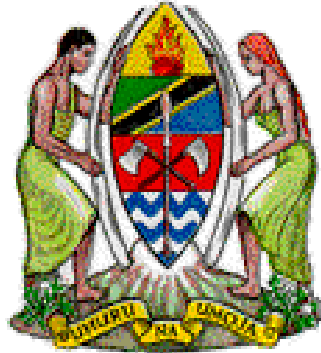


UNITED REPUBLIC OF TANZANIA



**TANZANIA AGRICULTURE AND FOOD SECURITY
INVESTMENT PLAN (TAFSIP)**

2011-12 to 2020-21

MAIN DOCUMENT

18th OCTOBER 2011

ACKNOWLEDGEMENTS

This draft represents the result of detailed deliberations and consultations by stakeholders in the agricultural sector, the CAADP Task Force, the TAFSIP Drafting Team and comments from AU-NEPAD Technical Review Team. The Drafting Team has been supported by national and international consultants. Funding of the task has been through the Governments and a number of development partners. These contributions are gratefully acknowledged.

PREFACE

The Tanzania Agriculture and Food Security Investment Plan (TAFSIP) is an historic initiative that brings all stakeholders in the agricultural sector both in the mainland and in Zanzibar to a common agenda of comprehensively transforming the sector to achieve food and nutrition security, create wealth, and poverty reduction..

Development of The TAFSIP is a product of a broad based collaborative process involving key stakeholders; including national and sectoral institutions from public and private sector, development partners, members of academia, civil society organisations, Regional Economic Communities (RECs), African Union Commission (AUC), NEPAD- CAADP Pillar Institutions and the National CAADP Task Force comprising representatives of all relevant stakeholders, ReSAKSS/IFPRI and other regional and international bodies. It addresses the core national problems of poverty and food insecurity in rural areas and on how to promote agricultural growth and food and nutrition security in Tanzania under the framework of the CAADP.

These consultative processes culminated into the signing of the CAADP Compact on the 8th of July 2010 with the aim of promoting increased production and productivity in the agricultural sector towards reduction of poverty and achieving food and nutrition security.

The preparation of the TAFSIP is one of the Post-compact activities identified in the roadmap. It builds on a series of analytical work done by various institutions as well as on the stock taking exercise that was done by the CAADP Task Force in May 2010.

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Working Papers:

1. Social and Economic Context
2. Background to the Agricultural Sector
3. Policy and Institutional Framework
4. Priority Investments: Irrigation Development, Sustainable Water Resources and Land Use Management Agricultural
5. Priority Investments: Productivity and Rural Commercialization
6. Priority Investments: Rural Infrastructure ,Market Access and Trade
7. Priority Investments: Private Sector Development
8. Priority Investments: Food and Nutrition Security
9. Priority Investment: Disaster Management, Climate Change Adaptation and Mitigation
10. Priority Investments: Policy and Institutional Reform and Support
11. Implementation, Coordination and M&E

LIST OF ABBREVIATIONS

ACT	Agricultural Council of Tanzania
AFSP	Accelerated Food Security Project
AGRA	Alliance for a Green Revolution in Africa
ASDP	Agricultural Sector Development Programme
ASDS	Agricultural Sector Development Strategy
ASLMs	Agricultural Sector Lead Ministries
ASP	Agricultural Sector Plan (Zanzibar)
ASSP	Agricultural Services Support Programme (Zanzibar)
ATI	Agricultural Transformation Initiative
A-WG	Agricultural Working Group (of DPG)
CAADP	Comprehensive Africa Agriculture Development Program
CBO	Community Based Organisation
COMESA	Common Market for Eastern and Southern Africa
DADP	District Agricultural Development Plan
DPG	Development Partners Group
FAO	Food and Agriculture Organisation
FDI	Foreign Direct Investment
FY	Fiscal Year
GDP	Gross Domestic Product
GoT	Government of Tanzania
JAST	Joint Assistance Strategy for Tanzania
LGA	Local Government Area
M&E	Monitoring and Evaluation
MAFC	Ministry of Agriculture, Food Security and Cooperatives
MANR	Ministry of Agriculture and Natural Resources (Zanzibar)
MDAs	Ministries, Departments and Agencies
MDGs	Millennium Development Goals
MFI	Micro-Finance Institution
MITM	Ministry of Industry, Trade and Marketing
MIVARF	Marketing, Infrastructure, Value Addition and Rural Finance Programme
MLF	Ministry of Livestock and Fisheries (Zanzibar)
MLFD	Ministry of Livestock and Fisheries Development

MOW	Ministry of Water
MTEF	Medium Term Expenditure Framework
NAIP	National Agricultural Investment Plan
NEPAD	New Partnership for Africa Development
NFRA	National Food Reserve Agency
NGO	Non-Governmental Organisation
NPCA	NEPAD Planning and Coordinating Agency
NRDS	National Rice Development Strategy
NSGRP	National Strategy for Growth and Reduction of Poverty (MKUKUTA)
PADEP	Participatory Agricultural Empowerment Project
PASDEP	Plan for Accelerated and Sustained Development to End Poverty
PMO-RALG	Prime Minister's Office – Regional Administration and Local Government
RDS	Rural Development Strategy
RECs	Regional Economic Communities
ReSAKSS	Regional Strategic Analysis and Knowledge Support System
RGoZ	Revolutionary Government of Zanzibar
SAGCOT	Southern Agriculture Growth Corridor of Tanzania
SO	Strategic Objective
TA	Thematic Area
TAFSIP	Tanzania Agricultural and Food Security Investment Plan
URT	United Republic of Tanzania
ZSGRP	Zanzibar Strategy for Growth and Reduction of Poverty (MKUZA)

Financial Year

July 1st-June 30th

Exchange Rate (September 2011)

TZS 1,650 = US\$ 1.00

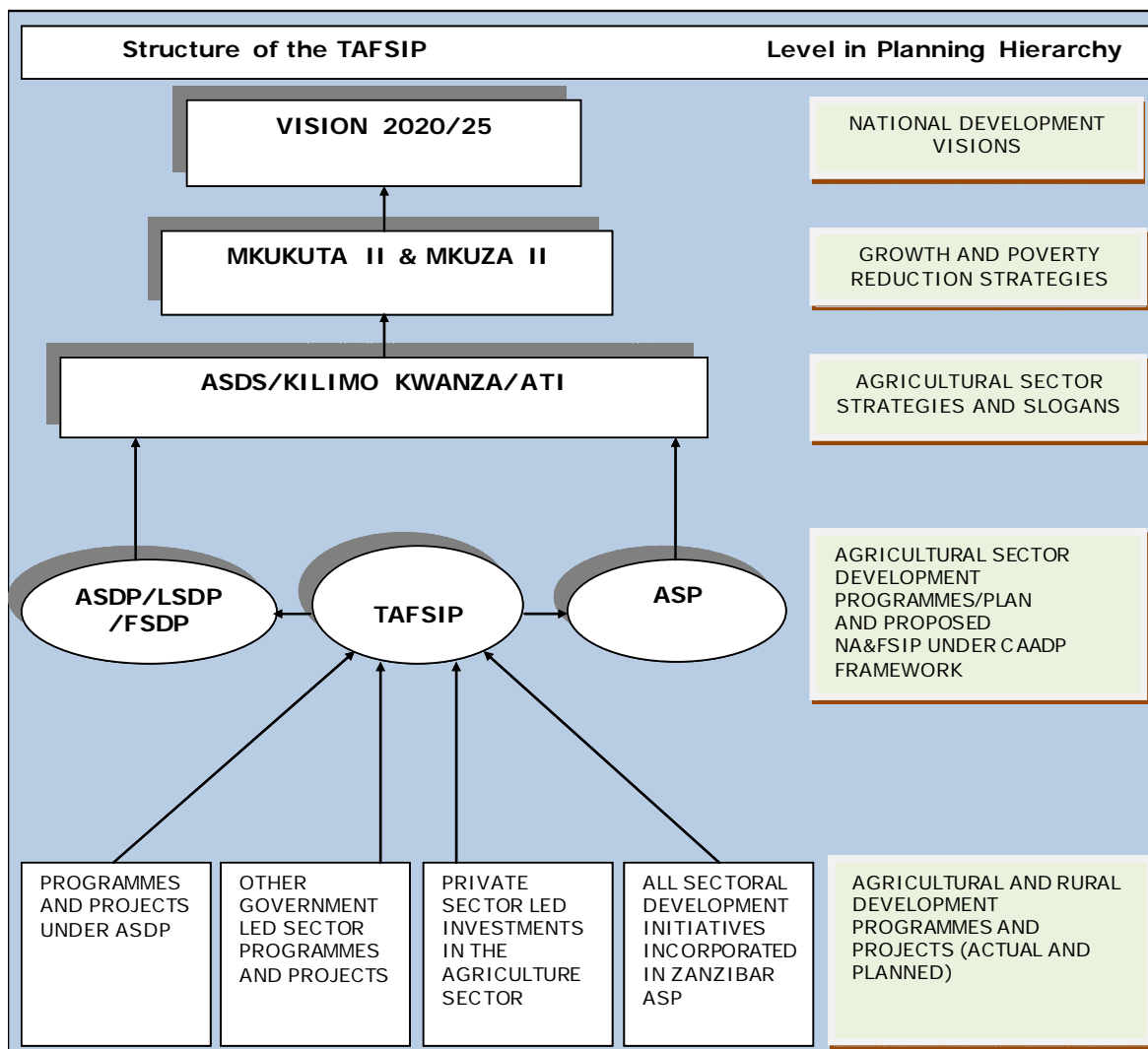
Weights and Measures

Metric System unless otherwise stated

EXECUTIVE SUMMARY

1. **TAFSIP is a ten-year investment plan which maps the investments needed to achieve the CAADP target of six per cent annual growth in agricultural sector GDP.** The URT will pursue this target through allocating a minimum ten per cent of its budget to the agricultural sector. The URT also seeks the support of the international community and the private sector in bridging the funding gap between the funding requirements and the amount that can be provided from a variety of domestic, international, public and private sources.
2. **TAFSIP is not a new agricultural development strategy or programme.** It is a sector-wide plan for coordinating and harmonising the resources needed to accelerate implementation of existing initiatives and to launch new initiatives which address national, regional and sectoral development priorities. As shown in Figure 1, TAFSIP will be the financing mechanism and framework for the implementation of ASDP and ASP for the Mainland and Zanzibar respectively, and for emerging sectoral development initiatives on the Mainland which will be incorporated in the ASDP. In so doing, the Plan is anchored to, and aligned with Tanzania’s social and economic development aspirations as expressed in Vision 2025 (for the Mainland) and Vision 2020 (for Zanzibar) together with a number of key policy and strategic statements including:
 - The National Strategy for Growth and Reduction of Poverty (NSGRP/MKUKUTA) and the Zanzibar Strategy for Growth and Reduction of Poverty (ZSGRP/MKUZA);
 - Agriculture First (*Kilimo Kwanza*) and the Agricultural Transformation Initiative (ATI) for Zanzibar;
 - The Agricultural Sector Development Strategy (ASDS) for mainland Tanzania and the Agricultural Strategic Plan (ASP) for Zanzibar;
 - Tanzania’s agenda to meet the Millennium Development Goals (MDGs);
 - The Tanzania CAADP Compact; and
 - Various sub-sector policies, strategies and programmes/projects
3. **Development of the TAFSIP is a product of a broad based collaborative process involving key stakeholders;** including national and sectoral institutions from public and private sector, development partners, members of academia, civil society organisations, Regional Economic Communities (RECs), African Union Commission (AUC), NEPAD- CAADP Pillar Institutions and the National CAADP Task Force comprising representatives of all relevant stakeholders, ReSAKSS/IFPRI and other regional and international bodies. It addresses the core national problems of poverty and food insecurity in rural areas and on how to promote agricultural growth and food and nutrition security in Tanzania under the framework of the CAADP.
4. **Goal and Objectives: The Goal of the TAFSIP is to “contribute to the national economic growth, household income and food security in line with national and sectoral development aspirations”.** The Development Objective aims to “rationalise allocation of resources to achieve annual 6 percent agricultural GDP growth, consistent with national objectives to reduce rural poverty and improve household food and nutrition security” and CAADP objectives and principles. This objective embodies the concepts of allocating resources to invest more, produce more, sell more, nurturing the environment, and eliminating food insecurity; all of which are embodied in various national policy instruments.

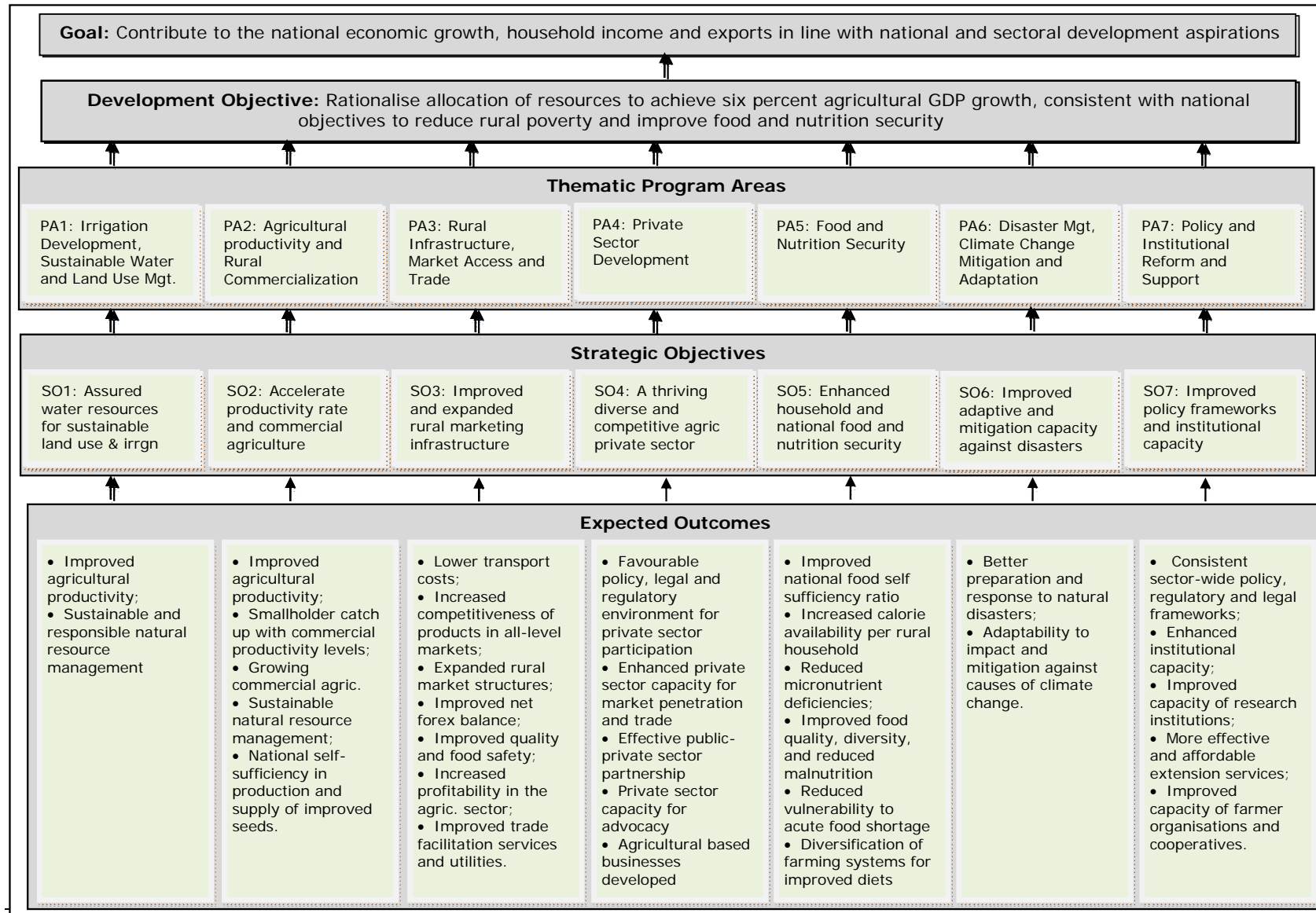
Figure 1: Position of the TAFSIP in the National Planning Hierarchy



5. In order to achieve the above objectives, the investment plan is expressed in terms of seven thematic program areas each with its own **Strategic Objective** and major investment programmes (see Figure 2). The main themes/investment areas are:

- Irrigation Development, Sustainable Water Resources and Land Use Management
- Production and rural Commercialisation
- Rural Infrastructure, Market Access and Trade
- Private Sector Development
- Food and Nutrition Security
- Disaster Management, Climate Change Adaptation and Mitigation
- Policy Reform and Institutional Support

Figure 2: Overview of TAFSIP Framework

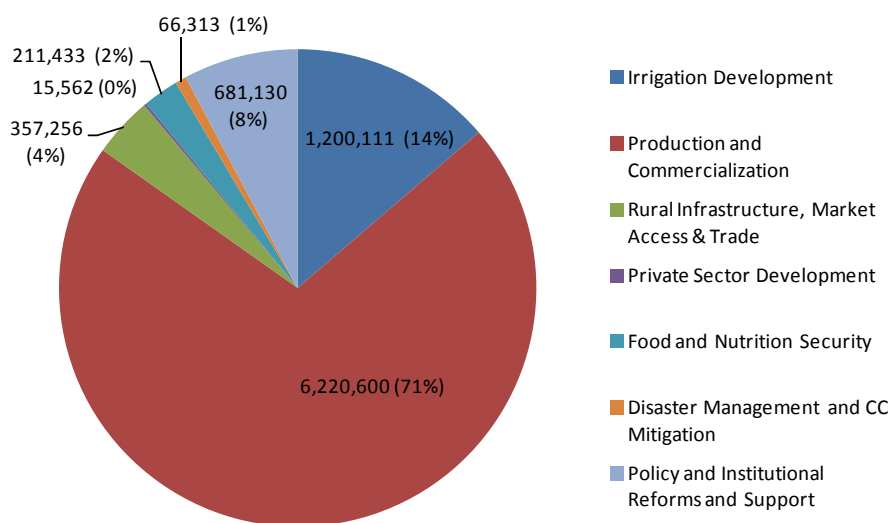


6. The Plan Costs and Financing: It is estimated that the achievement of 6 per cent annual growth of sectoral GDP will require **investments of around TShs. 8.7 trillion (USD 5.3 billion) over the first five years to be financed by the Government, Development Partners, Private Sector and Other players.**

7. The share per investment area will be as follows:

- Irrigation Development, Sustainable Water Resources and Land Use Management TShs 1,200,111 million
- Production and rural Commercialisation TShs 6,220,600 million
- Rural Infrastructure, Market Access and Trade TShs 357,255 million.
- Private Sector Development, TShs 15,561 million
- Food and Nutrition Security, TShs 211,433 million.
- Disaster Management, Climate Change Adaptation and Mitigation TShs 66,312 million.
- Policy Reform and Institutional Support, TShs 681,130 million.

Summary of TAFSIP Cost Estimates by Program (TZS 000,000)



8. The indicative financing plan focuses on the first five years (2011-12 to 2015-16) of the ten-year TAFSIP. The financing plan is based on: (i) estimates of the likely availability of funding from various sources; and (ii) estimates of the size of the investments needed to generate a 6 per cent per annum growth in agricultural sector GDP. The difference between (i) and (ii) is the financing gap which will have to be filled if the CAADP objectives are to be reached. The availability of funding is estimated on the basis of URT Medium Term Expenditure Framework (MTEF) projections. On this basis the agricultural sector development budget will increase from its current (2010/11) level of around TShs billion 906.673 to around TShs trillion 4.0 over the five years. Out of this amount, Tshs 3.8 trillion is for Mainland and Tshs 199.6 billion is for Zanzibar.

9. Budgetary control of the TAFSIP will be the responsibility of the Ministry of Finance, working with the Development Partners within the MTEF and the JAST framework. Budgetary resources will be allocated in accordance with the five-year investment framework, with the GoT CAADP commitment to allocate 10 per cent of its budget to the agricultural sector. The A-WG of the Development Partners Group will coordinate the allocation of donor resources to the plan in accordance with the CAADP Compact and agreements reached at the Business Meeting.

10. Implementation and Coordination: The institutions supporting the implementation of agricultural and rural development will involve all players including public, private sectors, non-

state actors and main player being farmers. In this regard, there is need to have high-level strategic guidance from the ICC to direct multi- sectoral involvement in implementation of the Plan, with particular emphasis on creating conditions conducive to the participation of the private sector and non-state actors.

11. Since TAFSIP is a sector-wide investment plan to be implemented through a harmonised programme operating within and building on the existing sector-wide ASDP/ASP institutional framework, **the involvement of many Ministries requires high-level responsibility for management and implementation oversight.** The proposed coordination mechanism will be a Presidential Retreat, an Inter-Ministerial Coordinating Committee, a Technical Committee of Directors, thematic working groups and ASDP Secretariat /CAADP Country Team. The ICC will maintain close communication with Cabinet with regard to TAFSIP implementation as needed.
12. **M&E of the sector-wide program (ASDP/AFSP) being financed through the TAFSIP will employ and strengthen the existing systems) used to monitor and evaluate sector performance.** The results framework in Annex 1 details the activities and outcomes that are expected under each of the **7 Strategic Objectives (SOs)** and milestone indicators which can be used to monitor progress towards each of the objectives. These indicators will be embedded in the M&E systems of the actual and planned flagship programmes and projects in the sector-wide programme that will be implemented under the TAFSIP umbrella. The current sector M&E frameworks for ASDP/ASP will be revised/expanded to integrate, harmonise and aggregate M&E data from programmes and initiatives not included in the current ASDP basket fund. The scope of the ASDP/ASP M&E frameworks will also be expanded to accommodate other stakeholders (linked Ministries/institutions, private sector, non state actors, civil societies, CAADP Country Team) to become a **sector-wide M&E system which tracks performance of all TAFSIP-funded sector activities**; and feeds the aggregated results into the higher level MKUKUTA II/MKUZA II M&E systems. At regional level, the capacity of officers responsible for agricultural sector issues reporting directly to the ASLMS will be strengthened to facilitate M&E and smooth flow of information. This will further reduce communication gaps currently existing between the LGA and ASLM's H/Q.
13. **The Sector Programmes, projects and initiatives will be monitored quarterly while a joint Agricultural Sector Review involving all players in all synergies will be done annually.** The end year Monitoring reports (Fourth Quarterly report) will provide input to the Annual Sector Coordinating Meeting. The quarterly reports will facilitate the undertakings of the ICC and CDs. In this regard, the proposed Annual Sector Coordination Meetings and the Joint Agricultural Sector Review will be transformed into a mutual accountability platform where TAFSIP stakeholders review their collective performance.
14. **The information generated from the M&E of ASDP/ASP will be used to consolidate and guide ASDP/ASP interventions.** Regular reviews to take into account new challenges and opportunities in the sector and thus further align investments with the NSGRP and *Kilimo Kwanza/ATI* resolutions and other synergies within the ASDP/ASP framework will be encouraged.
15. **Mutual Accountability is one of the five principles of Paris Declaration on Aid Effectiveness. An overarching framework for boosting mutual accountability in the implementation CAADP agenda has been developed by NEPAD/NPCA focusing on the following principles:**
 - improvement of the Government – Donor commitment with mutually agreed criteria/indicators to generate objective performance information;
 - establishing genuine dialogue and debate platforms and processes, based on mutual consent, common values and trust to review performance and develop joint strategies for improvement (the JAST framework); and
 - M & E systems of tracking indicators to generate performance and impact information.

16. The successful implementation of TAFSIP will, thus, depend on many diverse stakeholders and all participating organisations being committed and mutually accountable for achieving results.
17. **Benefits: In line with the importance of the sector, accelerated agricultural and rural development will make a major contribution to Tanzania's national development aspirations.** The principal benefits of the programme will be: (i) increased and sustainable production of food and non-food agricultural commodities to improve the nutritional status of rural households, boost national food security, and provide raw materials for the agro-industrial sector; (ii) reduction in the prevalence of under-nutrition and malnutrition in rural communities and protection from the impact of natural disasters; (iii) accelerated commercialisation of the rural sector generating increased cash incomes from farm and non-farm enterprises; (iii) protection and enhancement of the long-term productive capacity of Tanzania's natural resource base through more sustainable land and water management practices and measures to adapt to climate change; and (iv) improved institutional capacity to mobilise and manage resources in support of agricultural sector development.
18. Other benefits expected to accrue as the sector develops include (i) reduction in harvest and post harvest losses; (ii) increased export earnings; (iii) diversification of production into higher value agricultural products; (iv) improved access to financial services by smallholder farmers and rural entrepreneurs; (v) increased participation of private sector players, cooperatives and other forms of farmer organisation; (vi) improved infrastructure and access to markets; (vii) increased rural employment; (viii) higher productivity and reduced vulnerability to droughts from expansion of irrigated agriculture and climate change mitigations; (ix) maintenance of agricultural biodiversity; and (x) improving the system of disaster risk management, (xi) improved institutional capacity and human resources at all levels; (xii) more balanced participation of men and women in development and income-generating activities and; (xiii) recognition of the special needs of rural households affected by HIV/AIDS and/or poor nutrition status.
19. **Beneficiaries: The primary beneficiary group will be smallholder farming, pastoral and agro-pastoralists and fishing households** adopting improved agricultural practices that increase food production and cash income generation. Other beneficiaries include agro-processors, transporters, traders and service providers. It is recognised however, that smallholders are not a homogenous group – they comprise farmers (both subsistence and cash croppers), pastoralists, fishers and combinations of these. **Medium and large scale farmers** will also be able to participate through the development of commercial agriculture. **Future generations** of Tanzanians will benefit from measures to prevent environmental degradation and sustainably manage natural resources and the number of beneficiaries of **social protection programmes is expected to decline as other TAFSIP initiatives bear fruits.**
20. **Risks and Risk management:** TAFSIP is subject to a number of generic risks that affect all development programmes and projects in Tanzania. These include: (i) the willingness of the private sector to participate; (ii) limited capacity in Government institutions and human resources; (iii) the challenge of coordinating TAFSIP; (iv) ensuring that the primary target group (smallholders) participate and contribute fully; (v) managing environmental risks; and (vi) coordinating multiple funding modalities and (vi) procurement systems.
21. Smallholders are the primary target group of the TAFSIP. However there is a risk that smallholders will be marginalised, or at least fail to participate fully, against a background of rapid agricultural commercialisation.
22. Managing multiple sources of funding: Whilst the URT has a preference for general and sectoral budget support from Development Partners, it is anticipated that a number of the partners will opt for other funding modalities, including discrete and earmarked project funding, bilateral arrangements. The risk lies in weak coordination of budget processes among ASLMs and also among Development Partners. Different development partners also have differing requirements for reporting, accounting and auditing systems. As TAFSIP is expected to attract more development partners, there will be need to comply with additional donor requirements.

