLICY AND INSTITUTIONAL REFORMS AND SUPPORT

### 9.1 Policy Framework

Most recent participatory stakeholder assessments of the agricultural sector<sup>29</sup> in the country, identified gaps in the current policies and strategies, which should be addressed to ensure they realize the intended outcomes.

- a) For the National Agricultural Policy (2009), Livestock Policy (2006) and Fisheries Sector Policy and their respective strategy statements; the most common areas of weaknesses to be addressed include (i) improving sectoral coordination of implementation of the policies through better linkages and enhancing private sector involvement; (ii) linking rural roads, electrification, communication and agricultural markets to the regional networks; building trade-related capacities for improved market access as well as developing livestock/fish/crops and related commodity value chains. For the fisheries sub-sector it includes the need to expand the network of fisheries products by investing in infrastructure to support deep sea fishing for local investors; improve fishing techniques for artisanal fishers to reduce post harvest losses and strengthening regulatory frameworks in the fisheries sector;
- b) For the National Irrigation Policy (2010), the focus of improvements should be on developing integrated water resources management systems for agricultural production; providing backup support for small-scale and commercial private irrigation developers; and providing private leverage/equity fund for investment in irrigation.
- c) For the Cooperative Development Policy (2002) the focus shall be to (i) reorganize cooperatives into economically viable and service oriented entities; (ii) to institute risks protection instruments as confidence building measures for members; and (iii) linking the development of cooperative societies to the growth of micro-finance institutions and community banks.
- d) On Sustainable Industrial Development Policy (1996): Prioritization of investments in agro-industries development to enhance backward and forward linkages between agricultural and industrial sectors; and legislation of mandatory creation of business and industrial development parks in districts take advantage of their respective comparative advantage strengths.
- e) SME Policy (2003): SMEs support services should be improved and extended to cover all commercial agricultural operators; and improvements in the business environment to foster profitability of SME operations in agriculture.
- f) National Trade Policy 2003: Streamlining the trade regime to address agricultural commodity trading locally and internationally; providing trade facilitation services in

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<sup>29</sup> Including that for the preparation of TAFSIP document approved in 2011

areas of transport, communication and technology transfer; and the promotion of export trade for food crops as tradable items.

- g) National Investment Promotion Policy (1996): Extend promotion of investment of other infrastructure such as rural electrification given that only 12 percent of the population has access to power.
- h) National Forest Policy (1998): and the National Environment Policy (1997): Incorporate agro-forestry as an important practice in conserving soil moisture, weed control and improving soil fertility; and monitoring climate change and variability in terrestrial and aquatic ecosystems, respectively.
- i) The National Public Private Partnership (PPP) Policy (2011): Should ensure that stakeholders from the private sector have equal opportunities as the public sector in understanding the modalities and what it takes to implement PPP at different levels: national, sector ministry, LGA and Communities.
- j) The National Water Policy (2002): Increase resources (technical and financial) mobilization for implementation of the water policy with increased focus on institutional strengthening for sustainable utilization and management of water resources.
- k) Agricultural Marketing Policy (2008): Prepare policy implementation framework including developing strategies, programme and action plan and reviewing the Acts, rules and regulations for operationalisation of the policy at the district level
- l) National Microfinance Policy (2000): Review the policy and strengthening the implementation of the policy in the context of the Tanzania Rural Financial Services Strategy.
- m) Land Policy (1997): Strengthen governance in land distribution to avoid land disputes and increase public awareness of land laws especially in rural areas; and how PPP can be affected involving community owned land parcels and the operation of a Land Bank for investment in agriculture
- n) Food and Nutrition Policy (1992): The policy needs to be updated to take into account current food security and nutrition problems including the changing population dynamics in rural and urban areas.

## 9.2 Institutional Reforms and Support

The success in implementing the identified strategic interventions will largely depend on the preparedness of the existing institutional framework and political will by political leaders and technocrats to take hard decisions in priority resource allocation in a harmonized manner. A list of the key strengths and weaknesses of the lead institutions for transforming the sector, and opportunities for reforms is shown in Annex 3.

The most common strength is the understanding on the need to transform the sector and the contribution each institution has to make. On the other hand, the most weaknesses are inadequate experienced personnel leading to low administrative capability and poor financial resourcing in terms of amount and timing of getting the funds relative to annual plans; as well

inexperience in integrating contribution of ideas and resources from the private sector and civil society in government plans.

Opportunities which the various institutions have to take advantage in contributing to reforming the sector include (i) readiness by the international community to support the agriculture sector from policy reform, production and productivity enhancement and mobilization of resources for agro-processing and value chain development (ii) building on the foundation of political will for reforming the sector ministries to improve governance and coordination (iii) common vision to continue focusing on pro-poor growth in rural and urban areas (iv) a willing private sector and civil society sector to work in partnership with government; (v) a revival of medium and long term planning perspectives under the President's Office-Planning Commission.

### **9.2.1 The Planning Commission**

The President's Office- Planning Commission (PO-PC) is mandated to oversee nationally coordinated medium and long term development plans and resource allocation as instruments to realizing the Tanzania Development Vision 2025 goals. It provides targets to be achieved by each sector based on the projected resource environment and desired sector transformations. The institution will have to continue reforming the way resources are allocated and provided to implementing agencies based on national priorities. This includes ensuring that the CAADP target of allocating at least 10 percent of the annual national budget to the agricultural sector and setting aside one percent of the national GDP to supporting research and development for the various sectors. The Presidential Delivery Bureau (PDB)<sup>30</sup> under the POPC will set targets and expect fast and large results on selected commodities, with the first set selected being maize, paddy and sugar.

### **9.2.2 Agricultural Sector Line Ministries (ASLMs)**

The Agricultural Sector Lead Ministries (ASLMs) being the key ministries responsible for policy and strategy development will have to strengthen their coordinated actions with the country's administrative regions, which were more than 25 in 2012 after the creation of new regions of Njombe, Katavi and Simiyu, all of which are divided into districts as centres for a decentralized local government system linked to Ward Development Councils and Village Assemblies, which in practice are responsible for the implementation of agricultural plans and policies. The ASLMs are coordinated by the Prime Minister's Office, Regional Administration and Local Government (PO-RALG), which has a considerable influence in policy formation and commitment to overseeing reforms in the country. However, it has limited funds to provide as discretionary grants to LGAs and its capacity to assist in building the capacity of planning and programme implementation at LGA level is limited.

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<sup>30</sup> Based on Malaysian PEMANDU model

### **9.2.3 Regional Secretariats**

Although the structure of the Regional Secretariat is well defined and the staff generally have a clear vision on what they are required to deliver, they are usually under-utilized by the District-level LGAs due to lack of resources to deploy their advisory services. Some innovative ways will have to be devised to address this problem.

### **9.2.4 The Local Government Authorities**

The LGAs are supposed to be epicenter of planning and implementation of agricultural development programmes. However, they usually suffer from a myriad of problems related mainly to (i) uncoordinated actions by ASLMs, development partners, private sector and civil society operating outside the ASDS planning framework, leading to accountability problems and disjointed results at the grass roots (ii) limited local sources of tax and non-tax revenue to finance development programmes (iii) delayed and inadequate deployment of funds from approved national budgets. These weaknesses are known and the need to address them is still valid now as it was ten years ago.

### **9.2.5 Commodity Boards and Other Parastatals**

The need to empower stakeholders in the governance of Commodity Boards and Parastatals was listed in the ASDS 2001 and it still stands valid to date. A new board to deal with non-traditional crops has been created as promised but fears on cost overrun are still valid. Preparing clear M&E plans and accountability mechanisms will continue to be emphasized in the coming phase of ASDS-II and beyond.

### **9.2.6 Research and Extension Services**

The main weaknesses in research and extension that were identified in 2001 while preparing ASDS are still valid to-date, despite the promise by government to set aside one percent of the national GDP to support research. One of the reasons for the slow take off of these two important support services for the sector is the inability to step up ASDS (2001) recommendations to adopt client-driven commodity agricultural research and using the “user-pays” principle to finance research, with government focusing on strengthening basic public facilities for research and manpower training. Given the quest to modernize the sector and adopt commercial operations along the commodity value chains it is clear that deliberate moves will have to be taken to (i) introduce appropriate crop varieties and animal breeds and replace low yielding one (ii) identify geographical clusters for harmonizing common breeds and varieties as an important element in commercial farming and agro-processing (iii) retraining extension staff in commodity value chain approaches and commercial farming skills, aiming at creating specialized extension agents who can add value to most of the farmers specializing in selected commodities.

### **9.2.7 Research and Development**

The government instituted renewed funding to revise research stations strategically located in different parts of the country by allocating one percent of GDP to research and development.

The impressive performance of Tea Research Institute of Tanzania (TRIT) in Mufindi (Iringa), Tanzania Coffee Research Institute (TACRI) in Lyamungu (Moshi), Kibaha Sugarcane Research Institute (KSRI) (Pwani), KATC (paddy) TORITA (tobacco), TAWIRI (wildlife) and TSA (sisal) is associated with their concentration on a single agricultural commodity, their autonomy and strong linkages with industry, both of which have boosted their revenues allowing them to provide incentives for the retention of scientists and researchers. Among the recommendations for enhancing modernization and commercialization of the agricultural sector is to have a system where producers and processors of each commodity contribute in financing research and training of skilled researchers.

