

# NEW DIRECTIONS OF AGRICULTURAL DEVELOPMENT POLICY: OPPORTUNITIES FOR INVESTMENTS AND GROWTH PROSPECTS IN TANZANIA

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# OUTLINE

- Geographical location
- Theoretical perspectives
- Description of agriculture in Tanzania
- Answer questions
  - How agriculture determine growth and development in Tanzania?
  - What is the policy framework(s) for agricultural growth and development in Tanzania?
  - What is the new directions and determinants for agricultural sector growth?
  - Are there prospects for agricultural investment and growth?



# GEOGRAPHICAL LOCATION OF TANZANIA



# GEOGRAPHICAL POSITION OF TANZANIA

- Located in the eastern African
- Has population of 44 million (NBC, 2012).
- Has land area of 94.5 million hectares, out of which 44 million hectares (47%) is classified suitable for agriculture.
- Only 11 per cent of the suitable land for agriculture (25 million hectares) is under cultivation, mostly by smallholder farmers who owns on average between 0.9 and 3.0 hectares



# MODELS FOR AGRICULTURAL DEVELOPMENT

- Frontier, the conservation, the urban- industrial impact ( Ruttan,1998)
- Frontier models focuses on the land expansion-policies
- Conservation model is centered on the principles of soil conservation



# MODELS FOR AGRICULTURAL DEVELOPMENT

- Urban-industrial impact model asserts that the urban industrial developments stimulates agricultural development created by the demand for food supply, as well as industrial raw materials
- Induced innovation model (Hayami, 1998)
  - embracement of technology and mechanization in the agricultural sector



# GUIDING QUESTIONS

- How agriculture determine growth and development in Tanzania?
- What is the policy framework(s) for agricultural growth and development in Tanzania?
- What is the new directions and determinants for agricultural sector growth?
- Are there prospects for agricultural investment and growth?



# DESCRIPTION OF AGRICULTURE IN TANZANIA

- Predominantly rain-fed.
- Out of 44 million hectares suitable for agriculture only 29.4 million hectares are suitable for irrigation (URT, 2010).
- The usage of irrigation and modern agricultural technology is very low such that only 15% of all farmers use fertilizers (Temu, 2006; Wolter, 2008)





# HOW AGRICULTURE DETERMINE GROWTH AND DEVELOPMENT IN TANZANIA?

- Agriculture is the backbone of the economy in Tanzania as well as the growth factor for poverty reduction (Msambichaka, et al., 2012).
- Agriculture provides
  - 95% of the food requirements in the country
  - 30% of the total exports,
  - 65% of raw materials for local industries
  - 80% employments in rural areas (Hangi, 2011)
  - 75% of the rural household incomes.