23. Timely access to financial resources and procurement arrangements: Most of the financing is expected to be sourced from the government, Development Partners, the private sector and beneficiaries. Delays in disbursement of funds often cause stoppage of activities thus compromising the quality of interventions and can cause farmers to lose interest. Some Development Partners accept national procurement systems, while others may specify their procedures to be used. As far as possible procurement procedures should be unified and harmonised to avoid procurement delays.
24. TAFSIP will be implemented in the context of broader development frameworks at national and regional (SADC/EAC) levels. If additional human resource and institutional capacities to ensure that Tanzania's position is adequately represented are not observed, the competitiveness of the country will not be recognised and take full advantages of the regional integration.
25. **The TAFSIP presented herein represents a further step forward in realising the aspirations** of the CAADP Compact and Vision 2025 and Vision 2020 for the Mainland and Zanzibar respectively, i.e. ***“to have an agriculture sector that is modernised, commercialized, and profitable and utilises natural resources in a sustainable manner.”*** For Tanzania to achieve its development aspirations there is need to have a substantial upswing in the rate of investments in agriculture and food security, commitment of all players and strong coordination on monitoring and accountability. Holding other factors constant and that all synergies and thematic areas are holistically implemented, realization of the 6 % (even beyond) growth target in agricultural sector will be achieved within the investment plan time frame.

1. INTRODUCTION

1.1 The Evolution of the Tanzania Agriculture and Food Security Investment Plan

- 1. The TAFSIP is a sector wide investment framework for the agricultural sector for the implementation of the CAADP in Tanzania. It is designed to operationalise the CAADP Compact** signed by the Government, Private Sector, Non State Actors, Farmers and Development Partners on 8th July 2010. It is a sector-wide approach to plan, coordinate and harmonise the resources needed to accelerate implementation of existing initiatives and to incorporate new initiatives which address national, regional and sectoral development priorities.
- 2. The CAADP is an initiative of the African Union's New Partnership for Africa's Development (NEPAD) founded on a vision and strategic framework to promote agricultural growth,** rural development, food and nutrition security, and poverty reduction and place the continent on a path for sustainable socio-economic growth. It was adopted by the Heads of State and Government in Maputo, Mozambique in 2003. The CAADP as a continent-wide framework seeks to promote agricultural growth, rural development, and food and nutrition security. Each AU member country prepares and signs the CAADP Compact as a way of strengthening partnership and obtaining commitment from stakeholders. The Compact is developed through broad-based stakeholder consultations and round-table processes that ensure that the CAADP agenda reflects a consensus on the country's priorities. CAADP is based on pillars and principles.

1.2 CAADP Objectives, Pillars and Principles

- 3. Objectives:** The CAADP aims to: (i) achieve an average annual sectoral growth rate of six per cent; (ii) attain food and nutrition security; (iii) develop regional and sub-regional agricultural markets; (iv) integrate farmers and pastoralists into the market economy; and (v) achieve a more equitable distribution of wealth. To achieve these objectives CAADP focuses on four main **pillars**, namely,
 - Pillar I: Extending the area under sustainable land management and reliable water management systems
 - Pillar II: Improving rural infrastructure and trade-related capacities for improved market access
 - Pillar III: Increasing food supply and reducing poverty and improving responses to food emergency crises
 - Pillar IV: Improving agriculture technology and dissemination

CAADP Principles:

- pursuing an average of 6% annual agricultural sector growth at country level;
- allocating 10% of the national budget to agricultural development;
- strengthening local ownership and promoting interventions based on country's opportunities and priorities;
- building partnerships with a broad spectrum of actors;
- promoting dialogue and building consensus among all key stakeholders for the priority issues to be addressed;
- enhancing peer-review and sound analytical work to inform stakeholders in the sector;
- enforcing mutual accountability to ensure sustainable resource utilisation;
- favouring regional complementarities within the framework of regional economic communities such as NEPAD, SADC, COMESA, ECOWAS and EAC; and
- enhancing policy reforms for a more favourable environment for agricultural growth.

4. **Cross cutting issues** include but not limited to (i) empowerment of vulnerable groups; (ii) gender equality and equity, (iii) conservation farming practices, (iv) control of air and water pollution; other issues are also recognized in the framework.

5. **The CAADP Compact presents Tanzania's agricultural sector with a number of strategic opportunities:**

- it sets the framework for long-term partnerships in the sector;
- it demonstrates the commitment of the United Republic of Tanzania (URT), development partners and other stakeholders to the agricultural development agenda;
- it facilitates the harmonisation of all agricultural development initiatives under an agricultural SWAp;
- it clarifies stakeholder expectations and responsibilities for implementation of the SWAp;
- it focuses on development of a comprehensive investment programme according to identified national priorities and growth drivers;
- it provides for collective responsibility and mutual accountability amongst stakeholders and partners; and
- it emphasises the need for inter-ministerial collaboration and cooperation between state and non-state institutions.

1.3 Tanzania Compliance with CAADP

6. The compliance with country commitment is in the Compact which was signed by the Government, Farmers Representatives, Regional Economic Communities, Private Sector, Development Partners and Civil Society Organisations and Non-State Actors on the 8th July 2010. The CAADP Compact represents a commitment by the Governments of the URT, their development partners and other stakeholders to prioritise agricultural sector development towards poverty alleviation and food security. It details the policies, strategies, and priority areas for agricultural and rural development and provides an opportunity for achieving the goals of Vision 2025 for the mainland and Vision 2020 for Zanzibar, as well as the economic growth and poverty reduction objectives specified in MKUKUTA/MKUZA. **Having completed the stock taking towards Roundtable discussions and Compact signing, the formulation of the Agricultural and Food Security Sector Investment Plan (TAFSIP) started.**

7. **TAFSIP is therefore a framework for the prioritisation, planning, coordination and harmonization of investments that will drive Tanzania's agricultural development over the next decade.** The TAFSIP is a 10-year road map for agricultural and rural development that identifies priority areas for investment and estimates the financing needs to be provided by Government, the private sector and its development partners to support the on-going implementation of the main long-term agricultural sector development programmes (ASDP/ASP). TAFSIP is anchored to, and aligned with, Tanzania's social and economic development aspirations as expressed in Vision 2025 (for the mainland) and Vision 2020 (Zanzibar) together with a number of key policy and strategic statements including:

- The National Strategy for Growth and Reduction of Poverty (NSGRP/MKUKUTA) and the Zanzibar Strategy for Growth and Reduction of Poverty (ZSGRP/MKUZA);
- Agriculture First (*Kilimo Kwanza*) and the Agricultural Transformation Initiative (ATI) for Zanzibar;
- The Agricultural Sector Development Strategy (ASDS) for mainland Tanzania and the Agricultural Strategic Plan (ASP) for Zanzibar;
- Tanzania's agenda to meet the Millennium Development Goals (MDGs);
- The Tanzania CAADP Compact; and
- Various sub-sector policies, strategies and programmes/projects.

8. In signing the CAADP Compact, the URT has committed to allocate at least 10% of their budgetary resources to agricultural development. This represents a significant increase from the current and historical levels of resource allocation, and with continuing strong growth in GDP and government revenues, and increased private sector participation, the investments in the sector are expected to increase several fold over the next decade. This provides an outstanding opportunity for Tanzania to intensify its agricultural development efforts based on a well defined-investment and resource allocation plan.

9. Program implementation financed under the TAFSIP initiative is led by the Agricultural Sector Lead Ministries (ASLMs)¹ and reflects the priorities of the Government and a wide range of agriculture² and rural development stakeholders. It is set within the context of the on-going implementation of the Agricultural Sector Development Programme (ASDP) on the mainland and the Agriculture Strategic Plan (ASP) for Zanzibar which are the two main ongoing long-term development programmes in the sector.

1.4 The TAFSIP Process

10. As stated above, the TAFSIP is a **product of a broad based collaborative process involving key stakeholders**; including national and sectoral institutions from public and private sector, development partners, members of academia, civil society organisations, Regional Economic Communities (RECs), African Union Commission (AUC), NEPAD-CAADP Pillar Institutions and the National CAADP Task Force comprising representatives of all relevant stakeholders, ReSAKSS/IFPRI and other regional and international bodies. The TAFSIP Drafting Team (drawn from public & private sectors, development partners and other non-state actors) is responsible for documentation and is supported by a team of national and international consultants. The whole task is supported by the Government and development partners including FAO, USAID, WFP, AfDB and Irish Aid. Support from the AUC-NEPAD in terms of technical expertise further facilitates the process.

¹ Ministry of Agriculture, Food Security and Cooperatives (MAFC), Ministry of Livestock and Fisheries Development (MLFD), Ministry of Water and Irrigation (MWI), and the Zanzibar Ministry of Agriculture and Natural Resources (MANR) and Ministry of Livestock and Fisheries (MLF).

² A broad definition of the agricultural sector is intended – to include all forms of agriculture, livestock, fisheries, forestry, irrigation and natural resource management.

2 BACKGROUND

2.1 Social and Economic Context

11. **Tanzania is an emerging economy with high growth potential.** With per capita GDP of USD 500 the economy has shown strong and consistent growth over the last decade averaging 6.0% per annum with the strongest growth in the industry and services sector and somewhat weaker performance in agriculture. Despite solid economic growth Tanzania has not been able to achieve significant reductions in poverty or shown some improvements in nutritional status. For example in year 2007, the national poverty headcount fell by only 2.1 per cent from 35.7 per cent in 2000-01 to 32.6 per cent. Nutritional indicators also showed little improvement. Over the same period, the share of people with insufficient calorie (food) consumption fell by only 1.5 per cent from 25.0 per cent to 23.5 per cent; and stunting of children under five years of age was unchanged at 38 percent.
12. Vitamin A deficiency affects about 24 per cent of the children. Anaemia caused by iron deficiency impairs the growth and learning ability of children, lowers resistance to diseases and reduces work capacity and productivity of adults. Anaemia affects 72 per cent of children under five years of age and 48 per cent of women of reproductive age. Malnutrition is the underlying cause of over 50% of the under five mortality rate in Tanzania³. Against this background, TAFSIP provides an important and very timely opportunity to bring together all the relevant stakeholders around a common agenda for reducing malnutrition.
13. Food security has been fluctuating between years of surplus in good season and years of deficit in poor rainfall season. Some regions and districts have had food surpluses of varying magnitude on an annual basis. However, there are still regions and districts with pockets of persistent food shortage annually. Moreover, at the lower levels such as the household, efforts by government and others to support increased agricultural productivity and production notwithstanding, food insecurity continues to be a challenge to some section of the population in both rural and urban areas. It is within TAFSIP that holistic approaches towards achieving national food security through increasing production and productivity along value chains are undertaken. **The apparent disconnect between economic growth and poverty and food security outcomes can be attributed to three factors:** (i) low investment in agriculture sector; (ii) agricultural sector growth has been driven by small-scale farmers producing for subsistence ; (iii) low use of improved inputs resulting in low per capita food production; (v) market constraints; and (vi) Under nutrition and malnutrition are constraining productivity in the smallholder sub-sector.
14. Limited progress in rural poverty reduction is also related to relatively slow growth of agricultural GDP (4.4 per cent compared to the national level of seven per cent) relative to a 2.3 per cent rural population growth rate. This point to a need to broaden the base of agricultural growth to target crops that are important to the poor in terms of both income and nutrition, and to lift the overall sectoral growth rate well above the rural population growth rate. In this regard the CAADP target of 6 percent sectoral growth, whilst challenging, is regarded as a minimum to make significant reduction in rural poverty and food insecurity.

2.2 Strategies for Growth and Reduction of Poverty⁴

15. The country's long term development agenda is expressed in the Tanzania Development Vision 2025 for the Mainland and Vision 2020 for Zanzibar. These long term visions express the resolve to eradicate poverty and attain sustainable development of the economy. The medium term development goals are expressed through **NSGRP/MKUKUTA (Mainland) and**

³ World Bank Report on Fortification Action Plan Action Plan on Provision of Vitamin and Minerals to the Tanzania Population, Consultancy, by Anna Verster & Mr Quentum, 2009/2010)

⁴ NGSRP (Mainland) and ZSGRP (Zanzibar) - normally known by their Swahili acronyms: MKUKUTA (Mainland) and MKUZA (Zanzibar)

ZSGRP/MKUZA (Zanzibar) which focus on similar targets as well as the Millennium Development Goals (MDGs) and other commitments aimed at combating, rural poverty, malnutrition, disease, illiteracy, gender inequities, and environmental degradation. Tanzania has implemented the first generation of these strategies and is now implementing the second generation of these strategies, **MKUKUTA II and MKUZA II**. In both phases agriculture is given a prominent role in economic growth and poverty reduction since the rural sector contains the majority of the poor population. The two initiatives **recognise the importance of food and nutrition security, climate change adaptation and improving survival, health, nutrition and well-being**, especially for children, women and vulnerable groups

16. **Lessons from on-going poverty reduction initiatives** indicate that agriculture must grow robustly for GDP growth to be broad-based whilst targeting the pro-poor. In relation to food security NGRSP II targets: (i) increasing crop production to improve food security; (ii) maintenance of a strategic grain reserve of at least four months supply; (iii) developing and promoting crop and livestock varieties adaptable to climate change; and (iv) strengthening early warning and natural disaster response capacity. Linked to food security are health related issues to significantly reduce under-nutrition and malnutrition. The proposed steps within NSGRP II and ZSGRP II are very much in line with the principles of CAADP Pillar III which advocates equitable access to food and paying special attention to the nutritional needs of vulnerable groups.
17. **Three clusters of outcomes are identified in MKUKUTA II and MKUZA II as was the case in the first phase of these strategies:** Cluster I is on economic growth and the reduction of income poverty; Cluster II is on improvement in the quality of life and social well-being; and Cluster III is on governance and accountability. The major goal for Cluster I is GDP growth of 6-8 per cent over the next decade. MKUKUTA goals for the agricultural sector include: (i) an increase in agricultural growth from 5 to 10 per cent: with an increase in growth of the livestock subsector, from 2.7 to 9.0 per cent; (iii) an increase in food production from 9 million tonnes to 12 million tonnes; (iv) a reduction in the rural population living below the basic needs poverty line from 39 to 24 per cent; (v) a reduction in the proportion of the rural food poor from 27 to 14 per cent; (vi) reduction in the prevalence of stunted and underweight children; and (vii) an increase in off-farm income-generating activities.
18. **MKUKUTA II draws lessons extensively from the 2001 Rural Development Strategy (RDS) and the Agricultural Sector Development Strategy (ASDS).** While the RDS provides a framework for harmonised rural development, the ASDS envisages the creation of an enabling environment for improved agricultural productivity. Other national policies relevant to rural poverty reduction include policies on land, water, trade, cooperative development, microfinance, as well as cross cutting issues in gender, HIV/AIDS and environment. In Zanzibar the Agricultural Sector Plan (ASP) has been a major input in MKUZA providing a framework for setting targets for growth of the agricultural sector. The ASP addresses critical issues such as the creation of a favourable climate for private-sector activities, clarification of the roles of the public and private sectors in service delivery and strengthening the institutional framework.

2.3 Agricultural Growth, Poverty and Nutrition

19. **A study by the International Food Policy Research institute (IFPRI)⁵** provides helpful policy guidelines for the TAFSIP. The IFPRI study (see Attachment 1, Working Paper 3) noted that whilst Tanzania has sustained rapid economic growth over the last decade, the growth of the sector has been lower than for the economy as a whole, and concentrated in larger-scale production of rice and wheat, and export crops (cotton, sugarcane, tobacco) in the northern and

⁵ Debowicz D, Pauw K, Robinson S, and Thurlow J (2011): Agricultural Policy, Poverty, and Nutrition in Tanzania: Analyses in Support of the Tanzania Agriculture and Food Security Investment Plan (TAFSIP), International Food Policy Research Institute, Washington D.C. (Draft Report). It should be noted however that the IFPRI study did not include Zanzibar and the results from Mainland Tanzania cannot be extrapolated to Zanzibar due to the distinctly different characteristics of their agricultural sectors and economies.

eastern parts of the country. Consequently, between 2001 and 2007 Tanzania's poverty rate only fell from 35.7 to 33.6 percent, while the share of the population consuming insufficient calories (food) declined marginally from 25.0 to 23.6 percent. With poverty and food insecurity largely concentrated in rural areas it can be presumed that there has been hardly any improvement in the livelihoods of rural people although Tanzania was experiencing robust economic growth.

20. The IFPRI study shows how different approaches to sectoral development can influence overall growth rate and its impact on poverty and food security. Using a computable general equilibrium (CGE) model the study demonstrates how accelerated agricultural growth in a wider range of subsectors than those currently leading the growth process can improve growth's effectiveness at reducing poverty. The study also examines how different agricultural subsectors can contribute to poverty reduction and improved nutrition, and how external shocks such as price spikes in agro-chemicals, petroleum and fertilisers are likely to impact on the sector. The results are summarised in Table 1.

Table 1: Summary of IFPRI Model Scenarios

	Historical	Baseline Scenario	Accelerated Growth
Annual GDP growth %	6.6% (1998-2007)	5.63%	6.30%
Ag Sector GDP growth %	4.4% (1998-2007)	3.93%	6.01%
2015 Poverty %	36.9% (2007)	30.2%	25.2%
2015 Calorie Deficiency %	21.8% (2007)	17.6%	13.2%
Poverty-Growth Elasticity a/	-0.76% (2001-07)	-1.26%	-1.85%
Calorie-Growth Elasticity a/	-0.78% (2001-07)	-1.36%	-2.35%

a/ Percentage decline in poverty or calorie deficiency per one percent increased in GDP/capita

21. The IFPRI model shows a **baseline scenario** with moderate growth in productivity and a convergence in growth rates between the historically stronger and weaker sub-sectors. The baseline scenario indicates overall GDP growth of 5.6 per cent per annum and agricultural sector growth of 3.9 per cent, both below the trend line. However because growth is more evenly distributed between sub-sectors, the scenario indicates a reduction in poverty from 36.9 per cent in 2010 to 30.2 percent by 2015, significantly better than the decline observed 2001-2007. Similarly, the rate of calorie deficiency falls from 21.8 to 17.6 per cent. Under the baseline scenario every 1% of GDP/capita growth reduces the poverty rate by 1.26% and calorie deficiency by 1.36%; compared to 0.76% and 0.78% during 2001-07.
22. This demonstrates that the structure of agricultural growth - how it is distributed between **sub-sectors - can have a major impact** on poverty reduction and positive nutrition outcomes. Poorer households tend to be engaged in production of subsistence rather than cash crops. Similarly, some sub-sectors produce products that poorer households consume more intensively. Growth or price fluctuations in these sub-sectors will therefore have a greater impact on poverty and food insecurity amongst both producing and consuming households. The IFPRI model shows that improving the productivity of maize, root crops, pulses and oilseeds, crops grown mostly by the poor, is most effective in reducing poverty and improving nutrition. The opposite is true of rice and wheat. Livestock productivity is likely to have the lowest impact on poverty and food security.
23. The **accelerated growth scenario** is based on the CAADP target of 6% agricultural GDP growth and assumes continued strong performance of commercial crops such as wheat and barley, much improved performance for maize, rapid expansion in rice production, and accelerated productivity growth in export sub-sectors. This represents a scenario where agricultural growth performance is enhanced relative to historical levels, both by sustaining growth in those subsectors that have performed well (benefiting mostly wealthier farmers), and by increasing productivity in sub-sectors that performed poorly (implying greater benefits to smallholders). The scenario also indicates further reductions in poverty to 25.2% and, and calorie deficiency to 13.2%. Moreover, the accelerated growth scenario is more effective in

reducing poverty and food insecurity, with each percentage point of GDP/capita growth reducing poverty and food insecurity by 1.36% and 2.35% respectively.

24. The IFPRI analysis suggests that **accelerating agricultural growth in a wider range of sub-sectors than those currently leading the growth process can be very effective in reducing poverty**. The analysis identifies maize as a priority sub-sector for achieving pro-poor growth and reducing poverty. However, the IFPRI analysis and other recent IFPRI papers have also reviewed evidence on the linkages between economic growth and nutrition and found inclusive results. The evidence available shows that improved nutritional status will result from the combination of increased physical assets and knowledge of good nutritional practices, together with improved health status and the consumption of more nutritious foods.⁶ For this reason, a multi-sectoral approach to addressing the challenge of nutrition in Tanzania is recommended.
25. **Agriculture supports the majority of the rural population and has the potential of lifting them out of poverty**. Approximately 75 percent of the population depends on primary agricultural production characterised by small-scale cultivation, use of hand hoes, other rudimentary tools, and reliance on traditional rain-fed cropping methods and animal husbandry. Robust growth of agriculture requires a multi-pronged approach with a focus on meeting basic nutritional needs in combination with modernisation for increased productivity, employment, profitability and incomes. Under MKUKUTA/MKUZA emphasis continues to be on small-scale agriculture, with a gradual shift to medium and large-scale farming. Sector growth issues revolve around productivity, with particular concerns for increasing yields by the smallholder farmers to graduate to commercial farmers. The government and private sector investment efforts should focus on the following drivers of growth: (i) supportive physical infrastructure; (ii) water and irrigation infrastructure; (iii) financial services and incentives to invest in agriculture; (iv) knowledge and information management; (v) value addition activities; (vi) mechanisation; and (vii) trade/export development services.

2.4. Policy Framework for Agriculture and Rural Development

26. **The agricultural sector has performed reasonably well over most of the last decade, but has failed to make significant inroads into high levels of rural poverty and household food insecurity**. Real agricultural growth is running at about 4.4 per cent, which is below the MKUKUTA target of 6-8 percent, and the CAADP benchmark of 6 per cent. Some districts are achieving surplus food production, but farmers face problems in marketing their produce – jeopardising efforts being made to improve productivity. Marketing problems, exacerbated by external financial shocks, and increasing prices of farm inputs have contributed to the sector's disappointing performance. However, there have been some success stories resulting from better access to improved agricultural technologies and knowledge; investment in irrigation and mechanisation/farm equipment; improved extension services through provision of working facilities such as transport, training of extension staff and farmers and use of innovative approaches such as Farmer Field Schools; and development of marketing infrastructure and systems such as the warehouse receipt system.
27. **Vision 2025 envisages an agricultural sector that is modernised, commercial, highly productive and profitable and utilises natural resources in a sustainable manner**. The agricultural policy framework is based on the ASDS which aims to create an enabling environment for improved productivity and profitability as the basis for poverty reduction through: (i) strengthening the institutional framework; (ii) creating a favourable climate for commercial activities; (iii) clarifying public and private sector roles in improving support services; (iv) developing input and output markets; and (v) mainstreaming planning for agricultural development in other sectors.

⁶ Agriculture, Health and Nutrition: Toward Conceptualizing the Linkages. IFPRI 2020 Conference Paper. February 2011.

- 28. Implementation of the ASDS is spearheaded by the ASDP (Mainland) and ASP (Zanzibar),** both of which are sector-wide programmes to increase agricultural productivity and profitability, generate employment in rural areas and ensure national and household food security. Implementation of the two programmes focuses on the following strategies: (i) to enable farmers to have better access to and use of agricultural knowledge, technologies, marketing systems and infrastructure, all of which contribute to higher productivity, profitability, and increased farm incomes; and (ii) to promote private investment based on an improved regulatory and policy environment.
- 29. Both ASDP and ASP aim at transformation of the sector from subsistence to commercial agriculture** whilst achieving food and nutrition security creating wealth and reducing rural poverty. The commitment is to facilitate sector development through public-private partnerships (PPPs), focusing on participatory planning and implementation, decentralisation of service delivery to Local Governments Authorities (LGAs), and mainstreaming of cross-cutting and cross-sectoral issues. Another commitment is on investment in the agricultural sector with emphasis on: (i) increasing productivity through the adoption of productive technology options; (ii) expanding the area under irrigation and promoting water use efficiency; (iii) re-focusing public expenditure to priority outcomes; (iv) attracting public and private investment; and (v) promoting diversification to non-farm activities.
- 30. ASDP was launched in 2006 and about half of the financing for agricultural sector development is currently channelled through the Programme** using a pooled (basket) funding mechanism. A recent review of ASDP implementation emphasised that the Programme only became fully operational in 2008, but has made significant gains in some areas, whilst other areas have lagged behind. Overall, however, the review found evidence of success in key areas including: (i) ASDP processes are widely understood from national down to village level; (ii) it has created a mode of operation which has streamlined planning, M&E and reporting, all of which have shown significant improvements since 2006; and (iii) it has facilitated very significant development of human and physical capacity, which could be used to support new initiatives under the Programme.
- 31. The implementation of ASDP builds on existing institutional structures within a decentralisation process** that ensures farmer involvement in policy and planning. This has been the main engine of the ASDP at local level where farmers participate in the formulation of District Agricultural Development Plans (DADPs) which are supported by District Agricultural Development Grants, Capacity Building Grants and the Extension Block Grant. Irrigation, which is a major focus of the ASDP, has additional support through the District Irrigation Development Funds (DIDFs). The national component of the ASDP finances research and extension activities, development of irrigation policy and national level infrastructure, policy development and planning, capacity building, market development, and programme coordination. The national component also provides technical guidelines for implementation of local level activities. Within this framework, around 75% of the resources are allocated to the local level, and 25% to the national level.
- 32. In Zanzibar, ASP is being implemented through a wide range of programmes and projects including** the Agricultural Services Support Programme (ASSP) and others which cover crops, livestock and fisheries, forest conservation, irrigation and infrastructure, cooperatives and environment.