### 9.2.8 Extension Services

The government has been working to improve the ratio of extension agents to farmers through training to fill a gap of more than 8,000 officers (down from 15,000 officers five years ago) and use of more effective extension approaches such as farmer field schools and farmer-to-farmer extension and study tours. So far there is no established model for sharing of extension services between government and private sector institutions or government supporting efforts of the private sector. It is recommended that government should work closely with the private sector to build a cadre of extension experts specialized in value chain approach in commodity production and marketing, whereby they share the cost of running advisory services.

### 9.2.9 Civil Society, Farmer Organisations and Cooperatives

The Agricultural Council of Tanzania (ACT) and the National Network of Farmers Groups in Tanzania also known in Kiswahili as “Mtandao wa Vikundi vya Wakulima Tanzania” (MVIWATA) as well as the Non-State Actors Forum (ANSAF) are emerging as national bodies for advocacy in the agricultural sector. These bodies and other farmer institutions/organisations especially farmer cooperatives and farmers Savings and Credit Cooperatives Societies (SACCOS) require support for capacity-building to respond to the needs of their members and undertake advocacy and policy dialogue. New services are appearing through farmer associations, professional organisations, the private sector and rural microfinance institutions (MFIs). These organisations also need to be supported in the creation of networks at the district and national levels.

**There are capacity limitations and gaps that need to be filled in most or all of the institutions supporting the sector.** Annex 3 identifies a number of common capacity limitations including: (i) limited financial resources resulting in a high proportion of the budget being allocated to recurrent items (and consequently a low proportion to development expenditure); (ii) institutional fragmentation, weak coordination amongst the ASLMs; (iii) weak capacity in policy analysis, planning, M&E and statistics; (iv) limited capacity at LGA level arising from human resource and financial constraints; (v) poor or dilapidated facilities and equipment (offices, transport, communications, computers etc); and (vi) inadequate experience in working with the private sector.

### **9.2.10 Development Partners**

The contribution by Development Partners in modernizing and commercialization of the agricultural sector will still be needed in the foreseeable future. The current system under the Joint Assistance Strategy framework (JAST), which was created in response to the recommended five principles of Paris Declaration on Aid Effectiveness, has operated quite well for the country<sup>31</sup>. The principle of Mutual Accountability has been mainstreamed up to the LGA level where key performance monitoring indicators are jointly developed and there is a continuous dialogue and assessment of implementation successes and challenges. That will have to continue by improving on areas of weakness, especially in providing feedback to lower level units within government and programmes.

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<sup>31</sup> Independent Monitoring Group (IMG) reports on Donor Support prepared by ESRF (2009 and 2011). Commissioned by Ministry of Finance and JAST Secretariat.

## 10.0 IMPLEMENTATION ARRANGEMENTS AND RESOURCE MOBILIZATION

### 10.1 Implementation Arrangement

#### 10.1.1 Institutional Framework

The involvement of many Ministries requires Permanent Secretary and Cabinet level responsibility for the implementation of ASDS programmes under the oversight of the Prime Minister. The institutions supporting agricultural and rural development need coordinated direction from the Cabinet for multi-sectoral involvement in implementation of the Plan, with particular emphasis on creating conditions conducive to the participation of the private sector and non-state actors. The Office of the President will also be actively engaged through the Office of the Chief Secretary and the President who also chairs the Tanzania National Business Council (TNBC), which keenly follows the implementation of ASDS, among other initiatives where there is active partnership between government and the private sector.

The specific roles of the public sector, private sector, communities and non-state actors could be defined as follows:

- a) The public sector (that is, the POPC's PDB, ASLMs, other MDAs, Regional Administration and LGAs) will be responsible for creating an enabling environment for agricultural sector development, policy formulation, the legal and regulatory framework, and for managing public investments in infrastructure, facilities and services.
- b) The private sector will actively identify and provide feedback through established forums to government on factors that hinder effective participation in the rural economy. This should allow the private sector to effectively mobilize resources and invest in commercial activities and support services either individually or through PPPs.
- c) Communities will participate in planning implementing and monitoring community activities supported by government and other actors. Communities will also monitor the quantity and quality of services delivered to them. Mechanisms will be developed to enable communities to make public sector agencies accountable to the people they serve.
- d) Non-state actors and civil society organizations will play a key role in poverty reduction by building local capacity and empowering communities to take responsibility for their own affairs. CSOs will work closely with the ministries and local authorities to ensure that cross-cutting issues are addressed in the sectoral and district development plans.

It is expected the revised ASDS will be implemented through ASDP-II as a sector-wide program comprising of programmes, projects and various initiatives operating at all levels in the administrative hierarchy. A framework for financing most of the articulated areas in the revised ASDS is already in place after the preparation of TAFSIP in 2011.

### 10.1.2 Coordination of ASDS

- a) At the central level the program will be coordinated by MAFC and implemented by the ASLMs and other institutions including PMO-RALG and the Ministries responsible for Natural Resources and Tourism, Land and Housing Infrastructure, Finance, Energy, Labour, Gender and Children Affairs, and Health and Social Affairs.
- b) At regional level the Regional Secretariats will facilitate coordination between the sectoral Ministries and the LGAs. The Regional Secretariats will have four basic functions: (i) creating an enabling environment for LGAs to operate efficiently; (ii) assisting LGAs in capacity building; (iii) providing technical support to LGAs; and (iv) monitoring the performance of LGAs.
- c) At district level LGAs have a critical role because they undertake all development initiatives through the DADPs. The DADP is a key instrument in agricultural and rural development employed by ASDP and many other programmes and projects. The LGAs will be responsible for; (i) designing and implementing DADPs; (ii) promoting social and economic development; (iii) supervising the implementation of laws and regulations relevant to the sector; (iv) supervising the delivery of extension services; (v) mobilizing resources for local development programmes; (vi) improving administration of villages for the purpose of stimulating sustained development; and (vii) improving land administration and land use planning for effective and sustainable land utilization.

It is expected that the extended ASDP coordination framework will provide a mechanism to share Annual Work Plans and Budgets from those initiatives and through that the team would be able to fill gaps, and agree on indicators to be used for monitoring implementation progress.

### 10.1.3 Implementation Organs of ASDS

The involvement of many ministries requires coordinated direction from the Inter-Ministerial Coordinating Committee (ICC), for multi-sectoral involvement in implementation of the Plan, with particular emphasis on creating conditions conducive to the participation of the private sector and non-state actors. Most of the weight in implementing the strategy shall be assigned to district-based and regional organs, which should be empowered to be on the driver's seat. The Centre shall only act as advisory to assist in sorting out implementation constraints at the district levels. This means, all the composition of members to attend the national coordination meeting shall consist of, as mandatory, all regional representatives from public and private sector.

- (a) The POPC's Presidential Delivery Bureau (based on PEMANDU framework) will set targets for some selected commodities and expect accountability reporting on a regular basis.
- (b) Annual National Coordination Meeting will be held once a year and open to a representatives of government and private from the regions and the DPs. The meeting

will be used to assess the agricultural sector's overall performance, including the key indicators of sector performance, and to identify policy and other constraints for immediate action. The National Coordination Meeting will also be used to set funding priorities for subsequent year's activities, currently as identified under TAFSIP.

- (c) The Inter-Ministerial Coordinating Committee (ICC) will include the Permanent Secretaries of the ASLMs, Development Partners, farmer organizations, CBOs and private sector representatives. The ICC membership will also include representatives of SAGCOT, USAID (Feed the Future Initiative), FAO, Steering Committee of the Local Government Development Grant Programme, and the expanded Steering Committee of the ASDP. Other members will be the Ministry of Health and Social Welfare or the Tanzania Food and Nutrition Centre (TFNC).
- (d) There shall also be established Technical Committee of Directors (TCD), which will meet periodically as an advisory arm of the ICC. The TCD will comprise of Directors of ASLMs with responsibility for approving annual work plans and budgets for all programmes and projects that will be engaged in implementation of the ASDP. The TCD will be co-chaired by the Director of Policy and Planning, MAFC and the Director of Policy and supported by the sectoral Programme Technical Working Groups (P-TWGs) and the CAADP Country Team. The existing ASDP TWGs will be expanded to integrate the seven strategic areas of ASDS as already earmarked for financing under TAFSIP. The P-TWGs will draw members from the key institutions implementing the seven programme areas. The current TCD will be expanded to accommodate private sector and other non-state actors as well as representatives of SAGCOT, TFNC, and Local Government Development Grant Programme. It will be assisted by a Secretariat to help in coordinating and managing TCD's oversight of all ASDP-II investments. The Chair of the TCD will report to the ICC on a quarterly basis.
- (e) Zonal Coordination Meetings for the seven agro-ecological zones will be held once a year to review implementation at the Zonal level. The meeting will be chaired by one of the Regional Commissioners on a rotating basis. The meetings will be attended by the Regional Commissioners, Regional Administrative Secretaries and Regional Agricultural Advisors. The meetings will also be attended by the District Directors, District Agriculture Development Officers, District Agricultural and Livestock Development Officers, Community Development Officers, Planning Officer, private sector representatives, farmers and farmers' organizations, DPs, and CSOs. The purpose of the meeting will be to review the status of ASDP-II investments, identify capacity limitations and identify policy and other implementation problems and issues, share lessons learned and other knowledge across the zone. The information from the Zonal Coordination meetings will feed into the A-TWGs and TCD for action and onward forwarding to higher management hierarchy for action, particularly the ICC.

