

# Key Issue One

## Accelerating Pro Poor Growth in the Context of Kilimo Kwanza

# OUTLINE

- Key Messages for Annual Review 2009
- Implementation of Selected Key Messages
- Summary of the Medium term Reform Agenda

# Key messages in the annual National Policy Dialog 2009.

- ❑ Address issues regarding Financing Kilimo Kwanza, Agriculture productivity, Domestic resources mobilization, Incentives to farmers, Access to markets, the reorganization of agricultural support institutions, and encourage infrastructure investments that support agriculture.
- ❑ Enhance the implementation of the Agriculture Sector Development Programme as one of the key Government programmes to deliver Kilimo Kwanza goals.

# Key messages (2)

- ❑ Harmonize and align Kilimo Kwanza Strategies into MKUKUTA II strategies for pro-poor growth.
- ❑ Ensure involvement of small-scale farmers' associations in implementation of Kilimo Kwanza;
- ❑ Improve investment in agro-processing in partnership with the private sector with a view to increasing value addition in the agriculture sector
- ❑ Strengthen research and development that supports effective implementation of KILIMO KWANZA
- ❑ Improve and expand irrigation especially small scale.

# Key messages (3)

- ❑ Speed up implementation of land reforms in agriculture;
- ❑ Integrate food security, trade and export considerations explicitly into Kilimo Kwanza
- ❑ Carry out the Public Expenditure Review (PER) study on financing Kilimo Kwanza by end of May 2010 and,
- ❑ Take action to reduce and/or remove licensing constraints and distortions to the operation of the private sector in Agriculture.

# 2.0 Implementation of Selected Key Messages

**Key Message One: Agricultural Productivity and Incentive to Farmers**

**Achievements, Challenges and Way Forward**

# Key Message One (1)

## Increased Financing

The Government has increased budget for the Agricultural Sector from Tshs. 666.9 Billion in 2009/10 to Tshs. 903.8 Billion in 2010/11, which is 35 percent increment, and approaching 8 percent of the overall budget.

# Key Message One (2)

- All Government Ministries have taken on board implementation of KILIMO KWANZA Pillars in their 2010/11 MTEF.
- The Government has also allocated Tshs. 20 Billion for a special window under the Tanzania Investment Bank to extend loans to finance KILIMO KWANZA.

# Key Message 1 (2)

## **(a) National Inputs Voucher Scheme (NAIVS)**

- The Government continued to implement Input support measures through National Inputs Voucher Scheme (NAIVS) which was introduced in 2008/2009. The scheme focuses on enhancing higher food production and productivity in targeted areas by improving farmer's access to critical agricultural inputs.

# Key Message 1 (3)

## **(b) Tax Incentives**

- ❑ The government in collaboration with stakeholders continued to reform taxation system in agricultural sector with the aim of improving business environment and reducing the cost of doing business in the sector and therefore increasing farmer's incomes.

## **(c) Agriculture Marketing Strategy**

- ❑ The Government is finalising the Agricultural Marketing Strategy that will guide implementation of the Agricultural Marketing Policy. The Draft Strategy will be finalised by the end of December 2010.

# Key Message 1 (3)

## (d) Warehouse Receipt System

- ▶ The Warehouse Receipts System (WRS) has been central to Tanzania's reform to increase efficiency in the trading and marketing of agricultural crops. Managed by the Agricultural Marketing Cooperative Societies (AMCOS) and the Tanzania Warehouse Licensing Board for coffee, cotton, paddy, and cashew.

## 2.0 Key Message (4), Challenges

- ❑ The national average productivity of paddy and maize is still low.
- ❑ The productivity of maize increased from an average of 0.6 mt/acre in 2006/2007 to 1.9 mt/acre in 2009/2010 and paddy from 0.9mt/acre to 1.2 mt/acre in the same period.

# Key Message 1 (5), Way Forward

- ❑ The government in collaboration with stakeholders will continue to reform taxation system in agricultural sector with the aim of improving business environment;
- ❑ Make use of WRS in the marketing of all crops in the country;
- ❑ Strengthen the operation of the WRS by improving transparency in the auction and auditing of WRS as well as promoting more competition in marketing; and
- ❑ Finalize Agricultural Marketing Strategy and key measures implemented to improve the marketing environment in the country.

# Key Message 1, 7

**Encourage Infrastructure  
Investments Supporting  
Agriculture, Improve and Expand  
Irrigation, Especially Small Scale**

**Achievements, Challenges and Way  
Forward**

# Key Message 1, 7: The Situation

- ❑ The current area under irrigation is about 2 percent of total irrigable land in Tanzania.
- ❑ Various efforts have been made to implement the irrigation development interventions, increasing water storage structures for irrigation, increasing areas under irrigation and rehabilitation of existing ones, improving water productivity and adopting appropriate technologies.

## 2.0 Key Message 1, 7 (Cont..)

- During the fiscal year 2009/2010, irrigation infrastructure were developed in 45 small scale irrigation schemes covering a total area of 20,745 hectares giving a total cumulative area under irrigation of 331,490 hectares as of June 2010.
- The total area under irrigation increased from 317, 245 hectares in 2008 to 380,888 hectares in 2009

## 2.0 Key Message 1, 7 (Cont..)

- ❑ Preparation of the National Irrigation Policy which was approved by the Cabinet in February 2010;
- ❑ A total of 510 farmers were trained in various aspects of irrigation technologies in promotion of appropriate irrigation technologies, improved water management, rain water harvesting and operation of irrigation scheme.