2.5 Agricultural Sector Challenges

- 33. Reasons for the generally slow pace of agricultural sector development include the following:**
- low application of improved farm inputs resulting into low productivity
 - the modest rate of improvement in agricultural service delivery, particularly extension;
 - limited knowledge about new technologies

- low level of private sector participation in service delivery and commercial activities;
- limited efforts to strengthen client oriented technology development and dissemination;
- low levels of investment in the sector esp irrigation development
- weak market linkages which affect commercialisation opportunities;
- inadequate agro-processing and value addition facilities;
- post harvest losses;
- poor rural infrastructure, especially feeder roads and storage facilities; and
- disasters mainly driven by climate shocks resulting into droughts and floods is the most frequent natural disaster, especially in central and northern areas.

34. **The November 2010 Agricultural Sector and Public Expenditure Review calls for increased public and private investments** in the sector, on the grounds that unless the subsistence rural economy is transformed into a market economy and linked to other activities through forward and backward linkages, efforts towards transformation of the sector and poverty reduction will remain frustrating. Priority areas for investment were identified as: (i) human resource development; (ii) irrigation development and management; (iii) mechanisation; (iii) research and extension; (iv) use of improved technologies by improving access to inputs (including targeted input subsidies); (v) diversification of farming systems; (vi) improved rural infrastructure; (vi) agro-processing and value addition; and (vii) expansion and improvement of the warehouse receipt system. All of these investments need to be packaged and prioritised within a sector-wide investment programme.

2.6 The Need for a Sector-Wide Approach (SWAp)

35. A sector-wide approach is a practical approach to planning and management of development support which identifies inter-related constraints and opportunities and addresses these through coordinated action across actors and sub-sectors. It is first and foremost a planning and management instrument for government, development partners, private sector and other stakeholders which offer an effective tool for coordination and alignment of all support modalities. **ASDP/ASP is a sector-wide programme, but does not currently incorporate all development initiatives in the sector. The CAADP country process is essentially a complementary sector-wide approach as it** looks at the agricultural sector as a whole, holistically; aiming at strengthening linkages between policy, strategy, action plans, activities, budgets and M&E with a thrust of building country capacity and encouraging alignment of donor support behind country-owned agricultural development plans
36. The distinctive feature of such an approach, which the TAFSIP seeks to embrace, is a framework for the **prioritisation, planning, coordination and harmonization of investments** in agricultural sector as a whole, under government leadership, adopting common approaches across the sector and progressing towards relying on Government procedures to disburse and account for all funds. This approach goes much further than ASDP/ASP in coordinating and harmonising all sectoral development initiatives as stipulated in the CAADP framework.

3 KEY ISSUES IN AGRICULTURE AND RURAL DEVELOPMENT

3.1 Institutional and Policy Framework

37. **The TAFSIP process included a comprehensive review of policies, strategies and institutions, and identification of gaps and weaknesses.** The findings are detailed in Annex 2 (Policy Gap Analysis) and Annex 3 (Institutional SWOT Analysis).
38. **The Agricultural Sector Lead Ministries (ASLMs) in the Mainland and Zanzibar** are the key ministries responsible for policy and strategy development. Tanzania has 25 administrative regions, and Zanzibar has five. These are divided into districts. Under the Government's decentralisation policy, the districts are responsible for the implementation of agricultural plans and policies.

- 39. Institutions in the private sector include the Tanzania Private Sector Foundation (TPSF),** the Confederation of Tanzania Industries (CTI), the Tanzania Chamber of Commerce Industry and Agriculture (TCCIA), and the Tanzania National Business Council (TNBC) which represent the private sector in various capacities and have influence on policy and budgeting decision making processes. The Agricultural Council of Tanzania (ACT) and the National Network of Farmers Groups in Tanzania also known in Kiswahili as Mtandao wa Vikundi vya Wakulima Tanzania (MVIWATA) as well as the Non-State Actors Forum (ANSAF) are emerging as national bodies for advocacy in the agricultural sector. These bodies and other farmer institutions/organisations especially farmer cooperatives and farmers Savings and Credit Cooperatives Societies (SACCOS) require support for capacity-building to respond to the needs of their members and undertake advocacy and policy dialogue. New services are appearing through farmer associations, professional organisations, the private sector and rural microfinance institutions (MFIs). These organisations also need to be supported in the creation of networks at the district and national levels.
- 40. There are capacity limitations and gaps that need to be filled in most or all of the institutions supporting the sector.** Annex 3 identifies a number of common capacity limitations including: (i) limited financial resources resulting in a high proportion of the budget being allocated to recurrent items (and consequently a low proportion to development expenditure); (ii) institutional fragmentation, weak coordination amongst the ASLMs; (iii) weak capacity in policy analysis, planning, M&E and statistics; (iv) limited capacity at LGA level arising from human resource and financial constraints; (v) poor or dilapidated facilities and equipment (offices, transport, communications, computers etc); and (vi) inadequate experience in working with the private sector.

3.2 Recent Agricultural Sector Performance

- 41. Tanzania has a rich natural resource base to support agricultural development.** The country has 95.5 million ha of land of which 44 million ha are classified as arable, but only 27% of the arable land is under cultivation. Of the 50 million ha suitable for livestock, only 26 million ha is under use while the rest cannot be accessed due to tsetse fly infestation. The country also has huge potential for irrigated agriculture. The area suitable for irrigation is estimated to be about 29.4 million ha but only 0.34 million ha are currently under irrigation.
- 42. Tanzania's agriculture is dominated by small-scale subsistence farmers** who operate on an average of 0.2 to 2 ha as well as traditional agro-pastoralists and fishers. Over 80% of the arable land is used by smallholders and only about 1.5 million ha is under medium and large scale farming. A significant proportion of cash crops are produced by these commercial farmers including tea, sugar-cane, coffee, tobacco, sisal and some horticultural crops.
- 43. The agricultural sector is a key driver of social and economic development.** It generates 25 per cent of GDP, 24 percent of exports, employs over 75 per cent of the population, and is home to the great majority of the poor. However the sector has persistently registered a lower growth rate compared to other sectors so that its share of GDP fell from 29 per cent in 2000 to 25 per cent in 2009. Low performance of the sector has impeded efforts to reduce the high rural poverty levels. This points towards an urgent need to boost agricultural investments and productivity growth under the TAFSIP.
- 44. Sector performance has varied between sub-sectors with the best performance in export crops** such as sugar, tea and tobacco, which have recorded growth rates of almost 10 per cent per annum. However, these crops are concentrated in specific regions and amongst commercial farmers. Fisheries have been growing at around 5 percent per annum but livestock has lagged behind at around 3 percent.
- 45. The agricultural sector in Zanzibar is slightly different to that of the mainland.** The share of the agricultural sector in GDP is slightly higher (about 28 per cent) but accounts for over 75

percent of foreign exchange earnings generated by two export commodities, cloves and seaweed. About 70 percent of the population relies directly or indirectly on agriculture for their livelihood, indicating that the sector has high potential for reducing poverty and food insecurity. There are opportunities to improve production of tropical fruits, spices, honey, essential oils, seaweed and other marine products. Rapid expansion of tourism also provides local market opportunities for high value commodities. Like the Mainland, key constraints to sectoral development include weak market linkages which affect commercialisation opportunities; inadequate agro-processing and value addition facilities; post harvest losses; and low productivity due to recurrent droughts, low input use, inadequate availability of improved planting material and limited knowledge about new technologies. Livestock productivity in Zanzibar has remained very low due to inadequate veterinary services, a weak regulatory framework, low availability and high cost of feeds, weak market linkages and inadequate number of technical personnel. The fisheries sub-sector suffers from over-exploited inshore resources and under utilisation of deep sea resources.

46. Cognisance of these factors hindering performance of the sector, the robust implementation of the following intervention areas would transform the sector to contribute towards achieving food and nutrition security, economic growth and poverty reduction.

3.4. Irrigation Development, Sustainable Water Resources and Land Use Management

47. Appropriate use of natural resources that include land, water and forest would enhance productivity and profitability in the agricultural sector as well as conserve the environment. Although Tanzania is endowed with an area of 94.5 million hectares of land, out of which 44 million hectares are classified as suitable for agriculture, part of this arable land may be only marginally suitable for agricultural production for a variety of reasons, including soil erosion, nutrient leaching and drought proneness. Out of 44 million hectares suitable for agriculture about 29.4 million hectares are suitable for irrigation, whereby 2.3 million hectares are classified as high potential, 4.8 million hectares as medium potential, and 22.3 million hectares as low potential. However, only 345,690 hectares have been provided with improved irrigation infrastructure. The country is also endowed with numerous and diverse water resources in the form of rivers, lakes, wetlands and aquifers. There is therefore a need to have a good management and utilization of land, water resources and forest cover for sustainable agriculture. However, better utilization of these resources has been hampered by the following factors:

Key Issues in Irrigation Development, Sustainable Water Resources and Land Use Management	
Mainland	Zanzibar
<p>Irrigation Development</p> <ul style="list-style-type: none"> • Heavy dependence on rain-fed agriculture and limited investment in irrigation. • Inadequate climate change adaptation and mitigation measures. • Poor returns from some irrigation investments due to inadequate funding of operation and maintenance, poor irrigation practices, and lack of high-value crops. • Land degradation due to inappropriate and un-sustainable agricultural methods, and over-exploitation of some common property resources such as grazing land and fisheries. • Poorly coordinated water resource planning and management, limited action on catchment management and poor application of national guidelines. • Irrigation practice in Tanzania is characterised by reliance on the run-of-the river water abstractions for gravity-fed irrigation schemes; • Inadequate investments in water storage infrastructure; • Inadequate capacity of farmers to invest in the infrastructure for their traditional irrigation systems. • low rate of investment in irrigated agriculture by the private sector; • absence of law which protect irrigation potential and irrigation developed areas <p>Sustainable water resources</p> <ul style="list-style-type: none"> • A growing degradation of water resources (surface and ground water); • Inadequate hydrological data and information; • Inadequate coordination of Integrated Water Resources planning, • Limited action on water catchments management by different actors • Limited application of the national guidelines on watershed management • Limited capacity for watershed management <p>Land Use Management</p> <ul style="list-style-type: none"> • land degradation and desertification • land disputes among crop farmers but more seriously between crop growers and pastoralists • Weak land use planning and management 	<ul style="list-style-type: none"> • Low level of investment in irrigation, based mainly on use of groundwater. • Limited use of available water resources for high value commercial crops. • Encroachment of salt water in irrigated areas • Inadequate investments in water storage infrastructure; • Inadequate capacity of farmers to invest in the infrastructure for their traditional irrigation systems. • low rate of investment in irrigated agriculture by the private sector; • absence of law which protect irrigation potential and irrigation developed areas <p>Sustainable water resources</p> <ul style="list-style-type: none"> • A growing degradation of water sources; • Inadequate hydrological data and information; • Inadequate coordination of Integrated Water Resources planning, • Limited action on water catchments management by different actors • Absence of national guidelines on watershed management <p>Land Use Management</p> <ul style="list-style-type: none"> • land disputes between crop growers and livestock keepers; • Weak land use planning and management; • Limited capacity for watershed management • Declining of soil fertility depletion

3.5 Agricultural Productivity and Commercialization

3.5.1 Agricultural Productivity

48. With agricultural GDP growing at only 4 per cent, it is clear that the agricultural productivity growth rate in the smallholder sub-sector is very low. Productivity growth rates must be accelerated in order to reach the CAADP target of 6 per cent sectoral growth and beyond. The TAFSIP consultative process has highlighted the following factors which contribute to poor performance of the sector:

Key Issues in Agricultural Productivity	
Mainland	Zanzibar
<ul style="list-style-type: none"> • Limited use of modern agricultural technologies, especially improved seed varieties, fertilisers, agrochemicals and mechanization • Limited access to credit, under-resourced research and extension services. • Low genetic potential of indigenous animal breeds and crop varieties. • High crop losses due to pest and disease and poor post-harvest management. • Low labour productivity due to low levels of mechanisation and animal traction • Low quality of pastures, limited availability and inadequate knowledge of supplementary feeds. • Limited aquaculture practices 	<ul style="list-style-type: none"> • Low productivity of crops and livestock. • Limited knowledge and low use of inputs and technologies, limited use of mechanisation. • Low availability and high cost of improved seeds, planting materials, fertilisers, pesticides, animal feeds etc. • Poor genetic potential of indigenous varieties animal breeds. • Low quality of pastures, limited availability and inadequate knowledge of supplementary feeds. • Damage caused by pests and diseases, both pre- and post-harvest. • Low labour productivity due to low levels of mechanisation and animal traction. • Inadequate knowledge of aquaculture and seaweed farming resulting in low exploitation of aquaculture potential.

3.5.2 Agricultural Commercialisation

49. Productivity enhancement alone will contribute to food security but will not necessarily enable the rural poor to escape poverty. In order to escape poverty, rural households have to graduate from purely subsistence farming to a semi-subsistence/semi-commercial status practising farming as a business, albeit on a small-scale. The TAFSIP consultation process identified the following issues influencing the rate at which the agricultural sector is commercialising:

Key Issues in Agricultural Commercialisation	
Mainland	Zanzibar
<ul style="list-style-type: none"> • Limited private sector participation and a low level of investment by farmers and agribusiness enterprises, accentuated by the reluctance of banks to lend for agricultural and agro-industrial investments. • Limited reach of microfinance institutions in rural areas and the consequent inability of smallholders to make the transition from subsistence to commercial status. • Under-developed input supply/agro-dealer networks which limit access to, and increases the cost of, agricultural inputs. • Poor product quality due to limited awareness of consumer demands and food safety standards and poor/inadequate good storage, transport and communication facilities. • Reliance on public sector investments in irrigation development and the reluctance of the private sector to make complementary investments. • Low organisational and technical capacity of agricultural marketing cooperatives. • Limited knowledge about value adding opportunities and innovative marketing approaches such as contract farming, out grower schemes, warehouse receipts, commodity exchanges, options trading etc. • Poor forward and backward market linkages with input suppliers as well as traders, processors and institutional buyers. • Inadequate skills in agricultural business, value chain development, value addition etc. 	<ul style="list-style-type: none"> • Low capacity of farmer groups and cooperatives to engage in value addition and marketing activities. • Inadequate private sector participation in input supply and produce marketing. • Inadequate marketing skills and market information, and low bargaining power of farmers. • Weak forward and backward market linkages with private sector input suppliers, traders and agro-processors. • Poor access to business and financial services by farmers and reluctance of banks to extend their outreach to rural areas. • Weak penetration of the tourist and international markets due to quality and sanitary constraints, and low competitiveness in the domestic food market. • Low quality marketing infrastructure, combined with inadequate grades and standards and weak inspection mechanisms. • Weak legal and regulatory framework for an efficient agricultural marketing system. • Inadequate funding for trade promotion activities. • Lack of comprehensive and coordinated region-wide market information systems. • Lack of investment in deep sea fisheries development and inshore aquaculture industries, including seaweed production and processing. • Low fish quality and standards due to poor fishing technology, handling, post harvest losses and underdeveloped fish value chain. <p>Inadequate quality control infrastructure for fisheries (including laboratories, fish landing sites etc).</p>

3.6 Rural Infrastructure, Market Access and Trade

50. Developing rural infrastructure is recognized as critical in promoting economic growth especially in rural areas. There are many direct and indirect benefits of having rural roads, marketing infrastructure, storage facilities at household and national levels, telecommunication networks and electricity. These types of infrastructure benefit individuals and households by creating employment opportunities through development of agro-industries as well as facilitating transportation of inputs and outputs and access to social services.
51. **Marketing of the agricultural products requires efficient and well regulated marketing systems.** In order to meet the agricultural sector’s vision of a transformed subsistence into market – based economy, **there is need to seize the opportunities in domestic, regional and international markets for agricultural products** (crops, livestock, fishery and agro-forestry). Reducing marketing costs and trade barriers would be a strong contributor to allowing farmers and traders to harness the opportunities of expanded markets. Thus poor rural infrastructure and inadequate knowledge for farmers (crops, fishers and livestock keepers) to identify potential markets (internal and external) are among the important constraints facing agricultural sector development.
52. **Cooperatives provide a model for pooling resources of people of limited means to achieve commonly identifies development needs.** The objective of TAFSIP will be to establish and strengthen the long term capacity-building required to create effective market-oriented cooperatives that are strong to respond to market opportunities. However, organizational and technical capacity of agricultural marketing cooperatives to enable them to fully participate in the market is still low.

Key Issues in Rural Infrastructure Market Access and Trade	
Mainland	Zanzibar
<ul style="list-style-type: none"> • Weak rural infrastructure including transport, storage, and electricity supply, and consequently high marketing costs. • Lack of agro-industrial facilities in rural area, which increases transport costs and post-harvest losses. • Inadequate storage facilities at household level • Insecure land tenure which reduces commercial incentives and access to finance. • Barriers to trade and taxes/charges which limit market access, especially with the region. • Weak legal and regulatory framework for an efficient agricultural marketing system. • Inadequate of funding for trade promotion. • Weak management of plant, fish and animal health and poor enforcement of food safety controls. • Low awareness of food quality issues and how they affect market opportunities and the absence of grading and product standardisation protocols. • Inadequate market information to support commercial decision-making and improve the bargaining power of farmers and their cooperatives/associations • Limited capacity to negotiate and penetrate the local and intra-regional niche markets • Lack of a comprehensive and coordinated market information systems • Bureaucracy in administering international business transaction including charges • Limited coverage of export processing zones • Low organizational and technical capacity of agricultural marketing cooperatives to enable them to fully participate in the market • Low bargaining power among farmers 	<ul style="list-style-type: none"> • Inadequate marketing skills and market information, and low bargaining power of farmers. • Weak forward and backward market linkages with private sector input suppliers, traders and agro-processors. • Weak penetration of the tourist and international markets due to quality and sanitary constraints, and low competitiveness in the domestic food market. • Low quality marketing infrastructure, combined with inadequate grades and standards and weak inspection mechanisms. • Weak legal and regulatory framework for an efficient agricultural marketing system. • Inadequate funding for trade promotion activities. • Lack of comprehensive and coordinated region-wide market information systems. • Low fish quality and standards due to poor fishing technology, handling, post harvest losses and underdeveloped fish value chain. • Inadequate quality control infrastructure for fisheries (including laboratories, fish landing sites etc).

3.7 Private Sector Development

53. Private sector is the engine of the growth and it is expected to play a great role in stimulating increased investments in agricultural production, processing, marketing and overall commercialization of the sector. However, the private sector in Tanzania is still nascent with limited capacity to drive growth of the agricultural sector. Among the factors limiting the performance of the private sector in agriculture include but not limited to:

- Inadequate capacity to discharge the anticipated roles (commercial-based)
- Limited long-term financing at affordable interest rate
- Un-conducive taxation system; excessive taxes and their inconsistency application by local governments
- Cumbersome procedures for accessing land and business licensing
- Poor infrastructure such as feeder roads, electricity, communication network
- Inadequate capacity of institutions supporting the private sector
- Low human resource capacity

3.8 Food and Nutrition Security

3.8.1 Food Security

54. Tanzania produces a number of food crops, which range from cereal to non-cereal. In average year, food production is normally satisfactory at national level, but it fluctuates between years of surplus in good season and years of deficit in poor rainfall season. Some regions and districts have food surpluses of varying magnitude on an annual basis. However, there are regions and districts with pockets of persistent food shortage annually. Moreover, at the lower levels such as the household, efforts by government and others to support increased agricultural productivity and production notwithstanding, food insecurity continues to be a challenge to some section of the population in both rural and urban areas. Even in times when food availability is deemed satisfactory, food access is still a challenge to rural households that produce less than 30% of their annual requirements due to among other things rudimentary production tools, agricultural technologies and climate change.

55. With the current trend towards urbanisation, food price spikes and urban food security issues are also likely to become more important. Measures to improve food accessibility including the use of strategic reserve stocks are important to arrest the situation. Other interventions should include: (i) strengthening the early warning systems, (ii) coordinating data collection including mechanisms involving communities at risk; (ii) establishing a central database with advanced analysis capacity and data sharing protocols among key partners; and (iii) disseminating early warning information packages through diverse communication channels

3.8.2 Nutrition Security

56. **A well nourished population is a healthy, hardworking and productive workforce resulting into increased productivity.** However, under-nutrition, accentuated by micro-nutrient deficiencies significantly reduces labour productivity in agriculture. Stunting, wasting and high infant and under five mortality rates as well as poor educational achievement and low productivity in adulthood will persist if the quantity and quality of food produced in the country is not improved. The effects of malnutrition are magnified by unsafe drinking water, poor food safety standards and poor hygiene. Malnutrition is estimated to be an underlying cause of half of under-five mortalities. However, Zanzibar has made better progress in addressing the malnutrition problem through regular vitamin supplementation and de-worming campaigns.

57. **The special needs of households affected by illness and poor nutrition should also be recognised and addressed.** Whilst the prevalence of HIV/AIDS is lower than many other countries of the region, every effort must be made to ensure that the level is reduced further and

that those who are affected are able to live productive and fruitful lives to the extent possible. HIV/AIDS prevention and mitigation, and initiatives to improve health and household nutrition will therefore be mainstreamed into all initiatives funded under the TAFSIP. A number of factors which contribute to food and nutrition insecurity include the following:

Key Issues in Food and Nutrition Security	
Mainland	Zanzibar
<p>Food Security</p> <ul style="list-style-type: none"> • Low productivity of food crops, livestock and fisheries • Vagaries of weather causing instability in food supply and periodic shocks • High post harvest losses depleting food stocks • Weak early warning systems • Hiking food prices • Low capacity of current food reserve structures • Inadequate and poor food storage facilities at household levels • Weak and inadequate school feeding programmes. • Poor and limited rural storage preservation facilities • Lack of early warning and weak system of social protection and disaster preparedness and response <p>Nutrition Security</p> <ul style="list-style-type: none"> • Low household availability of nutritious foods arising from limited diversity in agricultural systems. • Limited awareness of the requirements for a healthy diet, food hygiene, food preparation and preservation methods, use of fortified food products, and the importance of dietary diversity. • The prevalence of other health issues which amplify the impact of poor diet. • Low literacy levels among women and girls limit their access to nutrition information. • Inadequate capacity to conduct extension, research and training in nutrition and food technology. • The vulnerability of rural communities to natural disasters and other shocks which affect their nutritional status and lack of a comprehensive social protection system. • Inadequate institutional linkage/coordination and integration for nutrition on planning, programming and implementation (. Agriculture, Health and Social Welfare Education, the Tanzania Food and Nutrition Centre (TFNC) . 	<p>Food Security</p> <ul style="list-style-type: none"> • Low productivity of food crops, livestock and fisheries • High post harvest losses depleting food stocks • Lack of early warning and weak system of social protection and disaster preparedness and response. • Inadequate and poor food storage facilities at household levels • Hiking food price <p>Nutrition Security</p> <ul style="list-style-type: none"> • High levels of under-nutrition and malnutrition resulting in stunting, anaemia and iodine deficiency • Low availability and consumption of nutritious foods (fruits, vegetables, pulses, dairy products, fish etc). • Low awareness about good dietary practices, including use of fortified foods • Lack of school feeding programmes • Inadequate capacity to conduct extension, research and training in nutrition and food technology

3.9 Disaster Management, Climate Change Mitigation and Adaptation

3.9.1 Disaster Management

58. Disasters mainly driven by **climate shocks are major factors affecting food and nutrition security in Tanzania**. Effects of climate change are evident through (i) increases in extreme weather variability events such as droughts (drought is the most frequent natural disaster, especially in central and northern areas), coupled with poor distribution of rainfall affecting water sources, production of food and other crops and land resources as soil moisture and nutrients are depleted; (ii) destruction of infrastructure such as roads, railways and bridges which in turn affects transportation/food distribution leading to food shortages and higher food prices. While it is evident that the frequency of climatic shocks and their impact on vulnerable population are increasing, the preparedness and ability to mitigate the possible consequences of a probable event in the country is still low.

