

Agricultural growth and poverty reduction in Tanzania: emerging issues and major recommendations



What is Chronic Poverty?

The distinguishing feature of chronic poverty is extended duration in absolute poverty. Therefore, chronically poor people always, or usually, live below a poverty line, which is normally defined in terms of a money indicator (e.g. consumption, income, etc.), but could also be defined in terms of wider or subjective aspects of deprivation. This is different from the transiently poor, who move in and out of poverty, or only occasionally fall below the poverty line.

Key interim findings and recommendations

- Agricultural growth has been consistently lower than required to reduce poverty significantly, and the growth which has occurred has not 'trickled down' adequately to the poor.
- Strategic interventions to improve the functioning of markets can boost agricultural growth and render it more pro-poor.
 - Markets are not sufficiently competitive. More competitive export markets are needed in border areas. Top political executives should not be involved in crop marketing, for reasons of conflict of interest.
 - Standard weights and measures are needed to counter under-recording of farmers' crops.
 - The efficiency of farm input delivery and crop purchasing needs to be enhanced. If co-operatives are to be involved they need adequate and timely liquidity.
 - Land and rental markets need a legal framework to function effectively to make use of uncultivated land and boost rural employment and agricultural growth.
- A review of approaches to farmers' education is recommended so that a more effective system can be developed. Significant upgrading of the capabilities of extensionists is needed so that they can work with farmers to improve farming systems rather than individual technologies.
- Farmers do not know what potential crop yields are in their areas. This information should be publicised, so that farmers can demand the services which would assist them to achieve higher yields.
- A menu of approaches to increasing soil fertility is needed, with better information about the fertiliser voucher system.
- Improved road connections between villages and market and administrative centres have greatly improved access to markets and services. The priority given to this in Mkukuta 1 should be continued in order to reduce transport costs and time.
- Irrigation (where feasible) and livestock can advance poverty reduction. The cadres servicing these important areas of work are not enough or not well-enough trained.
- Young men and divorced, separated and widowed women need better access to land for farming.



Introduction

This policy brief was written as a contribution to the revision of Tanzania's **National Strategy for Growth and Reduction of Poverty (NSGRP)**.¹ It is clear from recent field research² that problems with marketing and production of agricultural crops are both holding back economic growth and reducing the impact of growth on poverty.

Agriculture remains the largest sector in Tanzania, contributing nearly 26 percent of Gross Domestic Product (GDP) and an average of nearly 24 percent of the country's export earnings per annum (URT, 2009b; Msambichaka *et al.*, 2009). In addition, about 87 percent of the poor live in rural areas and 75 percent of the rural income is earned from agricultural activities. The sector's significance is amplified through its backward and forward linkages to all sectors of the economy. Crops are the dominant contributor of agriculture to GDP with an average share of 21 percent, and are the focus of this policy brief. Overall, the agriculture sector grew by 4.8 percent in 2008 compared to 4.0 percent in 2007. In recent years, share of export crops in total foreign exchange earnings has substantially declined from 34 percent in 2000 to slightly below 20 percent in 2007. Agriculture's absolute contribution to exports has increased, but its relative share of total exports has declined because other sectors of the economy have expanded their share more rapidly.

A large majority (84 percent)³ of the employed labour force is engaged in smallholder agriculture

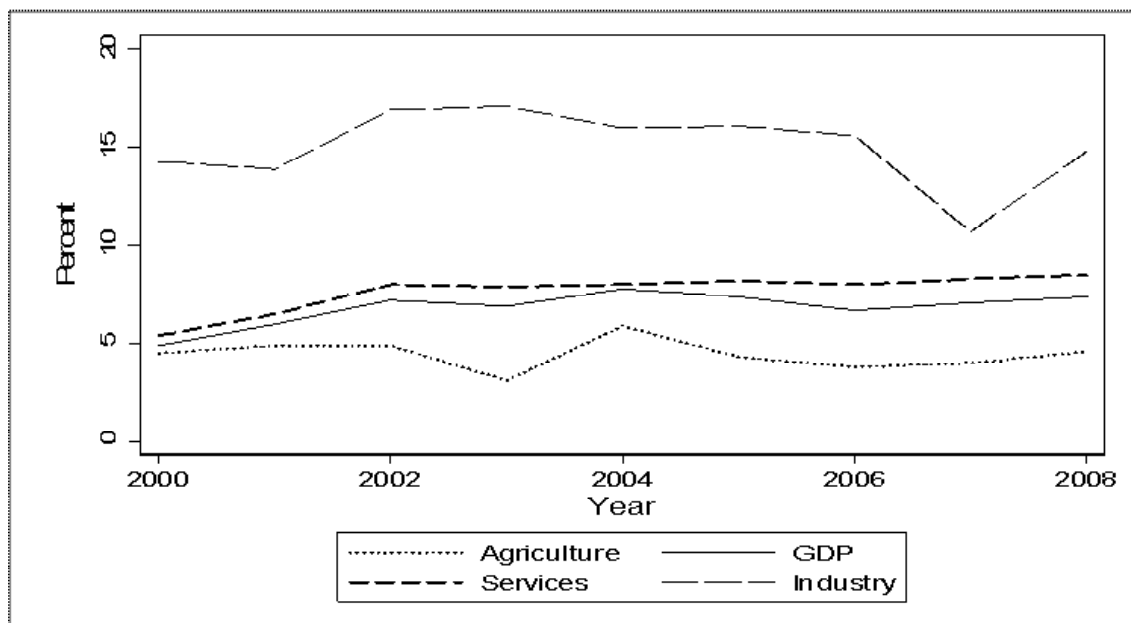
where under-employment is also high, partly as a result of dependence on seasonal rain fed agriculture. Tanzania could have made use of this under-utilised resource by adopting appropriate and strategic policy interventions aiming at skills development and human resource absorption.