- (f) Development Partners' Agriculture Working Group (A-WG) of the Development Partners Group (DPG) will coordinate the allocation of donor resources for the implementation of ASDS through the TAFSIP framework in accordance with the CAADP Compact and agreements reached at the forthcoming Business Meeting. The various DPs are expected to continue using a range of aid modalities including general budget support, sectoral basket funding, earmarked funding, discrete projects, and off-budget activities. However, the projects and programmes that are funded through these modalities will all be aligned with the ASDS and integrated within the TAFSIP funding framework. The development partners will also work towards a harmonized set of operational procedures, including joint design and review missions, reporting procedures, and sharing of information.
- (g) Budgetary control of the funds earmarked for ASDS implementation will be the responsibility of MoF working with the DPs within the MTEF and the Joint Assistance Strategy for Tanzania (JAST) Framework. Budgetary resources will be allocated in accordance with the five-year investment framework. The External Audit Unit of MoF will be strengthened and its functions rationalized to take work closely with Aid Coordination Unit to capture all external inflows in the agricultural sector.

## 10.2 Resource Mobilization

The government has already worked with stakeholders and prepared the TAFSIP, which is based on partnership to be built with the private sector locally and internationally. The resource mobilization approach to be used by TAFSIP is inspired by the realization that the task of uplifting the majority of Tanzanians out of poverty through transformation of the rural sector cannot be achieved without the support of the private sector. TAFSIP incorporates a number of key innovations:

- (a) It's a comprehensive and fully harmonized approach to sectoral development which addresses a single set of objectives and an agreed target for sectoral GDP growth rate and embraces all development initiatives in the sector, e.g. nutritional issues as part of ASDS and ASDP-II.
- (b) The rate of investment in the sector is expected to increase significantly as Government takes the lead in financing the investments through its CAADP commitment to direct at least 10 per cent of spending to the sector.
- (c) Envisages an enhanced role for the private sector and incorporates specific measures to facilitate private sector engagement, particularly within the growth corridor approach.
- (d) Focus on productivity enhancement rather than simple production targets, and there will be increased emphasis on the commercialization of the sector, recognizing that this is critical to the poverty reduction objectives.
- (e) Nutritional issues (under-nutrition and malnutrition), and the need for social protection mechanisms play a prominent role in the Plan.

### 10.3 Mutual Accountability

**Mutual Accountability is one of the five principles of Paris Declaration on Aid Effectiveness. An overarching framework for boosting mutual accountability** in the implementation CAADP agenda has been developed by NEPAD/NPCA focusing on the following principles:

- Improvement of the Government-Donor commitment with mutually agreed criteria/indicators to generate objective performance information;
- Establishing genuine dialogue and debate platforms and processes, based on mutual consent, common values and trust to review performance and develop joint strategies for improvement (the JAST framework); and
- M & E systems of tracking indicators to generate performance and impact information.

The design and implementation of ASDS-related programmes under TAFSIP financing framework is focused on addressing shared goals and objectives; priority setting based on objective analysis; inclusive consultation and consensus building; and coordinated support from development partners. The successful implementation of ASDS will, thus, depend on many diverse stakeholders and all participating organizations being committed and mutually accountable for achieving results.

The management process outlined above will serve to ensure that mutual accountability is the guiding principal of ASDS implementation. The M&E system for the individual activities and programmes will use objective, current, and credible information across data on common performance indicators in order to generate genuine dialogue and debate between all participating groups and organizations, public and private, in order that constraints to sectoral growth and key policy impediments are effectively resolved.

## 11.0 ASDS-II RESULTS FRAMEWORK AND INDICATIVE COSTS

### 11.1 Goal and Development Objectives

**Goal and Objectives:** The Goal of the TAFSIP is to “contribute to the national economic growth, household income and food security in line with national and sectoral development aspirations.” The Development Objective aims to “rationalize allocation of resources to achieve annual six percent agricultural GDP growth, consistent with national objectives to reduce rural poverty and improve household food and nutrition security” and CAADP objectives and principles. This objective embodies the concepts of allocating resources to invest more, produce more, sell more, nurturing the environment, and eliminating food insecurity; all of which are embodied in various national policy instruments, and are expressed in terms of nine (9) main themes, each with its own **Strategic Objective** and major investment programmes and projects as elaborated in the table below.

### 11.2 Priority Investment Areas

**Investments to increase agricultural productivity are the first priority, in view of the current very low levels of productivity.** Expansion of irrigation, mechanization, research and development, and improved agricultural input supply are needed to raise productivity across the sector. Investments in rural infrastructure including feeder roads, electricity, agro-processing, storage and packaging facilities and sustainable utilization of natural resources will be needed to expand the market especially for the priority crops, among which maize, paddy and sugarcane have been earmarked for special attention by the Presidential Delivery Bureau under PEMANDU framework. Specific interventions to improve food security and nutritional status of rural households and protect them from the impact of natural disasters will also be needed, along with improving the capacity of the institutions which support the sector.

**In order to stimulate growth in the sector, public and private investment in agriculture must be increased.** More specifically, as shown by the IFPRI modeling, the composition of sectoral growth and investment will have a major impact on the rate at which rural poverty and food insecurity are reduced. Shifting the focus of support from the commercial farming sector to smallholders may well restrict overall development of the agricultural sector, and of the economy as a whole. The IFPRI analysis indicates that the best results in terms of economic growth and the reduction of poverty and food insecurity are likely to come from balanced support for both the commercial and smallholder sub-sectors, along with efforts to help subsistence smallholders graduate to the ranks of small-scale commercial farmers. In addition the sub-sectoral focus should be on commodities that are largely produced and consumed by the poor.

**The TAFSIP consultation process identified a large number of activities which could be implemented within the ASDP framework in Tanzania.** The activities have been arranged

into thematic areas corresponding to the seven strategic objectives, and sub-programmes to be strategically implemented as part of the process to transform the country's rural sector and its agriculture. Many of the suggested strategic interventions are already being implemented within the ASDP sector-wide framework and within other programmes and projects which currently fall outside the ASDP.

The Priority Strategic Intervention Areas will cover the following: Irrigation Development, Sustainable Water Resources and Land Use Management; Agricultural Productivity and Commercialization; Rural Infrastructure, Market Access and Trade; Private Sector Development; Food and Nutrition Security; Disaster Management Climate Change Mitigation and Adaptation; and Policy and Institutional Reform and Support. Among these all were covered in the ASDS 2001 version, except for the special on Nutrition Security and Climate Change Mitigation. Private sector development is also given a renewed focus, separate from issues on commercialization and trade.

Thematic Area	Strategic Objectives (SOs)
1. Irrigation Development, Sustainable Water Resources and Land Use Management	<ul style="list-style-type: none"> <li>• Increased area under production and assured water resources for sustainable irrigation development and efficient land use</li> </ul>
2. Agricultural Productivity and Commercialization	<ul style="list-style-type: none"> <li>• Accelerated rate of growth in agricultural productivity and smallholder commercialization and agro-industrial development</li> <li>• Special focus on productivity of paddy, maize and sugarcane as per PEMANDU-PDB directives</li> </ul>
3. Rural Infrastructure , Market Access and Trade	<ul style="list-style-type: none"> <li>• Improved and expanded rural infrastructure capable of facilitating production, value addition, agro-processing, storage and marketing of agricultural goods at lower costs</li> <li>• Increased income due to expanded market opportunities</li> </ul>
4. Private Sector Development	<ul style="list-style-type: none"> <li>• A thriving diverse and competitive private sector in agriculture</li> </ul>
5. Food and Nutrition Security	<ul style="list-style-type: none"> <li>• Enhanced household and national food and nutrition security</li> <li>• Ensure self-sufficiency and surplus for export of maize, paddy and sugar as per PEMANDU-PDB targets</li> </ul>
6. Disaster Management , Climate Change Mitigation and Adaptation	<ul style="list-style-type: none"> <li>• Improved adaptive and mitigation capacity and resilience to the negative impacts of climate change and disasters</li> </ul>
7. Policy and Institutional Reform and Support	<ul style="list-style-type: none"> <li>• Improved policy framework and institutional capacity to implement a sector-wide approach to agricultural development</li> </ul>

### 11.3 Selected Indicators for Monitoring and Evaluation

There will be need to emphasize that the primary objective of any M&E system is to enable the beneficiaries, starting with private sector operators (farmers, processors, and traders) and the administration of LGAs appreciate the progress made in realizing agreed development goals and not primarily designed to appease providers of funds. This means LGAs shall have to work closely with stakeholders to develop a participatory M&E framework, prepare

reports indicating agreed remedial measures where implementation is slow, and share those reports with the centre. The M&E of the sector-wide programmes (ASDP-II) being financed through the TAFSIP will employ and strengthen the existing systems used to monitor and evaluate sector performance.

The results framework in Annex 1 details the activities and outcomes that are expected under each of the seven strategic objectives (SOs) during the preparation of ASDP-II. It includes some milestone indicators, which can be used to monitor progress towards each of the objectives. These indicators will be embedded in the M&E systems of the actual and planned flagship programmes and projects in the sector-wide programme that will be implemented under the TAFSIP financing framework. The M&E system will therefore track inputs, outputs and outcomes into and from programme implementation. It goes without saying that, the current sector M&E frameworks for ASDP-II will be revised to integrate, harmonize and aggregate M&E data from programmes, projects and initiatives in the sector not included in the current ASDP Basket Fund. The scope of the ASDP-II M&E frameworks will also be expanded to accommodate other stakeholders (linked Ministries/institutions, private sector, non state actors, civil societies, CAADP Country Team) to become a sector-wide M&E system which tracks performance of all TAFSIP-funded activities, and feeds the aggregated results into the higher level MKUKUTA II M&E systems and the Medium and Long-Term Development Planning Perspectives. At regional level, the capacity of officers responsible for agricultural sector issues reporting directly to the ASLMs will be strengthened to facilitate M&E and smooth flow of information. This will further reduce communication gaps currently existing between the LGA and ASLM's H/Q.