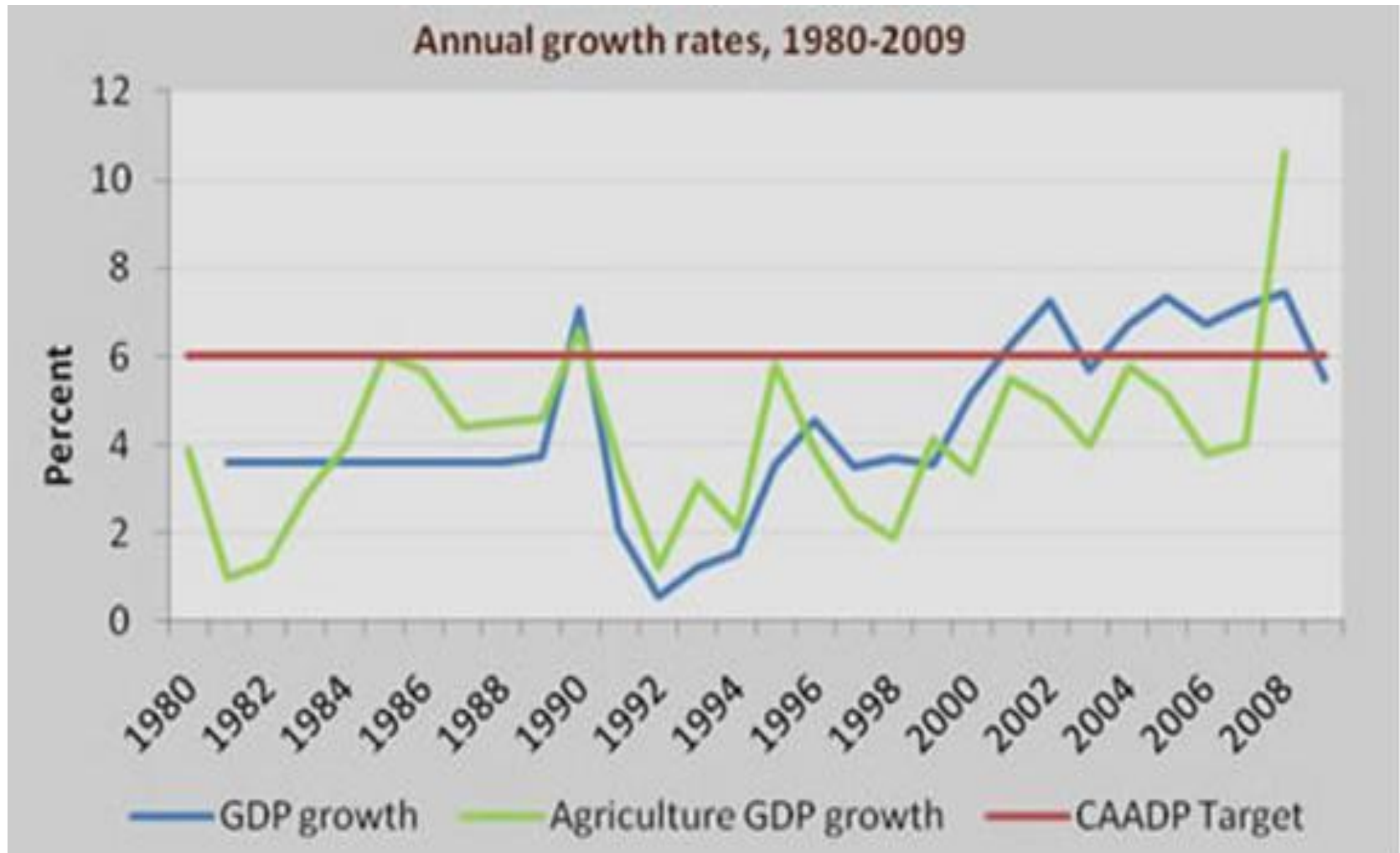


# HOW AGRICULTURE DETERMINE GROWTH AND DEVELOPMENT IN TANZANIA?

- Agriculture contributes about 45 percent of the GDP (FAO, 2006).
- Tanzanian economy has been growing consistently since the mid-1990s through to 2000s with annual GDP growth averaged 6.5 percent (ReSAKSS, )



# HOW AGRICULTURE DETERMINE GROWTH AND DEVELOPMENT IN TANZANIA?



# GROWTH AND DEVELOPMENT IN TANZANIA?

- The *Agriculture and Livestock Policy of 1997*
- Agricultural sector Development Programme (ASDS)
- goals have been to ensure the agricultural sector meets socio-economic objectives and outputs
  - “Assure food security for the nation, including improvement of national standards of nutrition
  - Improve standards of living in rural areas
  - Increase foreign exchange earnings
  - Produce and supply raw materials and expand the role of the sector as a market for industrial outputs
  - Develop and introduce new technologies for land and labour productivity” (URT, 1997).



# THE AGRICULTURAL SECTOR DEVELOPMENT STRATEGY (ASDS)

- The ASDS sets the framework for the agricultural policy implementation .
- Development activities at national level are based on the strategic plans of the line ministries
- District implement *Agricultural Sector Development Programme (ASDP)* on District Agricultural Development Plans (DADPs).
- The ASDP aims to;
  - enable farmers have access to agricultural knowledge, technologies, marketing systems and infrastructure, all of which contribute to higher productivity, profitability, and farm incomes,
  - promote private investment based on an improved regulatory and policy environment (URT, 2009).



