

**ECONOMIC AND SOCIAL RESEARCH
FOUNDATION (ESRF)**

**A Report on Trade, Development and Poverty (TDP) in
Tanzania
Farmers Small Group Meeting**

December 14, 2007, ESRF Conference Hall

Prepared by

Hanif Tuwa

University of Dar es Salaam,

Commissioned by ESRF

Contents

1. Introduction
2. Presentations
3. Trade, Development and Poverty a focus on the Tanzania Agricultural Sector
4. Linking production and marketing chain using sesame in Tanzania as a model: Policy challenges
5. Group Discussions
6. General Plenary Discussions
7. Closing and Acknowledgement

Annexure

1. Introduction

CUTS Centre for International Trade, Economics & Environment (CUTS CITEE), an India-based research and advocacy organisation, in association with the Economic and Social Research Foundation (ESRF), the implementation partner for Tanzania of an international research project called 'Trade, Development and Poverty Reduction' (2005-2008) which involves 13 developing countries, organised a Small Farmers Group Meeting on December 14, 2007 at the ESRF Conference Hall, Dar es Salaam, Tanzania. The meeting was an essential advocacy component of the Linkages between Trade, Development and Poverty (TDP) Project, in which individual farmers and representatives of farmer groups, stakeholders from the ministry, department, agencies, local government authorities, primary societies, and a journalist (See Annex 1) participated.

In his brief opening speech on behalf of the Executive Director of ESRF, Dr Oswald Mashindano, a research fellow with the institute, gave a warm welcome to the participants coming from different regions of the country. After giving a quick background of the TDP project and the related study carried in 2006, the speaker pointed out two main objectives of the meeting, *inter alia*, to disseminate the study findings and to share views as well exchange practical experiences on the linkage of agriculture trading and poverty reduction in Tanzania. Following this important background information, participants were given an opportunity to familiarise with each other through self-introduction.

2. Presentations

2.1. Trade, Development and Poverty: A Focus on the Tanzania Agricultural Sector

The presenter provided a focused overview of the macro-economic and agricultural policy reforms in Tanzania in the post-liberalisation period. He further highlighted some of the major problems and challenges that tend to limit positive outcomes of Government's efforts to reduce poverty, to enhance trade and to improve agriculture sector. These problems/challenges include: weak linkages between sectors of the economy which characterise the structure of Tanzanian economy; trade deficit associated with inadequate entrepreneurship and low competitiveness; rural-urban differentiation in status of household poverty; and dismal performance by the agriculture sector.

From a theoretical perspective and by drawing evidence from the TDP research (2006), a positive relationship between trade and poverty was established. Specifically, it was found that trade can reduce poverty in three ways: by enhancing enterprise performance that allows profit making, income earning and minimising unemployment; by increasing efficiency distribution of goods and services with several benefits; and through sound fiscal policy.

However, the presenter established that the linkage between agriculture trade and poverty in Tanzania was characteristically weak. This comes when there exists opportunities in the form of domestic and international markets created by different trade preferences. The negative imbalance between import and export was cited as the predicate of

prevalent agriculture trade deficit and thus, a weak linkage between agriculture and poverty reduction in the country. Among the contributing factors for the said weak linkage discussed were: lack of value addition to the primarily traditional exports, poor transport and communication infrastructure, numerous market imperfections, lack of supportive services to the farmers, and dominance of foreign goods in domestic markets.

Towards resolving those constraints in the supply and demand sides, the presenter recommended for mobilisation of resources and continued lobbying and advocacy for more equitable international agricultural trade framework respectively.

2.2. Linking Production and Marketing Chain Using Sesame in Tanzania As a Model: Policy challenges

The presenter traced economic policy shifts under three phases between 1961 to date, noting that since the free market reforms were introduced in the 1980s agriculture marketing has been the major impediment, which then led to the study on sesame production and marketing. The study revealed that sesame production has potential to reduce poverty by considering the current high demand and positive trends in the world market, partly because sesame has multiple uses. The specific objectives of the study presented were: to assess the current marketing arrangement; to examine roles of different actors; to identify any constraints along the marketing system; and to put forth evidence-based policy recommendations.

The main findings of the study outlined that the market structure for sesame was problematic in a sense that the supply chain is too long and inconsistent. In discussing the determination of sesame producer price, the presenter pointed out several weaknesses like the exclusion of farmers from the so-called *Forum for Indicative Price*, and harmful alliance between local government officials and traders. One negative impact of this condition, plus the burdensome transaction costs, was abandonment of sesame growing by small farmers.

The other reasons presented include market fragmentation and price differentiation between districts, which has led to increased smuggling of sesame by farmers in search of better prices. The presenter established that there are serious market distortions in the form of low competition, non-responsiveness of sesame prices to the evident increasing demand, and lack of or absence of absorption of technology. Also, farmers face difficulties to access finances as they lack collaterals and assumed generally as unable to pay back in time and at profitable interest.