The Tanzanian economy has recently registered impressive economic growth averaging seven percent (Figure 1). The highest growth has been recorded in sectors with marginal contribution to GDP, employment and poverty reduction, such as mining. The average growth of the agriculture sector for the past ten years is about four percent.

Yet, it is precisely in the agricultural sector where a one percent increase in growth has been shown to have a bigger impact on poverty reduction compared to ten percent growth in other sectors.⁴ There are several channels through which this effect operates: reducing food prices, increasing farm household incomes and consumption and providing wage employment, and providing demand for nonfarm goods and services, the production of which, in turn, provides employment. Transformation and improvement of agriculture is therefore critical if the rural poverty reduction and improved livelihoods are to be realised.

Despite a notable positive contribution of the sector to the national economic development, there are a number of bottlenecks that hinder a more rapid growth of the sector. The National Strategy for Growth and Reduction of Poverty (NSGRP) and ASDP target a ten percent sector growth to attain poverty reduction targets in Tanzania, but

Figure 1: Sectoral growth rates, 2000-2008



Source: Msambichaka *et al.*, 2009.



this has never been achieved. There are multiple manifestations of the various barriers faced by agriculture in Tanzania. They include low income generation, low capital investment, low productivity, diminishing livelihood sources, food insecurity, and therefore intensive poverty and poor quality of life. This policy brief is focused on identifying critical barriers to growth and poverty reduction and the strategic interventions which can stimulate agricultural growth as well as allow significant reduction in poverty. The emerging findings and recommendations featured below are based on interim findings from a study using a medium sized qualitative dataset in Nkasi, Newala and Magu Districts, and national household survey data. The full study will be available later in 2010.

Emerging issues and recommendations

A number of pertinent issues emerge from the preliminary analysis of the information gathered from the field. Each of them is either linked to the sluggish agricultural growth or slow pace in poverty reduction or both. The organisation of markets is the prime focus.

Issue 1: Farmers isolation from external markets

Judging from the changes in volumes of crop outputs and acreage under crop over time in Nkasi, Newala and Magu Districts, it is evident that modest growth has been taking place in the agricultural sector. However, this growth is not associated with poverty reduction and changes in the livelihoods of people in the respective localities and/or markets. Access to external markets needs to be encouraged because they can significantly stimulate demand for local agricultural production. At the same time, local farmers should be protected from traders seeking to profit from unusually high interest on farm credit and/or from suppressing farm gate prices at time of sale.

As an example, in a field site which bordered Lake Tanganyika, paddy production was stimulated as demand for paddy grew rapidly from 'grain-hungry' interior countries over the lake. However, traders pocketed much of the profits of the small farmers by lending a sack of rice seeds before harvest and demanding three in return 'in-kind' at harvest – 200 percent interest. And before a warehouse scheme was introduced, smallholders also sold off the remainder of this harvest in desperation at low 'at harvest' prices and lost out on the benefits of

storing and selling when prices rise. At the moment, the Savings and Credit Cooperative Organisations (SACCO) in this region is considered by local people as 'only for the rich' and so small farmers continue to rely on these money lenders-cum-traders for their input needs.

Recommendation 1: Farmers need to be better linked to regional export markets by strengthening their capacity to access these markets and to enable them to sell more at better prices. Better cross border infrastructure (road networks), a cross-border market information sharing network, better transportation, and even contract farming arrangements would help. Farmers must be encouraged to unite and trade their product themselves by supplying marketing information, and by exploring ways to offer SACCO membership to the poorer farmers. Extending the warehouse scheme to new crops should be considered.

