HARMONIZATION OF THE REGULATORY FRAMEWORK IN THE DAIRY SECTOR

Issues and Areas for Interventions

BY

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Overview of the Dairy sector

• Tanzania has over 21 million cattle where 680,000 are dairy cattle with the capacity to produce over 5 million litres per day (1.65 billion litres per year).
• Currently the sector processes 105,000 litres of milk down from 496,000 litres
• Milk processing has declined by more than 80% over the last 15 years where 13 dairy plants have closed business
• Most of the processing plants are working at less than 30% of the installed capacity
• The livestock sector employs about 2 million households and over 100,000 intermediaries.
Overview of the Dairy Sector

• Only 2% of the milk produced is processed.
• The demand supply gap for processed dairy products is filled by imports
• Import of milk and milk products is increasing at the rate of 9% annually
Issues

• Key Issue; performance of dairy sector is poor/declining

• Key question; why poor performance of the sector

• Possible answer; could be due to many factors
  - Internal factors- firm inefficiencies, poor mgt etc.
  - External factors- high cost of compliance, costs of utilities, poor infrastructure, lack of demand etc.
Objective of the Study

Explore the effect of regulatory framework on competitiveness of the dairy sector in Tanzania
Findings

• Dairy sector in Tanzania is regulated by more than 17 regulators
• Multiple inspections of premises- the dairy enterprise is inspected by more than 10 inspectors
• Multiple testing of products
• Multiplicity of licenses/permits for premises and products
• No clear division of responsibilities among the regulators
• Poor relationship between regulators and enterprises
• Bureaucracy, delays and frustration of enterprises
• Use of the regulations as a source of government revue
• Starting a dairy plant in Tanzania requires at least 14 steps
Findings From This study

• The country has lost 9,601 jobs per annum as a result of decline in the capacity of the dairy sector.
• The country also loses the income tax amounting TZS 12.91 billion per annum due to declining performance of the sector.
• About 76,577 jobs and the income tax amounting 103 billion are lost due to failure to process at least 50% of the milk produced in the country.
• The cost of compliance would be over TZS 3.3 billion if the industry is restored to its previous capacity
Steps in starting a dairy processing plant in Tanzania

1. The local Government Authority - site inspection and building permit.
2. Divisional or district Local Government Authority’s Health Officer inspects premises set for processing dairy products.
3. Inspection of processing plant by TFDA.
4. TDB inspects the factory and test product for standard compliance.
5. Inspection by NEMC to check environmental compliance.
6. Inspection and registration of the factory by the Ministry of Labour to obtain certificate of registration or compliance license valid for twelve month.
Steps in starting a dairy processing plant in Tanzania

7. The Ministry of Labour uses inspection agencies for machinery layout; occupational healthy and safety; light intensity and proper ventilation; noise, fire appliances and boiler.
8. TFDA tests for product safety and quality and register it.
9. BRELA demands for business incorporation/registration and trade license.
10. Inspection of weights and measures
11. The health status of employees is checked on a quarterly basis.
12. TBS tests each product to ensure that it meets minimum standards.
13. Obtain TIN Certificate and PAYEE scheme from TRA.
14. Registration with the NSSF
Recommendations

- Harmonization and coordination of premises inspections
- Coordination of product testing
- Reduction of number of licenses and permits required strengthen the capacity of TDB
- Remove inefficiencies and unnecessary bureaucracy
- Reduction of reliance on fees charged to enterprises
Recommendations

• Issues requiring quick solutions should be addressed immediately
  – Inefficiency of the regulatory processes
  – Relationship and communication issues
  – Attitudinal and cultural change
  – Collaborations not requiring changing of the law
Thank You For Listening

Questions & Contributions