The Sector Programmes and projects will be monitored semi-annually, while a joint Agricultural Sector Review involving all players in all synergies will be done annually through putting together district-level generated output, outcome and impact indicators. The approach to be used is to empower LGAs to be on the driving seat in implementing a participator M&E system involving private sector, donor-funded projects, farmer groups and government officials.

The end year Monitoring reports will provide input to the Annual Sector Coordinating Meetings. The semi-annual reports will facilitate the undertakings of the ICC and CDs. In this regard, the proposed Annual Sector Coordination Meetings and the Joint Agricultural Sector Reviews will be transformed into a mutual accountability platform where TAFSIP stakeholders review their collective performance.

The following indicators will be tracked as part of biannual national agricultural sector surveys for each of the thematic areas<sup>32</sup>:

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<sup>32</sup> To be completed by cross-checking consistency with budget allocated under TAFSIP and those in LTPP 2011-2020.

**Table 2: Thematic Area 1-Bi-Annual Outcome Indicators for Irrigation, Water and Land Management**

Strategic Thematic Areas (STA) and Policy alignment	Strategic Objectives (SO)	Outcome Indica	Unit of Measure	Baseline (2012)	Target by 2015	Target by 2020
STA-1: Irrigation Development, Water Resources and Land Use Management	SO-1: Assured water resources for sustainable land use and irrigation	Larger Proportion of Irrigated Area	Hectare	399,000	580,000 <sup>1</sup>	1,100,000
		Proportion of irrigated area out of farmed land <sup>1</sup>	Percent	4%	6%	10%
		Intensity of Use of Irrigated Area	Cropping per Hectares	1	2	2
		Months of water discharge restored	months	<5 <sup>2</sup>	>5	>10
		Irrigation Efficiency	Percent water retained	15% <sup>5</sup>	25%	40%
		Properly Functional Water Use District Committees	number	?		
		Degraded land restored/recovered <sup>4</sup>	Hectares or % land	??		
		Sustainable and responsible natural resource management	Districts with Land use plans <sup>3</sup>	< 30 districts	50	100

**Note:** <sup>1</sup>According to 5-Year Development Plan, the target is 1 million ha by 2015. The estimate is scaled down to around 60,000 ha per year in three years from 2011/12 to 2015/16, given that so far there are only 390,000ha. Its assumed from 2015 onward, there will be developed at least 100,000 ha per year, mostly bringing existing tradional irrigated land into planned irrigation systems hence the total farmed land (rainfed and irrigated) is assumed not to increase much from the current levels.

<sup>2</sup>some rivers flow for less than 5 months in a year (Source: ???) ; <sup>3</sup>Source: GOT, Mkurabita???; <sup>4</sup>find source for baseline. <sup>5</sup>based on survey of 279,604 ha irrigated in 2008/09 (MAFSC, 2011-Review of ASDS).Loss prevention includes lining of distribution canals to minimise leakage during transmission on open canals

**Table 3: Thematic Area 2-Bi-Annual Outcome Indicators for Productivity and Commercialisation**

Strategic Thematic Areas (STA) and Policy alignment	Strategic Objectives (SO)	Outcome Indicator	Unit of Measure	Baseline in 2010/11	Target by 2015	Target by 2020
Agricultural Productivity and Rural Commercialisation		Improved agricultural productivity	Maize Yield per Ha	< 1.6 t/ha <sup>1</sup>	3.0 <sup>2</sup> t/ha	4.5 t/ha
			Paddy yield per Ha	<2.0t/ha	3.9 <sup>3</sup>	5 t/ha
			Livestock Milk, litres per Cow/day	< 2 l/cow/day	5l/cow/day	20 l/cow/day
		At least 6% per annum growth of agricultural sector output	Percent GDP growth rate	4.2 percent	5.2 percent	6 percent
			Rural GDP/capita	<USD 350	USD 500	US\$1,000
		Improved agricultural productivity on mandays and land <sup>4</sup>	Income TZS in 2001 prices	212,671	375,724	714,940
		Smallholder sub-sector catch up with commercial productivity levels	Cereals: tons/ha as ratio to commercial farming t/ha	1:10 <sup>6</sup>	1.8	1:5
		Loans by Commercial Banks to Agric Sector	Share to total loans issued by banks (%)	12.3% <sup>5</sup>	15%	30%
		Increased value addition of agricultural products	Proportion (%) value added before export	Less than 25% <sup>5</sup>	40%	60%
		Improved off-farm rural employment opportunities	Proportion of household in agric	74 % <sup>5</sup>	65 %	50 %
Research responsive to farmer needs	Farmers engaged in research prioritisation and on-farm adaptive trials	Less than 10% <sup>7</sup>	30%	50%		

Note: <sup>1</sup>According to MAFSC (2011), Statistics Unit, Average for 2006/07-2009/10 was 1.32t/ha for maize and 1.98t/ha for paddy. <sup>2</sup>According to MAFCS estimation, yield should have reached 2.14 t/ha by 2010, and then reach 2.97 t/ha by 2015 (based on assumption of 16.5 % percent annual growth rate). <sup>3</sup>Also estimated to reach 2.9t/ha by 2010 and 3.85 t/ha, based on annual growth rate of 19.5% per annum. <sup>4</sup>calculation based on Agric GDP and workforce in agriculture projections for 2015 by POPC's 5 Year Plan 2011/12-2015. <sup>5</sup>GOT, 2011-ASDP Performance Report 2010/11. <sup>6</sup>own estimates based on fact that fertiliser and improved seed are applied to less than 10 percent of the cultivated area. <sup>7</sup>MAFSC, 2011-Evaluation of the Performance of of ASDP (June 2011). <sup>7</sup>Based on assumption that the 774,156 farmers engaged in FFS had linkages with researchers and that each one represented a household.

**Table 4 Thematic Area 3-Bi-Annual Outcome Indicators for Rural Infrastructure, Market Access and Trade**

Strategic Thematic Areas (STA) and Policy alignment	Strategic Objectives (SO)	Outcome Indicators	Unit of Measure	Baseline	Target by 2015	Target by 2020
STA-3: Rural Infrastructure, Market Access and Trade	SO-3: Improved and expanded rural and marketing infrastructure	Lower transport costs	Real farm-gate prices reported by farmers			
		Increased competitiveness of products in all level markets	Volume and value of exports			
			Certified export commodities			
		Expanded rural market structures	Number of rural markets			
		Improved net forex balance	USD million			
		Increased profitability in the agricultural sector	Margin: USD per Ha cereals			
			Margin: USD per ha non-fodd cash crops			
		Improved trade facilitation services and utilities	Terms of trade for agricultural commodities			
		Increased farm-gate prices of agricultural commodities	Share of farmgate to final price: cereals			
			Share of farmgate to final price: non-food crops			
		Improved and expanded rural market infrastructure and storage facilities in rural areas	Percent of rural roads passable 12 months a year			
			Veterinary and livestock health centres			
			Modern abboitors per 100,000 cows			
			Improved quality and food safety of agricultural commodities	Market share of domestic food items in supermarkets		

**Table 5: Thematic Area 4-Bi-Annual Outcome Indicators for Private Sector Development**

Strategic Thematic Areas (STA) and Policy alignment	Strategic Objectives (SO)	Outcome Indica	Unit of Measure	Baseline	Target by 2015	Target by 2020
STA-4:Private Sector Development	SO-4: A Thriving diverse and competitive agricultural private sector	Greater private sector participation in agricultural production and marketing and agro-processing	No of private companies active in rural commercial enterprises			
			Hectares under large scale commercial farming (crops and livestock)			
			Number of private companies in partnership with smallholder farmers	1,200,000 <sup>1</sup>	1,500,000	2,000,000
			Membership to Rural SACCOS ('000) <sup>2</sup>	1,000 <sup>2</sup>	1,400	2,500
			Number of PPP projects implemented			
			USD Value of PPP projects implemented			
			Percent of FDI in agriculture	12.5% <sup>3</sup>	15 %	30%

Note: URT, 2012 (Vol.4-Large scale farms). Own estimates for 2015 and 2020, mostly to come from investments in sugar and paddy production in SAGCOT zone. <sup>2</sup>Estimates for 2011. SACCOS are important in the creation of a vibrant rural financial system. See MAFSC, 2011-ASDP Performance Report 2010/11. <sup>3</sup>GOT, 2011-ASDP Performance Report 2010/11