Issue 2: Mis-interpretation of market liberalisation policy

To policy makers and/or the government, a liberalised economy (free market framework) is interpreted as a system where the government machinery has no role to play whatever happens in the economy. Thus, farmers are left entirely in the hands of private operators. This is a mis-conception of the market liberalisation policy. For markets to work effectively and fairly, they need 'rules of the game', and at the very least, they must be embedded in a well functioning legal framework

Recommendation 2: A number of policy measures need to be considered to improve the market efficiency and restore fair market competition. First of all, it is important for the government to maintain a supportive policy environment and ensure that it plays an effective regulatory role. For example, the government needs to revisit the current trend where top government and political executives own and operate buying firms. They are decision makers and at the same time private buyers. This is particularly common in cashew nuts and sesame industries in Mtwara and Lindi regions. Perhaps Tanzania needs to go back to the days when top government and political executives were not allowed to run high scale businesses due to the potential conflicts of interest.

Issue 3: Delays in delivery of farm inputs

Delays in delivery of agricultural inputs were one of the main constraints to agricultural growth. For



Box 1: The Warehouse Receipt Scheme

Since its inception in 2007, the Warehousing Receipt System (WRS), under the Agricultural Marketing Systems Development Programme (AMSDP), has played a catalytic role in the improved marketing of agricultural products, and in improved agricultural production and productivity, farmers' confidence, stability of producer prices, and technological uptake in Tanzania, despite a few indications of dissatisfaction among some farmers.

The WRS was the government's response to ensure a fair and stable market, and specifically, to enable farmers to store their harvest at a warehouse and sell at a later date when prices are more attractive. The system operates through Primary Societies and SACCOS. The primary society pays farmers 70 percent of the price (less the price of next year's subsidised inputs and community charges). The produce is weighed and graded and a farmer is issued a receipt in triplicate. Farmers retain the receipt, and after storage and sale at the auction by the warehouse administrator several months later, the farmer is given the remaining 30 percent, plus any bonus (less costs of storage, interest, transport and administration). The system also aims to stabilise producer prices, improve technological uptake through provision of subsidised inputs, and/or link to farmer credit (SACCO).

The WRS also stimulates competition by introducing liquidity which reduces the anti-competitive behaviour of large buyers. Prior to the introduction of the WRS, large anti-competitive exporters and processors, with access to bank finance, were the main sources of cash in the cashew marketing system. They provided local private traders (agents or middlemen) with money, which they used to purchase cashew from primary societies and cooperative unions. Since there were relatively few large exporters and processors with the ability to pre-finance cashew purchases, there were opportunities for monopsonistic behaviour. Local traders did not compete with each other, they were agents of large players, and agents tended to extract a substantial commission for themselves. Thus, introduction of WRS has:

- brought additional bank financing (liquidity) into the sector as currently primary societies and cooperative unions have access to independent bank financing; and
- reduced the anti-competitive behaviour of the large exporters and processors by forcing them to purchase cashew through a cashew auction instead of directly from the cooperative unions and traders.

Is the system working for farmers? Evidence from the operations of WRS in cashew nut districts via Agricultural Marketing Cooperative Society (AMCOS) and paddy districts via SACCO reveals that WRS has been a useful marketing tool which has benefited members in terms of market outlets, price stability, better prices etc. Farm-gate prices have risen in line with export prices, but not fully. For example in Newala District, farm-gate prices rose from TZS 500 to TZS 700 with the introduction of the WRS in 2007 (a rise by 40 percent with the warehouse scheme). These farmers also benefitted from inputs at 75 percent of their cost. In Tandahimba District, the WRS producer prices for cashew nuts have improved from a range of TZS 150 – 410 before WRS to a range of TZS 710 – 850 per kg (almost double) after WRS, which indicates an improved producer prices, but also a drastic reduction in price fluctuations between the two periods.

In Iringa and Mbeya, the WRS works through SACCOS. The warehouse buys paddy from farmers and pays them 50 percent of the prevailing market price as initial payment. The average price during harvesting is TZS 50,000 per 100 kg bag of paddy. Thus, farmers are paid the initial amount of TZS 25,000 through their respective SACCOS. Thereafter, the stocked paddy is sold by the warehouse administrator at an average price of TZS 75,000 off season. The second instalment is normally paid after deductions of the loan, input costs and interest. The total price paid to farmers has on average been TZS 40,000 per 100 kg bag of paddy. Farmers are therefore assured of a market, farm inputs and stable and relatively higher price.

example, in Newala District, sulphur, which was bought by primary cooperative societies in 2009 using money which had been deducted from farmers' sales of cashew nuts in 2008, reached farmers only in August 2009. This was after their cashew nut trees had been affected by diseases. The sulphur was supposed to be sprayed onto cashew trees in May 2009.

