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**Brief No.**

## CREATING AN ENABLING AGRICULTURAL POLICY ENVIRONMENT

# Tanzania

### Introduction

*Since the country's independence in 1961, the Government of Tanzania has implemented a series of agricultural related policies, plans, strategies and programmes that were integrated within Five Year Development Plans. Immediately after independence, overall agricultural policy was characterized by market-based interventions and the major instrument for policy implementation was the Five Year Development Plans. After the Arusha Declaration in 1967, agricultural policy environment was characterized by more government-led interventions. These included the nationalization of private sector enterprises throughout the value chain of major export commodities. This resulted in the establishment of state farms, state processing and marketing enterprises and state-controlled cooperative unions. During the late 1970s and early 1980s, it became evident that the interventionist policies in the agricultural sector as in the rest of the economy were not working. In the mid-1980s, the government, supported by the major development partners, started economic and structural adjustments which involved gradual dismantling of interventionist instruments in the economy in general and in the agricultural sector in particular. In the agricultural sector, it has involved allowing private sector participation in the value chain of most agricultural and livestock products, decontrol of producer prices, and privatization of state enterprises. These policy reforms are still ongoing.*

**M**ore recently the Government has formulated the Tanzania Development Vision 2025 and Zanzibar Development Vision 2020 as long term development frameworks that guide the country's resolve to eradicate poverty and attain sustainable development of the economy. The medium term development goals are expressed in the National Strategy for Growth and Reduction of Poverty (NSGRP), and the Zanzibar Strategy for Growth and Reduction of Poverty (ZSGRP). These initiatives are aimed at achieving the targets that are outlined in the Millennium Development Goals (MDGs) and other commitments and targets which are aimed at combating hunger, disease, illiteracy, environmental degradation, and discrimination against women and above all reduction of poverty. These frameworks underpin the sectoral and sub-sectoral policies, strategies and programme that are currently in operation.

### The National Strategy for Growth and Reduction of Poverty (NSGRP) and the Zanzibar Strategy for Growth and Reduction of poverty (ZSGRP)

The NSGRP and ZSGRP are five year national strategic blue prints for promoting economic growth and poverty reduction across all sectors of the economy, including the agricultural sector in the Mainland and Zanzibar respectively. They provide a framework for focusing policy direction and thrust on economic growth and poverty reduction in various sectors of the economy by setting specific goals and operational targets within three main clusters: i) Growth and Reduction of Income Poverty, ii) Social Services and Wellbeing and iii) Good Governance. The agriculture sector is addressed under the Cluster on Growth and Reduction of Income Poverty.

Both Tanzania mainland and Zanzibar have implemented the first generation of the NSGRP and ZSGRP respectively and are now developing the second generation poverty reduction strategies which are being finalized. Within these strategies, agriculture is recognized as an important sector in economic growth and poverty reduction. For example, Goal 2 of NSGRPII targets reducing income poverty through promoting inclusive, sustainable, and employment-enhancing growth, while Goal 2 for ZSGRPII is to promote sustainable and equitable pro-poor and broad-based growth, especially in the agricultural sector. The NSGRPII states for example, that "with vast natural resources – rich agro-climatic zones, minerals and water resources, potential irrigable land, forestry and wildlife resources and above all, its population size - rural development and particularly *agriculture* stands out as a sector that requires priority attention since the rural sector accommodates the majority of the poor population".

### The Agricultural Policy Framework

The Agricultural Sector Development Strategy (ASDS) is the strategic blue print for the development of agriculture, with specific goals, priority operational targets and strategies that are aimed at achieving the NSGRP/ZSGRP targets. The ASDS strategic objectives include (i) creating an enabling and favorable environment for improved productivity and profitability in the agricultural sector; and (ii) increasing farm incomes to reduce

income poverty and ensure household food security. The ASDS identifies the following five strategic priority areas:

- Strengthening the institutional framework to facilitate partnership and coordination in developing the agricultural sector;
- Creating a favorable environment for commercial activities;
- Public and private partnership in improving agricultural support services;
- Strengthening marketing efficiency for agricultural inputs and products; and
- Mainstreaming agriculture in the decentralized planning process under the local government authorities (LGAs).