**Table 6: Thematic Area 1-Bi-Annual Outcome Indicators for Food and Nutrition Security**

Strategic Thematic Areas (STA) and Policy alignment	Strategic Objectives (SO)	Outcome Indica	Unit of Measure	Baseline	Target by 2015	Target by 2020
SA-5: Food and Nutrition Security	SO-5: Universal household and national food and nutrition security	Improved national food self sufficiency ratio	% of national food requirements supplied by domestic production	110%	120%	150%
			% of districts reporting food shortages	25%	15%	5%
		Reduce number of calorie deficient households	No. of rural households with calorie intake less than recommended daily intake	25%	20%	10%
		Reduced prevalence of micronutrient deficiencies	% of low birth weights and stunted children under five years	16.8 %	14.4%	10%
			% children under 5 with stunting problems associated with nutrient/micro-nutrient deficiencies	38.9 %	23.3%	
			% of population with anaemia, vitamin A and iodine deficiency			
		Improved food quality, diversity, and reduced prevalence of malnutrition	Proportion of population suffering from malnutrition			
		Reduced vulnerability to acute food shortages	% of households eating < 2 meals/day			
		Diversification of farming systems for improved diets	% of land used for crops of high nutritional value	•	•	•

**Table 7: Thematic Area 6-Bi-Annual Outcome Indicators for Disaster Management and Climate Change**

Strategic Thematic Areas (STA) and Policy alignment	Strategic Objectives (SO)	Outcome Indica	Unit of Measure	Baseline	Target by 2015	Target by 2020
<b>STA-6: Disaster Management, Climate Change Mitigation and Adaptation</b> Aligned with	<b>SO-6: Improved adaptive and mitigation capacity against disasters</b>	Adapt to effects and mitigate causes of climate change	Use of agricultural technologies adapted to variable climatic conditions	•	•	•
			Net carbon balance for the agricultural sector	•	•	•

Notes:

**Table 8: Thematic Area 7-Bi-Annual Outcome Indicators for Policy and Institutional Reform and Support**

Strategic Thematic Areas (STA) and Policy alignment	Strategic Objectives (SO)	Outcome Indicators	Unit of Measure	Baseline	Target by 2015	Target by 2020
STA-7: Policy and Institutional Reform and Support	SO-7: Improved Policy frameworks and institutional capacity	Consistent sector-wide policy, regulatory and legal framework	An established framework for sectoral ministries and institutions to jointly achieve ASDS objectives	•	•	•
			Harmonisation of all development initiatives in the sector within the ASDS framework	•	•	•
		As above	Further reforms of laws and legislations	•	•	•
		Enhance institutional capacity to effectively plan, implement and monitor initiatives in the sector.	Assessed capacities of public and private sector institutions	•	•	•
			An effective M&E system to track and document developments	•	•	•
		Better preparation and response to natural disasters	Database of households requiring emergency assistance			
			% of affected households receiving assistance			
		Improved capacity of research institutions	Financial resources allocated to research			
			Human Resource Development			
		More effective and affordable extension services	Increased rates of technology adoption	10%		
		Improved capacity of farmer organisations and cooperatives	Enhanced stakeholder participation in sector planning, implementation and M&E	•	•	•

## 11.4 Cost Estimates and Indicative Financing Plan

### 11.4.1 Cost Estimates

It is estimated that the achievement of 6 percent annual growth of sectoral GDP will require investment costs of USD 5,304.49 million over five years. These levels of investment are reasonable considering that 75 percent of the population still lives in rural areas. Over two-thirds of the resources are allocated to agricultural productivity and commercialization reflecting the high priority given to the issue, and the capital intensive nature of irrigation

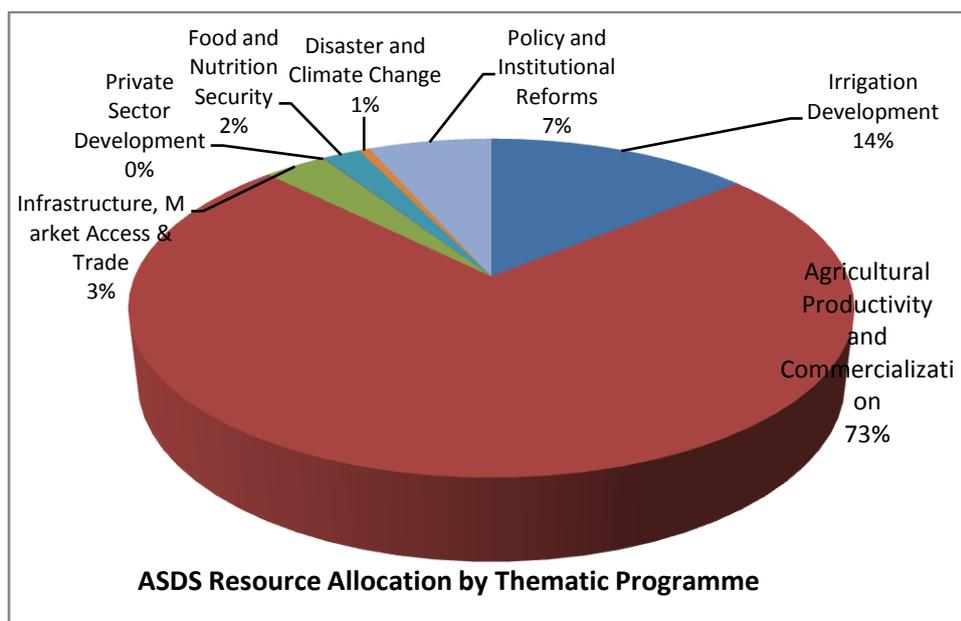
development which is expected to be one of the main drivers of productivity growth. The share per investment area is as presented in Table 9 below:

**Table 9: Summary of Programme Cost Estimates (in million TZS) – Mainland Component**

Programme	Year 1	Year 2	Year 3	Year 4	Year 5	Total (TZS million)
Irrigation Development, Water Resources and Land Use	180,515.76	204,418.67	223,967.81	250,670.64	277,992.59	1,137,565.48
Agricultural Productivity and Commercialization	918,976.56	1,103,999.00	1,199,471.14	1,302,412.92	1,431,283.58	5,956,143.20
Rural Infrastructure, Market Access & Trade	51,657.39	58,479.09	59,668.09	54,723.59	45,766.59	270,294.75
Private Sector Development	614.50	719.20	775.50	880.50	1,053.00	4,042.70
Food and Nutrition Security	16,896.16	37,656.18	37,582.67	34,240.37	37,455.57	162,825.42
Disaster Management and CC Mitigation	6,398.68	6,948.38	12,726.26	12,070.46	7,902.96	46,007.74
Policy and Institutional Reforms and Support	88,408.74	104,394.83	109,840.90	110,612.78	117,655.79	534,169.14
<b>TOTAL</b>	<b>1,263,467.79</b>	<b>1,516,615.35</b>	<b>1,644,032.37</b>	<b>1,765,611.26</b>	<b>1,919,110.08</b>	<b>8,111,048.42</b>

Source: URT, 2011. TAFSIP Document. October 2011.

**Figure 5: Summary of TAFSIP Cost Estimates by Program Tanzania Mainland (TZS 000,000)**



## 11.4.2 Sources of Funds

The financing of agricultural activities in Tanzania will continue to be through a variety of sources with the Government traditionally being the main source of funds, supplemented by Development Partners who have been supporting the development of the sector. However, there will hitherto be some changes where the current system of financing through contribution to the ASDP Basket Fund, Sector Budget Support and stand-alone projects will be abandoned in favour of TAFSIP, which will expand expanding its catchment to include the private sector, farmers, processors and non-state actors.

## 11.5 Risks and Risk Management

**The revised ASDS, and its financing mechanism, the TAFSIP, will face a number of generic risks that affect all development programmes and projects in Tanzania.** These include: (i) the willingness of the private sector to participate; (ii) limited capacity in Government institutions and human resources; (iii) the challenge of coordinating ASDP-II/TAFSIP in the regional context; (iv) ensuring that the primary target group (smallholders) participate fully; (v) managing environmental risks; and (vi) coordinating multiple funding modalities and procurement systems.

**Timely access to financial resources is also critical for the TAFSIP.** Most of the financing is expected to be sourced from the URT, Development Partners the private sector and beneficiaries. Since agricultural activities including support service delivery is a continuous process funds are also needed continuously. Delay in disbursement of funds often causes stoppage of activities thus compromising the quality of interventions and can cause farmers to lose interest. To ensure that this risk is mitigated a schedule of financing arrangements and a procurement plan needs to be developed to ensure timely flow of funds and procurement. Some Development Partners accept national procurement systems, while others may specify their procedures to be used. As far as possible procurement procedures should be unified and harmonized to avoid procurement delays.

## 11.6 Sustainability

**Strategic Objective 2 (SO-2) aims to achieve a sustainable increase in agricultural productivity and Commercialization.** This will be achieved through scaling up of technologies which are appropriate, affordable and profitable to smallholder farmers, and can be sustained without ongoing support in the long-run. **SO-4** will utilize the principles of sustainable agricultural intensification by enabling farmers to develop farming systems which are more diversified, more productive and more sustainable than the traditional low-input monocultures. **SO-2** will also contribute to long-term sustainability of productivity and production which will create an enabling environment for rural commercial development in which farmers can access inputs and markets through commercial channels, which improve productivity and profitability and enable them to begin practicing farming as a business. Commercial incentives are therefore fundamental to long-run sustainability of smallholder agriculture and its transition from subsistence to semi-subsistence/semi-commercial status.

**Strategic Objective 5 (SO-5) addresses the social dimension of sustainability** through ensuring that household food and nutrition needs are satisfied and that rural people are protected from the impacts of natural disasters and acute food shortages, which can deplete household assets and reverse hard-won gains. **SO-2** will also address the high prevalence of under-nutrition and malnutrition which also limit productivity and threaten the sustainability of rural households and communities.