Recommendation 3: Inputs should be supplied to farmers in a timely fashion so that they can use them optimally. Clearly, this requires knowledge

or research on what the critical institutional and organisational constraints are in order to correct the problem. Supplying such inputs through primary cooperative societies or selected agents should be maintained so traders face competition from agents who will supply good quality materials at reasonable prices. Ensuring that co-operatives are accountable to members is an important condition for success.

Private companies involved in supplying inputs should also be accountable. Suppliers can offer inferior inputs to the warehouse scheme. In Newala, larger farmers expressed fear that the



subsidised inputs were of low quality. They said there was corruption in the tendering process – an unscrupulous businessman who provided low quality inputs won the tender from the government through a bribe. There was also failure to provide proper research as the milder climate of Newala needed different inputs to a warmer Masasi district. Indeed, two farms in the same region require different inputs, thus different types of sulphur should be available.

Issue 4: Use of technology

Most farmers were not using recommended agricultural inputs, notably: improved seeds, organic fertilisers, and other post-harvest agro-chemicals. And most farmers were not abiding by recommended agricultural practices including spacing and timely weeding. As a result, production per unit area of land was lower than the potential of their geographical locations, and fluctuated from year to year depending on inputs used as well as rainfall. For example, one farmer in Magu District harvested 817 kg of cotton per acre in 2008 but 610 kg in 2009 due to his failure to apply pesticides. Similarly, only very rich farmers in Newala planted fast maturing hybrid cashew trees, which mature in three years rather than the usual six, and could maximise the number of trees per plot by using appropriate spacing.

Recommendation 4: The potential yields of major crops using optimum amounts of inputs in various geographical zones should be assessed, recorded and made public. Then, farmers producing the crops in the zones should be given information to help attain the recorded amounts of potential yields. However, since the availability of cash determines what inputs can be purchased, farmers need low cash and high cash options

Issue 5: Voucher inputs subsidies

Despite regional variations in soil characteristics, application of the farming inputs was very low and some of the farmers have not used inputs throughout their life. In locations where fertiliser has been widely applied, poor farmers were unable to access fertiliser subsidies either due to weak political capital or lack of information. In all research sites, Mwanza, Mtwara and Rukwa, we found that many unused fertiliser vouchers remained in district offices. In Nkasi district, which is one of the leading producers of maize, only 200 vouchers out of 12,000 were used. This is only two percent of the vouchers made available in the District. It shows that farmers are either not adequately informed

about the input subsidy package, or that they prefer other approaches to fertilising crops. Farmers who have received the inputs also complained that the subsidy package for one acre was not enough for their needs.

Recommendation 5: Develop a menu of options for increasing soil fertility, so that farmers have greater choice; and increase farmers' awareness and understanding on the subsidy package and application procedures.

Issue 6: Delays in paying farmers

Selling traditional cash crops, particularly cashew nuts and cotton, was affected by delays in crop buying. Sometimes the money to pay farmers was also not there. For example, in Newala District, the cashew nut buying season starts on 1st October and ends on 31st January, but primary cooperative societies started buying three weeks late in 2009/10; buying went on for two weeks; then there was no cash for three weeks. The delay in starting to buy and the lack of money in some weeks are compelling farmers to sell to private buyers who used deceitful measurements to cheat farmers. The delays denied farmers access to subsidised inputs which they would ordinarily get through the cooperative societies using cash deducted from their sales. As a result, the farmers were receiving small margins during the year from selling cashew nuts and during the subsequent year as a result of their failure to obtain sulphur from cooperative societies or inability to purchase it using cash from private input stockists.

Recommendation 6: In order to contain this problem so that agriculture can grow faster and contribute more to poverty reduction, it is recommended that preparation for a cash crop buying season should be done so well in advance, in terms of logistics and finances. Buying relevant cash crop products should start on time and funds should be available throughout the buying season.

Issue 7: Stabilising warehouse financing

One reason why liquidity and ability to purchase on time may be difficult is that the warehouse scheme can sometimes rely on the caprice of foreign buyers and on high financing costs. For instance, in 2008, farmers in Newala did not receive bonuses. A cooperative union official believes that a reason for the delay is that the harvest was very early (in October 2008), and the large foreign crop traders, who participate in the auction and buy from



the warehouse, waited for the price to come down before bidding. They did not buy until February and did not come forward to finish bidding until April. During this time, interest rate on the MFI loan to the union accrued.