## 2.0 Key Message 1, 7 (Cont..)

- Preparation of Comprehensive Guidelines for Irrigation scheme Development under the District Agricultural Development Plans (DADPs) was completed with technical support from Government of Japan (JICA)

## **Key message 5:**

**Improve Investment in Agro-Processing in Partnership with the private sector with a view of increasing value addition in the agriculture sector.**

**Achievements, Challenges and Way Forward**

# Key message 5, Achievements (1)

- The Government continued to implement Programmes aiming at strengthening agro-Processing industries by encouraging private sector to invest in the sector. About 19 investors have shown interest and have been registered by Tanzania Investment Centre (TIC) to invest in Agro-processing.
- The implementation of Integrated Leather Sector Development Strategy for reviving leather industries in the country has led to an increase in the size of processed leather from 6,038,000 square feet to 37,305,215 square feet in 2009.

## Key message 5, Achievements (2)

- ❑ CARMATEC have designed and tested equipment for processing of leather products (i.e. machines for design and manufacture of leather stripping, profile cutting and decorating).
- ❑ SIDO has established Technology Development Centres in Mbeya, Arusha, Kilimanjaro, Lindi, Iringa, and Kigoma that manufacture agro-processing machines.

# Key message 5, Achievements (3)

- ❑ Through the support of one UN Programme, cassava and cashew nuts processing machines have been introduced in seven districts of Lindi and Mtwara Regions;
- ❑ Through DADPs, the government continued to support farmers to procure 1,908 processing machines through cost sharing arrangements which require farmers/beneficiaries to contribute 20% of the total costs of acquiring the equipment.

# Key message 5, Achievements (4)

- ❑ On 08<sup>th</sup> July 2010, Tanzania joined other African countries that have signed the Compact for the Comprehensive Africa Agriculture Development Program (CAADP) as a shared framework to accelerate growth of the agriculture sector.
- ❑ The Programme also focus on improving agro-processing notably in promotion of agro-processing and value addition, support to urban and peri-urban agriculture and development of new agricultural products.

# Key Message 5, Incentives

- ❑ VAT exemption on transportation of agricultural products, i.e. transportation of sugar cane, sisal and tea plantations from farm to processing industry;
- ❑ VAT exemptions on some machines and equipments used in collection, transportation and processing of milk products;
- ❑ VAT exemption on agricultural implements i.e. combine harvesters, pick-up balers, hay making machinery and mowers;
- ❑ Zero rated VAT on locally produced edible oil using local oil seeds by local processors; and
- ❑ Exempt VAT on supply of packaging materials for fruit juices and milk products.

# Key Message 5, Challenges

- ❑ Inadequate skills in Agro-processing;
- ❑ Inadequate funding in Research and Development Institutions;
- ❑ Poor rural road infrastructure that raise the cost of transportation;
- ❑ Inadequate source of power thus limiting establishment of agro-processing industries; and
- ❑ Absence of surveyed land for industrial area development.

# Key Message 5, Way Forward

- ❑ Design and commercialize agro-processing technology through SIDO Technology Development Centres.
- ❑ Support use of innovative agro-processing machines that will include machines for processing of maize, sorghum, groundnuts, cassava, cashew nuts, fruits and vegetables and introduction of oil expellers.

# Key Message 5, Way Forward

- ❑ Continue with efforts to develop infrastructure in investment areas e.g. EPZ and SEZ as well as constructing rural roads, water and energy infrastructure aiming at attracting more investment, and
- ❑ Implement Comprehensive Africa Agriculture Development Program (CAADP) and plans focusing in investing in agro-processing and value addition.

# Key message 8:

**Speed up implementation  
of land reform in  
agriculture.**

**Achievements, Challenges and Way Forward**

## Key Messages 8, Achievements (1)

- ❑ Assistant Commissioners for lands have been appointed and stationed at 5 Zonal Land Offices as a measure to decentralize registration processes.
- ❑ Consultancies on Systems Reform in the Office of the Commissioner for Lands and Needs Assessment study in the Titles Registry have been completed.
- ❑ The work of sorting and consolidating manual records in a single file for easy retrieval and access of land information have been completed in Mbeya and Mtwara and by

# Key Messages 8, Achievements (1)

- ❑ Approval of Disposition formally done by Commissioner for Land to Dar es Salaam Municipalities has been decentralized.
- ❑ Research unit established to investigate the market prices for crops, land value and construction rates with a view to establishing standards market rates for compensation.

# Key Messages 8, Achievements (1)

- ❑ The Operating Manual and Project Document for implementation of systematic adjudication have been reviewed based on the experience gain from the pilot projects undertaken in 4 Districts.
- ❑ Some Potential Land parcels for KILIMO KWANZA have been identified, verified and recommended for inclusion in Land Bank.

# Key Messages 8, Challenges and Way Forward

## Challenges

- ❑ Inadequate funds for establishing Land Bank and associated compensations.
- ❑ Inadequate funds to support the ongoing fundamental geodetic network.

## Way forward:

Pilot programme aimed at land parcels adjudication and issuance of CCROs is continuing in 4 selected districts.

# Summary of the Medium term Reform Agenda

- Generalize and sustain agricultural productivity gains and translate them into increased farmers' revenues we need to sustain the input subsidy scheme and pursue an appropriate marketing and trading policy.
- To enhance motivation of farmers we need to continue to raise incentives through rationalization of local taxes and levies

# Summary of the Medium term Reform Agenda (2)

- ❑ Rural infrastructure development should be boosted through the Public Private Partnerships (PPP) initiatives and the use of appropriate technologies;
- ❑ land reform should be pursued by computerizing and the rolling out of the pilot programs with increased budgetary prioritization.

# Thank You