



AGRA

Sustainably Growing
Africa's Food Systems



Improving the
Competitiveness
of Agro-Industries in
Tanzania



Tanzania Strategic Plan:
2023 – 2027



Tanzania: Economic Context



Tanzania has seen strong economic growth in recent years, with an average GDP growth of 6.9 percent from 2016/17 to 2020/21, and an inflation rate of less than 5 percent. The country was reclassified as a Low Middle-Income Country five years ahead of schedule in 2020, however the global pandemic has significantly slowed economic growth.



Agriculture is the largest and most important sector, contributing 27 percent of GDP, 24 percent of total export earnings, and 65 percent of total employment.



Unfortunately, poverty and malnutrition remain a major challenge, with 27 percent of the population below the basic needs poverty line and 33 percent of children under 5 stunted.



Tanzania's young population faces numerous barriers to entering the labor market, including lack of skills and access to land and financial services.



Government Agricultural Sector Development Priorities



Production and productivity of crops, livestock, and fisheries



Commercialization, Value Addition, trade, and investment



Sector Enablers, Coordination and Monitoring & Evaluation



Climate change mitigation, adaptation, and biodiversity protection



Resilient food systems and livelihood



Inclusion to promote the engagement of youth in agribusiness

Agriculture Sector Performance



In summary, Tanzania is on the path towards agricultural transformation, with increased use of modern inputs, labor productivity and crop production, deepening of linkages between farm sector and urban markets, and high surplus production of food crops.



However, there are still challenges in terms of trade restrictions, complex licensing requirements, and post-harvest losses which need to be addressed to further boost the agricultural sector and benefit small farmers and businesses.

Lessons from AGRA 2.0



Positive Impact

- Implementation of the Consortia Model
- Improving Input Supply through Village Based Advisors (VBAs)
- Improved Policy and State Capability
- Strong contribution to Seed Systems Transformation



Shortcomings

- Inadequate support of link to output markets
- Access to finance interventions needed to be strengthened
- Limited evidence that VBAs will manage to establish themselves as rural entrepreneurs
- Increased production of certified seed did not directly translate to increased adoption in some cases

AGRA 3.0

Entry Point



To support the country in building inclusive and competitive markets through value addition and trade.



Improving the functionality of markets and trade guarantees efficient allocation of resources for improving productivity of key factors of production such as land, labor, and capital.



AGRA has the experience and capacity to work with Tanzania to build inclusive and competitive markets, utilizing their track record in supporting SMEs, piloting the consortia model of service delivery, and their relationship with the government to champion trade of agri-food products.

Business Lines

Primary business line: Inclusive markets and trade (IMT)

Secondary business line: Policy and State Capability.



Country consultations also raised the need to prioritize investments in sustainable farming and seed systems to boost productivity in a sustainable way.

Therefore, in recognition of the complementary nature of the rest of the interventions in building a strong market system, AGRA will implement its investments in Tanzania in an integrated manner to ensure coordination across its business lines, creating efficiencies for better impacts.

Inclusive Markets and Trade (IMT)

The priority is well-functioning and adequate markets, as well as a predictable trade regime, to address market access challenges.

Market information is key to ensure the success of inclusive markets and trade, but the existing systems are not coordinated and the reach is limited. Various organizations are working to foster better access to domestic, regional, and international markets, remove tariff and non-tariff barriers, and develop trade infrastructures.

Despite these efforts, trade barriers such as intermittent trade bans remain. The East African Great Lake region offers potential for trade between Tanzania and its neighbors, but it remains underdeveloped and underutilized due to poor and few market infrastructure and platforms, unstructured market institutions, and unfriendly policy and administrative environment.





Policy and State Capability

Effective agricultural sector coordination is essential for Tanzania to support its food systems transformation. The government has various programs in place such as ASDP II, BBTI and TDV 2025 to help guide this process, however, resources and coordination are limited.

There are also several actors involved in policy research and advocacy, such as REPOA, ESRF, and AGRA, which have helped to address certain policy and regulatory issues.

However, there is still much to be done, such as evidence-based research, political economy studies, and agenda setting. AGRA has the tools, experience, and assets to support this process and drive important reforms.



Sustainable Farming

Currently, investments in dry land crops such as sorghum, millet, cowpeas, green grams, and others are very limited. Organizations are mainly focusing on other sectors such as health, HIV campaign, adolescence education, and environmental conservation, rather than food systems work. Downstream delivery systems for dryland crop value chains such as seeds systems, extension delivery, access to market, and access to finance are not well developed.

Integration of VBAs into digital platforms such as WAKALA, M-Kilimo, and other platforms could improve extension delivery, however awareness of these platforms is low.

Furthermore, soil acidity is a serious problem in Tanzania, with an estimated \$30 million in losses related to lost nutrient efficiency. Interventions to reduce soil acidity have been implemented, however adoption rate of agri-lime technology is low. Crop insurance products are helping farmers to protect their investments from natural calamities, however scope of these products is limited. In terms of access to finance, financial service providers such as NMB, CRDB, and TADB have lowered lending rates, however there are challenges regarding collateral and loan processing which keep most farmers and agri-SMEs out of access to finance. Therefore, there is a need to continue investing in ICT and risk-mitigation tools to improve extension service delivery, reduce soil acidity, and improve access to finance.





Seed Systems

Improved systems for production and supply of certified seeds is fundamental to a strong food system. AGRA, with funding support from BMGF, is utilizing SeedSAT to generate insights and recommendations to increase delivery and use of improved varieties of seeds. Public institutions like TOSCI and TARI, and private seed companies, are essential to establishing sustainable EGS and certified seed models. CGIAR is supporting the production of EGS, and Agri-Experience is assisting TOSCI to improve its efficiency in seed quality control.

