

BRIEF REPORT OF THE 7:30 BREAKFAST DEBATE –NOVEMBER 30TH 2012

10 Percent National Budget Allocation to Agriculture: Could it transform Rural Tanzania?

In the last 10 years Tanzania has recorded an impressive economic growth. The country's real Gross Domestic Product (GDP) growth has increased from a low level of 4.2 per cent in 1995 to averaging 6-7 per cent during 2002-2012. Given this impressive economic record, one would expect poverty to decline. However, this has not been the case. Poverty is still a major problem facing the majority of Tanzanians, particularly those living in rural areas.

But why is poverty not declining? Although there is no simple answer to this question, there are several assumptions and possibilities that can be explored. One possible explanation is the fact that the current growth in Tanzania is concentrated in sectors to which the majority of the poor have few links (sectors such as mining, construction, tourism, etc which do not provide employment for the majority of Tanzanians). Growth is inadequate in areas such as agriculture, on which most people's livelihood depend.

Agriculture is the sector which employs the majority of Tanzanians. 80 per cent of Tanzanians still practice subsistence farming with very crude tools and poor methods of farming. This is the sector where Tanzania needs to see high growth. But it has not happened. According to the Economic Survey 2007 and State of the Tanzania Economy, agriculture activities grew by 4.0 per cent in 2007 compared to 3.8 per cent in 2005. Average growth for agriculture from 2003–2007 was only 4.2 per cent, reflecting low productivity. Agricultural production grew only by 3.3 per cent in 2008 compared to 4.0 per cent in 2007 reflecting a decrease in food crop production in 2008. Vision 2025 and the Agricultural Sector Development Strategy suggested a sector growth rate of 11 per cent as the one which will have the required effect on poverty alleviation and economic growth.

To this end, will more investment in agriculture see growth in the sector and achieve positive impact in terms of reduction in poverty? Will the Maputo Declaration of 2003 being fully implemented in Tanzania specifically by allocating 10 per cent of the national budget towards agriculture help transform rural livelihoods?

This is why Policy Forum dedicated its November 2012 debate on the issue of agriculture, the debate is titled: **10 Percent National Budget Allocation to Agriculture: Could it transform Rural Tanzania?**

The debate had two presentations and critics from two discussants namely: Audax Rukonge, Executive Director of the Agriculture Non-State Actors Forum (ANSAF) and Chairperson of Policy Forum and Dr. Damian Gabagambi Lecturer of the Sokoine University of Agriculture (SUA), the discussants of the debate were Mr. David Rohrbach, a Senior Agriculture Economist from the World Bank and Dr. Sizya Lugeye, Chief Advisor for Rural Livelihood and Growth at the Embassy of Ireland.

The Debate was facilitated by Alex Ruchyahinduru from the Policy Forum Secretariat.

Audax Rukonge said with a 10 per cent budget allocation would help reduce food insecurity and improve livelihoods.

Rukonge said that budget allocations in selected Local Government Authorities showed some progress but there was increased allocation in indirect costs instead of direct investments and that less than 5 per cent of of agriculture revenues were ploughed bank into agriculture.

He urged for improved transparency, accountability and participation in the sector and called for better budgeting and planning particularly by issuing an assessment of guidelines on minimum amount for investment component.

On his part, Dr. Damian Gabagambi of the Sokoine University of Agriculture (SUA) said that Tanzania is leaving its rural people behind despite the plaudits it was receiving internationally as being one of the most promising countries in the world. He lamented that for many people, the most direct way to escape poverty was to move from rural areas to cities. He urged for the 10 per cent of the national budget not only to be allocated towards agriculture but also to be spent strategically adding that Local Government Authorities should undertake a value chain selection process in which one or two economic activities are identified. Once this is done, he said, the other issues could follow in the framework of value chain development like irrigation schemes, cluster farming, contract farming, and market information systems.

Mr. David Rohrbach, noted that in fact budget allocations to the sector were reducing in both nominal and real terms. He cautioned, however, it was useful to look closely at how the amount was being spent as well. Was it being used to pay off debts and on per diems, transport costs and sitting allowances? Were these what was eating up the budget? He highlighted the importance of infrastructure developments, particularly roads in improving the agriculture sector and reducing transport costs to improve the climate for investments. He said that sometimes we see trunk roads being resurfaced when the urgent and most pressing need is for rural roads.

Dr. Sizya Lugeye, said that for the correct policies to be devised, we need a definition of who a farmer is. He gave the example of Ireland which has a definition of a farmer. "Any person living in a rural area engaged in farming, whose income is equal to the minimum industrial wage," he explained.

Plenary Discussion and comments

- It is true that there is no clear definition of a farmer that's why we are importing farmers.
- We have to look at how we see things and not how we see numbers
- We should ask ourselves on how rural women benefit from agricultural technologies? We have to reach them with whatever inputs we have.
- The farmers need to stand up and raise their issues.
- It has to clearly be noted that the biggest investors are the Tanzanian farmers and not those from outside.
- Where do we invest money from agriculture, we need to make sure we put it on food.
- Small scale farmers also make up the private sector so they have to be supported.
- Most of the efforts like the ones made to Kilimo Kwanza are only made to inputs.
- We need to get to a solution that will solve all these problems
- SAGGOT is a good idea but in terms of land it is not good because they take a huge amount of land
- The budget is not a big problem the issue is only how we are spending

- Why is the agricultural sector growth still low even when it had exceeded 10% in the previous years.
- Experts are required to make the ASDP II

Mr. Alex Ruchyahinduru closed the discussion and welcomed again participants to the next 7:30 Breakfast Debate which is to be conducted January 2013.



policy forum