By Daniel Semberya

In Tanzania, the agricultural sector is central to sustainable development of the country as it constitutes almost 25 per cent of the country's GDP.

It is a leading sector that employs a majority of the country's citizens, and existing data indicates that approximately 75 per cent of the whole population is residing in the rural areas.

Likewise, the agriculture sector is vital for ensuring food security and alleviating rural poverty.

The available official data indicates that on average about 30-40 per cent of overall total crop production is lost annually due to pre-and post harvest losses.

This was revealed in Dar es Salaam last Friday at a breakfast meeting organised by the Policy Forum, whose main theme was "Revenues from the Agricultural Sector: How much is Tanzania losing from the sector?

Tanzania Private Sector Foundation, Executive Director - Godfrey Simbeye said that in order to ensure a value chain, so that agricultural products are successful, the government is required to address the issue of value-added tax (VAT), on the products locally produced.

He said that they needed to borrow a leaf from the Rwandan government which very recently abolished VAT on all products produced locally.

He further said that lack of agro service premises was another challenge that has been impeding efforts by local processors.

"Agro-processing uses raw materials from agriculture. Large processors, unlike small ones are able to afford better facilities to process their products.

But smaller producers need financial support to enable them to have comparable facilities and technology.

If they have this they can compete on a more equal basis in international markets.

He further said "If you process in a domestic setting, like your own home for example, TFDA will not grant you a certificate."

According to Simbeye Local Government Authorities (LGAs) in the country have the responsibility of establishing premises for processors. But so far they are not doing enough because of lack of funds.

"LGAs should take this challenge as an opportunity/business for them. Lack of efficient premises has been causing agro-processors to underperform in the sector."

Simbeye has therefore, called on the LGAs to invest in proper service premises. And if they fail to do so they should enter into a joint venture in public and private partnerships.

Doing so, would therefore establish more efficient premises allowing more competent agro-processing.

"We know they have land, but lack the funds to develop it," he said.

Simbeye also noted that if the government wanted to help smallholder farmers to produce quality crop products, and effectively process and export them, they should first address the issue of governance by not allowing farmers to export raw products to international markets.

He said that it was high time to protect the agricultural sector by subsidising it, as many of the European Union members are doing in their countries.

"We need to prepare our producers to comply with the required international standard so that they become competitive," he urged.

For his part, Southern Agricultural Growth Corridor of Tanzania (SAGGOT) Chief executive officer, Geofrey Kirenga underscored the need for the government to develop industry that is competitive.

"In order to satisfy the market demand in an industrial economy, you need to have the capacity of producing the quality and quantity of products and take them to the market in a timely way," he noted.

"All these depend on each other. That why public private partnership with the government is inevitable. You cannot produce without value addition."

He said that unpredictable agricultural policy discouraged investors' interests, as well as that of the private sector in general, within the country.

"I call on the government to facilitate the private sector to build up an industry that is competitive against other foreign markets," he said.

Citing a Mozambican example, he said that ten years ago it was on the same level as the Tanzania's sugar production.

But now Tanzania has 15 sugar production sites, compared to Mozambique, but the latter exports 300,000MT, a similar amount to what is imported in the country.

Kirenga pin pointed out the reason for this failure, saying it's because even the few industries that have been producing sugar in the country are failing to find a market for the product, due to the imported sugar.

"We have been importing sugar in the country, something which has been discouraging local production." Adding:

"The government needs to safeguard local industries so as to encourage them produce more local production," he urged.

Executive Secretary at Agricultural Non-State Actors Forum (ANSAF) Audax Rukonge, said that annually Tanzania spends millions of USD in its revenues to import agro-products that could be produced domestically.

Rukonge noted that most processors in the country have low processing capacity compared to its neighbouring countries -like Mozambique and Kenya.

Following that the government has been exporting raw cotton and crude oil, among other commodities.

And in return, it has been spending a lot of its foreign currencies to import that same cotton in the form of textiles, and crude oil in the form of edible oil.

He said that if there were well established agro-processing premises in the country, it could be one of the mechanisms which government would use to increase revenue and reduce import bills.

According to Rukonge, agriculture is Tanzania's economy mainstay, contributing USD 13.9bn to its GDP (nearly 30 per cent) and 67 per cent to total employment during 2014.

Agricultural land in Tanzania was last measured at 396,500sq.km in 2013 (45 per cent of total land area) versus 369,744sq.km in 2008, representing an increase of 7 per cent over the 5-year period.

Tanzania's crop production rose by 44 per cent during 2008-2013, beating the Sub-Saharan Africa average crop production growth rate of 18 per cent during the same period, according to the World Bank's (WB) crop production index.

Tanzania's main exported cash crops are tobacco, cashew nuts, coffee, tea, cloves, cotton, and sisal. Raw tobacco represents the nation's most important exported cash crop, growing from USD 169m worth of exports in 2010 to USD 318m in 2015, followed by cashew nuts which grew from USD 50m to USD 201m, and coffee from USD 109m to USD 162m in the same period.

The top export destinations for Tanzanian tobacco are Germany, Russia, and Poland, while almost 80 per cent of cashew nuts are exported to India. Tanzania's livestock production rose by 33 per cent during 2008-2013, exceeding the Sub-Saharan Africa average livestock production growth rate of 11 per cent during the same period, as per the WB's livestock production index.

Meat production in the country rose by 33 per cent over the period 2008-2013, from 422,230t to 563,086t, as indicated in the 2014-2015 Annual Report of the Tanzania's Ministry of Agriculture, Food Securities and Development.

Out of the total meat production, 55 per cent comes from cattle, 21 per cent from sheep and goats, 14 per cent from pigs, and only 10 per cent from chicken.

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Southern Agricultural Growth Corridor of Tanzania (SAGGOT) Chief executive officer, Geofrey Kirenga, insists on a point during Policy Breakfast meeting revenue. Photo: Daniel Semberya.