However, there are deficiencies in the EGS provision that AGRA can address. Additionally, there are challenges in marketing and distribution of certified seeds, such as cumbersome regulatory requirements and scarce agro-dealers. Digital technology has potential to increase efficiency and lower transaction costs, but adoption rate of digital innovations is low. AGRA, SAGCOT, and FCDO are working to enhance the enabling environment for the seed sector, but further efforts are needed to strengthen key elements of the country's seed system.

Cross-cutting area: Inclusivity and Women

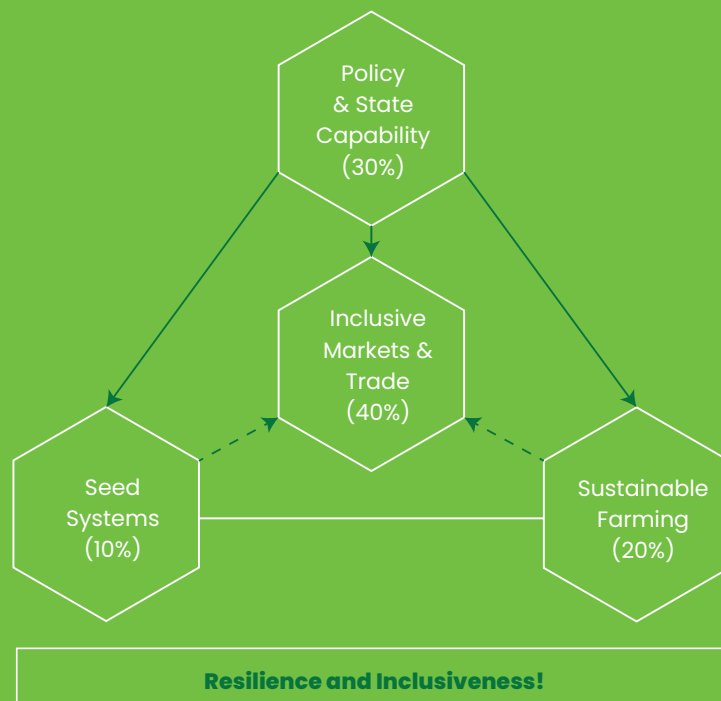
Youth Engagement in Agriculture

- Youthful country with a population of 186.9 million projected by 2065, a majority of them being between the age of 15 and 35.
- Burden of unemployment – skewed towards the youth and women, and many work in the agricultural sector for subsistence.
- Serious unemployment challenge due to limited access to productive resources such as land, inputs and agricultural services, and limited access to sustainable commodity markets and integrated support mechanisms.
- Lack of skills and underdeveloped agricultural value chains have prevented youth from accessing work opportunities.
- Challenges in the ecosystem for youth empowerment and the vulnerability of youth agriculture enterprises and livelihoods have further exacerbated the situation, with young women being disproportionately affected by these issues.

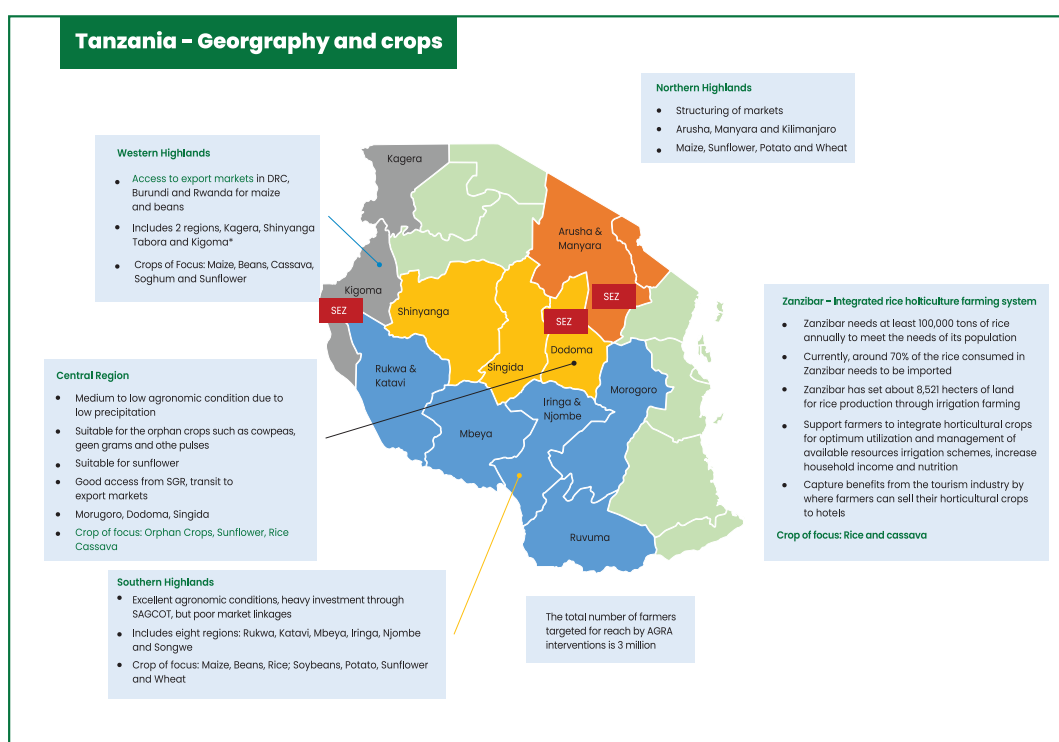


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Integration of the Four Business Lines in AGRA Tanzania's 2023–2027 Strategy:



Target Geographies and Target Crops:





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