Recommendation 7: If the cooperative union can begin to process cashews, then the union will be freed from dependency on the vagaries of foreign monopolistic traders. Another solution is to reduce interest rate on loans. In Newala, the union loan is from MFI at 18 percent; however, by linking the union to the local SACCO they may be able to reduce the interest rate. A third solution is to get some stability in cashew price fluctuation by using dollars rather than shillings.

Issue 8: Paying farmers by instalment

Another issue that was constraining poverty reduction through agricultural growth was payment for farmers' agricultural products by instalment. For example, in 2008 in one village of Newala District, the price of cashew nuts was TSh 700 per kg, but farmers were paid 70 percent of the price, which is TSh 490 per kg. The remaining 30 percent, which is TSh 210, was paid after three months. The payment after three months was not the full amount of TSh 210; it was TSh 110 after the following deductions which were done without prior information to the farmers: TSh 50 for inputs (sulphur) that was to be supplied during the next season, TSh 20 for roads, TSh 20 for water, and TSh 10 for education.

Recommendation 8: Ideally, farmers should be paid all their money at once so that they can repay debts they incurred during production, such as payments to labourers, and for inputs. Moreover, no deduction from their sales should be allowed without informing them at the time of contracting.

Efforts to inform farmers about how the warehouse scheme works are crucial to the eventual success of this scheme. Farmers have fears from poor experiences with institutions – delivering inputs late, purchasing late, corruption, etc. If farmers cannot be given 100 percent payment at harvest, they need to be assured that the remaining 30 percent plus bonus will be delivered for certain later. They also need better representation at price setting, both the price at harvest and at auction several months later. Farmers also want access to subsidised inputs provided through the scheme even if they could not deliver a crop the previous year because of crop failure. Except for these issues, farmers were fairly content with the more secure marketing the warehouse scheme

offered. Some farmers want the scheme extended to other crops as they could not rely on traders' presence from year to year, nor on their honesty or on price. However, the success of this scheme relies on building faith in cooperative officials. For this, farmers need education on the workings of the system to assuage their fears. Moreover, efforts should be made to encourage farmer representation at price setting processes.

Issue 9: Measurements

The deceitful measurement of farmers' agricultural products was common. For cashew nuts, private buyers were using a bowl known as *kangomba* which weighs 1.25 to 1.8 kg when full of cashew nuts, but the 1.25 to 1.8 kg are bought for the price of 1 kg. Some individuals who were agents for cotton buyers were distorting weigh bridges. For example, they would deliberately record 90 kg for an amount of cotton that was actually 100 kg. Later on, they would re-adjust the weighing bridges, re-weigh the cotton and take the 10 kg for their own benefit. After farmers became aware of this deceit, they also cheated by adding water or white sand to cotton before selling it, to compensate for the amount of cotton that the agents were stealing from them through deceitful measurement.

Recommendation 9: No container or any other measuring tool or equipment other than a weighing scale or spring balance should be used to weigh agricultural products. Moreover, any buyer or seller who may be caught under- or over-weighing any goods, should be punished as a deterrent to others.

Issue 10: Transport cost

High transport charges in rural remote areas were found to marginalise farmers in selling their crop products. For example, the fare for one person to travel from Kirando in Nkasi District to Namanyere, the district headquarters, was TSh 5,000 in 2009 for a distance of 59 km. Charges for transporting luggage, especially crop products, were also high. This problem existed notwithstanding the efforts that the government had put on improvement of rural roads from the 2000-2004 Poverty Reduction Strategy to the National Strategy for Growth and Reduction of Poverty (2005-2010). The story was different in Magu District; there, transport costs and time to reach the district headquarters, Magu, from Kabila Village, 25 km from the village, had been reduced appreciably. Improved roads in 2005 relieved the villagers of transport problems to the District Head quarters. One interviewee said that previously, they used to travel two hours from Kabila



Village to Magu Town from 0200 to 0400. But since 2005, there were cars available for them from 0700 to 2200 and that they go to the district headquarters anytime they liked, even thrice a day.

Recommendation 10: The lingering transport problem points to the recommendation that MKUKUTA II should maintain the priority to improve roads. This improvement can facilitate transport of people and goods from and to rural areas in order to help improve agricultural growth for reduction of poverty. However, improving roads would not be enough to create a competitive transport industry. The factors which determine how competitive it is need to be investigated and addressed locally.

Issue 11: Irrigation infrastructure

Most farmers were not practising irrigation. For example, in several valleys in Nkasi District where rice is grown, there were no appropriate irrigation canals. Farmers were relying on precarious rainfall and rice was being produced only once per year. If irrigation was practised, rice could be grown in the valleys thrice a year, with significant effects on incomes and employment. Moreover, water in rivers, ponds and lakes are an important underutilised resource in Tanzania, and one which can provide an important dry season source of income and local food supply.

