SCALING UP AGRICULTURE: CHALLENGES AND OPPORTUNITIES FOR MODERNIZING AGRICULTURE IN TANZANIA

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Talk Outline

- Overview of the Tanzanian agriculture sector
- Main challenges facing the agriculture sector in the country
- Efforts to improve the performance of the agriculture sector in Tanzania
- Investment potential in the Tanzanian agriculture sector
- Some promising initiatives
Overview of the Tanzanian agriculture sector

- Agriculture in Tanzania plays an important role in the overall development of the economy and the livelihood of its people.
- It provides livelihood to more than 80 percent of the population, most of them living in rural areas.
  - Consequently, it is not surprising that studies done by institutions such as REPOA show that improving the performance of the agriculture sector is the best way to alleviate poverty in the country.
- Agriculture in Tanzania is dominated by smallholder farmers (peasants) cultivating an average farm size of between 0.9 and 3.0 hectares each.
- The smallholder farmers mainly practice subsistence farming.
- In addition to crop production farmers also raise animals.
  - The country has the largest number of livestock units in the SADC region. And is it the third in Africa as a whole, behind Sudan and Ethiopia.
Overview of the Tanzanian agriculture sector

- Smallholder farmers use rudimentary technologies which inevitably lead to low yields:
  - Many farmers are still using hand hoes for undertaking various operations such as land preparation and weeding.
  - The use of inputs such as improved seeds and fertilizers is low.
- Tanzania is well endowed with a variety of farming systems with climatic variations and agro-ecological conditions of which various crops can be grown.
- Although the country has a high potential for irrigation, most farmers practice rain-fed agriculture which makes them very vulnerable to changes in rainfall amount and distribution.
- The major food crops produced in the country are:
  - maize, rice, sorghum, millet, wheat, pulses (mainly beans), cassava, potatoes, bananas and plantains.
Overview of the Tanzanian agriculture sector

- The main cash crops grown in the country are:
  - Coffee, cotton, sugarcane, cashew nuts, tobacco, sisal, pyrethrum, tea, cloves, oil seeds, spices and flowers.

- Main livestock kept include:
  - Cattle (mainly beef cattle)
  - Goats,
  - Sheep and,
  - Poultry
Main challenges facing the agriculture sector in the country

- Inability of smallholder farmers to access and use inputs such as seeds and fertilizers.
- Use of obsolete technologies such as the hand-hoe.
- Inadequate investment in irrigation which makes farmers very vulnerable to droughts.
  - This problem is exacerbated by the fact that the frequency of droughts has increased significantly in the recent past and the absence of crop insurance.
- Poor infrastructure, especially roads.
- High postharvest crop losses caused by poor storage structures and inadequate access to pesticides.
- Inadequate market access for both crops and livestock products.
- Problems in accessing credit for Agricultural production and marketing.
- Inadequate investment in processing (for both crop and livestock products)
Efforts to improve the performance of the agriculture sector in Tanzania

- Improving the performance of the agriculture sector in the country is among the best ways to spur economic growth in Tanzania.
- Promoting agro-processing and reducing post-harvest losses.
- Use of input vouchers to enhance farmers’ access to important inputs such as improved seeds and fertilizers.
- Increasing investment in irrigation.
- Promote the adoption of the Warehouse receipt system to address marketing problems.
- Encouraging and supporting individual farmers and farmer groups to procure small tractors and power tillers. (not working as expected).
- Enhancing then efficiency of the agriculture extensions service by, amongst other things, increasing the number of extension agents.
- Attracting foreign investment in the agriculture sector.
Investment potential in the Tanzanian agriculture sector

- The country has large tracts of arable land which can be used for large scale production of crops such as: coffee, cotton, tobacco, sisal, spices and tea.

- Fruit and vegetable Production and processing
  - Tanzania is richly endowed with a large variety of fruits and vegetables.
  - Less than 10% of fruits and vegetables produced are processed.
    - Investment in processing and canning factories in regions with high potential for production of fruits and vegetables.
  - There is room for large scale production of a range of tropical as well as temperate fruits and vegetables.

- Agricultural inputs
  - Establishing factories for manufacturing/assembling of farm machinery and implements (e.g. tractors, ploughs etc)
  - Investment in manufacturing of fertilizers and agricultural chemicals.
  - Establishment of factories for packaging material for various agricultural commodities.
Investment potential in the Tanzanian agriculture sector

- Livestock (especially milk production and processing)
  - There is a high potential for investing in production and processing of milk and milk products.

- Oilseed production and processing:
  - Despite the high potential for producing oil seeds such as Sesame and Sunflower, the country is importing about 50% of its edible oil demand.
    - There is a high potential for investing in oil seed production and processing.

- Sugarcane production
  - Despite the high potential for producing cane sugar, Tanzania current level of sugar self sufficiency is about 75%.
    - There is a high potential for investing in sugarcane production and processing factories.

- The country has put in place incentives for attracting investments in the agriculture sector, detailed information can be obtained at [www.tic.go.tz](http://www.tic.go.tz).
Some promising initiatives

- **Milk processing**
  - There is an investor in milk processing who is collecting milk from smallholder dairy farmers.
  - This has increased access to market for dairy farmers who are linked to the processor.

- **Contract farming (for cotton, supported by the Gatsby foundation)**
  - It is being piloted and the initial assessment show that it is likely to be a success.

- **Out-grower schemes (for sugarcane)**
  - This production arrangement has been practiced for many years in the country and it is benefiting thousands of smallholder farmers.

- **Similar and/or better initiatives are welcome!**
I thank you for your attention