## 12.0 ANNEXES

### ANNEX 1: ASDS RESULTS FRAMEWORK

**Goal: Contribute to national economic growth, household income and exports in line with national and sectoral development aspirations**

**Development Objectives: Rationalise allocation of resources to achieve 6 per cent agricultural GDP growth, consistent with national objectives to reduce rural poverty, and improve food and nutrition security**

Strategic Thematic Areas (STA) and Policy alignment	Key Results for ASDS-II			Policy and Institutional Considerations
	Strategic Objectives (SO)	Outcome that the ASDS-II is Expected to Influence	Milestone Indicators <sup>1</sup> Showing Progress Towards Objectives	
<b>STA-1: Irrigation Development Water Resources and Land Use Management</b> Aligned with: <ul style="list-style-type: none"> <li>• CAADP Pillar I</li> <li>• Vision 2025</li> <li>• MKUKUTA II</li> <li>• Kilimo Kwanza</li> <li>• ASDS Irrigation Policy and Strategy</li> <li>• Rural Development Policy and Strategy</li> <li>• Agriculture Policy Draft</li> </ul>	<b>SO-1: Assured water resources for sustainable land use and irrigation</b>	<ul style="list-style-type: none"> <li>• Improved agricultural productivity</li> <li>• Sustainable and responsible natural resource management</li> </ul>	<ul style="list-style-type: none"> <li>• Measures of land degradation, deforestation, correct use of agro-chemicals, water use etc</li> </ul>	<ul style="list-style-type: none"> <li>• Need to understand trade-offs between long term policy on natural resource base and productivity</li> <li>• Develop farming systems which are both more productive and more sustainable</li> </ul>
<b>STA-2: Agricultural Productivity and Commercialization</b> Aligned with:	<b>SO-2: Accelerated productivity rate of growth and commercial agriculture</b>	<ul style="list-style-type: none"> <li>• At least 6% per annum growth of agricultural sector output</li> </ul>	<ul style="list-style-type: none"> <li>• Agricultural sector GDP growth rate (including rural GDP per capita)</li> </ul>	<ul style="list-style-type: none"> <li>• Aligning central budget allocation to sector policy in order to reach stated outcomes</li> <li>• Need to stimulate private sector investments to achieve target growth</li> </ul>

Strategic Thematic Areas (STA) and Policy alignment	Key Results for ASDS-II			Policy and Institutional Considerations
	Strategic Objectives (SO)	Outcome that the ASDS-II is Expected to Influence	Milestone Indicators <sup>1</sup> Showing Progress Towards Objectives	
<ul style="list-style-type: none"> <li>• CAADP Pillar I</li> <li>• Vision 2025</li> <li>• LTPP 2012-2025</li> <li>• MKUKUTA II</li> <li>• Kilimo Kwanza</li> <li>• TAFSIP</li> <li>• Sustainable Industrial Development Policy</li> <li>• Irrigation Policy and Strategy</li> <li>• Rural Development Policy and Strategy</li> <li>• Agriculture Policy Draft</li> <li>• Land Policy</li> <li>• Population Policy</li> <li>• Fisheries Policy and Strategy</li> <li>• Water Policy</li> <li>• PPP Policy</li> <li>• Forest Policy</li> <li>• EAC Ag and Rural Development Policy</li> </ul>				rate
		<ul style="list-style-type: none"> <li>• Improved agricultural productivity</li> </ul>	<ul style="list-style-type: none"> <li>• Total Factor Productivity of the agricultural sector</li> <li>• Value of production per unit of land and labour</li> </ul>	<ul style="list-style-type: none"> <li>• Balance needed between investments in high versus low potential areas</li> </ul>
		<ul style="list-style-type: none"> <li>• Smallholder sub-sector catch up with commercial productivity levels</li> <li>• Increased investment in agriculture and agro-industrial enterprises</li> <li>• Increased value addition of agricultural products</li> <li>• Improved off-farm rural employment opportunities</li> <li>• Increased incomes through more efficient utilisation of labour</li> </ul>	<ul style="list-style-type: none"> <li>• Productivity of smallholder sub-sector relative to commercial</li> <li>• No of smallholders engaged in commercial farming</li> <li>• No of enterprises engaged in high value activities along value chain</li> <li>• Net value added attributable to the agricultural sector</li> <li>• No of people employed in off-farm rural enterprises</li> <li>• No of businesses and people employed in rural agro-industries (including biofuels)</li> <li>• Gross margin per labour day</li> </ul>	<ul style="list-style-type: none"> <li>• Targeting smallholders to engage in commercial enterprise through incentives, training etc</li> <li>• Develop instruments to encourage private investment in commercial agriculture</li> <li>• Agribusiness investment policy – inclusive at higher end of value chain</li> <li>• Financial services, commodity agreements, contract farming needs review</li> </ul>
		<ul style="list-style-type: none"> <li>• Continuing growth of commercial agricultural sub-sector</li> </ul>	<ul style="list-style-type: none"> <li>• Amount of production from commercial sub-sector</li> </ul>	<ul style="list-style-type: none"> <li>• Encourage outgrower, block farming, and contract farming arrangements with smallholders</li> </ul>
	<ul style="list-style-type: none"> <li>• Research responsive to farmer needs</li> </ul>	<ul style="list-style-type: none"> <li>• Farmers engaged in research prioritisation and on-farm adaptive trials</li> </ul>	<ul style="list-style-type: none"> <li>• Develop effective mechanisms for farmer engagement and knowledge sharing</li> </ul>	

Strategic Thematic Areas (STA) and Policy alignment	Key Results for ASDS-II			Policy and Institutional Considerations
	Strategic Objectives (SO)	Outcome that the ASDS-II is Expected to Influence	Milestone Indicators <sup>1</sup> Showing Progress Towards Objectives	
<p><b>STA-3: Rural Infrastructure, Market Access and Trade</b></p> <p>Aligned with:</p> <ul style="list-style-type: none"> <li>• CAADP Pillar II</li> <li>• Trade Policy</li> <li>• Employment Policy</li> <li>• Empowerment Policy</li> <li>• Investment Promotion Policy</li> <li>• Micro Finance Policy</li> <li>• Rural Development Policy and Strategy</li> <li>• Information and Communication Technology Policy</li> <li>• SME Development Policy</li> <li>• Agricultural Marketing Policy and Strategy</li> </ul>	<p><b>SO-3: Improved and expanded rural and marketing infrastructure</b></p>	<ul style="list-style-type: none"> <li>• Lower transport costs</li> <li>• Increased competitiveness of products in all level markets</li> <li>• Expanded rural market structures</li> <li>• Improved net forex balance</li> <li>• Increased profitability in the agricultural sector</li> <li>• Improved trade facilitation services and utilities</li> <li>• Increased farm-gate prices of agricultural commodities</li> <li>• Improved and expanded rural market infrastructure and storage facilities in rural areas</li> <li>• Improved quality and food safety of agricultural commodities</li> </ul>	<ul style="list-style-type: none"> <li>• Real farm-gate prices reported by farmers</li> <li>• Volume and value of exports</li> <li>• Domestic market share</li> <li>• No of smallholders actively engaged in rural markets</li> <li>• Certification of commodities for export</li> <li>• Market share of domestic food items in supermarkets</li> <li>• Terms of trade for agricultural commodities (ratio between prices of outputs and inputs)</li> </ul>	<ul style="list-style-type: none"> <li>• Policy on growth corridors harmonised with agricultural sector policy</li> <li>• Competitive trade policy taking into account international standards re sanitary and phyto-sanitary standards, certification procedures etc</li> <li>• Operationalisation of food safety polices through effective legal and regulatory systems</li> <li>• Macroeconomic policy considerations including inflation, interest rates, exchange rates, taxes etc</li> </ul>

Strategic Thematic Areas (STA) and Policy alignment	Key Results for ASDS-II			Policy and Institutional Considerations
	Strategic Objectives (SO)	Outcome that the ASDS-II is Expected to Influence	Milestone Indicators <sup>1</sup> Showing Progress Towards Objectives	
<b>STA-4: Private Sector Development</b> Aligned with: <ul style="list-style-type: none"> <li>• CAADP Pillar II</li> <li>• Vision 2025</li> <li>• LTPP 2012-2025</li> <li>• MKUKUTA II and MKUZA II</li> <li>• National Public Private Partnership (PPP) Policy</li> </ul>	<b>SO-4: A Thriving diverse and competitive agricultural private sector</b>	<ul style="list-style-type: none"> <li>• Greater private sector participation in agricultural production and marketing</li> </ul>	<ul style="list-style-type: none"> <li>• No of private stakeholders active in rural commercial enterprises</li> </ul>	<ul style="list-style-type: none"> <li>• Enabling environment conducive to private investment</li> <li>• Financial services available to support private investment (Agricultural Bank)</li> </ul>
<b>SA-5: Food and Nutrition Security</b> Aligned with: <ul style="list-style-type: none"> <li>• CAADP Pillar III</li> <li>• Vision 2025</li> <li>• LTPP 2012-2025</li> <li>• MKUKUTA II</li> <li>• Food and Nutrition Policy and Strategy</li> <li>• Community Development Policy</li> </ul>	<b>SO-5: Universal household and national food and nutrition security</b>	<ul style="list-style-type: none"> <li>• Improved national food self sufficiency ratio</li> <li>• Increased calorie availability per rural household</li> <li>• Reduced prevalence of micronutrient deficiencies</li> <li>• Improved food quality, diversity, and reduced prevalence of malnutrition</li> <li>• Reduced vulnerability to acute food shortages</li> <li>• Diversification of farming systems for improved diets</li> </ul>	<ul style="list-style-type: none"> <li>• % of national food requirements supplied by domestic production</li> <li>• No. of rural households with calorie availability &lt; xxx/person/day</li> <li>• % of low birth weights and stunted children under five years</li> <li>• % of households eating &lt; 2 meals/day</li> <li>• % of population with anaemia, vitamin A and iodine deficiency</li> <li>• % of pregnant women and children under 5 with specific nutrient/micro-nutrient deficiencies</li> <li>• % of districts reporting food shortages</li> </ul>	<ul style="list-style-type: none"> <li>• TNFC is currently finalising the National Food and Nutrition Policy</li> <li>• No specific food and nutrition policy for the mainland</li> <li>• Food security policy is integrated into the ASDP</li> <li>• Better integration of dietary diversification and nutrition behaviour change into agricultural sector programmes</li> <li>• Possible conflict between specialisation/commercialisation and diversification of farming systems and diets</li> <li>• Food safety and quality policy needed</li> <li>• Need to maintain adequate food reserves at national level and adequate distribution systems in times of crisis</li> <li>• Develop policies and procedures for dealing with food price spikes</li> </ul>