Recommendation 11: Irrigation should be increased by training irrigation technicians and engineers, building irrigation canals, providing farmers with irrigation skills and supervising the farmers who practise irrigation techniques. This needs the creation of an adequate cadre of engineers and technicians.

Issue 12: Livestock production

Livestock production was being constrained by shortage of extension personnel and of inputs, including veterinary drugs and dip tanks. People owning cattle were found to have higher chances of moving out of poverty or not being poor, since they had oxen to till larger land areas or are able to sell livestock products, by-products and live livestock and get the cash to buy food, assets or inputs for agricultural production. Smaller livestock, including goats and chickens, were also a critical source of income and investment, yet they were found to die easily from preventable diseases.

Recommendation 12: Based on this finding, it is recommended that promotion of mixed farming by farmers doing crop and livestock production should

be encouraged where it is technically feasible to combine them. Greater investment in veterinary and livestock extension services would help achieve the poverty reduction potential of the sub-sector considerably.

Issue 13: Farmers' education

The level of education of most farmers and pastoralists is generally too weak for them to mould indigenous skills with uptake of improved practices from public and private extension agents. In the villages surveyed, life history interviews indicate few farmers are aware of Farmers Field School (FFS) and some who are aware do not appreciate the knowledge delivered. They continue practising indigenous skills from production, harvesting, storage and marketing. It was also learnt that the training comes at the end of the farming season. It becomes difficult for farmers to recall the knowledge gained in the coming season.

Recommendation 13: Integrate agricultural knowledge into the education system from primary to secondary schools teaching curricula. The question of what sort of agriculture is appropriate to teach through schools or FFS needs much more reflection, and 'Farmer first' approaches, involving farmer participation, would help to ensure relevance. This hands-on delivery of information can be further supplemented, but not replaced, by exploring additional ways to reinforce this information: for instance through rapid growth of satellite TV cinemas in rural Tanzania, and through cell phone 'YouTube' type videos clips which capitalise on the recent uptake of cell phones by many remote villagers.

Whilst there can be some difficulty with using cell phones to post market information (people flock to markets where good prices are said to be), making the latest information on region specific inputs available through cell phones is still very useful. It may be difficult for a remote villager to travel to get advice on her yellowing cashew leaves, but she would be able to access the information or advice using her cell phone. Recorded voice messages could be used for illiterate farmers.

Issue 13: Farming system

Mixed cropping and intercropping farming system are widely used in all research sites which indicate a normal practice to all smallholders in the country. It was found that farmers mix crops or intercrop those crops which are not officially deemed suitable for intercropping. For example, cotton, which is a mono-crop, was mixed with either maize or cassava



or both. The effect of inappropriate land use may contribute to low yield of crops. The reasons for such practices need to be understood, and appropriate responses developed.

Recommendation 13: There is a need to strengthen and disseminate appropriate farming systems in order to improve crop husbandry as well as crop productivity.

Issue 14: Extension services

Extension staff are not adequately trained to implement monitoring and evaluation programmes/projects at Local Government Level (LGA). Interviews in Nkasi district recorded that Ward Extension Officers have certificate level training, which is inadequate with regard to the responsibilities of the post. We found project coordination and the pace of implementation was very slow and this is further compounded by shortage of extension staff at the village level.

In all the districts and villages where the study was done, nearly all extension officers, with some exceptions at the district level, do not have necessary equipment and means of transportation. A district agronomist said 'implementation of extension services in the district is hampered by lack of equipment and fuel for moving around the villages'. In some instances, we encountered difficulties along the roads during rainy season. In addition, implementation of monitoring and evaluation activities has been constrained by lack of fuel to run vehicles. All ward extension officers were required to submit monthly Monitoring and Evaluation reports as a condition for receiving monthly salaries.

Recommendation 14: Increase number of ward extension officers and upgrade their education/skills to diploma levels. Some extension agents do not travel to the villages. Thus, we must explore ways to improve accountability among agents.

Issue 15: Agro-processing

Agricultural processing is an important component in the value chain to improve farmers' income, agricultural product diversification, and reduce post harvest loss. Evidence from fieldwork indicates a low level of agro-processing which has not contributed to increasing incomes.

In pastoralist families, dairy products were rarely processed. Fresh milk was either sold raw or allowed to be converted to sour milk. In addition, the level of hygiene was very low and susceptibility of disease to consumers of their products is very high. Agro-processing of other crops is also important.