59. This calls for an adequate level of preparedness in order to manage risks and mitigate their impacts on vulnerable households. Mechanisms for dealing with food emergencies or with

market failure are inadequate. Furthermore institutional integration for early warning and response to disasters is weak. This requires a robust disaster management system to prevent and overcome the impacts of disasters

3.9.2 Climate Change Mitigation and Adaptation

60. Climate change adds a further dimension to the natural resource management issue. Due to the high level of agro-climatic diversity in Tanzania, climate change is likely to affect agriculture in many and varied ways during and beyond the time horizon of the TAFSIP. The high level of dependence on rain-fed agriculture makes Tanzanian rural households particularly vulnerable to climate change, which could increase the frequency of drought. The most vulnerable include women, children, female headed households and the elderly. A number of instruments need to be considered for adapting to climate change including research on new crops/varieties and farming systems suited to hotter/drier conditions, improved short and long term weather forecasting, and risk management measures to cope with increasing climatic variability. Mitigation measures such as carbon sequestration through conservation agriculture and reforestation should also be considered. In this way, climate change issues will be mainstreamed into the TAFSIP by undertaking carbon accounting studies of all key investments and identifying opportunities for adaptation and mitigation including strategies derived from the East African Community Climate Change policy. Policy decisions need to give due consideration to the impacts on vulnerable groups. This suggest that the capacity to analyse and predict food security crises needs to be broadened beyond the national cereal balance sheet to include secondary crops, livestock and fisheries, and to include issues of food availability and prices, purchasing power and nutritional needs.
61. Efforts to mitigate the impact of disasters and climate change have been facing challenges that include the following:

Key Issues in Disaster Management , Climate Change Mitigation and Adaptation	
Mainland	Zanzibar
<ul style="list-style-type: none"> • Inadequate capacities to produce and disseminate early warning information on disasters; • Limited emergency response and mitigation measures including facilities; • Weak meteorological information and set-ups; • Lack of well organized disaster maps focussing on major sources of disasters in the country and; • Weak institutional integration on the overall early warning system disaster response and preparedness. • Weak financial capacity to arrest the shocks • Loss of assets leading to deepening of poverty 	<ul style="list-style-type: none"> • Loss of crop land due to rising sea level • Destruction of costal and marine eco-systems • Loss of assets leading to deepening of poverty • Inadequate and weak institutional set-up and capacities including technical infrastructures to produce analyse and disseminate early warning information on disasters food and nutrition security; • Limited emergency response and mitigation measures including facilities ; • Weak meteorological information and set-ups; • Lack of well organized disaster maps focussing on major sources of disasters in the country and; • Weak institutional integration on the overall early warning system disaster response and preparedness. • Weak financial capacity to arrest the shocks • Loss of assets leading to deepening of poverty

3.10 Policy and Institutional Reforms and Support

62. **The success of TAFSIP depends to a considerable extent on the capacities of the various institutions and participants in the sector to carry out the planned activities.** Most of the institutions, e.g. policy makers, academia, services in research, extension, training and information technology, that support the agricultural sector will need capacity to rationalize their functions to implement TAFSIP at all levels. The following institutional factors are hampering the development of the agricultural sector:

Key Issues in Policy and Institutional Reform and Support	
Mainland	Zanzibar
<ul style="list-style-type: none"> • Inadequate Government development funding for research, extension, planning and regulatory functions. • Limited policy coordination and implementation leading to duplication of efforts and gaps in programme design. • Weak interface and synergy between academic institutions and government • Relative disconnect between farmers and cooperatives management structures. • Inadequate financial, human and technical capacity to generate, manage and disseminate useful agricultural information. • Weak communication systems at all levels and the high cost of procuring improved information and communication technology. • Weak financial and asset management, records, reporting and M&E. • Limited training facilities including farmer training centres and insufficient financing of agricultural training services. • Shortcomings in the legal and regulatory framework including enforcement of laws and regulations. • Inadequate good statistical base and analytical capacity for policy analysis and decision-making. • Inadequate research infrastructure facilities and manpower, poor management of agricultural research information and inadequate linkage between research and extension. • An under-resourced extension system with insufficient number of extension officers, lack of facilities and operating expenses, and a low level of private sector participation in extension services. 	<ul style="list-style-type: none"> • Weak agricultural support services (research, extension, training credit, animal health, artificial insemination, pest and disease control. • Outdated and weak policies and regulatory frameworks. • Limited policy coordination and implementation leading to duplication of efforts and gaps in programme design. • Inadequate qualified technical personnel, equipment and lack of research facilities. • Lack of an adequate database for fisheries management. • Inadequate financial, human and technical capacity to generate, manage and disseminate agricultural information. • Inadequate quality data due to limited analytical capacity and resources (staff, funding, equipment). • Inadequate research infrastructure, facilities and manpower; poor management of research information, and inadequate linkage between research and extension. • Weak capacity and limited resources for farmers organisation and cooperatives. • Limited capacity of private sector to play its expected role in the development of the agricultural sector.

3.11 Crosscutting Issues

63. **In line with the CAADP principles, TAFSIP integrates a number of cross-cutting issues within each thematic area.** Gender, governance, environment and HIV/AIDS are all issues that can affect the outcome of the planned investments. Policies and strategies covering these issues already exist in Tanzania, or are under review, and TAFSIP will support these. The key areas for mainstreaming cross-cutting issues into the investment plan are:

- **Empowerment of vulnerable groups** - including HIV/AIDS sufferers, women and children; through policies that target their ability to be active participants in the sector and ensure that their food and nutrition security is maintained at healthy levels. This requires effective policies and incentives that target these groups to engage in more commercial activities in order to raise household incomes and positively impact on food security.
- **Promoting gender equity** - ensuring that women and other vulnerable groups have equitable access to resources. Gender mainstreaming needs to be strengthened in order to increase the benefit obtained from rural labour (men and women) and enhance value addition. In particular agribusiness investment policy needs to enable all groups to be involved at the

high-value end of the market chain. Gender imbalances also need to be addressed at all levels of the institutional framework.

- **Improved governance and accountability** - requiring capacity building through training for better management within public and private institutions and ensuring an effective M&E system to improve planning, implementation and monitoring in the sector.
- **Environmental management** - ensuring that all farmers have full access to knowledge about different farming systems for sound environmental management. Promoting efficient use of water and the control of air and water pollution - placing mechanisms and institutions within the sector to encourage efficient management of natural resources.

3.12 Lessons learned from previous Development Initiatives

64. ASDP and ASP are the most important sectoral development programmes in the mainland and Zanzibar, respectively. ASDP was recently the subject of a review and revealed lessons as detailed in Working Paper No.2. Emerging issues from lessons learned are summarised as follows;

- M&E capacity at all levels needs to be further developed, and to the maximum extent possible simplified and harmonised to cover all sectoral initiatives.
- A range of financing modalities should be considered, since a number of development partners require full traceability of their funding which cannot easily be provided through the basket mechanism.
- Financial management capacity requires ongoing improvement, particularly at LGA level.
- The results from irrigation investments depend on high standards of design and management, with full consideration to operation and maintenance and support for Irrigators Associations.
- The importance of full participation of women as producers of staple food and the guardians of household food and nutrition security.
- Increased production of staple foods is a valid objective in relation to food and nutrition security, but is a weak instrument for rural poverty reduction, especially where markets are not well developed.
- Ensuring Public Private Partnership through the implementation of the Public Private Partnership Policy of 2009, as it applies to the agricultural sector. This will ensure that the public sector creates an enabling environment for greater participation of the private sector through service delivery and direct investments in agriculture.

65. In this regard formulation of a sectoral investment strategy must strive to avoid previous shortfalls and build on successful development initiatives. Foremost amongst the lessons learned from previous experience is the importance of managing and harmonising all sectoral development initiatives in a large and diverse agricultural sector, with complex institutional structures and financing arrangements. ASDP/ASP represent an attempt to implement a sector-wide development programme, which is beginning to bear fruit after five years of implementation, but only accounts for about half of public investment in the sector, does not incorporate a number of substantial internationally funded programmes, and has not been very successful in engaging the private sector. Against this background it is apparent that TAFSIP must become an overarching coordination mechanism for harmonising investment decisions and implementation modalities (procedures, targets, indicators, work plans, reporting and M&E).

4 THE INVESTMENT PLAN

4.1 Rationale for Investment

- 66. Tanzania has struggled to respond to the challenges of food insecurity and rural poverty** arising from rapid population growth, low agricultural productivity, environmental degradation, weak market linkages and periodic natural disasters. Significant gains have been achieved during the last decade, but much remains to be done to achieve the Vision 2020 and 2025 for Zanzibar and the mainland respectively. These visions cannot be achieved, however, without a well planned and coordinated investment framework spanning the next ten years based on consensus among Government, development partners and stakeholders. This document therefore presents a clear statement of the goal and development objectives of the TAFSIP in the form of a results framework which is shown in Annex 1 in table format, and in chart format in the Executive Summary. The results framework includes: the overall goal and objectives of TAFSIP; each of its for Thematic Areas (TAs) and Strategic Objectives (SOs); the key elements of the national policy framework with which the TAs/SOs are aligned; the outcomes that the TAFSIP is expected to influence; milestone indicators showing progress towards the achievement of each SO; and specific policy and institutional considerations relating to each SO.
- 67. TAFSIP recognises that Tanzania needs to adopt a new approach to agricultural sector development.** Agriculture is identified as a key growth driver sector with the potential of lifting the majority population out of poverty. However, despite the best efforts of Government and development partners over a long period, the sector has not achieved its potential contribution to these objectives. The CAADP Compact and the TAFSIP provide an outstanding opportunity, which draws on the lessons learned from past development efforts through a comprehensive sector-wide approach to sectoral development which incorporates a number of key innovations:
- TAFSIP is Tanzania's first comprehensive and fully harmonised approach to sectoral development which addresses a single set of objectives and an agreed target for sectoral GDP growth rate. This is distinctly different from ASDP/ASP which is a broadly-based development programme, but does not embrace all development initiatives in the sector, e.g. nutritional issues.
 - TAFSIP will forge a new relationship between Government and the development partners in which the partners will be requested to support the Government's own programmes and projects using a flexible range of financing modalities.
 - The rate of investment in the sector will increase significantly. Government will take the lead in financing the investments through its CAADP commitment to direct at least 10 per cent of spending to the sector.
 - TAFSIP is results oriented (see results framework) rather than process oriented, and incorporates a defined set of quantifiable performance indicators which will span all programmes and projects. This calls for accountability and strong monitoring and evaluation framework.
 - TAFSIP envisages an enhanced role for the private sector and incorporates specific measures to facilitate private sector engagement, particularly within the growth corridor approach.
 - TAFSIP will focus on productivity enhancement rather than simple production targets, and there will be increased emphasis on the commercialisation of the sector, recognising that this is critical to the poverty reduction objectives.
 - Nutritional issues (under-nutrition and malnutrition), and the need for social protection mechanisms play a prominent role in the Plan.
- 68.** The TAFSIP is seen as way of improving implementation, coordination, harmonization and alignment of priorities with resource allocation through a comprehensive sector wide approach

to developing the agricultural sector. It will build on existing processes, correct past mistakes, fill existing gaps and pave the way for more robust initiatives in the sector.

- 69. Achieving 6 per cent annual growth in sectoral GDP is a challenging target**, based on Tanzania's previous experience, and the experiences of other countries in transforming their agricultural sectors from traditional low-input-low-output subsistence to high-technological input high-output modern commercial farming. Achieving this transformation will require a substantial increase in both public and private investment funded from multiple sources and a high rate of return from such investments in order to drive growth of the six percent sectoral GDP. Achieving a high economic rate of return from a larger volume of investment calls for well targeted and planned investments and a high level of discipline in resource allocation. Moreover, coordinating and managing investments financed from a number of domestic and international sources requires that Government, the private sector and development partners commit to a high level overarching investment framework over a period of at least ten years.
- 70. Robust growth of agriculture requires a multi-pronged approach with a focus on increasing productivity along with modernisation and commercialisation** of small, medium and large scale agriculture for increased employment, profitability and incomes. In order to maximise impact, TAFSIP will emphasise interventions that address bottlenecks along value chains of strategic agricultural products. Such interventions are designed to address the input side of agriculture, the production processes, agro-processing, as well as marketing strategies – focusing on domestic, regional, and global markets. To improve efficiency and profitability of each value chain, R&D is of great importance together with lessening of dependence on rainfed agriculture and development of rural feeder roads.
- 71. The role of the private sector is paramount.** It is the private sector which is supposed to play a major role in production, transportation, storage, processing and marketing of agricultural produce. However, for the private sector to play its role effectively, the government must create an enabling environment through provision of infrastructure, incentives, and formulation and enforcement of regulations. For this reason, promotion of PPPs is critical for the achievement of TAFSIP objectives.
- 72. Stakeholders in the agricultural sector share a vision of its future** that is modernised, commercial, highly productive and profitable; utilises natural resources in a sustainable manner and acts as an effective basis for inter-sectoral linkages. The mission of the sector is to facilitate its transformation into a modern, commercial and competitive sector in order to ensure food security and wealth creation. This vision and mission is based on the ASDS, MKUKUTA and *Kilimo Kwanza* on the mainland and ASP, ATI and MKUZA objectives and targets for Zanzibar.

4.2 Goal and Development Objectives

- 73. Goal and Objectives:** The Goal of the TAFSIP is to “contribute to the national economic growth, household income and food security in line with national and sectoral development aspirations.” The Development Objective aims to “rationalise allocation of resources to achieve annual six percent agricultural GDP growth, consistent with national objectives to reduce rural poverty and improve household food and nutrition security” and CAADP objectives and principles. This objective embodies the concepts of allocating resources to invest more, produce more, sell more, nurturing the environment, and eliminating food insecurity; all of which are embodied in various national policy instruments, and are expressed in terms of seven (7) main themes, each with its own **Strategic Objective** and major investment programmes and projects as elaborated in the table below.

4.3 Priority Investment Areas

- 74. Investments to increase agricultural productivity are the first priority, in view of the current very low levels of productivity.** Expansion of irrigation, mechanisation, research and development, and improved agricultural input supply are needed to raise productivity across the sector. Investments in rural infrastructure including feeder roads, electricity, agro-processing, storage and packaging facilities and sustainable utilisation of natural resources will be needed to expand the market especially for the priority crops. Specific interventions to improve food security and nutritional status of rural households and protect them from the impact of natural disasters will also be needed, along with improving the capacity of the institutions which support the sector.
- 75. In order to stimulate growth in the sector, public and private investment in agriculture must be increased.** More specifically, as shown by the IFPRI modelling, the composition of sectoral growth and investment will have a major impact on the rate at which rural poverty and food insecurity are reduced. Shifting the focus of support from the commercial farming sector to smallholders may well restrict overall development of the agricultural sector, and of the economy as a whole. The IFPRI analysis indicates that the best results in terms of economic growth and the reduction of poverty and food insecurity are likely to come from balanced support for both the commercial and smallholder sub-sectors, along with efforts to help subsistence smallholders graduate to the ranks of small-scale commercial farmers. In addition the sub-sectoral focus should be on commodities that are largely produced and consumed by the poor.
- 76. The TAFSIP consultation process identified a large number of activities which could be implemented within the ASDP/ASP frameworks.** Additional details are provided in the Working Papers. The activities have been arranged into thematic areas corresponding to the seven strategic objectives, and sub-programmes divided about equally between Zanzibar and the Mainland. The listing of such a large number of programmes and sub-programmes emphasizes the comprehensive and overarching nature of the TAFSIP. Many of these programmes are already being implemented within the ASDP and ASP sector-wide framework and within other programmes and projects which currently fall outside the ASDP/ASP.
- 77. The Priority investment areas are summarised as follows:**
- Irrigation Development, Sustainable Water Resources and Land Use Management (Pillar 1)
 - Agricultural Productivity and Commercialisation Pillar (I &IV)
 - Rural Infrastructure , Market Access and Trade (Pillar II)
 - Private Sector Development (Pillar I-IV)
 - Food and Nutrition Security (Pillar III)
 - Disaster Management Climate Change Mitigation and Adaptation (Pillar I- IV)
 - Policy and Institutional Reform and Support (Pillar IV)

Thematic Area	Strategic Objectives (SOs)
• Irrigation Development, Sustainable Water Resources and Land Use Management	• Increased area under production and assured water resources for sustainable irrigation development and efficient land use
• Agricultural Productivity and Commercialisation	• Accelerated rate of growth in agricultural productivity and smallholder commercialisation and agro-industrial development
• Rural Infrastructure , Market Access and Trade	• Improved and expanded rural infrastructure capable of facilitating production, value addition, agro-processing, storage and marketing of agricultural goods at lower costs

	<ul style="list-style-type: none"> • Increased income due to expanded market opportunities
<ul style="list-style-type: none"> • Private Sector Development 	<ul style="list-style-type: none"> • A thriving diverse and competitive private sector in agriculture
<ul style="list-style-type: none"> • Food and Nutrition Security 	<ul style="list-style-type: none"> • Enhanced household and national food and nutrition security
<ul style="list-style-type: none"> • Disaster Management , Climate Change Mitigation and Adaptation 	<ul style="list-style-type: none"> • Improved adaptive and mitigation capacity and resilience to the negative impacts of climate change and disasters
<ul style="list-style-type: none"> • Policy and Institutional Reform and Support 	<ul style="list-style-type: none"> • Improved policy framework and institutional capacity to implement a sector-wide approach to agricultural development

4.3.1 Irrigation Development, Sustainable Water Resources and Land Use Management (SO1)

- 78. Irrigation development is a high priority for increasing agricultural productivity** based on a combination of commercial and smallholder schemes (which may be small, medium or large in scale). In view of the capital intensive nature of irrigation development, irrigation is likely to account for a large share of investments under the TAFSIP. Priorities for investment include equipment and human resources, irrigation infrastructure and integrated water management services. More resources are needed to improve traditional irrigation schemes, to rehabilitate deteriorated schemes, and to expand the area under irrigation in the identified irrigation potential areas. To do so, the URT will create an enabling environment for private sector investment in irrigation; including exploring alternative sources of water in drier areas especially in Dodoma, Singida, Shinyanga, Tabora, Mwanza and Mara (refer to working paper no. 4). Increasing the efficiency of irrigation and the profitability of the investment is also needed to improve the sustainability of the investments.
- 79. Conservation and utilisation of** water resources is a high priority through watershed management initiatives, water harvesting, and improved irrigation and drainage systems to increase water use efficiency and ensure the sustainability of irrigation investments. However, increased irrigation activities will go hand in hand with the establishment of environmental monitoring network to track impacts of irrigation and use of agro chemicals on environmental pollution.
- 80. Increases in production are also expected from investments to expand the utilisation of land resources.** Whilst there has been an expansion in the cropped area in recent years, Tanzania still has large areas of arable land that are not used for crop production, but could be developed for commercial farming. This form of extensive agriculture is rather capital intensive and will require substantial private sector participation, including possibly foreign direct investment. Most of the incremental production from the smallholder sub-sector is expected to come from yield improvements, whilst in the commercial sector, area expansion will be a source of growth. Area expansion needs to be accompanied by measures to safeguard customary property rights.
- 81. Improved land and water resource management is critical to the sustainability of production and productivity.** Significant amounts of Tanzania’s arable land is suitable (44 million ha) for agriculture production. Water resources for both irrigation and fisheries is also available through rivers, lakes, ocean and streams. Efforts are required to utilise the nation’s land and water resources for irrigation and sustainable agricultural production. This would require water use efficiency through sustainable extraction rates, maintenance of irrigation and drainage infrastructure development, land use planning and environment management. All irrigation schemes should conform to the Environmental Management Act to safeguard the

sustainability of the schemes, water sources and community health while production systems should observe climate change and its impacts.

- 82. SO1 will spearhead efforts to conserve and utilise Tanzania's natural resources in a sustainable and productive manner.** It will ensure that opportunities to adopt sustainable land and water management systems are maximised and threats to sustainable use of natural resources are averted. This recognises that environmental degradation is both a cause and a consequence of high levels of rural poverty. Measures to strengthen the policy and legal framework for utilisation of land, water and marine resources, and develop institutional and technical capacity in these areas are high priorities of both the Mainland and Zanzibar Governments. Equally important is the prevention and reversal of arable and rangeland degradation in the rain fed areas which cover most of the country.
- 83. Soil fertility depletion and erosion are already threatening the sustainability of arable agriculture** and there is an urgent need to rehabilitate damaged areas and prevent further deterioration through better soil fertility management, introduction of soil conservation measures, reforestation, and appropriate conservation agriculture methods. Land degradation poses a major threat to agricultural productivity. Quite often agricultural activities cause environmental degradation through deforestation, soil degradation and erosion, which in turn lead to low productivity. Although land use intensity is relatively low (only about a quarter of the arable land is cultivated) land degradation due to un-sustainable farming and grazing practices is increasingly apparent. Declining soil fertility due to low levels of fertiliser use is believed to be the key factor and there is a need to promote more appropriate technologies including soil and water conservation, soil fertility management, agro-forestry, water harvesting, conservation agriculture and promotion of indigenous knowledge. Rangeland degradation threatens the livelihoods of pastoral communities, calling for alternative forms of income generation to reduce grazing pressure, and better rangeland management, including drought preparedness and response.
- 84.** Most of these initiatives aim to **increase both productivity and production in a sustainable manner.** Thus, there has to be a balance between investments in high and low potential areas, with the former providing the best prospects for productivity improvement and the latter assuming greater social importance related to the higher prevalence of poverty. Furthermore, there is a need to understand possible trade-offs between productivity and resource management objectives and a need to develop farming systems which are both more productive and more sustainable – often known as “sustainable agricultural intensification.” The expected outcomes and milestone indicators of this programme are shown in Annex 1

4.3.2 Productivity and Commercialization

- 85. Government's first priority for the agricultural sector is to increase productivity and production and agro-industrial development.** Therefore SO1 is expected to achieve a sustainable increase in agricultural productivity and production over the ten-year life of the TAFSIP equivalent to a six per cent annual compound growth rate. This would be sufficient to raise sectoral GDP from TZS 9,600 billion (USD 6.4 billion) in 2010-11 to around TZS 30,600 billion (USD 20.4 billion) in 2030-31. GDP per capita among the rural population would increase from around USD 180 to USD 360 over the same period.
- 86. Increased productivity and production is a prerequisite for food security (SO4) and agricultural commercialisation.** Productivity gains are expected to come from closing the large gap between large scale commercial farmers and the majority, small scale farmers whose productivity performance is far below potential. Proven and appropriate agricultural technologies will be up-scaled through a revitalised agricultural research and extension system, combined with improved supply channels for farm inputs. The focus will be on simple and affordable agronomic packages including the use of improved seeds, fertilisers, soil fertility management, weed, pests and disease control, and improved harvest and post-harvest management. These packages have been demonstrated to deliver substantial productivity

improvements and attractive financial returns for farmers. Investments in developing the capacity of the agricultural extension system will enable this initiative to be rolled out on a large scale in conjunction with improved input supply systems.

87. Private sector initiatives that are focusing on this area will add value to the government efforts. Of significance will be the contributions of the private sector led Southern Agriculture Growth Corridor of Tanzania (SAGCOT), which will provide models for production and productivity enhancement through PPPs and also through collaborative efforts of large and small scale farmers working together for mutual benefits. Other initiatives including Feed the Future will also be implemented under the TAFSIP umbrella and will support value chains development through PPP models at grassroots level. The linkages from production to marketing will be fostered within the ASDP activities and augmented with other efforts including the Market Infrastructure, Value Addition and Rural Finance (MIVARF) programme supported by IFAD/AFDB/AGRA which aims to empower farmers along the commodity value chain.
88. The Government's input subsidy voucher scheme will cover the whole country and a wider range of crops to be a key pillar of the effort to improve agricultural productivity and production. This scheme, funded from the recurrent budget with support from several development partners (including the World Bank Accelerated Food Security Project (AFSP)), provides poor smallholder farmers an opportunity to begin climbing the technology ladder from traditional to modern farming methods, and to begin making the transition from subsistence to small-scale semi-commercial farming. The scheme utilises a high proportion of the ASLM's recurrent budget and TAFSIP will support efforts to expand the package under this scheme and improve the impact of this expenditure through refinement of targeting methods to ensure that support reaches the "productive poor" who are able to respond; extension services are provided to ensure that the subsidised inputs are efficiently and effectively used; enhancement of private sector engagement in seed and fertiliser supply channels; and mechanisms for graduation of successful farmers out of the subsidy programme.
89. **TAFSIP will focus on increasing productivity of the main food and export crops** as well as livestock and fisheries/aquaculture through increased use of improved farm inputs including better seed/breeds/fingerlings, fertilisers, extension and continued research services. Priority food crops are maize, rice, cassava, wheat, beans, sorghum, sugar and oil seed crops. Priority export crops include coffee, cotton, tea, tobacco, cashew, horticultural crops, and spices. Strategies will also include sustainable land and water management improved access to mechanisation and irrigation technologies as well as appropriate control and prevention of pests and diseases. Other crop production priorities include support for urban and peri-urban agriculture and agro-forestry. The choice of these crops is based on their significant contribution to food security, income generation and poverty reduction at both household and national levels.
90. **Livestock development will also make a significant contribution to TAFSIP objectives.** Tanzania has a large livestock resource mostly of indigenous types kept in traditional systems that are not commercially oriented. Production can be increased through genetic and nutritional improvement, commercialisation, increasing processing capacity and improvement of marketing efficiency. Strategic interventions for the improvement of livestock will follow a value chain approach.
91. Fisheries and aquaculture play a vital role in food nutritional value and in some communities a major cash earning source. Specific measures will also be undertaken to improve fisheries and aquaculture production and management including infrastructure and sanitary measures.
92. **The low level of mechanisation is another key constraint to smallholder productivity.** Cultivation of most crops is predominantly by hand hoe, and significant growth cannot be achieved without expanding the area cultivated with the help of mechanisation. It is estimated that about 70 per cent of farming is dependent on the hand hoe, 20 per cent on ox-ploughs and only 10 per cent on tractors, which largely explains low labour productivity. This places severe

limitations on the acreage that can be cultivated and reduces the timeliness of farm operations thereby reducing crop yields. A mechanisation programme that enables smallholder producers to use ox ploughs and tractors has been initiated but it needs more investment including farmer group organisation and establishment of privately owned mechanisation service centres. In addition, there is a need to enable smallholders to use labour saving technologies such as zero or minimum tillage.