These priority areas are in line with the CAADP objectives and principles. In an effort to give more emphasis to a private sector-led development of agriculture, the Government, together with private sector players has formulated the *Kilimo Kwanza* and Agricultural Transformation Initiative (ATI) for Tanzania Mainland and Zanzibar respectively. These will bring more players, more robust involvement of private sector and improved national coordination of planning and resource allocation as envisaged in the ASDS. They will therefore accelerate achievement of ASDP/ASP objectives of: enabling farmers to have better access to and use of agricultural knowledge, technologies, marketing systems and infrastructure, all of which contribute to high productivity, profitability and farm incomes; and promoting private investment based on improved regulatory and policy environment.

In general, the existing policy environment:

- Recognizes existing low capacity for irrigation potentials and the need to promote Integrated Water Resource Management;
- Recognizes the role of government in improving rural infrastructure to reduce transaction costs that affect agricultural growth and competitiveness;
- Supports the enhancement of food security through production of sufficient quantity and quality of food;
- Supports the strengthening of agricultural support services including research and extension;
- Advocates interventions for reversing environmental degradation, promoting conservation and sustainable management of our natural resources;
- Recognizes the importance of human resource development and creation of employment opportunities; and
- Recognizes the importance of the participation of the private sector including cooperatives and community based organizations.

However, Tanzania's agricultural policy environment is still in a transition. Inherent in this transition is not only the need to deepen the reforms, but also to streamline and rationalize the existing policies related to agriculture. They also need to be fully aligned with the NSGRP/ZSGRP and the ASDS as well as with *Kilimo Kwanza* and ATI. Other specific challenges include:

- The need to up-date some of the policies that were formulated long time ago and which pre-date the ASDS. These need to be reviewed to accommodate new

challenges and opportunities. These include the Land Policy that is critical for achieving the country's growth and poverty targets;

- The need for stronger harmonization of the different but inter-related policies like the National Agricultural Policy and the Livestock Policy, the Trade Policy and the Agricultural Marketing Policy or if possible to have a single sector policy.
- Improving incentives for increased investment in the sector;
- Improving the legal and regulatory framework for agricultural trade and marketing;
- Strengthening coordination in the implementation of policies and strategies.

These challenges will need to be addressed in order to reverse the unsatisfactory performance of the agricultural sector as manifested in slow growth rate and low productivity of the sector vis-à-vis other sectors.

### Creating an Enabling Policy Environment for Private Sector Investment

The Government is committed to creating a favourable legal, regulatory and policy environment that will facilitate stronger participation of the private sector in the development of agriculture in the country. To achieve this, the current policy reform efforts will be up-scaled. The following specific interventions will be implemented in order to achieve the goal of private sector-led agricultural transformation in line with *Kilimo Kwanza*/ATI, and the eventual growth and poverty reduction as envisaged in the NSGRPII and ZSGRPPII:

1. Review of relevant agricultural policies in order to harmonise them and to align them with the NSGRPII/ZSGRPPII, ASDS, *Kilimo Kwanza* and ATI, and to allow stronger participation of the private sector in the whole value chain and in input and output markets as proposed in *Kilimo Kwanza* and ATI;
2. Strengthen the regulatory framework for the production and distribution of inputs, promoting out-growers schemes, agro-processing, trade and marketing to take advantage of favorable international market environments in view of Tanzania's agricultural comparative and competitive advantage in regional and international markets;
3. Review the legal and institutional modalities for land delivery and management in order to improve efficiency in the acquisition and securing of land for private sector investment;
4. Provide tax incentives, agricultural input support and trade policies.
5. Creating new models for cooperation between the Public and Private sector in rural development at all levels (national, regional and international) including new ways of bringing together processors and agribusiness, new ways of establishing and enforcing grades, standards and new emphasis on improving the investment climate for agriculture.

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