As we mentioned above, cooperative processing of cashews lightens dependence on the vagaries of foreign buyers. Processing also multiplies the market possibilities of raw product. It also generates local employment and enables local residents to retain the value added from processing rather than exporting to other regions or other countries to be processed. It also improves rural-urban terms of trade, enabling rural areas to export higher value goods rather than exporting low value, primary commodities and buying in high value manufactured and processed goods.

Recommendation 15: Scale up dissemination of simple processing technology tools developed by technological agencies such as SIDO and TIRDO to reach farmers and pastoralists countrywide.

Issue 16: Young farmers land access

Young farmers suffer from inadequate access to farm land as the size of their farm inheritance falls with each generation. This problem is made worse when the older generation, who are unable to till land, fear renting out unused land for fear the person leasing it in would plant crops on it or graze cattle then claim it as their own. As a consequence, the older generation with uncultivated land are not renting to the younger generation who face rapidly rising prices for farmland, making new land purchase unaffordable for many. For instance, in Newala, land prices have trebled over the last decade for cashew farm land, and quadrupled for maize.

Recommendation 16: Explore changes to customary rights which would enable effective functioning of the land and rental markets. Educate farmers so that they are not in any doubt about the safety of renting out land. This would put underutilised Tanzanian land resources to good use and at the same time solve some of the underemployment and poverty of young farmers currently heavily reliant on casual labour and petty trade.

Issue 17: Uncultivated clan land

Another problem relating to unclear land ownership is uncultivated family land held jointly among family members. In land scarce regions like Newala, much land is uncultivated as it is jointly owned with siblings who are not resident, and residents fear that if they cultivate the land or lease it out, their siblings will get angry at them for reducing its fertility. This problem is on the rise; with siblings migrating to urban regions for work, land left at home is not cultivated. Indeed, sometimes non-residents retain land simply to pass on to their own children when they grow



up. With the rise in feminised villages (women of all ages and only elderly men and children), it seems increasingly important for women to gain access to their male kins' unused land, because women are often responsible for financing the maintenance of children and ill elderly relatives.

Recommendation 17: Explore ways to enable residents' access to unused clan land through secure leasing agreements. Consider priority attention to female residents who have children to maintain.

Issue 18: Women's inheritance of land

It is well known that women lose access to assets – farm, livestock, and house – to their husband when separated, or to their husband's family when widowed. Both widowhood and separation are on the increase, resulting from male illness and the decline of polygamy in land scarce areas (farm simply cannot maintain two families). Yet, single women continue to be responsible for financing the costs of education, food and clothes of their children. And these costs are rising in recent years. When women seek help in securing a widow's share or a divorcee's share of land, customary law often prevails as disputes are adjudicated by local elders and clerics, which under traditional ethnic group or Sharia law, will allocate 1/3 or less of marital assets to women or only what she brought in to the marriage from parental inheritance. In Newala, only one woman had heard of legislation which entitles women to a fairer division of assets through the radio, none of the local officials (VEO, ward councillor, street chairman) had heard of this legislation.

Recommendation 18: Raise awareness among women and local officials of the need to enforce statutory land law (1999) legislation enabling women's titles to land inherited from parents and to receive fairer share after separation, divorce and widowhood.

Issue 19: Inflation in food costs and other basic needs

In Newala and elsewhere, people complained that inflation in the costs of food and other essentials in local markets have risen very rapidly over the past five years, not keeping in line with the very minor rise in the price their cashew and wages. This rise makes much quality food with protein and vitamins unaffordable – fish, chicken, beef, milk and some vegetables. This rapidly rising cost of food coincides

with the rise in numbers of people dependent on the market for food, as farm sizes decline. Thus, addressing this rapid inflation in essentials is crucial.

Recommendation 19: Explore ways to cap inflation on essentials. Enable freer cross-border trade to encourage import of lower-priced essentials over the border (e.g. from Mozambique). Reduce the costs of transport. Increase value added on primary products through processing locally.

The rise in the costs of living is reflected at the all Tanzanian level in the Figures below. Figure 2 shows that the consumer price indices for select indices have been rising since 2002, and rapidly since 2005 in all areas, most notably food. Figure 3 depicts the purchasing power of the shilling in terms of consumption at different times. Since November 2002, the value/purchasing power of 100 shillings has fallen to just 59 shillings and 28 cents in November 2009.

Issue 20: Rapid rise in costs of services

The rise in the costs of services, education, water and hospital fees are reducing money available for agricultural investment. People in all field sites found the additional contributions for education in addition to fees makes education unaffordable.

Recommendation 20: Explore ways to reduce additional local fees on service use, fees for school and uniform. We suggest uniforms (plus shoes) be abolished – the cost deters too many parents from sending their children to school.