- 93. The productivity and production initiative also calls for increasing recognition of the importance of post-harvest losses,** which are a major factor in household food security, and due to quality issues, limit the capacity of smallholders to commercialise their agricultural activities. Coordination issues between **research and extension** also need attention, and the capacity of Tanzania's extension workforce needs to be improved with further training, equipping, operational support and stakeholder involvement over an extended period. Finally, there is a need to improve cooperative and private sector participation in the **supply of agricultural inputs**, particularly the production and distribution of high quality seed and encouraging private sector investment in the creation of agro-dealership networks.
- 94. Improved access to support services is one of the keys to sector development.** Priority areas for investment include extension, research, training and financial services. These services play pivotal roles in linking farmers to new technologies, information and knowledge that are central in enhancing agricultural growth. Over the years adoption of various technologies has been poor. This is largely due to the fact that the coverage and approaches of extension services did not reach the beneficiaries. Under TAFSIP, Government plans to support at least one agricultural extension worker per village, and to employ diverse and lower cost extension methodologies based on the principles of farmer-to-farmer extension. The establishment of Business Development Centres will also support economically-active smallholders to make the transition from subsistence to small-scale commercial farming.
- 95.** Improvement of extension has an important role to play in sustainable land use management and in overall agricultural productivity, the current structure of extension services is heavily reliant on the public sector, and for many years has fallen short of meeting farmers demands. The recent efforts to introduce PPP initiatives, farmer field schools as well as ward resource centres shows promise of faster reach to farmers in a cost effective manner.
- 96. Research and technology development are also an important aspect of the support services.** The main focus of the research effort has been to increase productivity through generation of technologies addressing the needs, interests and opportunities of the technology users. Research is undertaken in 16 research institutes located in seven agro-ecological zones. However, their performance is constrained by lack of resources – human, financial, infrastructure and equipment. In recognition of the importance of Research and Development in increasing productivity in the agriculture sector, TAFSIP has incorporated R&D in each of the thematic areas.
- 97. Poor access to financial services by farmers and agribusiness enterprises** limits the level of investment and the pace of agricultural commercialisation. Commercial banks are reluctant to lend to the sector, and have limited outreach in rural areas. There are numerous microfinance institutions (MFIs) targeting farmers, but they have limited capacity to reach the large number of rural households due to lack of skilled personnel, branch networks and finance. Small and medium enterprises engaged in value addition are also constrained by access to financial resources. Government plans to establish an Agricultural Development Bank to provide a specialised funding window for investment in the sector. The outcomes that SO2 is expected to influence and the milestone indicators showing progress towards these outcomes is shown in **Annex 1.**
- 98. SO2 will build on the achievements of SO1 by helping farmers to graduate from subsistence farming to semi-subsistence/semi-commercial status, practicing farming as a business.** This recognises that food security is a necessary condition for escaping poverty, but

it is not sufficient – household cash incomes must also increase from their currently very low levels. Smallholder farmers have to begin producing for the market and be supported to forge linkages with commercial input and output supply chains in order to connect with a growing agro-industrial sector and expanding food demand from urban consumers. Whilst the focus will be clearly on the smallholder sub-sector, greater private sector participation will also be encouraged, both in commercial agricultural production and in marketing, agro-processing and farm input supply chains.

- 99. The commercialisation initiative is expected to produce fundamental changes in the structure and functions of Tanzania’s agricultural sector** including: increases in the amount of agricultural produce entering market channels (including both domestic and export markets); diversification of smallholder production into higher value (non-staple) crop and livestock products; increased supply of raw materials to the industrial sector; improved farmer access to agricultural inputs and financial services and lower transaction costs in input and output supply chains as volumes and competition increase, infrastructure and communications improve and more farming households participate in cooperatives and other forms of farmer organisation. The higher levels of commercial activity are also expected to enlarge opportunities for rural non-farm business enterprises and both farm and non-farm employment.
- 100. Agro-processing and value addition are important elements of increased agricultural commercialisation.** These activities can generate additional employment in rural areas. They also have strong forward linkages: for example, grain milling can produce animal feed to support the expanding livestock industry and increase farmers’ access to urban consumers. For staple food crops such as maize, millet and sorghum, agro-processing can generate additional market opportunities in sectors which demand processed grain. However, the level of agro-processing infrastructure is very low. As a result, Tanzania is exporting unprocessed agro-products while the agro-processing industry cannot meet domestic demand. This also contributes to high post harvest losses. It is estimated that 20, 30 and 70 per cent of fish, cereals and fruit and vegetables respectively, are lost due to inadequate agro-processing facilities. This in turn is attributable to poor physical infrastructure in rural areas suggesting that additional investment in infrastructure, such as feeder roads and electricity will be needed in order to attract private investment.
- 101. Agro-processing must be undertaken in a socially and environmentally responsible manner.** Decent working conditions should be ensured, including safety in the workplace, respect for labour standards, and participation of all actors in the value chain through inclusive producer and worker organisations, including those in the informal rural sector. Gender equity and youth employment should be emphasised to ensure that the disadvantaged, especially women and youth, have an equal opportunity to participate. Preventing the use of child labour should also be emphasised.
- 102. Entrepreneurial skills also need to be enhanced to improve value addition in rural communities** especially among women and young farmers. In collaboration with training institutions, employers, and workers associations, mechanisms should be established for skill development in rural areas. Entrepreneurship training is key to building agro-entrepreneurial ability and self-employment.
- 103. Group and collaborative approaches to agricultural commercialisation also have large potential** to transform subsistence into commercial farming. This may involve helping producers and processors to network (through both formal groups and informal cooperation) to aggregate produce into marketable lots, increase economies of scale, improve bargaining power, and facilitate access to finance and institutional support. Long-term capacity building is required to create effective market-oriented cooperatives which are able to penetrate regional and international markets. The outcomes that SO2 is expected to influence, and the milestone indicators is presented in **Annex1**.

4.3.3 Rural Infrastructure, Market Access and Trade

- 104. Improved rural infrastructure (roads, markets, storage facilities, electrification etc) is a high priority.** Improvement and construction of rural roads and market infrastructure are important for efficient inputs and output marketing. Investment in infrastructure is also important for attracting private investment in agricultural related activities such as agro-processing, increasing producer prices and farmer incomes.
- 105. Improving access to the market can play a key role in strengthening incentives to improve productivity.** Improved transport infrastructure, dissemination of market information and easing of cross-border trade restrictions can all play a role. The East African Common Market, launched in 2010, opens up new regional trade opportunities, but also exposes Tanzania's domestic market to increased competition. The private sector is expected to take the lead in processing and marketing of agricultural commodities so that they satisfy consumer demand for quantity, quality and safety. As domestic and regional markets expand and become more discriminating in terms of quality and food safety the issue of sanitary and phytosanitary standards will become increasingly important, calling for improved regulation and certification services. The outcomes that SO3 is expected to influence, and the milestone indicators is presented in Annex 1.

4.3.4 Private Sector Development

- 106.** Tanzania envisages a **diverse, competitive and robust private sector** to spearhead the development of the agricultural sector by way of increased flows of private investment and services in the sector. This will be achieved with the improved conditions and systems in which the private sector operates. Focus on private sector development will be upon improvement in the investment climate, trade capacity building and facilitation, business to business linkages and support to business organization to improve capacity for advocacy and service delivery. Efforts will also be directed to promote more effective public-private dialogue and increased formalization of informal activities in the sector. Research and development will be encouraged and supported to identify determinants of private sector growth in the agricultural sectors, areas of competitive advantages and more effective modalities of supporting private sector. Further research will focus on private sector cluster that have greatest capacity to create employment and reduce poverty.
- 107. In order to attract private investment in the sector, including foreign investment, the Government will maintain a transparent system** of agribusiness investment guidelines and incentives; and accelerate implementation of the policy framework for agricultural commercialisation. Improving financial services to the sector is a key policy issue in order to facilitate private investment. The proposed SACGOT Catalytic Fund, MIVARF credit guarantee scheme and the Agricultural Development Bank are several initiatives which will be incorporated into an integrated rural commercialisation policy framework. In addition, the Government has established an agricultural lending window in the Tanzania Investment Bank, as an interim step prior to the creation of an Agricultural Development Bank. Further measures to improve private sector participation will be indentified in a forthcoming study as part of the ASDP review process.
- 108. Specific measures to stimulate private sector investment and participation need to be implemented.** A number of opportunities for private sector engagement have been identified including outgrower, block farming, and contract farming arrangements with smallholders. SAGCOT, an ambitious new initiative in agricultural and rural development, is heavily linked to private investment in the sector and incorporates specific mechanisms for private sector engagement, including the proposed Catalytic Fund which will finance early stage "social venture capital" to address up-front costs of agribusiness investment such as transport

infrastructure and communications. The outcomes that SO4 is expected to influence, and the milestone indicators is presented in **Annex1**

4.3.5 Food and Nutrition Security

- 109. Food and nutrition security takes a number of forms, all of which affect the quality of life and productivity of rural people.** Chronic, transitory and emergency food insecurity due to poor agricultural productivity, food inaccessibility and natural disasters all play a role. A 2005 survey found that 15 per cent of households in selected locations were food insecure and another 15 per cent were highly **vulnerable**. Northern and central regions were worst affected and the level of food insecurity in some areas was high as 45 percent. Food security is highly dependent on rain-fed agriculture which also is susceptible to the vagaries of weather. Therefore there is need to promote and embark on irrigated agriculture and diversification of crops (drought resistant crops) for greater reliability of food supplies.
- 110. Capacity of strategic food reserves;** The issue of strategic food reserves needs to consider: (i) an appropriate level of stocks to hold; (ii) transparent protocols and rules for the acquisition and release of stocks, stock rotation, and the use of financial instruments to complement physical stock-holding; and (iii) policies and procedures for dealing with food price spikes of the type currently being experienced.
- 111. Malnutrition is one of the most serious constraints to labour productivity and economic growth.** Chronic malnutrition is also high with 38 per cent of children less than five years of age being stunted, making it one of the ten worst affected countries in the world and third worst in Africa. Over the last five years (2005 to 2010) the levels of chronic malnutrition and calorie deficiency were only reduced slightly. Malnutrition reduces labour productivity and earning potential most within the agricultural sector where physical stature and body strength are critical. In children, malnutrition often contributes to increased child mortality, and for those who survive, it diminishes their ability to grow, learn and earn a decent income as adults.
- 112. There will continue to be a proportion of rural households needing special support to help them achieve food security and protect them against shocks, principally droughts.** It is expected that advancements in other areas of the TAFSIP will progressively reduce the number of households requiring food aid and other forms of assistance to survive. The effectiveness of targeting social safety net programmes for vulnerable groups will be sharpened, and the prevalence of child and maternal malnutrition is expected to decline. As the size and cost of the safety net programme begins to decline, more resources will be available for disaster risk management including disaster preparedness and mitigation.
- 113. SO5 also aims at strengthening social protection systems, particularly for the most vulnerable households** by improving their food and nutrition security and asset creation while promoting human capital development through education. The National Nutrition Strategy addresses the problem of chronic malnutrition by working with multiple sectors and across government agencies. This recognises that increasing food production alone does not necessarily translate into improved nutrition outcomes. Families must also be provided with information and education about good nutrition and sanitation practices. A national school feeding program will also be supported to improve food intake and increase school attendance.
- 114. Small, strategic and targeted support can meet the immediate nutritional needs of vulnerable households,** buffering them from asset depletion and coping strategies that undermine their long-term resilience. However, emergency support will not shift households out of poverty. Therefore additional interventions such as productive safety net and household asset protection will also be implemented. These measures support productive investment through conditional transfers that provide pathways out of poverty via rural infrastructure development, market access, agricultural productivity improvement, education, healthcare and other services.

- 115. The Tanzania National Food Centre (TNFC) is currently finalising the National Food and Nutrition Policy.** A key policy issue is the need to ensure that significant numbers of beneficiaries graduate from chronic food insecurity to enable them to advance towards becoming small-scale semi-commercial farmers under SO5; and for households to improve their knowledge about how to use increasing food availability to improve the nutritional status of their children. Increasing the rate of graduation is contingent upon the rate of progress under the other three strategic objectives and should be responsive to the needs of vulnerable households affected by natural disasters. As such, it is not advisable to prescribe the rate at which social safety net programmes can be scaled down, and to retain the capacity to respond to weather-related and other crises should circumstances deteriorate, for example through a severe and widespread drought or epidemic.
- 116. There is a need for better integration of dietary diversification and nutrition behaviour change into all agricultural sector programmes.** This recognises that simply producing more and better food is not sufficient. Rural households, especially the more vulnerable and disadvantaged ones need to understand the importance of diet in overall wellbeing and have the knowledge to use the food that they have in the best possible way. In this context there are potential tensions between policies that encourage agricultural commercialisation (often involving increased specialisation) and the need to maintain diversification of farming systems and diets.
- 117. Other aspects of food and nutrition policy include food safety and food fortification.** Current standards of food safety need to be greatly improved including microbiology, pesticide residues, labelling standards and safe storage and transport. The new food fortification standards for oil, wheat and maize flour need to be enforced. The development and enforcement of standards needs to be balanced with public education on safe food handling practices. This is also important in accessing export markets and will be increasingly important in maintaining a competitive position in the high end of the domestic market. **In addition to the above, the following priority areas will be addressed:** (i) finalization and implementation of nutrition strategy; (ii) establishment of high level nutrition steering committee in the Mainland ; (iii) effective 2012 designate budget line in the national budget for nutrition; (iv) stronger integration of nutrition into agricultural activities; (v) establishment of nutritional focal point at district level; and finalization and implementation of guidelines related to food fortification. The outcomes that SO4 is expected to influence, and the milestone indicators showing progress towards these outcomes are as well reflected in **Annex 1**.

4.3.6 Disaster Management Climate Change Adaptation and Mitigation (SO6)

- 118.** Climate change/variability also poses challenges such as rising temperatures, drought and floods which increase frequency of extreme climate events. Food insecurity is one of the consequences of changing climate. The continued increase of the average global temperature will further aggravate the situation leading to increased vulnerability and affecting sectors such as agriculture, livestock and fisheries. Thus, mitigation and adaptation strategies to cope with climate change will therefore be given more attention.
- 119. Climate change presents Tanzanian farmers and pastoralists with a new set of challenges.** Whilst most of the anticipated climate change is still in the future and there are uncertainties about the nature and extent of change in the different agro-climatic zones of the country, there are indications that the drier areas may become even hotter and more arid; and, over large parts of the country, the frequency of extreme events may increase. This calls for the development of more robust and resilient farming systems that are able to adapt to a range of possible climate change outcomes as they unfold over the life of the TAFSIP and beyond. Many of the initiatives proposed under SO1 will, in fact, contribute to such an outcome. In addition to mitigation measures, which are mainly of a long term nature, there is a more immediate need for Tanzania to contribute to climate change/variability adaptation, even though the nation's contribution to the global problem is very minor. In this regard there are possibilities to increase carbon capture through reforestation, agro-forestry and agronomic innovations that

increase soil organic carbon levels, and which also have beneficial impacts on soil fertility and hydrology and fertiliser response.

4.3.7 Policy and Institutional Reform and Support

4.3.7.1 Policy Reforms

120. Whilst Tanzania's policy framework for agricultural and rural development is comprehensive and stable, the TAFSIP process has highlighted a number of areas where reviews, adjustments, and refinements may be beneficial. These are listed in the right hand column of the results framework (Annex 1). The policy reforms necessary for the successful implementation of TAFSIP are discussed in details in respective working papers 4-10. The specific policies include Land Policy (1997); Food and Nutrition Policy (1992); National Environmental Policy (1997); Agricultural and Livestock Policy (1997).

121. **Other dimensions of the enabling environment for rural commercial development also require on-going policy review** including: (i) rural microfinance policy and microfinance institutions supporting smallholder farmers, rural non-farm entrepreneurs, and small and medium sized rural enterprises; (ii) the need to maintain a competitive trade policy and address sanitary and phytosanitary barriers to trade; (iii) implementation of the policies on PPPs and cooperative development; (iv) implementation of food safety and quality improvement policies to increase consumer confidence in the quality and safety of Tanzanian foods; and (v) encouraging both male and female farmers/family members to become members of farmer organisation involved in commercial agriculture.

122. **TAFSIP's greatest policy challenge is coordination of agricultural development initiatives through an expanded sector-wide development program**, which includes those initiatives that are currently outside the ASDP basket fund. This suggests a new high level coordination body that will comprise the Cabinet, a Presidential Retreat and the National Coordination meeting chaired by Prime Minister, President and Minister respectively. This level is empowered to ensure an appropriate balance between development and recurrent budget allocations; provide leadership, management and supervision of implementation at national and local levels; and enhance capacity to monitor and evaluate at sectoral level. Such a body would work alongside the agricultural donor working group (A-WG) to ensure that development partner contributions are fully aligned with and supporting the TAFSIP.

4.3.7.2 Institutional Reforms and Support

123. **There are institutional capacity weaknesses that need to be strengthened and gaps filled** to ensure full implementation of the TAFSIP. The challenges are first to enhance government capacity and second to strengthen the capacity of other players such as farmer organisations, private sector and non-state actors. TAFSIP therefore includes capacity building as one of the key strategic objectives. The focus is on strengthening institutional capacity, enhancing human resources and creating an efficient communication system. These will be implemented to support planning, policy analysis, research, extension, irrigation, agro-processing, financing, donor coordination, M&E among all the key stakeholders at all levels. In all capacity building initiatives gender equity will be emphasised to ensure that the disadvantaged, especially women and youth play a major role.

124. **Whilst Government will take the lead in TAFSIP implementation it will not act alone.** The *public sector* notably ASLMs, TNFC, other MDAs, Regional Administration, and LGAs will have the role of creating an enabling environment including setting up standards, ensuring food safety, providing public investments, negotiating on trade matters, organising safety nets for marginal groups, defining access to and management of natural resources, and providing agricultural statistics. It is envisaged that the *private sector including CBOs/NGOs* and producer organisations will participate in activities such as input supply, financial services, marketing, storage and extension services. The private sector is also expected to invest in the

sector and to undertake the tasks of agricultural production, commercialization and/or agro-processing.

- 125. Agricultural transformation requires productive human resources for generation and diffusion of technology.** There is a need for a major shift towards introduction of new generation of farmers who are equipped with the necessary skills to revitalise agriculture. While professionalism and expertise will be taken seriously, agricultural skills and knowledge will be imparted at various levels in the education system. Investment in human resources will be complemented by better use of information and communication technology. The outcomes that SO7 is expected to influence, and the milestone indicators showing progress towards these outcomes are shown in **Annex 1**.

5. INSTITUTIONAL ARRANGEMENTS FOR TAFSIP IMPLEMENTATION

5.1 Institutional Framework

- 126. A broad range of stakeholders has been involved in the formulation of TAFSIP and these will continue to participate during the implementation phase.** Although there are some differences in the institutional set up between the Mainland and Zanzibar, the implementation arrangements outlined below are broad enough to cater for both parts of the Union, possibly with some minor adjustments.
- 127. The involvement of many Ministries requires Cabinet level responsibility for management of TAFSIP under the oversight of the President and Prime Minister.** The institutions supporting agricultural and rural development need coordinated direction from the Cabinet for multi-sectoral involvement in implementation of the Plan, with particular emphasis on creating conditions conducive to the participation of the private sector and non-state actors.
- 128. The specific roles of the public sector, private sector, communities and non-state actors** are as follows. The public sector includes the ASLMs, other MDAs, Regional Administration and LGAs. **Public sector** agencies will be responsible for creating an enabling environment for agricultural sector development, policy formulation, the legal and regulatory framework, and for managing public investments in infrastructure, facilities and services. The **private sector** has a central role as the engine for economic growth. The factors that hinder private sector participation in the rural economy will be addressed through business councils and forums, and business-friendly trade and investment policies. The private sector will undertake investments in commercial activities and support services either individually or through PPPs. **Communities** will participate in planning implementing and monitoring community activities supported by government and other actors. Communities will also monitor the quantity and quality of services delivered to them. Mechanisms will be developed to enable communities to make public sector agencies accountable to the people they serve. **Non-state actors** and civil society organisations will play a key role in poverty reduction by building local capacity and empowering communities to take responsibility for their own affairs. CSOs will work closely with the ministries and local authorities to ensure that cross-cutting issues are addressed in the sectoral and district development plans.
- 129. TAFSIP implementation will take place through the ASDP/ASP sector-wide program comprising of programmes, projects and various initiatives operating at all levels in the administrative hierarchy.** At the **central level** the program will be coordinated by MAFC and implemented by the ASLMs and other institutions including PMO-RALG and the Ministries responsible for Natural Resources and Tourism, Land and Housing Infrastructure, Finance, Energy, Labour, Gender and Children Affairs, and Health and Social Affairs. At **regional level** the Regional Secretariats will facilitate coordination between the sectoral Ministries and the LGAs. The Regional Secretariats will have four basic functions: (i) creating an enabling environment for LGAs to operate efficiently; (ii) assisting LGAs in capacity building; (iii) providing technical support to LGAs; and (iv) monitoring the performance of LGAs. At **district level** LGAs have a critical role because they undertake all development initiatives

through the DADPs. The DADP is a key instrument in agricultural and rural development employed by ASDP and many other programmes and projects. The LGAs will be responsible for; (i) designing and implementing DADPs; (ii) promoting social and economic development; (iii) supervising the implementation of laws and regulations relevant to the sector; (iv) supervising the delivery of extension services; (v) mobilising resources for local development programmes; (vi) improving administration of villages for the purpose of stimulating sustained development; and (vii) improving land administration and land use planning for effective and sustainable land utilisation.

- 130. The TAFSIP builds on the already established ASDP/ASP framework** to include additional modalities for delivery of development assistance to agriculture. Therefore, in order to avoid duplication and risk of losing some synergies from other initiatives such as SAGCOT, Feed the Future, Bread Basket; MIVARF, Muunganisho wa Ujasiriamali Vijijini (MUVI) and Southern Highlands Food Systems, TAFSIP has proposed a more comprehensive institutional coordination of work plans, planning, budgeting, reporting, monitoring and communication. This will be made possible by building on the existing ASDP/ASP coordination framework both at national and local level, extending it to accommodate more members from those initiatives and designing an expanded ASDP/ASP sector-wide program.
- 131. The extended ASDP/ASP coordination framework** will provide a mechanism to share Annual Work Plans and Budgets from those initiatives and through that the team would be able to fill gaps, and agree on indicators to be used for monitoring implementation progress.

5.2 Management and Coordination

- 132. TAFSIP is a sector-wide investment plan to be implemented through a harmonised set of programmes and projects, operating within the existing institutional framework.** TAFSIP will use the same decentralised implementation mechanism used by the ASDP and ASP. However, the mechanism will be expanded to take into account any new investments and be able to track the investments at all levels. The success of TAFSIP, thus, depends to a considerable extent on the capacities of various institutions and participants in the sector to carry out the planned activities. As with ASDP/ASP, it is envisaged that farmers and the private sector, including NGOs and producer organisations, will undertake most of the investments under TAFSIP, including investments in input provision, agricultural production, credit and other financial services, marketing, processing and storage as well as extension services, in cooperation with public sector agencies. TAFSIP investments must, nonetheless, align with government systems and procedures, especially those governing public expenditure management, aid coordination and integration of programmes into relevant institutions.
- 133. The involvement of many ministries requires** coordinated direction from the Inter-Ministerial Coordinating Committee (ICC), for multi-sectoral involvement in implementation of the Plan, with particular emphasis on creating conditions conducive to the participation of the private sector and non-state actors. The management hierarchy is as follows:

5.2.1 Presidential Retreat

- 134. The Presidential Retreat** will be an **annual** event attended by Ministers of the ASLMs; the Ministers of Finance and Economic Affairs from the Mainland and Zanzibar; the Parliamentary Committee for Agriculture and Land; Ambassadors and Heads of Missions; and representatives of farmer, private sector, and civil society organisations. It will be chaired by the President of the United Republic of Tanzania and attended by the President of the Revolutionary Government of Zanzibar. The meeting will discuss performance of the agricultural sector and agree on way forward within the TAFSIP framework and the Medium-Term Expenditure Framework (MTEF).

5.2.2 National Coordination Meeting

135. Annual National Coordination Meeting will also be held **once a year**. The meeting will be co-chaired by the Minister of Agriculture, Food Security and Cooperatives for the Mainland and the Minister of Agriculture and Natural Resources for Zanzibar. The meeting will be open to a broad range of stakeholders and DPs. The meeting will be used to assess the agricultural sector's overall performance, including the key indicators of sector performance, and to identify policy and other constraints for immediate action. The National Coordination Meeting will also be used to set the TAFSIP agenda for subsequent year's activities.

5.2.3 The Inter-Ministerial Coordinating Committee (ICC)

136. The ICC will include the Permanent Secretaries of the ASLMs, Development Partners, farmer organisations, CBOs and private sector representatives. The ICC membership will also include representatives of SAGCOT, Feed the Future Initiative, FAO, Steering Committee of the Local Government Development Grant Programme, and the expanded Steering Committee of the ASDP/ASP. In view of the importance of food and nutrition security component of TAFSIP, the ICC will also have a representative of the Ministry of Health and Social Welfare or the Tanzania Food and Nutrition Centre (TFNC). The High Level Steering Committee on Nutrition will ensure comprehensive and coordinated understanding and action in responding to nutrition challenges in Tanzania. It will serve as the inter-ministerial monitoring body of the National Nutrition Strategy and the TAFSIP on issues specifically relating to nutrition. The TAFSIP ICC will be co-chaired by the Permanent Secretary of MAFC and Principal Secretary, MANR, Zanzibar. Its major role will be overall coordination in terms of providing strategic policy guidance, key institutional linkages, and monitoring of performance to ensure that TAFSIP objectives are achieved. It will meet quarterly, or more frequently, if the need arises. The ICC will report to the Cabinet **twice a year**, unless circumstances call for more frequent meetings.