Finally, the presenter highlighted several recommendations that include: the government should play a more active role as facilitator and regulator towards successful promotion of agricultural (sesame) trade; the government should maintain supportive policy environment; and the government should intervene to restructure the sesame marketing system, price setting system and disallow local officials to be both businesspersons and executives.

3. Group Discussions

The participants were organised into two groups that discussed several issues and made suggestions directed to the different stakeholders. Most participants from both groups were of the view that farmers lack capacity and bargaining power, which puts them at a disadvantaged position against the traders, leading them to take lower prices than they actually deserve. It was recognised that farmers have diverse interests, partly because of differential production capacity, which has acted as impediment in some cases. Participants suggested that farmers' search for common fundamental interests should be the basis for forming farmers' groups strong enough to secure better prices and improve their livelihood. By forming groupings, it was argued that farmers could achieve, on one hand, a unified front and stronger voice to influence prices. On the other hand, they could ensure adequate quantity of crops to match with demands of the domestic market.

While participants recognised and appreciated initiatives that have been undertaken by players in the private sector and the civil society organisations (CSOs, this was decided as no justification for relative exclusion of farmers themselves in deciding their fates. In what they call "blind" representation, there has been little or no consultation or participation of these farmers in designing, monitoring and giving feedback to the strategies that the private organisations propose. Communications with the farmers was said to be important to avoid gaps and extent impact of their efforts in the lives of the concerned farmers.

Participants considered it important to have facilitative relations between the government and these non-government actors. But it was emphasised that this cooperation will be meaningful only when it is directed towards protecting farmers and enhancing their interests. For instance, these non-government actors could inform policy and decision makers in the relevant government ranks about the *real* concerns and views of the farmers.

Participants also looked into the issue of small farmers missing out on opportunities that the local market offers, as far as producing and selling food stuffs and vegetables to large traders with supermarket outlets in the cities are concerned. In the discussion, one of the major reasons considered as attributing to this situation was the low quality of produce as well as lack of consistent supply. By understanding that these supermarket outlets have significant potential to provide incomes and improve livelihoods of those farmers when they succeed to tap the opportunity, participants thought that it is important for farmers to have timely information about the specific qualitative and quantitative requirements or standards. Again, farmers' groups were seen as the appropriate mechanism to ensure that they have such information.

Market information was described as an important guide for farmers towards tapping the opportunities that local market provides because it empowers them to bargain with the traders in such a way that helps them get better prices. Many participants testified to have witnessed local traders manipulate the lack of information by farmers or distort

information to offer prices that are far less compared to the actual market prices. Therefore, it was agreed that timely, undistorted market information was critical to enable farmers get their fair share of benefits from agriculture trading and relieving them and their families from impoverishment.

There were concerns about the relationship between researchers, extension officers and farmers. Participants argued that the role that researchers play in exploring opportunities, addressing challenges and making practical and policy recommendations needs to be mutually related to activities that extension officers at the district and sub-district levels undertake. All the inputs from research were considered meaningful when they contributed to the extension officers' better focus and resolving technical problems facing farmers. Through a mutual working relationship between researchers and extension officers, participants thought the farmers could gain more relevant knowledge and skills to help them increase productivity and improve quality of their produce.

4. General Plenary Discussions

Proceeding from the group discussions, a few strongly felt issues emerged out of the plenary discussion. A view that was shared by all participants was that the government has not given the proper and adequate attention to improve the agriculture sector towards poverty reduction in the country. As evidence to support this common view, participants said that supporting officers lack equipment to reach more than about 10 percent of the farmers that they are supposed to serve. Also, there is evident low thrust by the government to encourage and empower farmers to practice mechanised farming for quicker reduction of poverty in their rural areas. Therefore, the great potentials of agriculture sector are yet to be realised due to under-utilisation of land and modern technology.

By taking lessons from practical experiences from *Dodoma* for instance, it was agreed that there is a need for ensuring farmers are protected against losses that result from violation of contract between farmers and traders. In this instance, Japanese traders, with the help of local government authorities, encouraged farmers take up *sorghum* production with the promise to purchase at high prices but later those traders disappeared,. It is important that farmers are provided with the necessary knowledge and know-how about the rights and duties of parties of such contracts, not only for defensive purposes but also to enable farmers to demand accountability by the traders as second party to the farming contract. The experience showed that farmers fail to make traders honour the contracts, partly because they do not know that these traders are duty-bound to stick to the agreement.

In this regard, it was strongly suggested that stakeholders take the initiative to do networking among themselves and to liaise with the government to form a body to discharge coordination function. This body, with government as its integral part, can also offer the necessary protection of farmers against avoidable losses by pushing for a specific legislation for contract farming.