Issue 21: Credit for poor farmers

SACCO credit for poorer farmers can be slim. For instance, in Kirando SACCO was considered 'a place for only the rich and businessmen'. However, burial societies and other women's rotating savings and credit associations (ROSCAs) were found to work very well in providing not merely crisis costs but also capital for agricultural investment. Some female ROSCAs were linked to SACCO through their treasurer who would be a 'SACCO member' on behalf of the group. This system worked very well, and serves as a model for increasing capital available to poor farmers.

Recommendation 21: If SACCO could build on this link between SACCO membership and burial societies and other well running ROSCAs, it could enhance the capital available to poor farmers which could be used to invest in new technology – oxen, seeds, fertilisers, pesticides.

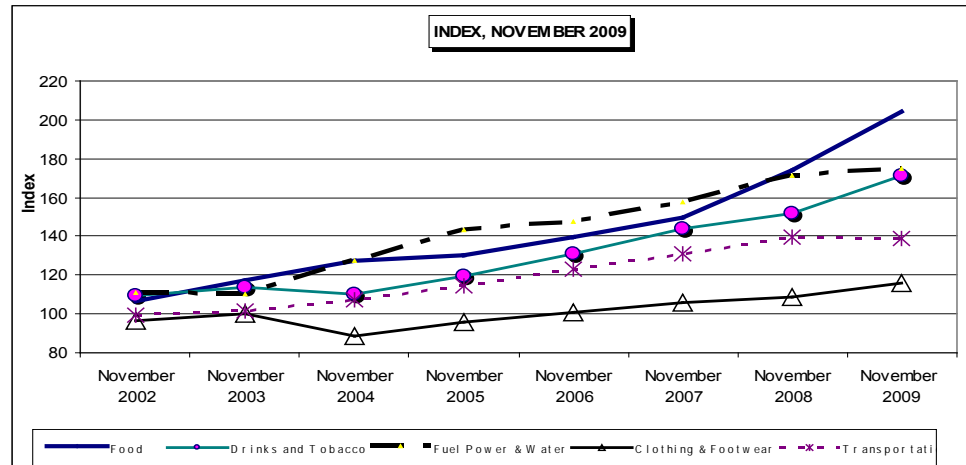
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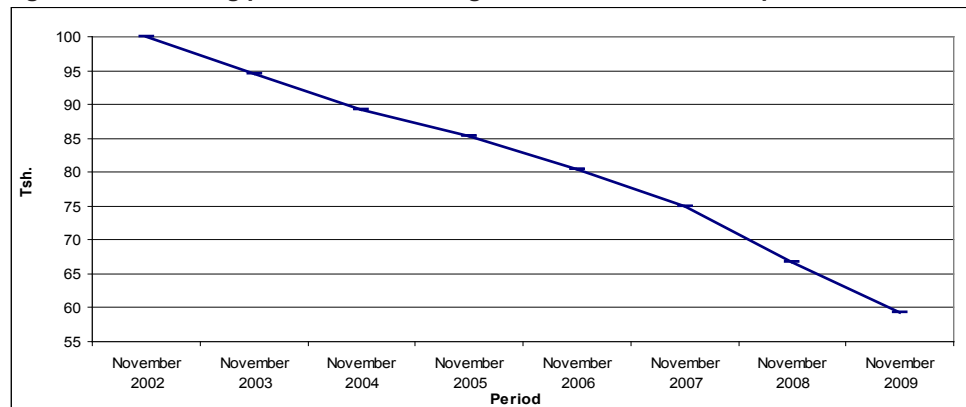
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Figure 2: The yearly trend in Consumer Price Indices, November 2002 to November 2009 by selected groups of indices



Source: National Bureau of Statistics, Statistics Release, 18th December 2009, Reference: NBS/S.40/21/435

Figure 3: Purchasing power of 100 shillings in November 2002 compared to November 2009



Notes: The National Consumer Price Index (NCPI) covers prices collected in 20 towns in Tanzania Mainland. Prices are gathered for 207 items. All prices collected are the prevailing market prices.

The NCPI is a statistical measure of goods and services bought by persons in urban areas, including all expenditure groups. It measures changes in price - not - expenditure - which are the most important cause of changes in the cost of living.

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Endnotes

- 1 See http://www.povertymonitoring.go.tz/documents/mkukuta_main_eng.pdf.
- 2 Undertaken by a joint Chronic Poverty Research Centre (www.chronicpoverty.org) research team from the Economic and Social Research Foundation, REPPPOA, Sokoine Agricultural University and the Ifakara Health Institute in Tanzania, and the Overseas Development Institute, London.
- 3 See 2001/02 Integrated Labour Force Survey (ILFS).
- 4 See for example the World Bank (2001)

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