Strategic Thematic Areas (STA) and Policy alignment	Key Results for ASDS-II			Policy and Institutional Considerations
	Strategic Objectives (SO)	Outcome that the ASDS-II is Expected to Influence	Milestone Indicators <sup>1</sup> Showing Progress Towards Objectives	
			<ul style="list-style-type: none"> <li>• % of land used for crops of high nutritional value</li> </ul>	<ul style="list-style-type: none"> <li>• Promote awareness of dietary diversity</li> </ul>
<p><b>STA-6: Disaster Management, Climate Change Mitigation and Adaptation</b>            Aligned with</p> <ul style="list-style-type: none"> <li>• CAADP Pillar I&amp;III</li> <li>• Vision 2025</li> <li>• LTPP 2012-2025</li> <li>• MKUKUTA II</li> <li>• National Disaster Management Policy (Draft)</li> </ul>	<p><b>SO-6: Improved adaptive and mitigation capacity against disasters</b></p>	<ul style="list-style-type: none"> <li>• Adapt to effects and mitigate causes of climate change</li> </ul>	<ul style="list-style-type: none"> <li>• Use of agricultural technologies adapted to variable climatic conditions</li> <li>• Net carbon balance for the agricultural sector</li> </ul>	<ul style="list-style-type: none"> <li>• Uncertainties about the nature and magnitude of changing climate and appropriate responses</li> <li>• Technologies need to be considered in order to avoid increased costs for farmers</li> </ul>
<p><b>STA-7: Policy and Institutional Reform and Support</b>            Aligned with:</p> <ul style="list-style-type: none"> <li>• CAADP Pillar IV</li> <li>• National Empowerment Policy</li> <li>• Cooperatives Development policy</li> <li>• Local Governmnet Reform Policy</li> </ul>	<p><b>SO-7: Improved Policy frameworks and institutional capacity</b></p>	<ul style="list-style-type: none"> <li>• Consistent sector-wide policy, regulatory and legal framework</li> </ul>	<ul style="list-style-type: none"> <li>• All sectoral ministires and institutions working towards agreed ASDS objectives</li> <li>• Harmonisatoin of all development initiatives in the sector within the ASDS framework</li> </ul>	<ul style="list-style-type: none"> <li>• Improved coordination and harmonisation of agricultural development iniativatives within and outside the ASDP and TAFSIP frameworks</li> <li>• Agricultural donor working group should continue to engage in policy dialogue and harmonisation</li> <li>• Need for ongoing review of policy and legal framework</li> </ul>
		<ul style="list-style-type: none"> <li>• Enhance institutional capacity to effectively plan, implement and monitor initiatives in</li> </ul>	<ul style="list-style-type: none"> <li>• Capacities of public and private sector institutions in the agricultural sector</li> <li>• An effective M&amp;E system to track and document</li> </ul>	<ul style="list-style-type: none"> <li>• Need for appropriate balance between capital and recurrent budget allocations</li> <li>• Enhance capacity to monitor and evaluate at sectoral level</li> <li>• Leadership, management and</li> </ul>

Strategic Thematic Areas (STA) and Policy alignment	Key Results for ASDS-II			Policy and Institutional Considerations
	Strategic Objectives (SO)	Outcome that the ASDS-II is Expected to Influence	Milestone Indicators <sup>1</sup> Showing Progress Towards Objectives	
		the sector.	developments	supervision of implementation at national and local levels
		<ul style="list-style-type: none"> <li>Better preparation and response to natural disasters</li> </ul>	<ul style="list-style-type: none"> <li>No of households potentially requiring emergency assistance</li> <li>% of affected households receiving assistance</li> </ul>	<ul style="list-style-type: none"> <li>Balance investments between disaster prevention/mitigation and emergency response capacity</li> </ul>
		<ul style="list-style-type: none"> <li>Improved capacity of research institutions</li> </ul>	<ul style="list-style-type: none"> <li>Human and other resources allocated to research</li> </ul>	<ul style="list-style-type: none"> <li>Allocate adequate resources to training of researchers and provide incentives to retain trained personnel</li> </ul>
		<ul style="list-style-type: none"> <li>More effective and affordable extension services</li> </ul>	<ul style="list-style-type: none"> <li>Increased rates of technology adoption</li> </ul>	<ul style="list-style-type: none"> <li>Restructuring of extension services based on alternative low-cost outreach methodologies</li> </ul>
		<ul style="list-style-type: none"> <li>Improved capacity of farmer organisations and cooperatives</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced stakeholder participation in sector planning, implementation and M&amp;E</li> </ul>	<ul style="list-style-type: none"> <li>Enhance management and service delivery capacity of farmer organisations</li> </ul>
<b>Crosscutting Issues – to be addressed in all thematic areas</b>				
<ul style="list-style-type: none"> <li>Balanced and equitable participation men and women in agricultural development</li> <li>Sustainable and responsible management of natural resources</li> </ul>			<ul style="list-style-type: none"> <li>Reduce the spread of HIV/AIDS and mitigate its impact</li> <li>Improve governance and accountability</li> </ul>	

Note: <sup>1</sup> Indicators to be gender disaggregated where appropriate and possible

## ANNEX 2: POLICY GAP ANALYSIS

Policy	Strengths	Policy gaps/Weaknesses	Proposed areas of improvements
<b>National Policy Framework</b>			
<ul style="list-style-type: none"> <li>National Agriculture Policy (2009)</li> </ul>	<ul style="list-style-type: none"> <li>The Policy recognizes the low capacity for irrigation; the need for improving rural infrastructure; and supports strengthening of agricultural support services.</li> </ul>	<ul style="list-style-type: none"> <li>Inadequate coordination of sectoral policies in formulation and in implementation.</li> <li>Weak involvement of private sector in policy implementation.</li> <li>Poor linkage with infrastructural development.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening coordination of implementation of agricultural policies through greater sectoral linkages and enhancing private sector involvement.</li> <li>Strengthening institutional collaboration for the exploitation of high potential areas.</li> <li>Linking rural roads, electrification, communication and agricultural markets to the regional networks.</li> </ul>
<ul style="list-style-type: none"> <li>National Livestock Policy (2006)</li> </ul>	<ul style="list-style-type: none"> <li>The Policy promotes protection of water catchments areas and supports construction and maintenance of water sources for livestock and the role of the livestock sector in national food and nutrition security.</li> </ul>	<ul style="list-style-type: none"> <li>The Policy is weak in promoting trade facilitating infrastructure and services especially in rural areas caused by poor feeder roads, limited livestock haulage and holding facilities as well as underdeveloped market chain for livestock and livestock products.</li> </ul>	<ul style="list-style-type: none"> <li>Proposed interventions include making policy provisions for improving rural and urban infrastructure and trade-related capacities for improved livestock market access as well as developing livestock and livestock products and related commodity value chains</li> </ul>
<ul style="list-style-type: none"> <li>National Fisheries Sector Policy and Strategy Statement</li> </ul>	<ul style="list-style-type: none"> <li>The policy recognizes the potential of the fisheries sector including fish farming in contribution to the food supply and high quality protein and other nutrients; and the potential for employment creation</li> </ul>	<ul style="list-style-type: none"> <li>Insufficient programmes to address issues of declining stock and endangered aquatic species.</li> <li>Lack of proper legal frameworks to combat illegal, unregulated and unreported fishing.</li> </ul>	<ul style="list-style-type: none"> <li>Expand the network of fisheries products by investing in infrastructure to support deep sea fishing for local investors.</li> <li>Improving fishing techniques for artisanal fishers to reduce post harvest losses.</li> <li>Strengthening regulatory frameworks in the fisheries sector.</li> </ul>
<ul style="list-style-type: none"> <li>The National Irrigation Policy</li> </ul>	<ul style="list-style-type: none"> <li>The Policy recognizes the potential of irrigation to</li> </ul>	<ul style="list-style-type: none"> <li>Inadequate integration of water resources management systems and</li> </ul>	<ul style="list-style-type: none"> <li>Developing integrated water resources management systems for agricultural production.</li> </ul>

