By Daniel Semenyono

In Tanzania, the agricultural sector is crucial 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 total 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-harvest losses. This was revealed in the 2020 Saharan last Friday at a breakfast meeting organised by the Policy Forum, whose main theme was “Reconsidering from the Agricultural Sector: How much is Tanzania losing from the Tariffs?”

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 needs 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.

Further, he said that lack of agro-service providers was another challenge that has been impeding efforts by local processors. Agro-processing units raw materials from agriculture, large processors, unlike small ones are unable to afford better facilities to process their products.

But smaller processors need financial support to enable them to have comparable facilities and technology. If they have to do this, they can compete on a more equal basis in international markets.

He further said that if you process in a domestic setting, like your own home, for example, TDA will not grant you a certificate.

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

"LGAs should take this challenge as an opportunity for them. Lack of efficient processors has been causing agro-processing units to underperform in the sector," Simbeye has therefore, called on the LGAs to invest in proper service providers. And if they fail to do so they should enter into a joint venture in public and private partnerships.

Doing so would therefore enable more efficient processors to have access to markets and reduce the rate of product loss.

"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.

It is also that it was 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 argued.

For his part, Southern Agricultural Growth Corridors of Tanzania (SAGOT) Chief Executive Officer, Geoffrey Kinyonga 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' interest, 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 Mozambique example, he said that ten years ago it was on the same level as the Tanzanian sugar production. But now Tanzania has 15 sugar production units, compared to Mozambique, but the latter exports 30GecoMT, a similar amount to what is imported in the country.

Kinyonga 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 their products, 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 to produce more local production," he urged.

Executive Secretary at Agricultural Non-State Actors Forum (ANSAP) Amaud Rukome said that annually Tanzania spends millions of US dollars in its revenues to import agro-products that could be produced domestically.

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

Following the fact that the government has been importing raw cotton and crude oil among other commodities. And in recent years, it has been spending a lot of its foreign currency to import that same cotton in the form of textiles, and crude oil in the form of edible oil.

He said that it was the reasons for establishing agro-processing units in the country, as it could be one of the mechanisms which government would use to increase revenue and reduce import bills.

According to Rukome, agriculture is Tanzania's economy mainstay, contributing USD 113bn to its GDP, nearly 30 per cent and 67 per cent to total employment during 2014. Agricultural land in Tanzania was last measured at 356,500 sq km in 2010 (46 per cent of total land area) versus 354,344 sq km in 2008, representing an increase of 7 per cent over the 2-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 11 per cent per the same period, according to the World Bank report for crop production index.

Tanzanian maize, imported cash crops are processed in Tanzania. Tobacco, cashew nuts, coffee, tea, cotton, and tea, raw tobacco represents the nation's most important cash crops, growing from USD 10.6bn worth of exports in 2014 (USD 13bn in 2015), following by cashew nuts which grew from USD 9.7bn to USD 20bn, and coffee from USD 10.6bn to USD 62bn in the same period.

The top export destinations for Tanzania's tobacco are Germany, Russia, and Poland, while about 50 per cent of cashew nuts are exported to India. Tanzania's export production rose by 31 per cent during 2008-2009, exceeding the Sub-Saharan Africa average growth production growth rate of 11 per cent during the same period, as per the World Bank report for crop production index. Meat production in the country rose by 33 per cent over the period 2008-2013, from 422,300 to 501,064, as indicated in the 2014-2015 Annual Report of the Tanzania's Ministry of Agriculture, Food Security and Livestock Management.

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