

United Republic of Tanzania



Ministry of Industry, Trade and Marketing

Tanzania National Export Strategy (2010-2014)

*“To sustain development and wealth creation
through export-led growth in line with
MKUKUTA goals and cluster strategies”*

Final Report

8 May 2009

TABLE OF CONTENTS

Acknowledgements.....	iv
Foreword by the Champion of the Tanzania National Export Strategy.....	v
ABBREVIATIONS AND ACRONYMS.....	vi
1 INTRODUCTION	1
1.1 The Rationale for a National Export Strategy.....	1
1.2 Integration of the National Export Strategy with NSGRP/MKUKUTA.....	1
1.3 The vision and objectives	2
2 THE DESIGN PROCESS.....	3
2.1 Consultative Approach	3
2.2 Establishment of Sector Working Groups	3
2.3 Views of Stakeholders from the Regions.....	3
2.4 National Retreat	4
2.5 National Symposium	4
2.6 Technical Facilitation.....	4
3 STATUS OF TANZANIA’S NATIONAL EXPORT PERFORMANCE	5
3.1 Recent aggregate export performance	5
3.1.1 Country trade partner analysis	5
3.1.2 Product trade analysis.....	7
3.2 Regional trade analysis – SADC	10
3.3 Regional trade analysis – COMESA	11
4 CROSS CUTTING AND TRADE FACILITATION ISSUES.....	27
5 PRIORITY SECTORS	34
5.1 AGRICULTURAL SECTOR	35
5.1.1 Introduction and background	35
5.1.2 A vision for the agricultural sector.....	35
5.1.3 Assessment of the current status of the agricultural sector.....	36
5.1.3.1 Land and Livestock Resource	36
5.1.3.2 National and Sector Strategies.....	36
5.1.4 Key constraints to the development of the sector.....	44
5.1.5 The resource situation (current and projected)	46
5.1.6 Agriculture sector action matrices.....	48
5.1.6.1 – Food and Commodity Crops.....	48
5.1.6.2 - Livestock Sub-sector matrix	52
(See Annex 4 For detailed sub sector analysis of Livestock).....	52

5.1.6.3 - Organic Sub-sector matrix	56
(See Annex 1 For detailed sub sector analysis of Organic)	56
5.1.6.4 - Horticulture Sub-sector matrix	58
(See Annex 3 for detailed sub sector analysis of Horticulture)	58
5.1.6.5 - Fisheries Sub-sector matrix	60
(See Appendix 2 For detailed sub sector analysis of Fisheries)	60
5.2 TOURISM SECTOR	65
5.2.1 Introduction and background	65
5.2.3 A vision for the tourism sector	66
5.2.4 Assessment of the current state of the tourism sector	66
5.2.5 Key constraints to the development of the sector	67
5.2.6 Tourism sector action matrix	70
5.3 MINING SECTOR	74
5.3.1 Introduction and background	74
5.3.2 A vision for the mining sector	74
5.3.3 Assessment of the current state of the mining sector	74
5.3.4 Key constraints to the development of the sector	77
5.3.5 Mining sector SWOT analysis	79
5.3.6 The way forward – strategies and actions for the next 3-5 years	79
5.3.7 Mining sector action matrix	81
5.4 FORESTRY AND BEE-KEEPING SECTOR	85
5.4.1 Introduction and background	85
5.4.2 A vision for the forestry and bee-keeping sector	85
5.4.3 Assessment of the current status of the forestry and bee-keeping sector	86
5.4.4 Forestry and Bee-keeping sector action matrix	88
6 FINANCING THE STRATEGY	92
7 INSTITUTIONAL FRAMEWORK FOR IMPLEMENTATION	93
7.1 NES Management Structure	93
7.2 NES Steering Committee	93
7.3 NES Implementation Secretariat	93
ANNEX 1: Organic Sector Development Strategy	95
Mission	95
Current status	95
Stakeholders	96
Strategic targets	99

Main strategies	99
ANNEX 2 : Fisheries Sub-Sector Strategy	100
Table 23: The Fisheries sub sector in Tanzania.....	100
ANNEX 3: Horticulture Sub-Sector Development Strategy	105
Table 24: The horticultural sector in Tanzania.....	106
Table 25: SWOT analysis of the horticultural sub-sector.....	108
ANNEX 4: Livestock Sub-Sector Development Strategy	111
2.1 Vision.....	112
2.2 Objective	112
3.1 Meat production, processing and marketing	113
3.2 Hides and skin production and marketing.....	114
ANNEX 5: Field Survey Summaries.....	118
ANNEX 6: NES Kick-Start Workshop Programme, March 2008	138
ANNEX 7: Consultative meetings and participants	142



The National Export Strategy development process was an initiative carried out with the technical and financial support of the Commonwealth Secretariat and the consulting input from Imani Development



Acknowledgements

The process of formulating the Tanzania National Export Strategy was an initiative coordinated and led by the Ministry of Industry, Trade and Marketing. Day-to-day work during the design process was undertaken by a public-private national team, chaired by Mr Majengo, Acting Director – Trade Promotion and Marketing, Ministry of Industry, Trade and Marketing. Representatives of the Ministries of Agriculture, Livestock Development and Fisheries, National Resources and Tourism, Energy and Minerals, the Board of External Trade, the Tanzania Investment Centre, the Bank of Tanzania, Tanzania Chamber of Commerce, Industry and Agriculture, Confederation of Tanzania Industries, Tourism, Chamber of Mines, Agriculture Council of Tanzania, Tanzania Horticultural Association, were also included in the national team.