<b>Policy</b>	<b>Strengths</b>	<b>Policy gaps/Weaknesses</b>	<b>Proposed areas of improvements</b>
(2010)	promote agricultural productivity, increase food security and stimulate economic growth.	limited material, financial and technical support services for irrigators.	<ul style="list-style-type: none"> <li>• Providing backup support for small-scale and commercial private irrigation developers including promotional activities, guidelines, regulation, standards, design and manuals, and technical assistance.</li> <li>• Providing private leverage/equity fund for investment in irrigation.</li> </ul>
• Sustainable Industrial Development Policy (1996)	• The policy recognizes human development and creation of employment opportunities to contribute to economic transformation and sustainable economic growth.	• Weak in addressing globalization issues.	• Prioritization of investments in agro-industries development to enhance backward and forward linkages between agricultural and industrial sectors.
• Cooperative Development Policy (2002)	• The policy recognizes cooperatives as people owned and controlled institutions for development in the agricultural sector.	• Poor resource base for developing cooperatives into viable business entities.	<ul style="list-style-type: none"> <li>• Reorganize cooperatives into economically viable and service oriented entities.</li> <li>• Institute risks protection instruments as confidence building measures for members.</li> </ul>
• SME Policy (2003)	• The policy recognize the need for development of infrastructure such as road, cold rooms, warehouses, power, water and communication on SMEs,	• The commercial farming activities are not recognized as part of SMEs	<ul style="list-style-type: none"> <li>• SMEs support services should be improved and extended to cover all commercial agricultural operators.</li> <li>• The business environment should be improved to foster profitability of SME operations in agriculture.</li> </ul>
• National Trade Policy 2003	• The policy recognizes the need for harmonization of trade policies and the importance of value addition to promote	• Weak implementation of the policy especially in participation in regional and international trade.	<ul style="list-style-type: none"> <li>• Streamlining the trade regime to address agricultural commodity trading locally and internationally.</li> <li>• Providing trade facilitation services in areas of</li> </ul>

Policy	Strengths	Policy gaps/Weaknesses	Proposed areas of improvements
	competitiveness in agriculture.		transport, communication and technology transfer.
<ul style="list-style-type: none"> <li>National Investment Promotion Policy (1996)</li> </ul>	<ul style="list-style-type: none"> <li>It recognizes the importance of fostering research and development, encourage adoption of new production technology, improving extension services etc. for the agricultural sector.</li> </ul>	<ul style="list-style-type: none"> <li>The policy is silent on the promotion of rural power investments such as electricity and other sources of energy.</li> </ul>	<ul style="list-style-type: none"> <li>Extend promotion of investment of other infrastructure such as rural electrification given that only 12 percent of the population has access to power.</li> </ul>
<ul style="list-style-type: none"> <li>National Forest Policy (1998)</li> </ul>	<ul style="list-style-type: none"> <li>The policy recognizes the need to ensure ecosystem stability through conservation of forest biodiversity, water catchments and soil fertility.</li> </ul>	<ul style="list-style-type: none"> <li>Agro-forestry issues are not addressed as important practices for soil and water conservation.</li> </ul>	<ul style="list-style-type: none"> <li>Incorporate agro-forestry as an important practice in conserving soil moisture, weed control and improving soil fertility.</li> </ul>
<ul style="list-style-type: none"> <li>National Environment Policy (1997)</li> </ul>	<ul style="list-style-type: none"> <li>The policy advocates the need for improving land husbandry through control of soil erosion and improvement of soil fertility.</li> </ul>	<ul style="list-style-type: none"> <li>Trends and impacts of climate change are not well articulated in the policy.</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring climate change and variability in terrestrial and aquatic ecosystems.</li> </ul>
<ul style="list-style-type: none"> <li>The National Public Private Partnership (PPP) Policy (draft)</li> </ul>	<ul style="list-style-type: none"> <li>It addresses issue of broadening investment opportunities in innovations and technology transfer.</li> </ul>		<ul style="list-style-type: none"> <li>The ongoing inclusive process for policy formulation should ensure that stakeholders from the private sector have equal opportunities as the public sector in defining modalities for implementation.</li> </ul>

<b>Policy</b>	<b>Strengths</b>	<b>Policy gaps/Weaknesses</b>	<b>Proposed areas of improvements</b>
<ul style="list-style-type: none"> <li>• The National Water Policy (2002)</li> </ul>	<ul style="list-style-type: none"> <li>• The policy recognizes the development of equal and fair procedures in conservation, access, allocation and utilization of water resources so that all social and economical activities are able to maximize their capacities.</li> </ul>	<ul style="list-style-type: none"> <li>• Issue of water management plan not clearly addressed and there are insufficient technical and financial resources for implementation of the policy.</li> </ul>	<ul style="list-style-type: none"> <li>• Increase resources (technical and financial) mobilization for implementation of the water policy with increased focus on institutional strengthening for sustainable utilization and management of water resources.</li> </ul>
<ul style="list-style-type: none"> <li>• Agricultural Marketing Policy (2008)</li> </ul>	<ul style="list-style-type: none"> <li>• The Policy provides guidelines and directives addressing constraints and challenges facing the agricultural marketing systems.</li> </ul>	<ul style="list-style-type: none"> <li>• Implementation framework not in place and further hampered by the unfavorable and inconsistent legal and regulatory framework.</li> </ul>	<ul style="list-style-type: none"> <li>• Prepare policy implementation framework including developing strategies, programme and action plan and reviewing the Acts, rules and regulations for operationalisation of the policy.</li> </ul>
<ul style="list-style-type: none"> <li>• HIV and AIDS Policy (2001)</li> </ul>	<ul style="list-style-type: none"> <li>• The policy recognizes the threat posed by the epidemic to the agricultural sector and to poverty.</li> </ul>	<ul style="list-style-type: none"> <li>• Inadequacy of a comprehensive approach to social protection of people living with HIV and AIDS.</li> </ul>	<ul style="list-style-type: none"> <li>• Provide comprehensive approach to social protection of people living with HIV and AIDS and strengthen implementation of HIV and AIDS strategy for the agricultural sector.</li> </ul>
<ul style="list-style-type: none"> <li>• National Microfinance Policy (2000)</li> </ul>	<ul style="list-style-type: none"> <li>• The Policy provides a guide for coordinated interventions in the microfinance system.</li> </ul>	<ul style="list-style-type: none"> <li>• The policy does not provide incentives to offset the high cost of delivering financial services to rural areas especially to farm communities.</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthening the implementation of the policy in the context of the Tanzania Rural Financial Services Strategy.</li> </ul>
<ul style="list-style-type: none"> <li>• Land Policy (1997)</li> </ul>	<ul style="list-style-type: none"> <li>• The Policy recognizes the rights of Tanzanians to access land and have security of land tenure and the promotion of equitable distribution of land.</li> </ul>	<ul style="list-style-type: none"> <li>• The land policy does not provide for agricultural land demarcation at all levels and there is poor follow up of the implementation of the policy</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthen governance in land distribution to avoid land disputes and increase public awareness of land laws especially in rural areas,</li> </ul>

<b>Policy</b>	<b>Strengths</b>	<b>Policy gaps/Weaknesses</b>	<b>Proposed areas of improvements</b>
<ul style="list-style-type: none"> <li>• Food and Nutrition Policy (1992)</li> </ul>	<ul style="list-style-type: none"> <li>• The policy raises the importance of food and nutrition in social wellbeing and national development.</li> </ul>	<ul style="list-style-type: none"> <li>• The policy does not capture emerging food and nutritional problems due to changing lifestyles in rural and urban areas.</li> <li>• The policy is outdated.</li> </ul>	<ul style="list-style-type: none"> <li>• The policy needs to be updated to take into account current food security and nutrition problems including the changing population dynamics in rural and urban areas.</li> </ul>
<ul style="list-style-type: none"> <li>• Education and Training Policy (1995)</li> </ul>	<ul style="list-style-type: none"> <li>• The Policy allows for equitable access to education for boys and girls, and for the poor in rural and urban areas.</li> </ul>	<ul style="list-style-type: none"> <li>• Inadequate investment to fully implement the policy.</li> </ul>	<ul style="list-style-type: none"> <li>• Review the policy to incorporate issues raised in education reforms and programmes including primary school feeding.</li> </ul>
<b>Policies Specific to Zanzibar</b>			
<b>Regional Policies</b>			
<ul style="list-style-type: none"> <li>• Policy for Managing Migrant Pests and Larger Grain Borer in the SADC Region, 2004</li> </ul>	<ul style="list-style-type: none"> <li>• The Policy promotes improved research into use of low risk pesticides.</li> </ul>	<ul style="list-style-type: none"> <li>• Member States are silent in policy implementation.</li> </ul>	<ul style="list-style-type: none"> <li>• Needs to be reviewed and incorporated in the Regional Agriculture Policy which is being developed.</li> </ul>
<ul style="list-style-type: none"> <li>• The East African Community Agriculture and Rural Development Policy (2006)</li> </ul>	<ul style="list-style-type: none"> <li>• The policy has taken care of achieving food security in the EAC and improves the standards of nutrition by increasing output, quality and availability of food.</li> </ul>	<ul style="list-style-type: none"> <li>• Slow pace of implementation.</li> </ul>	<ul style="list-style-type: none"> <li>• Need to be reviewed in line with Partner States new changes.</li> </ul>

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<sup>i</sup> Consideration should be put to disaggregate recurrent & development especially in the narrative