5.2.4 Technical Committee of Directors

137. The ICC will be supported by a Technical Committee of Directors (TCD), which will meet quarterly, or more frequently, if needed. The TCD is a committee made up of Directors of ASLMs with responsibility for approving annual work plans and budgets for all programmes and projects that will be engaged in implementation of the ASDP/ASP. It will ensure the sector activities are well prioritised, coordinated and adequately funded within the TAFSIP resource envelope. It will review annual performance of the sector and ensure lessons learned are well addressed and will make recommendations to the ICC for further action. The TCD will be co-chaired by the Director of Policy and Planning, MAFC and the Director of Policy, Planning and Research, MANR, Zanzibar. The TCD will be backed up by the sectoral Programme Technical Working Groups (P-TWGs) and the CAADP Country Team. The existing ASDP TWGs will be expanded to integrate the seven strategic areas of TAFSIP. The P-TWGs will draw members from the key institutions implementing the seven programme areas. The current TCD will be expanded to accommodate private sector and other non-state actors as well as representatives of SAGCOT, TFNC, and Local Government Development Grant Programme. The TCD will be assisted by a Secretariat to help in coordinating and managing TCD's oversight of all ASDP/TAFSIP investments. The Chair of the TCD will report to the ICC on a **quarterly** basis.

5.2.5 Zonal Coordination Meeting

138. Zonal Coordination Meetings for the seven agro-ecological zones will be held once a year to review implementation at the Zonal level. The meeting will be chaired by one of the Regional Commissioners on a rotating basis. The meetings will be attended by the Regional Commissioners, Regional Administrative Secretaries and Regional Agricultural Advisors. The meetings will also be attended by the District Directors, District Agriculture Development Officers, District Agricultural and Livestock Development Officers, Community Development

Officers, Planning Officer, private sector representatives, farmers and farmers' organisations, DPs, and CSOs. The purpose of the meeting will be to review the status of ASDP/TAFSIP investments, identify capacity limitations and identify policy and other implementation problems and issues, share lessons learned and other knowledge across the zone. The information from the Zonal Coordination meetings will feed into the A-TWGs and TCD for action and onward forwarding to higher management hierarchy for action, particularly the ICC.

5.2.6 Development Partners' Agriculture Working Group (A-WG)

- 139. The A-WG of the Development Partners Group (DPG) will coordinate the allocation of donor resources** under TAFSIP in accordance with the CAADP Compact and agreements reached at the forthcoming Business Meeting. The various DPs are expected to continue using a range of aid modalities including general budget support, sectoral basket funding, earmarked funding, discrete projects, and off-budget activities. However, the projects and programmes that are funded through these modalities will all be aligned with the TAFSIP k and integrated within the ASDP/ASP framework. The development partners will also work towards a harmonised set of operational procedures, including joint design and review missions, reporting procedures, and sharing of information.
- 140. Budgetary control of the TAFSIP will be the responsibility of MoF** working with the DPs within the MTEF and the Joint Assistance Strategy for Tanzania (JAST) Framework. Budgetary resources will be allocated in accordance with the five-year investment framework. The External Audit Unit of MoF will be strengthened and its functions rationalized to take work closely with Aid Coordination Unit in Mainland and Zanzibar to capture all external inflows in the agricultural sector.

5.3 Monitoring and Evaluation

- 141. M&E of the sector-wide programmes (ASDP/AFSP) being financed through the TAFSIP will employ and strengthen the existing systems used to monitor and evaluate sector performance.** The results framework in **Annex 1** details the activities and outcomes that are expected under each of the **7 SOs**, and milestone indicators which can be used to monitor progress towards each of the objectives. These indicators will be embedded in the M&E systems of the actual and planned flagship programmes and projects in the sector-wide programme that will be implemented under the TAFSIP umbrella. The M&E system will therefore track inputs, outputs and outcomes into and from programme implementation. It goes without saying that, the current sector M&E frameworks for ASDP/ASP will be revised to integrate, harmonise and aggregate M&E data from programmes, projects and initiatives in the sector not included in the current ASDP Basket Fund. The scope of the ASDP/ASP M&E frameworks will also be expanded to accommodate other stakeholders (linked Ministries/institutions, private sector, non state actors, civil societies, CAADP Country Team) to become a sector-wide M&E system which tracks performance of all TAFSIP-funded activities, and feeds the aggregated results into the higher level MKUKUTA II/MKUZA II M&E systems. At regional level, the capacity of officers responsible for agricultural sector issues reporting directly to the ASLMS will be strengthened to facilitate M&E and smooth flow of information. This will further reduce communication gaps currently existing between the LGA and ASLM's H/Q.
- 142. The Sector Programmes and projects will be monitored quarterly while a joint Agricultural Sector Review involving all players in all synergies will be done annually.** The end year Monitoring reports (Fourth Quarterly reports) will provide input to the Annual Sector Coordinating Meetings. The quarterly reports will facilitate the undertakings of the ICC and CDs. In this regard, the proposed Annual Sector Coordination Meetings and the Joint Agricultural Sector Reviews will be transformed into a mutual accountability platform where TAFSIP stakeholders review their collective performance.

- 143. This will enable TAFSIP to maintain its focus and direction, and provide information for addressing constraints and problems which may arise** at the operational level within the various programmes and projects. This approach will also be critical in ensuring accountability and transparency for funds channelled through the investment framework and adherence to the CAADP Compact in which the United Republic of Tanzania (URT) and its development partners have agreed to mobilise funds and work together to strengthen accountability, transparency and participation of various stakeholders.
- 144. The information generated from TASFIP M&E will be used to consolidate and guide TASFIP interventions.** Government, and other stakeholders, will work together to:
- Regularly review TAFSIP to take into account new challenges and opportunities in the sector and thus align investments with the NSGRP and *Kilimo Kwanza/ATI* resolutions and other synergies within the ASDP/ASP framework. Such reviews will observe issues on outputs, expenditure, major achievements and constraints.
 - Enhance accountability and commitment amongst the players as per CAADP principles.
 - Review and update the existing M&E mechanisms to accommodate TAFSIP requirements.
- 145.** Review and accommodate the private sector, non-state actors and communities in M&E of TAFSIP. Institution responsible for M&E will be streamlined and procedures for reporting simplified to track the development taking place in the sector and informing stakeholders in the timely manner.

5.4 Mutual Accountability

- 146. Mutual Accountability is one of the five principles of Paris Declaration on Aid Effectiveness. An overarching framework for boosting mutual accountability** in the implementation CAADP agenda has been developed by NEPAD/NPCA focusing on the following principles:
- improvement of the Government – Donor commitment with mutually agreed criteria/indicators to generate objective performance information;
 - establishing genuine dialogue and debate platforms and processes, based on mutual consent, common values and trust to review performance and develop joint strategies for improvement (the JAST framework); and
 - M & E systems of tracking indicators to generate performance and impact information.
- 147.** The design and implementation of TAFSIP is focused on addressing shared goals and objectives; priority setting based on objective analysis; inclusive consultation and consensus building; and coordinated support from development partners. The successful implementation of TAFSIP will, thus, depend on many diverse stakeholders and all participating organisations being committed and mutually accountable for achieving results.
- 148.** The management process outlined above will serve to ensure that **mutual accountability is the guiding principal of TAFSIP implementation.** The M&E system for the individual activities and programmes will use objective, current, and credible information across data on common performance indicators in order to generate genuine dialogue and debate between all participating groups and organisations, public and private, in order that constraints to sectoral growth and key policy impediments are effectively resolved.
- 149. The Cabinet must be held accountable to stakeholders to ensure that funding is provided** in a timely manner, policy issues are expeditiously resolved to provide an enabling environment for investment, and that competent technical support is available for supporting implementation and capacity building efforts. All non-state actors, private sector, farmers, CSOs, NGOs must be held accountable to ensure that resources are used and managed effectively in production and enterprise development activities. Development Partners, likewise, must be held accountable

for providing resources and maintaining commitments according to the principles of CAADP. Thus, the principal and concepts of mutual accountability is intrinsic to TAFSIP.

6. FIVE-YEAR INVESTMENT FRAMEWORK

6.1 Cost Estimates and Indicative Financing Plan

6.1.1 Cost Estimates

150. It is estimated that the achievement of 6 percent annual growth of sectoral GDP will require investment costs of USD 5,304.49 million over five years. These levels of investment are reasonable considering that 75 percent of the population still lives in rural areas. **Over two-thirds of the resources are allocated to Programme 2** reflecting the high priority given to agricultural **productivity and commercialization**, and the capital intensive nature of irrigation development which is expected to be one of the main drivers of productivity growth. The share per investment area is as presented in Table 2 below:

Table 2: Summary of TAFSIP Cost Estimates by Programmes

PROGRAMME	YEAR 1 "000,000"	YEAR 2 "000,000"	YEAR 3 "000,000"	YEAR 4 "000,000"	YEAR 5 "000,000"	TOTAL "000,000"
Irrigation Development	187,002.46	214,165.22	235,929.46	264,612.54	298,401.49	1,200,111.18
Production and Commercialization	957,651.29	1,147,609.35	1,254,195.09	1,360,785.94	1,500,358.58	6,220,600.25
Rural Infrastructure, Market Access & Trade	66,208.44	76,474.19	79,051.34	72,285.29	63,236.34	357,255.60
Private Sector Development	3,500.52	2,835.72	2,997.02	2,999.02	3,229.52	15,561.78
Food and Nutrition Security	22,972.61	49,303.33	49,020.92	44,316.62	45,819.52	211,433.01
Disaster Management and CC Mitigation	9,453.63	10,931.33	18,661.21	15,696.41	11,570.41	66,312.99
Policy and Institutional Reforms and Support	103,868.80	170,392.50	130,520.92	144,980.76	131,367.27	681,130.25
TOTAL	1,350,657.74	1,671,711.64	1,770,375.96	1,905,676.58	2,053,983.12	8,752,405.05
US\$	818.58	1,013.16	1,072.96	1,154.96	1,244.84	5,304.49

Summary of TAFSIP Cost Estimates by Program (TZS 000,000)

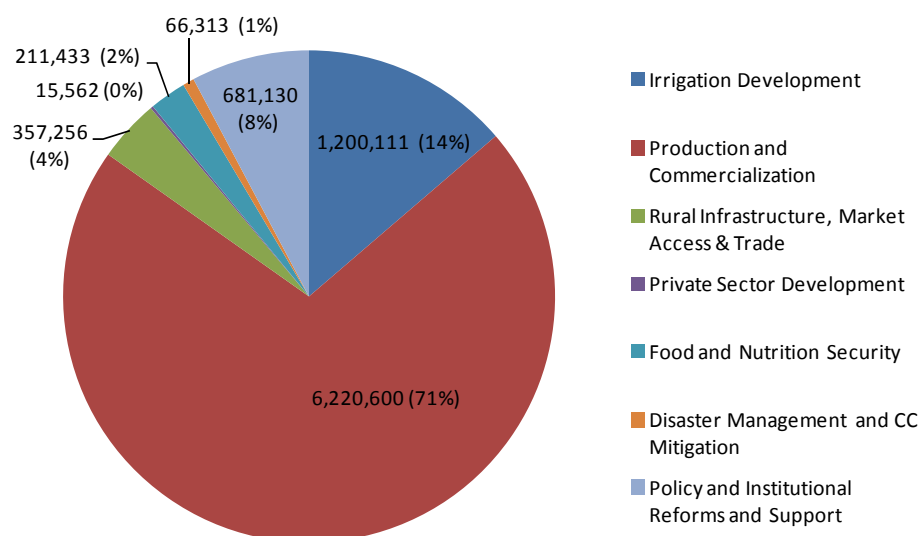


Table 3: Summary of Programme Cost Estimates (in TZS) – Mainland Component

PROGRAMME	YEAR 1 "000,000"	YEAR 2 "000,000"	YEAR 3 "000,000"	YEAR 4 "000,000"	YEAR 5 "000,000"	TOTAL "000,000"
Irrigation Development	180,515.76	204,418.67	223,967.81	250,670.64	277,992.59	1,137,565.48
Agricultural Productivity and Commercialization	918,976.56	1,103,999.00	1,199,471.14	1,302,412.92	1,431,283.58	5,956,143.20
Rural Infrastructure, Market Access & Trade	51,657.39	58,479.09	59,668.09	54,723.59	45,766.59	270,294.75
Private Sector Development	614.50	719.20	775.50	880.50	1,053.00	4,042.70
Food and Nutrition Security	16,896.16	37,656.18	37,582.67	34,240.37	37,455.57	162,825.42
Disaster Management and CC Mitigation	6,398.68	6,948.38	12,726.26	12,070.46	7,902.96	46,007.74
Policy and Institutional Reforms and Support	88,408.74	104,394.83	109,840.90	110,612.78	117,655.79	534,169.14
TOTAL	1,263,467.79	1,516,615.35	1,644,032.37	1,765,611.26	1,919,110.08	8,111,048.42

Table 4: Summary of Programme Cost Estimates (in TZS) – Zanzibar Component

PROGRAMME	YEAR 1 "000,000"	YEAR 2 "000,000"	YEAR 3 "000,000"	YEAR 4 "000,000"	YEAR 5 "000,000"	TOTAL "000,000"
Irrigation Development	6,486.70	9,746.55	11,961.65	13,941.90	20,408.90	62,545.70
Agricultural Productivity and Commercialization	38,674.73	43,610.36	54,723.96	58,373.03	69,075.00	263,561.82
Rural Infrastructure, Market Access & Trade	14,551.05	17,995.10	19,383.25	17,561.70	17,469.75	86,960.85
Private Sector Development	2,886.02	2,116.52	2,221.52	2,118.52	2,176.52	12,039.16
Food and Nutrition Security	6,076.45	11,647.15	11,438.25	10,076.25	8,363.95	47,763.55
Disaster Management and CC Mitigation	3,054.95	3,982.95	5,934.95	3,625.95	3,667.45	20,266.25
Policy and Institutional Reforms and Support	15,460.06	65,997.67	20,680.02	34,367.98	13,711.48	150,217.21
TOTAL	87,189.95	155,096.29	126,343.59	140,065.32	134,873.04	643,354.53

6.1.2 Sources of Funds

151. The financing of agricultural activities in Tanzania has been through a variety of sources with the Government traditionally being the main source of funds, supplemented by Development Partners who have been supporting the development of the sector through contribution to the ASDP Basket Fund and stand-alone projects. In addition, resources have also been channelled through NGOs, both local and foreign, and these have also made significant contributions. The resources flowing through these windows have encouraged the commercial sector to invest in agriculture. However, the financing of agriculture has been low between 3-7 percent of the national budget with low participation of private sector resulting into general under-funding of the sector. **Based on the above, the financing of TAFSIP will be through a variety of sources including the Government, Development Partners, private sector, farmers' contributions and non state actors.**

152. The availability of funding is estimated on the basis of Mainland and Zanzibar Medium Term Expenditure Framework (MTEF) projections which cover the same period as the

first five years of TAFSIP. It is envisaged that continuing real GDP growth of seven percent per annum, and ten percent of the total budget will be allocated to the agricultural sector in line with the CAADP commitment. The agricultural sector budget allocation is divided between development and recurrent expenditures, currently about 50:50, but with the expectation of gradually increasing allocations to the development budget.

6.1.3 Financing Plan

153. The indicative financing plan focuses on the first five years (2011-12 to 2015-16) of the ten-year TAFSIP. Financial projections are based on: (i) estimates of the likely availability of funding from various sources; and (ii) estimates of the size of the investments needed to generate a six percent per annum growth in agricultural sector GDP. The difference between (i) and (ii) is the financing gap which will have to be filled if the CAADP objectives are to be reached.

Table 5: TAFSIP Financing Plan 2011-12/2015/16

ESTIMATE	Annual Budget-(Currency in Million TZS'000,000')					Total
	Y1	Y2	Y3	Y4	Y5	
Total Available Funds (As per Five Year Development Plan 2011/12-2015/16)	906,673.00	807,758.00	787,684.00	747,863.00	755,883.00	4,005,861.00
Proposed Funds for TAFSIP	1,350,657.74	1,671,711.64	1,770,375.96	1,905,676.58	2,053,983.12	8,752,405.05
Financial Gap	(443,984.74)	(863,953.64)	(982,691.96)	(1,157,813.58)	(1,298,100.12)	(4,746,544.05)
US\$	(269.08)	(523.61)	(595.57)	(701.71)	(786.73)	(2,876.69)
% Gap	15.43	19.10	20.23	21.77	23.47	100

6.1.4 Funding Gap

154. The funding gap is estimated to be USD 2.876 billion over five years – the difference between the USD 3.304 billion investment and USD 2.42 billion agricultural sector development budgets. It is assumed that the Government, Development Partners and Private Sector would finance the required additional amount. Available funds and funding gaps for Mainland and Zanzibar Tables 4 and 5 respectively.

Table 6: Proposed Costs for TAFSIP Mainland

ESTIMATE	Annual Budget - (Currency in Million TZS 000,000)					Total
	Y1	Y2	Y3	Y4	Y5	
Available Funds (As per Five Year Development Plan 2011/12-2015/16)	877,273.00	774,758.00	746,484.00	699,763.00	707,983.00	3,806,261.00
Proposed Fund for TAFSIP	1,263,467.79	1,516,615.35	1,644,032.37	1,765,611.26	1,919,110.08	8,108,836.86
Financial Gap	(386,194.79)	(741,857.35)	(897,548.37)	(1,065,848.26)	(1,211,127.08)	(4,302,575.86)
% Gap	8.98	17.24	20.86	24.77	28.15	100.00

Table 7: Proposed Costs for TAFSIP Zanzibar

ESTIMATE	Annual Budget - (Currency in Million TZS 000,000)					Total
	Y1	Y2	Y3	Y4	Y5	
Available Funds	29,400.00	33,000.00	41,200.00	48,100.00	47,900.00	199,600.00
Proposed Fund for TAFSIP	87,189.95	155,096.29	126,343.59	140,065.32	134,873.04	643,354.53
Financial Gap	57,789.95	122,096.29	85,143.59	91,965.32	86,973.04	443,754.53
% Gap	13.02	27.51	19.19	20.72	19.60	100.00

Table 8: Proposed financing plan for the gap- Mainland

Source	Y1	Y2	Y3	Y4	Y5	Total
Government (20%)	77,238.96	148,371.47	179,509.67	213,169.65	242,225.42	860,515.17
Development Partner (45%)	173,787.66	333,835.81	403,896.77	479,631.72	545,007.19	1,936,159.13
Private Sector (25%)	96,548.70	185,464.34	224,387.09	266,462.07	302,781.77	1,075,643.96
Others (NGOs, Farmers etc- 10%)	38,619.48	74,185.74	89,754.84	106,584.83	121,112.71	430,257.59
Total Financing Plan	386,194.79	741,857.35	897,548.37	1,065,848.26	1,211,127.08	4,302,575.86

Table 9: Proposed financing plan for the gap- Zanzibar

Source	Y1	Y2	Y3	Y4	Y5	Total
Government - 20%	11,557.99	24,419.26	17,028.72	18,393.06	17,394.61	88,793.64
Development Partners - 65%	37,563.47	79,362.59	55,343.33	59,777.46	56,532.48	288,579.32
Private Sector - 10%	5,779.00	12,209.63	8,514.36	9,196.53	8,697.30	44,396.82
Others (NGOs, Farmers etc - 5%)	2,889.50	6,104.81	4,257.18	4,598.27	4,348.65	22,198.41
Total Financing plan	57,789.95	122,096.29	85,143.59	91,965.32	86,973.04	443,968.19

155. Development partner commitments to existing initiatives and the likely level of new funding over the next five years appear adequate to bridge the funding gap. Annex 4 details the main ongoing and planned externally funded investments in the agricultural sector. Continued donor support for the expanded ASDP is expected to run at around **USD 200 million** per annum (most of this flowing through the basket fund); USAID is expected to provide around **USD 300 million** over five years to fund Feed the Future; MIVARF (IFAD/AfDB/AGRA) will invest around **USD 170 million**; and the Bread Basket initiative (AGRA/Private Sector) is costed at **USD 173 million**. In addition SAGCOT is estimated to invest **USD 3.4 billion** over 20 years, funded largely by the private sector with support from the World Bank and other donors.

6.2 Financing Modalities

156. Government's contribution to TAFSIP financing will be via the normal budgetary allocations to the ASLMs in accordance with the MTEF expenditure targets and the CAADP Compact. Whilst GoT/RGoZ has a preference for general and sectoral budget support and pooled funding arrangements it also welcomes other forms of financial assistance including project funding, technical assistance, education and training grants, support for NGOs and PPPs provided these are within the JAST framework, and integrated within the ASDP/ASP.

157. Increased private investment is also a key part of the TAFSIP which the URT is keen to encourage through PPPs and by the establishment of an Agricultural Investment Bank to facilitate the flow of private capital into the sector. The URT also maintains a favourable outlook towards foreign direct investment in the agricultural sector.

7. BENEFITS

158. In line with the importance of the sector, accelerated agricultural and rural development will make a major contribution to Tanzania's national development aspirations. The principal benefits of the programme will be: (i) increased and sustainable production of food and non-food agricultural commodities to improve the nutritional status of rural households, boost national food security, and provide raw materials for the agro-industrial sector; (ii) reduction in the prevalence of under-nutrition and malnutrition in rural communities and protection from the impact of natural disasters; (iii) accelerated commercialisation of the rural sector generating increased cash incomes from farm and non-farm enterprises; (iii) protection and enhancement of the long-term productive capacity of Tanzania's natural resource base through more sustainable land and water management practices and measures to adapt to climate change; and (iv) improved institutional capacity to mobilise and manage resources in support of agricultural sector development. Not surprisingly, considering the size of the planned investment over a ten-year time frame, and the scope of activities to be funded, the range of benefits will be extensive. All of the above will contribute to Tanzania's higher level national development goals as expressed in Vision 2025 and Vision 2020.

159. A number of other benefits are also expected to accrue as the sector develops including: (i) reduction in harvest and post harvest losses; (ii) increased export earnings; (iii) diversification of production into higher value agricultural products; (iv) improved access to financial services by smallholder farmers and rural entrepreneurs; (v) reduced transaction costs and improved efficiency in pre and post-farm gate value chains; (vi) increased participation in cooperatives and other forms of farmer organisation; (vii) improved access to markets through infrastructure development; (viii) increased rural employment; (ix) higher productivity and reduced vulnerability to droughts from expansion of irrigated agriculture; (x) maintenance of agricultural biodiversity; and (xi) improving the system of disaster risk management by exploring the use of innovative risk management tools.

160. Benefits will also arise from several of the crosscutting themes of the TAFSIP including: (i) improved institutional capacity and human resources at all levels; (ii) more balanced participation of men and women in development and income-generating activities and both household and community-level decision-making processes; (iii) recognition of the special needs of rural households affected by HIV/AIDS and/or poor nutrition and efforts to improve household nutrition and curb the spread of the disease; and (iv) improving the adaptability of the agricultural sector to climate change and reducing Tanzania's contribution to global greenhouse gas emissions. A positive economic impact will be assured by requiring all proposed investments to be subject to thorough technical and financial feasibility studies to ensure that those likely to generate robust financial and economic returns are given high priority, and all proposed investments meet a minimum (hurdle) rate of return.

7.1 Beneficiaries

161. Whilst all Tanzanians stand to benefit from the TAFSIP, the primary beneficiary group will be smallholder farming, pastoral and fishing households adopting improved agricultural practices that increase food production and cash income generation. It is recognised however, that smallholders are not a homogenous group – they comprise farmers (both subsistence and cash croppers), pastoralists, fishers and combinations of these. They also span a range of poverty profiles including the destitute poor, the economically active poor, transitory poor etc, all of whom have different development needs and capabilities. The various programmes and projects which constitute TAFSIP will each specify their target groups and targeting methods within this diverse group known collectively as smallholder farmers. However, this focus is not intended to exclude larger scale and commercial operators whose participation is essential to maintain sectoral growth momentum and leverage investment in downstream value addition and employment generating initiatives.

- 162. Medium and large scale farmers will also be able to participate through the development of commercial agriculture including irrigation schemes.** In the lower rainfall and pastoral areas disadvantaged and vulnerable households will benefit from sustainable natural resource management initiatives as well as continued social safety net protection under SO5. Under SO2 agro-industrial enterprises will benefit from increased availability of raw materials, and other value chain participants will generally gain from increased volumes of produce entering market channels. Both rural and urban consumers will also benefit from improved availability, quality and lower prices for food commodities. Unemployed and under-employed people will enjoy improved income earning opportunities from employment in rural farm and non-farm enterprises.
- 163. Future generations of Tanzanians will benefit from measures to prevent environmental degradation** and sustainably manage natural resources. This applies particularly to the beneficiaries of irrigation development, smallholder farmers in areas where soil conservation and watershed management activities are undertaken; pastoralists and agro-pastoralists who benefit from rangeland management/rehabilitation and livestock improvement; and all rural households who face the long-term challenge of adapting to climate change.
- 164. The number of beneficiaries of social protection programmes is expected to decline as other TAFSIP initiatives bear fruit.** GoT/RGoZ will however retain a vital social safety net programmes for those who need them with particular emphasis on meeting basic nutritional requirements in both quantitative (calorie) and qualitative (micronutrient) perspectives.