The issue of leadership was the second main issue discussed. Experiences at the local government levels, particularly at the regional, municipal and district administrative levels, led many participants to agree that leadership faces a challenge of competency, professionalism and commitment. Participants expressed disappointment for seeing local councillors and executive officials conducting their activities with little commitment to protect or enhance the concerns and demands of farmers within their respective administrative levels. As decision makers and implementers of those decisions, local councillors and officials were said to be more concerned with furthering their vested interests, in some cases as businesspersons.

5. Closing and Acknowledgement

Speaking after the discussions, the presenters thanked participants for utilising their practical knowledge and experiences to expose some challenges and put forth recommendations. With certainty, those contributions were reckoned to add value to the draft report and thus improve the coming publications. On behalf of ESRF, the Programme Assistant in the Governance and Capacity Building Unit expressed sincere gratitude to all participants for their response to the meeting invitation as well as their contributions.

Agenda

Time	Activity	Responsible Person (s)
08:30 – 09:00	<i>Registration</i>	All
09:00 – 09:15	<i>Welcoming Remarks and Self Introductions</i>	ESRF & All Participants
09:15 – 09:30	Background to the TDP Project Objectives of the meeting	Dr. Oswald Mashindano
09:30 - 09:50	Presentation: Trade, Development and Poverty a focus on the Tanzania Agricultural Sector	Mr. Hussein Nassoro
09:50 – 10:10	Reactions	All
10:10 – 10:30	Tea Break	All
10:30 – 10:50	Presentation: Linking production and marketing chain using sesame in Tanzania as a model: Policy challenges	Dr. Oswald Mashindano
10:50 – 11:10	Reactions	All
11:10 – 11:45	Group Discussions	All Participants
11:45 – 12:40	General Plenary Discussions / Challenges	Facilitators and Invitees
12:40 – 13:00	<i>Wrap Up & Closing</i>	All
13:00 – 13:30	Evaluation forms and Lunch	All

List of Participants

“TRADE, DEVELOPMENT AND POVERTY – FARMERS SMALL GROUP MEETING” ESRF CONFERENCE HALL - 14TH DECEMBER 2007

S.No	FULL NAME	DESIGNATION	INSTITUTION	ADDRESS	E-MAIL
1.	Isaya Wilson Mhinzo		LVIA/ PELUM	P.O. Box 160, Kingwa, Dodoma	Isayamhinzo@yahoo.co.uk
2.	Elias Kaweya		MVIWATA Dodoma	C/O MVIWATA Morogoro, P.O. Box 3220, Morogoro	Eliaskawe@yahoo.com
3.	Athumani A. Mochiwa	Bwana Shamba	P.A.E.O	P.O. Box 21, Moshi	
4.	Melkiad Alex Massawe	Director of Operations and Planning	Tanzania Coffee Board	P.O Box 732, Moshi	Melmasawe@yahoo.com , melmassawe@yahoo.com
5.	Georgia Mwebesa	Farmer	MVIWATA Morogoro	P.O Box 3220	
6.	Huseni Kibarati	Small Scale Farmer		Mkuranga	
7.	Hanif Tuwa (Rapporteur)	Assistant Lecturer	University of Dar es Salaam	P.O. Box 71229, Dar es Salaam	Haniftu@yahoo.com
8.	Kasese Mwizarubi	Chief Accountant	Tanzania Federation of Cooperatives Ltd.	P.O Box 2567, Dar es Salaam	
9.	Gema Nganyagwa		Small and medium Enterprise Competitiveness Facility (SCF)	P.O. Box 5789, Dar es Salaam	marketaccess@marketaccess.or.tz
10.	Ibrahim Nyika	Senior Agricultural Field Officer	Ministry of Agriculture, Food and Cooperatives	P.O. Box 2066, Dar es Salaam	ibranyika@yahoo.co.uk
11.	Perege Gumbo	Journalist	The Guardian Ltd	P.O Box 31042, Dar es Salaam	pgumbo@yahoo.com
12.	George Kyejo	Chairman	Tanzania Small Holder Tea Growers Association	P.O Box 5815, Dar es Salaam	Geokyejo@yahoo.com
13.	Tabu Ally Likoko	Agricultural Officer	Tanzania Women Leaders in Agriculture Environment	P.O Box 76498	Mamgaya@yahoo.com
14.	James Mchau	Branch Manager	Tanganyika Farmers Association Ltd.	P.O. Box 4964, Dar es Salaam	mchauj12000@yahoo.com
15.	Joseph Rweikiza	Chairperson	Tanzania Young Farmers Club	P.O. Box 7764, Dar es Salaam	rweikiza@yahoo.com
16.	Fredrick Mongi	Representative	Mkulima Progress Association	P.O. Box 5742	

S.No	FULL NAME	DESIGNATION	INSTITUTION	ADDRESS	E-MAIL
17.	Hussein Nassoro (Facilitator)		Institute of Finance Management		ngwijo@yahoo.com