# FOR AGRICULTURAL SECTOR GROWTH IN TANZANIA?

- Tanzania Development Vision operationized by FYDP (URT, 2011) provides new agricultural development outlook for transforming the agricultural based economy to industrial based economy
- Modernization, commercialization, productivity enhancement and climatic resilience
- Average agricultural annual growth of at least 11 percent
- Increase food self-sufficiency for cereals and legumes



# WHAT IS THE NEW DIRECTIONS FOR AGRICULTURAL SECTOR GROWTH IN TANZANIA?

- **The Southern Agriculture Corridor of Southern Tanzania (SAGCOT)**
- is an initiative that includes “multi-stakeholder partnership to rapidly develop the region’s agricultural potential initiated at the World Economic Forum (WEF) Africa summit 2010 with the support of founding partners of farmers, agri-business, the Government of Tanzania and companies from across the private sector”.
- The objective of SAGCOT is to “foster inclusive, commercially successful agribusinesses that will benefit the region’s small-scale farmers, and in so doing, improve food security, and reduce rural poverty.  
[http://www.sagcot.com/uploads/media/Invest-Blueprint-SAGCOT\\_High\\_res.pdf](http://www.sagcot.com/uploads/media/Invest-Blueprint-SAGCOT_High_res.pdf)



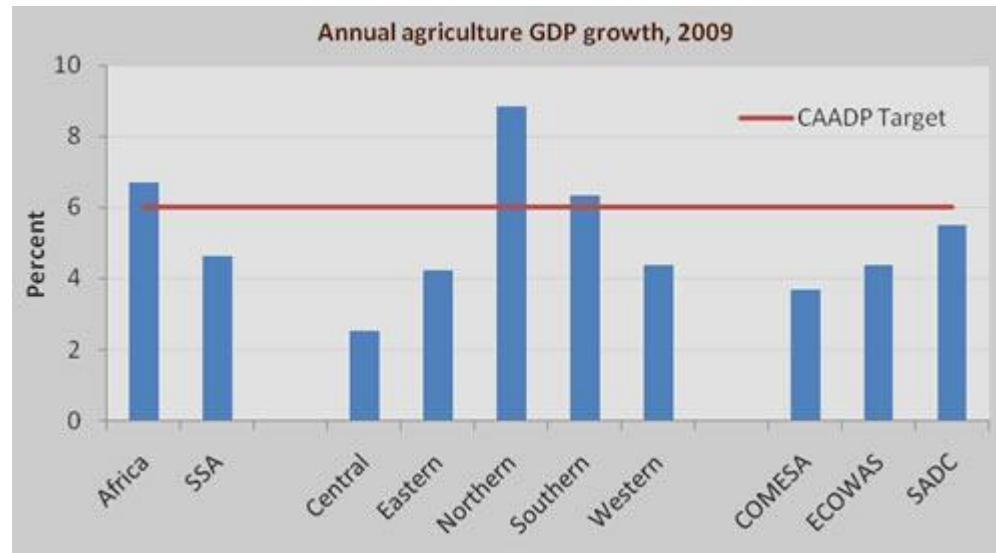
# THE COMPREHENSIVE AFRICAN AGRICULTURE DEVELOPMENT PROGRAMME

- The CAADP is an initiative by the African leaders that started in 2003 within the New Partnership for Africa's Development
  - “CAADP Pillar 1 – Extending the area under sustainable land and water management;
  - CAADP Pillar 2 – Improving market access through improved rural infrastructure and trade-related interventions;
  - CAADP Pillar 3 – Increasing food supply and reducing hunger across the region by increasing small holder productivity and improving the response to food emergencies; and
  - CAADP Pillar 4 – Improving agricultural research and systems to disseminate appropriate new technologies as well as increasing the support to help farmers adopt them” (Martin, B., Allahoury, D., Elijah, P., Mahalmoudou, H., 2009).