8. RISKS AND SUSTAINABILITY

8.1 Risks and Risk Management

- 165. TAFSIP is subject to a number of generic risks that affect all development programmes and projects in Tanzania.** These include: (i) the willingness of the private sector to participate; (ii) limited capacity in Government institutions and human resources; (iii) the challenge of coordinating TAFSIP in the regional context; (iv) ensuring that the primary target group (smallholders) participate fully; (v) managing environmental risks; and (vi) coordinating multiple funding modalities and procurement systems.
- 166. Increased private sector participation is a key element of the TAFSIP.** There is a possibility that motivating private sector investment in the sector could take a long time given the low starting point. TAFSIP has taken this possibility into consideration and includes incentives to motivate investments including specific private sector engagement plans such as SAGCOT, the proposed creation of the Agricultural Development Bank, engagement of private sector representatives in oversight of the investment plan, and empowerment of small scale farmers/producers to embark on entrepreneurial activities. TAFSIP will also help to create an enabling environment that is attractive to private investment in the sector through specific legal and regulatory reforms identified during the consultation process.
- 167. Institutional capacity is a well known risk for all agricultural sector development initiatives.** Institutions in the sector will play a key role in the planning and implementation of the TAFSIP. Unless there are capable institutions strategically placed to support the implementation of the TAFSIP its success will be challenged. The plan recognises the critical role that institutions will play and incorporates institutional capacity building measures in each programme and sub-programme. **Human resources are also a critical success factor.** Successful implementation of TAFSIP will depend on the availability of competent technical personnel at district, regional and national levels and an empowered and motivated mass of large and small scale producers. Recent reviews show that the capacity of personnel at district and region levels needs to be enhanced. TAFSIP therefore includes capacity building initiatives in each programme and sub-programme.

168. TAFSIP will be implemented in the context of broader development frameworks at national and regional (SADC/EAC) levels. This will require additional human resource and institutional capacities to ensure that Tanzania’s position is adequately represented. TAFSIP therefore incorporates initiatives to strengthen ASLMs capacities to be able to nurture and sustain the required linkages at regional and district levels while ensuring regional integration.
169. Smallholders are the primary target group of the TAFSIP, although the role of commercial agriculture and agro-industries is also vital to a balanced and commercially viable sector. However there is a risk that smallholders will be marginalized, or at least fail to participate fully, against a background of rapid agricultural commercialization. To minimize such a risk TAFSIP will facilitate access to rural financial services and strengthen small farmer groups and organizations, as well as develop financing schemes that will enable small scale farmers to access financial services to ensure profitable investments.
170. **There is a risk of environmental degradation due to irresponsible and un-sustainable natural resource management practices.** It is envisaged that TAFSIP will stimulate increased agricultural activity across the country in various areas from crop production to livestock development and fisheries. This will employ the principles of sustainable agricultural intensification based on technologies which are both more productive and more sustainable. Modern approaches to conservation agriculture involving minimal soil disturbance, crop residue retention, mulching, nutrient recycling; agro-forestry and crop rotation are good examples of sustainable intensification. However, mitigation of possible adverse effects and impacts will also be considered where necessary including provision for environmental management plans for irrigation systems. TAFSIP will also implement education programmes for protection of the environment at local community level and will encourage the formation of bylaws at village level to protect the environment.
171. **Managing multiple sources of funding presents a management challenge for sectoral institutions.** TAFSIP will mobilise and allocate resources according to the principles of the Joint Assistance Strategy for Tanzania (JAST). Whilst URT has a preference for general and sectoral budget support from Development Partners, it is anticipated that a number of the partners will opt for other funding modalities, including discrete and earmarked project funding, bilateral arrangements etc (see section 6.2 on financing modalities). The risk lies in weak coordination of budget processes among ASLMs and also among Development Partners. Different development partners also have differing requirements for reporting, accounting and auditing systems. As TAFSIP is expected to attract more development partners there will be need to comply with additional donor requirements. There is therefore need to strengthen the capacity to manage multiple sources of funds within the Government financial system whilst maintaining high standards of traceability and fiduciary accountability.
172. **Timely access to financial resources is also critical for the TAFSIP.** Most of the financing is expected to be sourced from the URT, Development Partners the private sector and beneficiaries. Since agricultural activities including support service delivery is a continuous process funds are also needed continuously. Delay in disbursement of funds often causes stoppage of activities thus compromising the quality of interventions and can cause farmers to lose interest. To ensure that this risk is mitigated a schedule of financing arrangements and a procurement plan needs to be developed to ensure timely flow of funds and procurement. Some Development Partners accept national procurement systems, while others may specify their procedures to be used. As far as possible procurement procedures should be unified and harmonised to avoid procurement delays.
173. **These risks are significant, but need to be considered in comparison to the risks associated with a less ambitious approach** to sector development, which imply a high likelihood of continuing poverty, food insecurity, environmental degradation and rural economic stagnation. Against this background, and the proposed mitigation measures suggested in the table below, the case for implementing the TAFSIP is compelling.

Risks	Rate of risk	Possible Consequences	Mitigation Measures
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Risks	Rate of risk	Possible Consequences	Mitigation Measures
<ul style="list-style-type: none"> Willingness of the private sector to participate; 	High.	<ul style="list-style-type: none"> Government will continue to carry the burden of agricultural sector investment. Development of commercial farming and agro-industrial enterprises will be slow. 	<ul style="list-style-type: none"> Address constraints to private sector participation (e.g. financial services) Actively engage in PPPs. Ensure that Government and parastatals charge commercial rates for provision of goods and services.
<ul style="list-style-type: none"> Limited capacity in Government institutions and human resources 	High	<ul style="list-style-type: none"> Weak ability to design and implement programmes and projects identified under the TAFSIP. Low rate of disbursement of funds allocated to agricultural development. 	<ul style="list-style-type: none"> Incorporate appropriate capacity building measures. Ensure that funding and disbursement targets are achievable.
<ul style="list-style-type: none"> Smallholders lagging behind commercial agriculture 	Medium	<ul style="list-style-type: none"> Continuing high levels of rural poverty and food insecurity. 	<ul style="list-style-type: none"> Ensuring that the primary target group (smallholders) participate fully ensure that resources are allocated to support the development of farmer organisations. Facilitate access to financial services and input supplies for smallholders.
<ul style="list-style-type: none"> Poor management on sustainable use of natural resources 	High	<ul style="list-style-type: none"> Degradation of land and water resources. Failure to meet objectives of productivity and production. 	<ul style="list-style-type: none"> Support sustainable agricultural intensification approaches. Community training in environmental stewardship and sustainable methods.
<ul style="list-style-type: none"> Coordinating multiple funding modalities and procurement system 	Medium	<ul style="list-style-type: none"> TAFSIP will fail to raise the funds needed to create 6% p.a. growth. Weak financial management will delay implementation. 	<ul style="list-style-type: none"> Harmonise procedures for financial accountability and procurement. Develop capacity of ASLMs and LGAs in financial management and procurement.
Managing environmental risks	High	<ul style="list-style-type: none"> Number of households requiring emergency assistance diverts resources from productive investments. 	<ul style="list-style-type: none"> Maintain strategic food reserves for emergency use. Improve disaster preparedness and mitigation measures.
<ul style="list-style-type: none"> Challenge of coordinating TAFSIP in the regional context 	Low	<ul style="list-style-type: none"> Overlaps in coordinating different synergies 	<ul style="list-style-type: none"> Enhance information flow, timely documentation and alignment of synergies

Risks	Rate of risk	Possible Consequences	Mitigation Measures
<ul style="list-style-type: none"> Timely access to financial resources 	High	<ul style="list-style-type: none"> Delays in the implementation 	<ul style="list-style-type: none"> Ensure that funding and disbursement are availed as per financial requests

8.2 Sustainability

174. SO2 aims to achieve a sustainable increase in agricultural productivity and Commercialization. This will be achieved through scaling up of technologies which are appropriate, affordable and profitable to smallholder farmers, and can be sustained without ongoing support in the long-run. SO4 will utilise the principles of sustainable agricultural intensification by enabling farmers to develop farming systems which are more diversified, more productive and more sustainable than the traditional low-input monocultures. SO2 will also contribute to long-term sustainability of productivity and production which will create an enabling environment for rural commercial development in which farmers can access inputs and markets through commercial channels, which improve productivity and profitability and enable them to begin practicing farming as a business. Commercial incentives are therefore fundamental to long-run sustainability of smallholder agriculture and its transition from subsistence to semi-subsistence/semi-commercial status.

175. SO5 addresses the social dimension of sustainability through ensuring that household food and nutrition needs are satisfied and that rural people are protected from the impacts of natural disasters and acute food shortages, which can deplete household assets and reverse hard-won gains. SO2 will also address the high prevalence of under-nutrition and malnutrition which also limit productivity and threaten the sustainability of rural households and communities.

9. CONCLUSION

176. For Tanzania to achieve its development aspirations there is need to have a substantial upswing in the rate of investments in agriculture and food security. TAFSIP aims to allocate resources across seven strategic priority areas in order to achieve this outcome. The Government has demonstrated a strong commitment to development of the sector by allocation of a substantial proportion of its budget to agricultural and rural development, matched by funding commitments from the international community. The CAADP Compact sets out a clear roadmap for ongoing development of the sector and confirms Government and donor responsibilities in meeting this challenge. The TAFSIP presented herein represents a further step forward in realising the aspirations of the CAADP Compact and Vision 2025 and Vision 2020 for the Mainland and Zanzibar respectively i.e. **“to have an agriculture sector that is modernised, commercialized and highly competitive.”** It is therefore important for the Government, Development Partners and other stakeholders involved to honour their commitments and obligations towards successful realization of proposed intervention under the TAFSIP.

ANNEX 1: TAFSIP RESULTS FRAMEWORK

Goal: Contribute to national economic growth, household income and exports in line with national and sectoral development aspirations

Development Objectives: Rationalise allocation of resources to achieve 6 per cent agricultural GDP growth, consistent with national objectives to reduce rural poverty, and improve food and nutrition security

Thematic Areas/Programmes and Policy alignment	Key Results for TAFSIP			Policy and Institutional Considerations
	Strategic Objectives	Outcome that the TAFSIP is Expected to Influence	Milestone Indicators Showing Progress Towards Objectives a/	
<p>TA1: Irrigation Development Water Resources and Land Use Management</p> <p>Aligned with:</p> <ul style="list-style-type: none"> • CAADP Pillar I • Vision 2025 • Zanzibar Vision 2020 • MKUKUTA II and MKUZA II • Kilimo Kwanza • ASDS and Zanzibar ASP • Irrigation Policy and Strategy • Rural Development Policy and Strategy • Agriculture Policy Draft • Zanzibar ATI • Employment Policy 	<p>SO1: Assured water resources for sustainable land use and irrigation</p>	<ul style="list-style-type: none"> • Improved agricultural productivity • Sustainable and responsible natural resource management 	<ul style="list-style-type: none"> • Measures of land degradation, deforestation, correct use of agro-chemicals, water use etc 	<ul style="list-style-type: none"> • Need to understand trade-offs between long term policy on natural resource base and productivity • Develop farming systems which are both more productive and more sustainable
<p>TA 2: Agricultural Productivity and Commercialization</p> <p>Aligned with:</p> <ul style="list-style-type: none"> • CAADP Pillar I • Vision 2025 • Zanzibar Vision 2020 • MKUKUTA II and 	<p>SO 2: Accelerated productivity rate of growth and commercial agriculture</p>	<ul style="list-style-type: none"> • At least 6% per annum growth of agricultural sector output • Improved agricultural productivity 	<ul style="list-style-type: none"> • Agricultural sector GDP growth rate (including rural GDP per capita) • Total Factor Productivity of the agricultural sector • Value of production per unit of land and labour 	<ul style="list-style-type: none"> • Aligning central budget allocation to sector policy in order to reach stated outcomes • Need to stimulate private sector investments to achieve target growth rate • Balance needed between investments in high versus low potential areas

Thematic Areas/Programmes and Policy alignment	Key Results for TAFSIP			Policy and Institutional Considerations
	Strategic Objectives	Outcome that the TAFSIP is Expected to Influence	Milestone Indicators Showing Progress Towards Objectives a/	
MKUZA II • Kilimo Kwanza • ASDS and Zanzibar ASP • Sustainable Industrial Development Policy • Irrigation Policy and Strategy • Rural Development Policy and Strategy • Agriculture Policy Draft • Zanzibar ATI • Employment Policy • Land Policy • Population Policy • Fisheries Policy and Strategy • Water Policy • PPP Policy • Forest Policy • EAC Ag and Rural Development Policy		<ul style="list-style-type: none"> • Smallholder sub-sector catch up with commercial productivity levels • Increased investment in agriculture and agro-industrial enterprises • Increased value addition of agricultural products • Improved off-farm rural employment opportunities • Increased incomes through more efficient utilisation of labour 	<ul style="list-style-type: none"> • Productivity of smallholder sub-sector relative to commercial • No of smallholders engaged in commercial farming • No of enterprises engaged in high value activities along value chain • Net value added attributable to the agricultural sector • No of people employed in off-farm rural enterprises • No of businesses and people employed in rural agro-industries (including biofuels) • Gross margin per labour day 	<ul style="list-style-type: none"> • Targeting smallholders to engage in commercial enterprise through incentives, training etc • Develop instruments to encourage private investment in commercial agriculture • Agribusiness investment policy – inclusive at higher end of value chain • Financial services, commodity agreements, contract farming needs review •
		<ul style="list-style-type: none"> • Continuing growth of commercial agricultural sub-sector 	<ul style="list-style-type: none"> • Amount of production from commercial sub-sector 	<ul style="list-style-type: none"> • Encourage outgrower, block farming, and contract farming arrangements with smallholders
		<ul style="list-style-type: none"> • Research responsive to farmer needs 	<ul style="list-style-type: none"> • Farmers engaged in research prioritisation and on-farm adaptive trials 	<ul style="list-style-type: none"> • Develop effective mechanisms for farmer engagement and knowledge sharing

Thematic Areas/Programmes and Policy alignment	Key Results for TAFSIP			Policy and Institutional Considerations
	Strategic Objectives	Outcome that the TAFSIP is Expected to Influence	Milestone Indicators Showing Progress Towards Objectives a/	
<p>TA 3: Rural Infrastructure, Market Access and Trade</p> <p>Aligned with:</p> <ul style="list-style-type: none"> • CAADP Pillar II • Trade Policy • Employment Policy • Empowerment Policy • Investment Promotion Policy • Micro Finance Policy • Rural Development Policy and Strategy • Information and Communication Technology Policy • SME Development Policy • Agricultural Marketing Policy and Strategy • Zanzibar Investment Policy • Zanzibar Tourism Development Policy • Zanzibar Trade Policy • Zanzibar National Export Strategy • Zanzibar SME Development Policy • Zanzibar Agriculture Marketing Policy (Draft) 	<p>SO 3: Improved and expanded rural and marketing infrastructure</p>	<ul style="list-style-type: none"> • Lower transport costs • Increased competitiveness of products in all level markets • Expanded rural market structures • Improved net forex balance • Increased profitability in the agricultural sector • Improved trade facilitation services and utilities • Increased farm-gate prices of agricultural commodities • Improved and expanded rural market infrastructure and storage facilities in rural areas • Improved quality and food safety of agricultural commodities 	<ul style="list-style-type: none"> • Real farm-gate prices reported by farmers • Volume and value of exports • Domestic market share • No of smallholders actively engaged in rural markets • Certification of commodities for export • Market share of domestic food items in supermarkets • Terms of trade for agricultural commodities (ratio between prices of outputs and inputs) 	<ul style="list-style-type: none"> • Policy on growth corridors harmonised with agricultural sector policy • Competitive trade policy taking into account international standards re sanitary and phytosanitary standards, certification procedures etc • Operationalisation of food safety polices through effective legal and regulatory systems • Macroeconomic policy considerations including inflation, interest rates, exchange rates, taxes etc
<p>TA4:Private Sector</p>	<p>SO4: A Thriving</p>	<ul style="list-style-type: none"> • Greater private sector 	<ul style="list-style-type: none"> • No of private stakeholders active in rural 	<ul style="list-style-type: none"> • Enabling environment conducive to private

Thematic Areas/Programmes and Policy alignment	Key Results for TAFSIP			Policy and Institutional Considerations
	Strategic Objectives	Outcome that the TAFSIP is Expected to Influence	Milestone Indicators Showing Progress Towards Objectives a/	
Development Aligned with: <ul style="list-style-type: none"> • CAADP Pillar II • Vision 2025 • Zanzibar Vision 2020 • MKUKUTA II and MKUZA II • National Public Private Partnership (PPP) Policy 	diverse and competitive agricultural private sector	participation in agricultural production and marketing	commercial enterprises	investment <ul style="list-style-type: none"> • Financial services available to support private investment (Agricultural Bank)
TA 5: Food and Nutrition Security Aligned with: <ul style="list-style-type: none"> • CAADP Pillar III • Vision 2025 • Zanzibar Vision 2020 • MKUKUTA II and MKUZA II • Zanzibar Food Security and Nutrition Policy • Food and Nutrition Policy and Strategy • Community Development Policy • Zanzibar Food Security and Nutrition Policy and Programme 	SO 5: Universal household and national food and nutrition security	<ul style="list-style-type: none"> • Improved national food self sufficiency ratio • Increased calorie availability per rural household • Reduced prevalence of micronutrient deficiencies • Improved food quality, diversity, and reduced prevalence of malnutrition • Reduced vulnerability to acute food shortages • Diversification of farming systems for improved diets 	<ul style="list-style-type: none"> • % of national food requirements supplied by domestic production • No. of rural households with calorie availability < xxx/person/day • % of low birth weights and stunted children under five years • % of households eating < 2 meals/day • % of population with anaemia, vitamin A and iodine deficiency • % of pregnant women and children under 5 with specific nutrient/micro-nutrient deficiencies • % of districts reporting food shortages • % of land used for crops of high nutritional value 	<ul style="list-style-type: none"> • TNFC is currently finalising the National Food and Nutrition Policy • No specific food and nutrition policy for the mainland • Food security policy is integrated into the ASDS/ASP • Better integration of dietary diversification and nutrition behaviour change into agricultural sector programmes • Possible conflict between specialisation/commercialisation and diversification of farming systems and diets • Food safety and quality policy needed • Need to maintain adequate food reserves at national level and adequate distribution systems in times of crisis • Develop policies and procedures for dealing with food price spikes • Promote awareness of dietary diversity
TA6: Disaster Management, Climate Change Mitigation and Adaptation	SO6: Improved adaptive and mitigation capacity against disasters	<ul style="list-style-type: none"> • Adapt to effects and mitigate causes of climate change 	<ul style="list-style-type: none"> • Use of agricultural technologies adapted to variable climatic conditions • Net carbon balance for the agricultural sector 	<ul style="list-style-type: none"> • Uncertainties about the nature and magnitude of changing climate and appropriate responses • Technologies need to be considered in order to avoid increased costs for farmers

Thematic Areas/Programmes and Policy alignment	Key Results for TAFSIP			Policy and Institutional Considerations
	Strategic Objectives	Outcome that the TAFSIP is Expected to Influence	Milestone Indicators Showing Progress Towards Objectives a/	
Aligned with <ul style="list-style-type: none"> • CAADP Pillar I&III • Vision 2025 • Zanzibar Vision 2020 • MKUKUTA II and MKUZA II • National Disaster Management Policy (Draft) 				
TA 7: Policy and Institutional Reform and Support Aligned with: <ul style="list-style-type: none"> • CAADP Pillar IV • National Empowerment Policy • Cooperatives Development policy • Zanzibar Employment Policy • Zanzibar Cooperatives Development Policy (Draft) • Local Governmnet Reform Policy 	SO 7: Improved Policy frameworks and institutional capacity	<ul style="list-style-type: none"> • Consistent sector-wide policy, regulatory and legal framework 	<ul style="list-style-type: none"> • All sectoral ministires and institutions working towards agreed TAFSIP objectives • Harmonisatoin of all development initiatives in the sector within the TAFSIP framework 	<ul style="list-style-type: none"> • Improved coordination and harmonisation of agricultural development iniativatives within and outside the ASDP/ASP framework • Agricultural donor working group should continue to engage in policy dialogue and harmonisation • Need for ongoing review of policy and legal framework
		<ul style="list-style-type: none"> • Enhance institutional capacity to effectively plan, implement and monitor initiatives in the sector. 	<ul style="list-style-type: none"> • Capacities of public and private sector institutions in the agricultural sector • An effective M&E system to track and document developments 	<ul style="list-style-type: none"> • Need for appropriate balance between capital and recurrent budget allocations • Enhance capacity to monitor and evaluate at sectoral level • Leadership, management and supervision of implementation at national and local levels
		<ul style="list-style-type: none"> • Better preparation and response to natural disasters 	<ul style="list-style-type: none"> • No of households potentially requiring emergency assistance • % of affected households receiving assistance 	<ul style="list-style-type: none"> • Balance investments between disaster prevention/mitigation and emergency response capacity
		<ul style="list-style-type: none"> • Improved capacity of research institutions 	<ul style="list-style-type: none"> • Human and other resources allocated to research 	<ul style="list-style-type: none"> • Allocate adequate resources to training of researchers and provide incentives to retain trained personnel
		<ul style="list-style-type: none"> • More effective and affordable extension services 	<ul style="list-style-type: none"> • Increased rates of technology adoption 	<ul style="list-style-type: none"> • Restructuring of extension services based on alternative low-cost outreach methodologies
		<ul style="list-style-type: none"> • Improved capacity of farmer organisations and 	<ul style="list-style-type: none"> • Enhanced stakeholder participation in sector planning, implementation and 	<ul style="list-style-type: none"> • Enhance management and service delivery

Thematic Areas/Programmes and Policy alignment	Key Results for TAFSIP			Policy and Institutional Considerations
	Strategic Objectives	Outcome that the TAFSIP is Expected to Influence	Milestone Indicators Showing Progress Towards Objectives a/	
		cooperatives	M&E	capacity of farmer organisations
Crosscutting Issues – to be addressed in all thematic areas				
<ul style="list-style-type: none"> • Balanced and equitable participation men and women in agricultural development • Sustainable and responsible mangement of natural resources • Reduce the spread of HIV/AIDS and mitigate its impact • Improve governance and accountability 				

a/ Indicators to be gender disaggregated where possible

ANNEX 2: POLICY GAP ANALYSIS

Policy	Strengths	Policy gaps/Weaknesses	Proposed areas of improvements
National Policy Framework			
<ul style="list-style-type: none"> National Agriculture Policy (2009) 	<ul style="list-style-type: none"> The Policy recognises the low capacity for irrigation; the need for improving rural infrastructure; and supports strengthening of agricultural support services. 	<ul style="list-style-type: none"> Inadequate coordination of sectoral policies in formulation and in implementation. Weak involvement of private sector in policy implementation. Poor linkage with infrastructural development. 	<ul style="list-style-type: none"> Strengthening coordination of implementation of agricultural policies through greater sectoral linkages and enhancing private sector involvement. Strengthening institutional collaboration for the exploitation of high potential areas. Linking rural roads, electrification, communication and agricultural markets to the regional networks.
<ul style="list-style-type: none"> National Livestock Policy (2006) 	<ul style="list-style-type: none"> The Policy promotes protection of water catchments areas and supports construction and maintenance of water sources for livestock and the role of the livestock sector in national food and nutrition security. 	<ul style="list-style-type: none"> The Policy is weak in promoting trade facilitating infrastructure and services especially in rural areas caused by poor feeder roads, limited livestock haulage and holding facilities as well as underdeveloped market chain for livestock and livestock products. 	<ul style="list-style-type: none"> Proposed interventions include making policy provisions for improving rural and urban infrastructure and trade-related capacities for improved livestock market access as well as developing livestock and livestock products and related commodity value chains
<ul style="list-style-type: none"> National Fisheries Sector Policy and Strategy Statement 	<ul style="list-style-type: none"> The policy recognises the potential of the fisheries sector including fish farming in contribution to the food supply and high quality protein and other nutrients; and the potential for employment creation 	<ul style="list-style-type: none"> Insufficient programmes to address issues of declining stock and endangered aquatic species. Lack of proper legal frameworks to combat illegal, unregulated and unreported fishing. 	<ul style="list-style-type: none"> Expand the network of fisheries products by investing in infrastructure to support deep sea fishing for local investors. Improving fishing techniques for artisanal fishers to reduce post harvest losses. Strengthening regulatory frameworks in the fisheries sector.
<ul style="list-style-type: none"> The National Irrigation Policy (2010) 	<ul style="list-style-type: none"> The Policy recognises the potential of irrigation to promote agricultural productivity, increase food security and stimulate economic growth. 	<ul style="list-style-type: none"> Inadequate integration of water resources management systems and limited material, financial and technical support services for irrigators. 	<ul style="list-style-type: none"> Developing integrated water resources management systems for agricultural production. Providing backup support for small-scale and commercial private irrigation developers including promotional activities, guidelines, regulation, standards, design and manuals, and technical assistance. Providing private leverage/equity fund for investment in irrigation.
<ul style="list-style-type: none"> Sustainable Industrial Development Policy (1996) 	<ul style="list-style-type: none"> The policy recognises human development and creation of employment opportunities to contribute to economic transformation and sustainable economic growth. 	<ul style="list-style-type: none"> Weak in addressing globalisation issues. 	<ul style="list-style-type: none"> Prioritisation of investments in agro-industries development to enhance backward and forward linkages between agricultural and industrial sectors.
<ul style="list-style-type: none"> Cooperative Development Policy (2002) 	<ul style="list-style-type: none"> The policy recognises cooperatives as people owned and controlled institutions for development in the agricultural sector. 	<ul style="list-style-type: none"> Poor resource base for developing cooperatives into viable business entities. 	<ul style="list-style-type: none"> Reorganise cooperatives into economically viable and service oriented entities. Institute risks protection instruments as confidence building measures for members.

Tanzania Agriculture and Food Security Investment Plan (TAFSIP)

Policy	Strengths	Policy gaps/Weaknesses	Proposed areas of improvements
<ul style="list-style-type: none"> • SME Policy (2003) 	<ul style="list-style-type: none"> • The policy recognise the need for development of infrastructure such as road, cold rooms, warehouses, power, water and communication on SMEs, 	<ul style="list-style-type: none"> • The commercial farming activities are not recognised as part of SMEs 	<ul style="list-style-type: none"> • SMEs support services should be improved and extended to cover all commercial agricultural operators. • The business environment should be improved to foster profitability of SME operations in agriculture.
<ul style="list-style-type: none"> • National Trade Policy 2003 	<ul style="list-style-type: none"> • The policy recognise the need for harmonisation of trade policies and the importance of value addition to promote competitiveness in agriculture. 	<ul style="list-style-type: none"> • Weak implementation of the policy especially in participation in regional and international trade. 	<ul style="list-style-type: none"> • Streamlining the trade regime to address agricultural commodity trading locally and internationally. • Providing trade facilitation services in areas of transport, communication and technology transfer.
<ul style="list-style-type: none"> • National Investment Promotion Policy (1996) 	<ul style="list-style-type: none"> • it recognises the importance of fostering research and development, encourage adoption of new production technology, improving extension services etc. for the agricultural sector. 	<ul style="list-style-type: none"> • The policy is silent on the promotion of rural power investments such as electricity and other sources of energy. 	<ul style="list-style-type: none"> • Extend promotion of investment of other infrastructure such as rural electrification given that only 12 percent of the population has access to power.
<ul style="list-style-type: none"> • National Forest Policy (1998) 	<ul style="list-style-type: none"> • The policy recognises the need to ensure ecosystem stability through conservation of forest biodiversity, water catchments and soil fertility. 	<ul style="list-style-type: none"> • Agro-forestry issues are not addressed as important practices for soil and water conservation. 	<ul style="list-style-type: none"> • Incorporate agro-forestry as an important practice in conserving soil moisture, weed control and improving soil fertility.
<ul style="list-style-type: none"> • National Environment Policy (1997) 	<ul style="list-style-type: none"> • The policy advocates the need for improving land husbandry through control of soil erosion and improvement of soil fertility. 	<ul style="list-style-type: none"> • Trends and impacts of climate change are not well articulated in the policy. 	<ul style="list-style-type: none"> • Monitoring climate change and variability in terrestrial and aquatic ecosystems.
<ul style="list-style-type: none"> • The National Public Private Partnership (PPP) Policy (draft) 	<ul style="list-style-type: none"> • It addresses issue of broadening investment opportunities in innovations and technology transfer. 		<ul style="list-style-type: none"> • The ongoing inclusive process for policy formulation should ensure that stakeholders from the private sector have equal opportunities as the public sector in defining modalities for implementation.
<ul style="list-style-type: none"> • The National Water Policy (2002) 	<ul style="list-style-type: none"> • The policy recognises the development of equal and fair procedures in conservation, access, allocation and utilisation of water resources so that all social and economical activities are able to maximise their capacities. 	<ul style="list-style-type: none"> • Issue of water management plan not clearly addressed and there are insufficient technical and financial resources for implementation of the policy. 	<ul style="list-style-type: none"> • Increase resources (technical and financial) mobilisation for implementation of the water policy with increased focus on institutional strengthening for sustainable utilisation and management of water resources.
<ul style="list-style-type: none"> • Agricultural Marketing Policy (2008) 	<ul style="list-style-type: none"> • The Policy provides guidelines and directives addressing constraints and challenges facing the agricultural marketing systems. 	<ul style="list-style-type: none"> • Implementation framework not in place and further hampered by the unfavourable and inconsistent legal and regulatory framework. 	<ul style="list-style-type: none"> • Prepare policy implementation framework including developing strategies, programme and action plan and reviewing the Acts, rules and regulations for operationalisation of the policy.

Tanzania Agriculture and Food Security Investment Plan (TAFSIP)

Policy	Strengths	Policy gaps/Weaknesses	Proposed areas of improvements
<ul style="list-style-type: none"> • HIV and AIDS Policy (2001) 	<ul style="list-style-type: none"> • The policy recognises the threat posed by the epidemic to the agricultural sector and to poverty. 	<ul style="list-style-type: none"> • Inadequacy of a comprehensive approach to social protection of people living with HIV and AIDS. 	<ul style="list-style-type: none"> • Provide comprehensive approach to social protection of people living with HIV and AIDS and strengthen implementation of HIV and AIDS strategy for the agricultural sector.
<ul style="list-style-type: none"> • National Microfinance Policy (2000) 	<ul style="list-style-type: none"> • The Policy provides a guide for coordinated interventions in the microfinance system. 	<ul style="list-style-type: none"> • The policy does not provide incentives to offset the high cost of delivering financial services to rural areas especially to farm communities. 	<ul style="list-style-type: none"> • Strengthening the implementation of the policy in the context of the Tanzania Rural Financial Services Strategy.
<ul style="list-style-type: none"> • Land Policy (1997) 	<ul style="list-style-type: none"> • The Policy recognises the rights of Tanzanians to access land and have security of land tenure and the promotion of equitable distribution of land. 	<ul style="list-style-type: none"> • The land policy does not provide for agricultural land demarcation at all levels and there is poor follow up of the implementation of the policy 	<ul style="list-style-type: none"> • Strengthen governance in land distribution to avoid land disputes and increase public awareness of land laws especially in rural areas,
<ul style="list-style-type: none"> • Food and Nutrition Policy (1992) 	<ul style="list-style-type: none"> • The policy raises the importance of food and nutrition in social wellbeing and national development. 	<ul style="list-style-type: none"> • The policy does not capture emerging food and nutritional problems due to changing lifestyles in rural and urban areas. • The policy is outdated. 	<ul style="list-style-type: none"> • The policy needs to be updated to take into account current food security and nutrition problems including the changing population dynamics in rural and urban areas.
<ul style="list-style-type: none"> • Education and Training Policy (1995) 	<ul style="list-style-type: none"> • The Policy allows for equitable access to education for boys and girls, and for the poor in rural and urban areas. 	<ul style="list-style-type: none"> • Inadequate investment to fully implement the policy. 	<ul style="list-style-type: none"> • Review the policy to incorporate issues raised in education reforms and programmes including primary school feeding.
Policies Specific to Zanzibar			
<ul style="list-style-type: none"> • Zanzibar Agriculture Sector Policy (2002) 	<ul style="list-style-type: none"> • The Policy elaborates some areas to modernise and commercialise agricultural sector in line with CAADP objectives and principles. 	<ul style="list-style-type: none"> • The policy does not address issues of mitigation and adaptation to climate change. 	<ul style="list-style-type: none"> • Integrating strategies for risk management, crop/livestock insurance, biotechnology, organic farming and contract farming
<ul style="list-style-type: none"> • Zanzibar Food Security and Nutrition Policy (2008) 	<ul style="list-style-type: none"> • The policy recognises the need to improve national food availability through the enhancement of domestic food production and productivity and more efficient food marketing and trade regimes. 	<ul style="list-style-type: none"> • Weak implementation capacity of the policy especially early warning and food related emergency preparedness mechanisms. 	<ul style="list-style-type: none"> • Enhance response capacity to mitigate food shortages by establishment of food and financial reserves and establish warning systems that would allow timely response.
<ul style="list-style-type: none"> • Cooperative Development Policy-Zanzibar (draft) 	<ul style="list-style-type: none"> • The policy identifies issue of improving technology in agricultural marketing and improving market access. 	<ul style="list-style-type: none"> • Weak provisions for developing cooperatives into viable business entities in the agricultural sector. 	<ul style="list-style-type: none"> • Finalising the policy and ensuring that it addresses the investments required to develop cooperatives.
Regional Policies			

Tanzania Agriculture and Food Security Investment Plan (TAFSIP)

Policy	Strengths	Policy gaps/Weaknesses	Proposed areas of improvements
<ul style="list-style-type: none"> Policy for Managing Migrant Pests and Larger Grain Borer in the SADC Region, 2004 	<ul style="list-style-type: none"> The Policy promotes improved research into use of low risk pesticides. 	<ul style="list-style-type: none"> Member States are silent in policy implementation. 	<ul style="list-style-type: none"> Needs to be reviewed and incorporated in the Regional Agriculture Policy which is being developed.
<ul style="list-style-type: none"> The East African Community Agriculture and Rural Development Policy (2006) 	<ul style="list-style-type: none"> The policy has taken care of achieving food security in the EAC and improve the standards of nutrition by increasing output, quality and availability of food. 	<ul style="list-style-type: none"> Slow pace of implementation. 	<ul style="list-style-type: none"> Need to be reviewed in line with Partner States new changes.

ANNEX 3: INSTITUTIONAL SWOT ANALYSIS

Strengths	Weaknesses	Opportunities	Threats
Prime Minister's Office (PMO)			
<ul style="list-style-type: none"> Mandate to coordinate the business of all government ministries. Responsibility for coordination of preparation of rural development strategy. 	<ul style="list-style-type: none"> Inadequate technical staff needed for coordination. Inadequate operational budget. Inadequate funds for staff training, supervision and monitoring of activities. 	<ul style="list-style-type: none"> Currently implementing several internationally supported programmes. 	<ul style="list-style-type: none"> Low technical support and operation funds to carry out programme-related functions.
Prime Minister's Office, Regional Administration & Local Government (PMO-RALG)			
<ul style="list-style-type: none"> Commitment to and capacity for local government reform. Coordinates/implements programmes at regional/ district levels. Considerable influence in policy formulation. 	<ul style="list-style-type: none"> Residual intervention powers at regional level. Limited funds to provide discretionary grants to local government. Limited planning and implementation capacity at the district levels, especially in financial management and reporting. 	<ul style="list-style-type: none"> Strong donor support and drive for on-going decentralisation and reform process. Significant experience in planning and implementing/M&E of agricultural initiatives. 	<ul style="list-style-type: none"> Intervention in markets without cost-benefit analysis of the impacts on rural livelihoods.
Regional Administration and Special Department (RASD) - Zanzibar			
<ul style="list-style-type: none"> Senior staff have a clear vision of tasks ahead, the need for capacity building, and the weaknesses that have to be addressed in the reform programme. 	<ul style="list-style-type: none"> Low administrative and organisational capacity caused by limited number of technical staff. 	<ul style="list-style-type: none"> Proposed coupon system under ASSP has been accepted as part of reform process. 	<ul style="list-style-type: none"> Potential leakage of existing trained staff at LGA level to other jobs.
Ministry of Agriculture, Food Security and Cooperatives (MAFC)			
<ul style="list-style-type: none"> Experience in support for agricultural production. Considerable policy formulation capacity. Substantial extension and research staff resources. Experience in Coordination of ASDS and ASDP programme. 	<ul style="list-style-type: none"> Inadequate budgetary allocations for its development programmes and projects. Inadequate operational (recurrent) budget. Inadequate staff in many of the training institutes and research centres. 	<ul style="list-style-type: none"> Committed to pro-poor growth strategy. Market intervention through strategic grain reserve. Joint Assistance Strategy and basket fund. 	<ul style="list-style-type: none"> Weak involvement of other sector line ministries in coordinating the implementation of ASDP. Resurgent influence of crop boards.
Ministry of Agriculture and Natural Resources (MANR)/Ministry of Livestock and Fisheries (MLF), and other Sector line Ministries – Zanzibar			
<ul style="list-style-type: none"> Field staff are well sensitised to new service, participatory and privatisation approaches. Average age is relatively young with new intake in 2005. Farmer Field Schools are working well and are an excellent base to build on. 	<ul style="list-style-type: none"> Field staff are well sensitised to new service, participatory and privatisation approaches. Average age is relatively young with new intake in 2005. Farmer Field Schools are working well and are an excellent base to build on. 	<ul style="list-style-type: none"> Field staff are well sensitised to new service, participatory and privatisation approaches. Average age is relatively young with new intake in 2005. Farmer Field Schools are working well and are an excellent base to build on. 	<ul style="list-style-type: none"> Field staff are well sensitised to new service, participatory and privatisation approaches. Average age is relatively young with new intake in 2005. Farmer Field Schools are working well and are an excellent base to build on.

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Strengths	Weaknesses	Opportunities	Threats
			build on.
Ministry of Livestock and Fisheries Development (MLFD)			
<ul style="list-style-type: none"> • Strong technical capacity at HQ and district levels. • Committed to sustainable agro-pastoral community development programmes. • Responsible formulation of policies for livestock and fisheries. • Departments with defined areas of responsibility beginning to address development constraints. 	<ul style="list-style-type: none"> • Little donor funding support and low budgetary allocations. • No clear strategy for coordination with industrial and financial sectors. • Inadequate capacity in implementing marketing policy. • Inadequate involvement of private sector in policy and planning. • Lack of formal working arrangements with MANR Zanzibar on harmonised sanitary measures. 	<ul style="list-style-type: none"> • Increasing donor contribution through ASDP-L. • High demand for quality livestock and fisheries products in urban centres, within the region and the Middle East. • Developing a private service provider sub-sector for inputs and veterinary services. • Strengthening the public sector for policy and regulation. 	<ul style="list-style-type: none"> • Loss of research scientists to universities and academic/ research institutions. • Over-rationalisation of agricultural services at district level could reduce the availability of specialist livestock expertise at field level.
Ministry of Industry, Trade and Marketing (MITM)			
<ul style="list-style-type: none"> • National mandate to support private sector development. • Responsible for SME Policy and National Steering Committee. • Routinely out-sources expertise as a matter of policy. 	<ul style="list-style-type: none"> • Inadequate technical staff. • Limited operational budget for policy implementation. • Lack of experience with large donor-assisted development project investments. 	<ul style="list-style-type: none"> • National SME Committee in place. • High level political support for new private sector activities. • MITM and its parastatal SIDO, responsible for implementation of SME programme, MUVI. • Responsibility for markets makes it visible in the current economic reform process. 	<ul style="list-style-type: none"> • Limited capacity and experience in the globalisation process and poor negotiation skills could jeopardise Tanzania's trade at the international arena.
Ministry of Water			
<ul style="list-style-type: none"> • National Mandate to guide water resource utilisation and management. • Good policy and basin water management systems are in place. 	<ul style="list-style-type: none"> • Limited manpower to manage water resources at local level. • Water allocation systems especially between crop producers and pastoralists still very weak and prone to conflicts. 	<ul style="list-style-type: none"> • Water sector development programme is in place. • Substantial experience in water resource management and planning. 	<ul style="list-style-type: none"> • Climate change could shift the balance of water resources available to domestic and agricultural use.
District Councils			
<ul style="list-style-type: none"> • Democratically elected local representatives. • Mandate to provide a range of extension services and implement development programmes. 	<ul style="list-style-type: none"> • Poor resource/asset base. • Lack of discretionary funds and poor revenue collection capacity. • Lack of qualified professional staff. 	<ul style="list-style-type: none"> • Increased autonomy and direct resource flow through reform process. • Interest of DPs to build capacity, e.g. support to improve taxation policies. 	<ul style="list-style-type: none"> • Possibility of district planning process to be dominated by the public sector thereby limiting private sector influence in agriculture.
Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA)			
<ul style="list-style-type: none"> • Extensive network, covering 20 regions. 	<ul style="list-style-type: none"> • Factionalised membership. 	<ul style="list-style-type: none"> • Pilot activities underway to encourage 	<ul style="list-style-type: none"> • Significant dependence on public

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Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> Only formal representative of the private sector in Tanzania. Recent success in influencing national budget in favour of private sector. 	<ul style="list-style-type: none"> Large enterprises most influential. Only represents a fraction (3%) of the 150,000 registered private enterprises. Present principally in major urban centres. 	<ul style="list-style-type: none"> formation of TCCIA branches in rural districts. New services (market information, business advice) could increase membership and efficacy. 	<ul style="list-style-type: none"> sector financial support may inhibit private sector mandate.
Zanzibar National Chamber of Commerce Industry and Agriculture			
<ul style="list-style-type: none"> Good representation of private sector to agricultural sector of Zanzibar Provides the beginning of private sector solidarity in the sector along the value chain Contributes to policy dialogue in Zanzibar especially in the area of business environment reforms 	<ul style="list-style-type: none"> Limited financial and human resources capacity to bring about the required changes in the sector; Limited influence in national budgetary processes Note well recognised at sub national level and especially so by small scale farmers 	<ul style="list-style-type: none"> There is readiness for improvement asnd for capacity building; Commitment by existing members to bring about change in the sector; Recognised by Government as a partner in development 	<ul style="list-style-type: none"> Significant dependence on public sector financial support may inhibit private sector mandate.
Tanzania Small Farmer's Group Network (MVIWATA)			
<ul style="list-style-type: none"> Only organisation representing small producers, though at infant stage. Network now covers 17 mainland regions. 	<ul style="list-style-type: none"> No historical links to government-sponsored institutions. Low visibility at national/local level. 	<ul style="list-style-type: none"> Capacity support from donors and international NGOs. Increasing demand for farmer participation in planning process of ASDP. 	<ul style="list-style-type: none"> Too dependent on external support for sustainability of its activities. May lose contact with initial objectives and purpose.
International Private Sector Service Providers - Companies and NGOs			
<ul style="list-style-type: none"> Considerable experience and resources, including institutional development and project implementation. Good at knowledge-based development. 	<ul style="list-style-type: none"> Status often unclear. Some have subsidies from donors. Lack of local long-term roots. Often less well represented in regions. 	<ul style="list-style-type: none"> Able to provide training to trainers, provide management services and mobilise field teams. Some are eager to work in partnership with Tanzanian companies. 	<ul style="list-style-type: none"> Subterfuge by smaller local companies who may feel threatened.
National Private Sector Service Providers			
<ul style="list-style-type: none"> Good understanding of socio-political reality in the field Excellent networks of potential staff, including universities Represented in regions Lower costs than international companies 	<ul style="list-style-type: none"> Limited experience (though growing rapidly) Limited resources, financial and physical 	<ul style="list-style-type: none"> Increasingly developing capacity for a range of different services, and some already have excellent training skills 	<ul style="list-style-type: none"> Low capacity to compete with international groups in an open-market environment

Microfinance Institutions (MFIs)			
<ul style="list-style-type: none"> • Filling a gap left by reluctance of commercial banks to lend to small rural operators • Can use social collateral • Understand problems of the rural poor 	<ul style="list-style-type: none"> • Limited number, so not available everywhere • Relatively high interest rate • Difficulty in recovery of bad debts 	<ul style="list-style-type: none"> • Increasing demand for financial services 	<ul style="list-style-type: none"> • Weak capacity to mobilise sufficient funds from commercial banks to meet credit demand
Savings and Credit Cooperative Societies (SACCOS) / Savings and Credit Associations (SACAs)			
<ul style="list-style-type: none"> • Members linked by a common bond. • Provide access to savings and credit facilities. • Proper credit repayment culture through local peer pressure. • Strong commitment to ensure viability and sustainability. 	<ul style="list-style-type: none"> • Slow growth in membership. • Low level of women membership in SACCOS. • Low levels of organisational and financial management skills. • Lack of facilities and equipment. • Limited areas of operation and poorly diversified loan portfolios. 	<ul style="list-style-type: none"> • Conducive policy framework and capacity building supported by RFSP. • Link between RFSP and AMSDP through warehouse receipt system. • Requirement that SACCOS be intermediary for access to government funds. 	<ul style="list-style-type: none"> • Limited capacity of members to influence policy decisions.
Commercial Banks			
<ul style="list-style-type: none"> • Large amount of liquidity. • Increasing interest in expanding lending options, including to agriculture. 	<ul style="list-style-type: none"> • Highly risk averse and high levels of public sector borrowing provides large, low risk. • Limited rural network. • Slow administration with too much paper work. 	<ul style="list-style-type: none"> • Can be encouraged to support profitable agriculture value chains. • Options of telephone banking (e.g. phone credits) can be further explored. • Encouraged by Tanzania Financial Sector Deepening Trust. 	<ul style="list-style-type: none"> • High cost of delivering financial services to agriculture and in remote rural areas.
Produce-Based Associations			
<ul style="list-style-type: none"> • Specific focus. • Represent larger players with extensive resources. 	<ul style="list-style-type: none"> • Membership very limited. • Not seen as representative of the sector as a whole. 	<ul style="list-style-type: none"> • Could provide the basis for development of true sectoral representation. • Could federate to provide the basis for a national association. 	
Unions/Primary Cooperative Societies			
<ul style="list-style-type: none"> • Wide presence in rural areas • Good knowledge of local producers • Existing physical facilities in many cases • Experience in marketing of inputs and certain crops • 	<ul style="list-style-type: none"> • Poor capital base • Failure to deliver the services to members • Decline in membership • Non-democratic management structure and low accountability • Low level of autonomy due to political interference 	<ul style="list-style-type: none"> • Most immediately accessible base for rural producers • Located within reach of the rural poor 	<ul style="list-style-type: none"> • Viewed with suspicion by smallholders due to historic mismanagement
Research Agencies, Institutes and Universities			
<ul style="list-style-type: none"> • Local experience and international 	<ul style="list-style-type: none"> • Reliance on donor/soft funding. 	<ul style="list-style-type: none"> • Geographical spread for local coverage. 	<ul style="list-style-type: none"> • Limited financing to research

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<p>connections.</p> <ul style="list-style-type: none"> • High calibre of staff. • Consultancy track record in some cases. • Familiar with commercial practice. 	<ul style="list-style-type: none"> • Academic approach. • Staff availability limitations. 	<ul style="list-style-type: none"> • Capable of contract management. • May require board mandate to move from single crop/discipline focus. • Strong potential as service providers and contractors. 	<p>activities.</p>
Local NGOs			
<ul style="list-style-type: none"> • Local presence and knowledge. • Principal target/partners of international NGOs. 	<ul style="list-style-type: none"> • Lack of technical and managerial skills. • Often lack sufficient resources for operations. • Main sponsors may be civil servants in ASLMs. 	<ul style="list-style-type: none"> • Could provide cost-effective services at grassroots level. 	<ul style="list-style-type: none"> • Too dependent on external financing to operate sustainably. • May be seen as competitors by cooperatives and other producer organisations.

ANNEX 4: MAJOR INVESTMENTS IN THE AGRICULTURAL SECTOR: CURRENT AND PLANNED

Project/Programme	Summary	Cost	Funding	Time Horizon
Agricultural Sector Development Programme (ASDP)	The ASDP provides a framework for the implementation of the Agricultural Sector Strategy (ASDS) to improve production and productivity in the agricultural sector to increase incomes and raise the standard of living in rural areas. The ASDP is implemented in all regions of mainland Tanzania. A follow-on basket program is currently being planned.	Approx \$200million per annum	URT, WB, JICA, Ireland, AfDB, IFAD	2006-2013
Agriculture Strategic Plan Zanzibar (ASP)	The ASP was developed to create conducive environment to support agricultural sector policy implementation, and hence improve livelihoods of the population. However, the main shortcoming of ASP is limited of sector wide approach to accommodate livestock and fisheries.			
Feed the Future	The programme will support value chain development in the agricultural sector through irrigation, rural roads, food processing trade, policy reforms, research, and capacity building in the sector and will cover the regions of Morogoro, Manyara and Dodoma as well as Zanzibar.	Estimated \$300 million	USAID	2011-2015
Tanzania Bread-Basket Transformation Project	Pilot approach to creating a bread basket in the southwestern highlands of Tanzania covering the regions of Rukwa, Morogoro, Iringa, Mbeya and Ruvuma. The project aims to increase smallholder incomes and improve food security by focusing on the development of maize, rice and beans.	Estimated cost of \$173 Million	URT, AGRA	2010-2015
Southern Agriculture Growth Corridor for Tanzania (SAGCOT)	Public private partnership initiative to transform the agricultural sector. Building on the Kilimo Kwanza declaration of 2009. It will cover the regions of Coast, Dar-Es-Salaam, Morogoro, Rukwa, Iringa, Mbeya and Ruvuma.	Estimated costs of \$3.4 billion	URT, Private Sector, WB, other DPs	2011-2031
Marketing Infrastructure, Value Addition and Rural Finance Support Programme (MIVARF)	MIVARF will provide support towards increased financing of agricultural activities and development of market infrastructure and agro-processing including supporting grassroots MFIs to provide better services to small scale farmers and will cover all regions in Tanzania mainland and Zanzibar	\$150 million	URT, IFAD, AfDB, AGRA	2011-2018
Southern Highlands Food Systems Programme (SHFS)	Technical support and capacity building to develop national food chains with focus on grain supply systems; food industry development and sub-sector policy and institutional support in the Southern Highlands covering the regions of Rukwa, Mbeya, Iringa, Morogoro and Ruvuma.	\$5.3 million	FAO	2011-2012
Rural Micro, Small and Medium Enterprise Support Programme (MUVI)	Providing financial services to rural communities to facilitate value chains development in the regions of Tanga, Manyara, Mwanza, Iringa, Ruvuma and Coast regions.	\$25 million	IFAD	2007-2013
National Rice Development Strategy (NARDS)	Aimed at promoting increased production and productivity of rice to increase farmer incomes and to promote food security by transforming the existing subsistence-dominated rice sub-sector progressively into commercially and viable production system by 2018.	NA	JICA	2009-2018
Rural Livelihoods Development Programme (RLDP)	The programme aims at making market systems work better for the welfare of rural producers applying the “making markets for the poor” approach (M4P). The programme is currently addressing market constraints in six sub-sectors, namely cotton; sunflower; dairy; rice; poultry and rural radio and covering the Central Corridor in the regions of Morogoro, Dodoma, Singida, Tabora, Shinyanga and Manyara.	\$21 million	SDC	2005-2011
Accelerating Progress Towards the MDGs: Country Action Plan 2010-2015	The Country Action Plan aims to put in place interventions in agriculture and nutrition to accelerate the attainment of the MDGs in Tanzania. It is aligned with the TDV 2025, the MKUKUTA and the ASDS as well as the Tanzania Nutrition Strategy. It is in line with the CAADP pillars and principles.	NA	UNDP	2010-2015