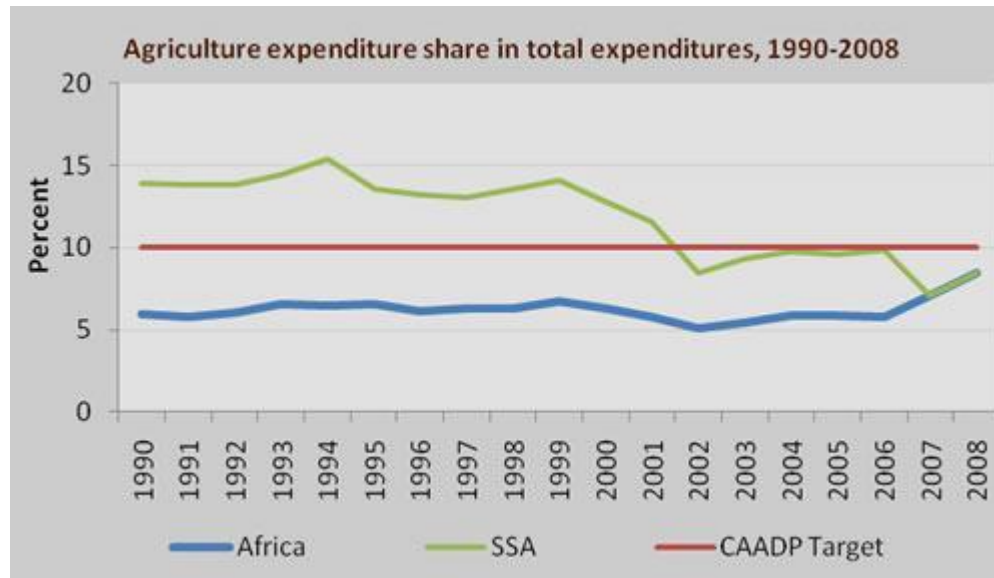




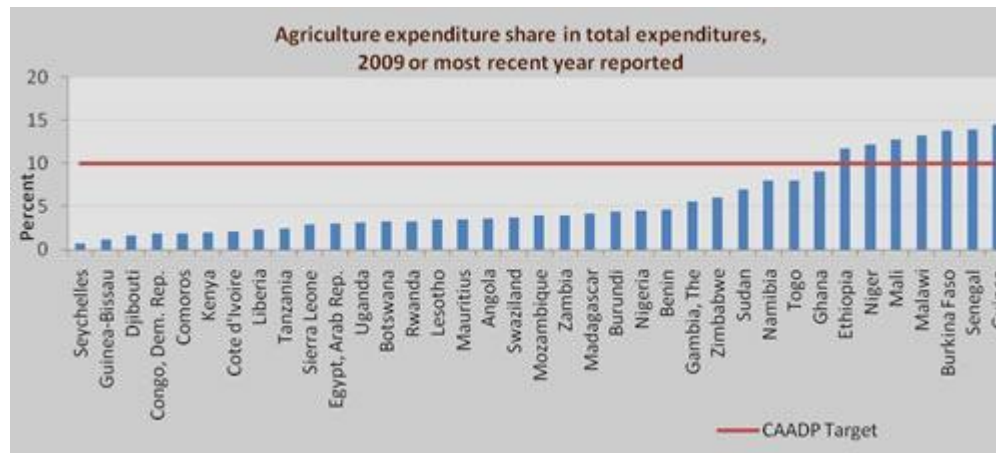
# ASSESSMENT OF CAADP TARGET TO AGRIC



# AGRICULTURE EXPENDITURE SHARE



# TANZANIA COMPARED IN AGRIC. EXPE SHARE IN AFRICA

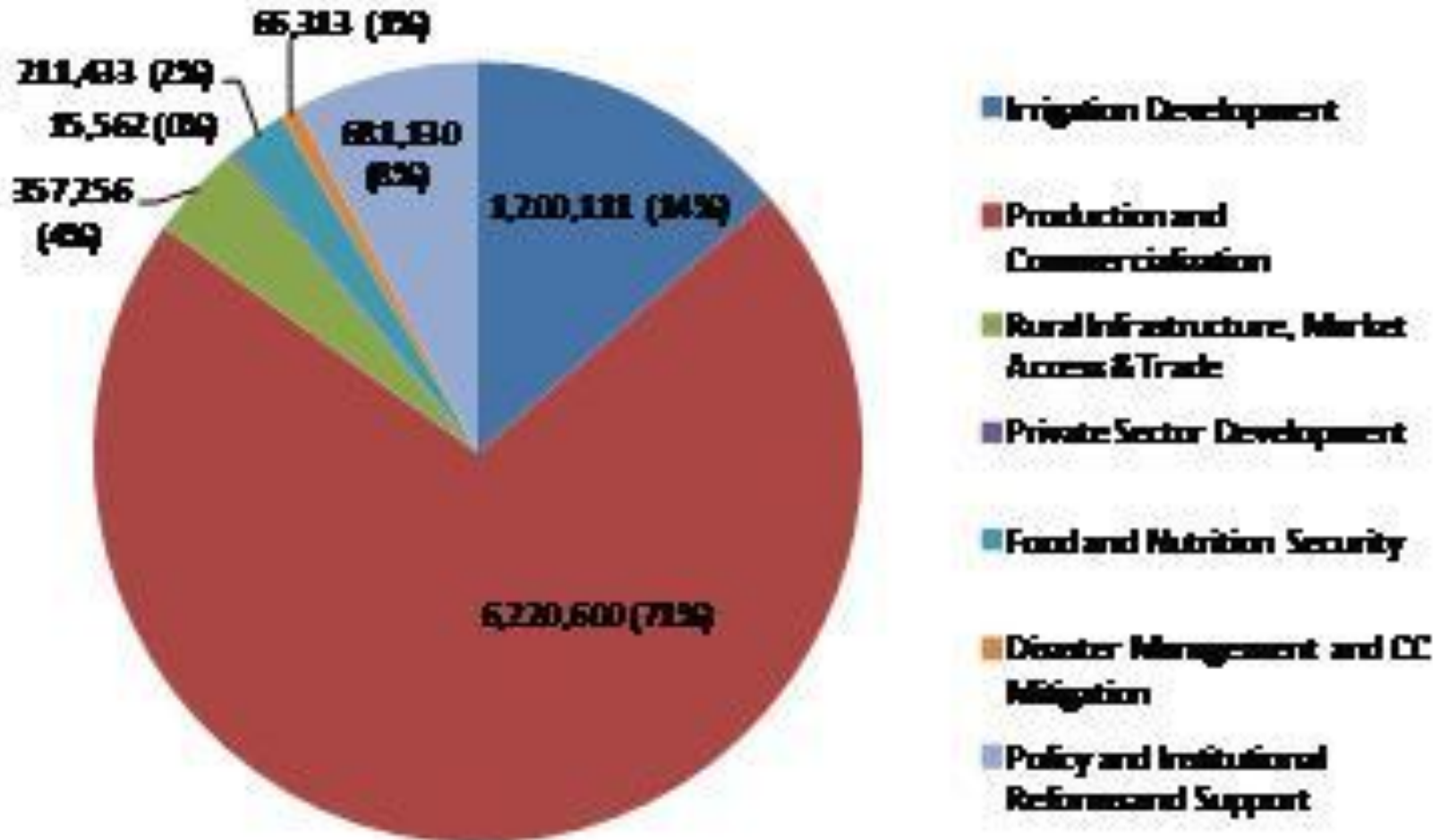


# TANZANIA AGRICULTURE AND FOOD SECURITY INVESTMENT PLAN

- TAFSIP is a sector wide investment framework for the agricultural sector for the implementation of the CAADP in Tanzania.
- It is meant to implement the CAADP Compact signed by the Government
- TAFSIP estimates 6 per cent annual growth of agricultural sector GDP will require investments of TShs. 8.7 trillion (USD 5.3 billion) over the five years to be financed by the Government, Development Partners, Private Sector and Other players



# TAFSIP Cost Estimates \$21 BILLION BY PROGRAM IN TZS 000,000



# ARE THERE PROSPECTS FOR AGRICULTURAL INVESTMENT AND GROWTH?

- THE ANSWER IS YES- there are great opportunities and prospects for growth
- Why?
  - **Enabling Policy Environment - [www.tic.go.tz](http://www.tic.go.tz)**
  - **Export Processing Zones (EPZ)**



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