The process was personally championed by the Permanent Secretary for Industry, Trade and Marketing, initially Dr Stergomena Tax and subsequently, Mrs Joyce G K Mapunjo, and the national team drew strength from their strong support throughout the strategy formulation process.

The Commonwealth Secretariat provided technical and financial support to the process and the team is grateful to Mr I Njoroge, Trade Advisor, for his enthusiastic and supportive approach to designing an Export Development Strategy for Tanzania. A technical facilitating team from Imani Development Ltd, led by Mr J McGrath, provided technical assistance and guidance on international best practices throughout the process. The international consultants were supported by national experts from Daima Associates Ltd, led by Prof Samuel Wangwe.

The contributions of all the parties that were involved in the strategy development process are hereby gratefully acknowledged.

Ministry of Industry, Trade and Marketing
NSSF Waterfront Building
Sokoine Drive
PO Box 9503
Dar es Salaam
TANZANIA

Tel: +255 22 2127898/97
Fax: +255 22 2125832
E-mail: ps@mit.go.tz
Website: www.mitm.go.tz

Foreword by the Champion of the Tanzania National Export Strategy

To be inserted here...

...
...
...

Mrs Joyce G K Mapunjo
Permanent Secretary – Ministry of Industry, Trade and Marketing

ABBREVIATIONS AND ACRONYMS

ACT	Agricultural Council of Tanzania
ASDS	Agricultural Sector Development Strategy
ASDP	Agricultural Sector Development Programme
ASLM	Agricultural Sector Lead Ministries
BET	Board of External Trade
BOT	Bank of Tanzania
CBOs	Community Based Organisations
CTI	Confederation of Tanzania Industries
DADPs	District Agricultural Development Plans
EAC	East African Community
GDP	Gross Domestic Product
LDC	Least Developed Country
MAFSC	Ministry of Agriculture, Food Security and Co-operatives
MDAs	Ministry's Departments and Agencies
MEM	Ministry of Energy and Minerals
MDGs	Millennium Development Goals
MKUKUTA	Mkakati wa Kukuza Uchumi na Kuonda Umaskini
MITM	Ministry of Industry, Trade and Marketing
MID	Ministry of Infrastructure Development
MLDF	Ministry of Livestock Development and Fisheries
MLHHS	Ministry of Lands, Housing and Human Settlement Development
NIMP	National Irrigation Master Plan
MNRT	Ministry of Natural Resources and Tourism
MOFEA	Ministry of Finance and Economic Affairs
NGO	Non Governmental Organisation
NSGRP	National Strategy for Growth and Reduction of Poverty
PMO	Prime Minister's Office
PMO-RALG	Prime Minister's Office – Regional Administration and Local Government
PPP	Public Private Partnership
RDS	Rural Development Strategy
SIDO	Small Industries Development Organisation
SMEs	Small and Medium Sized Enterprises
SUA	Sokoine University of Agriculture
TAFIRI	Tanzania Fisheries Research Institute
TAFORI	Tanzania Forestry Research Institute
TAHA	Tanzania Horticultural Association
TANEXA	Tanzania Exporters Association
TBS	Tanzania Bureau of Standards
TCME	Tanzania Chamber of Mines and Energy
TCT	Tanzania Confederation of Tourism
TCCIA	Tanzania Chamber of Commerce, Industry and Agriculture
TDV	Tanzania Development Vision
TFDA	Tanzania Food and Drugs Authority
TIC	Tanzania Investment Centre
TIFPA	Tanzania Industrial Fishing and Processing Association
TOA	Tanzania Organic Association
TPSF	Tanzania Private Sector Foundation
TRA	Tanzania Revenue Authority
TTIS	Tanzania Trade Integration Strategy
WTO	World Tourism Organization

1 INTRODUCTION

1.1 The Rationale for a National Export Strategy

The Ministry of Industry, Trade and Marketing is leading efforts to formulate a National Export Strategy for Tanzania. A subsidiary effort is also underway to prepare a Zanzibar Export Development Strategy, coordinated by the Zanzibar Ministry of Tourism, Trade and Investment.

Exporting is potentially a very powerful means of raising incomes, generating employment and reducing poverty. Sustained growth in export earnings is most effectively achieved where both the public and private sectors agree to coordinate activities around a prioritised and ambitious, but realistic, export development strategy.

Over recent years, Tanzania's export performance, despite respectable growth, has performed below expectations. Hence, the aim of the Tanzania National Export Strategy is to critically assess recent export performance and trends, highlight obstacles to increased export competitiveness, establish priorities for the years ahead, and form a partnership between the public and private sectors aimed at realising the goal of accelerating Tanzania's export performance.

1.2 Integration of the National Export Strategy with NSGRP/MKUKUTA

MKUKUTA is Tanzania's national development plan and, in line with the Millennium Development Goals, spells out key deliverables that are to be achieved via three main clusters, namely:

- Economic growth and the reduction of income poverty;
- Social services and well-being; and,
- Good governance and national unity.

Under the first cluster of MKUKUTA, the broad outcome is to achieve high and sustainable pro-poor growth with three specific goals:

- Create an enabling environment for high and sustainable growth;
- Promote sustainable, broad based pro-poor growth; and,
- Reduce income poverty and attain overall food security.

The Government of Tanzania formulated and adopted a National Trade Policy (NTP) in 2003 with four pillars that support export development. These pillars are;

- the creation of an enabling business environment,
- the establishment of EPZs,
- the establishment of an Export Development Institutional framework, and
- the establishment of an Export Development Fund.

Recognising the challenges of addressing the constraints to improved export performance, the National Trade Policy states that:

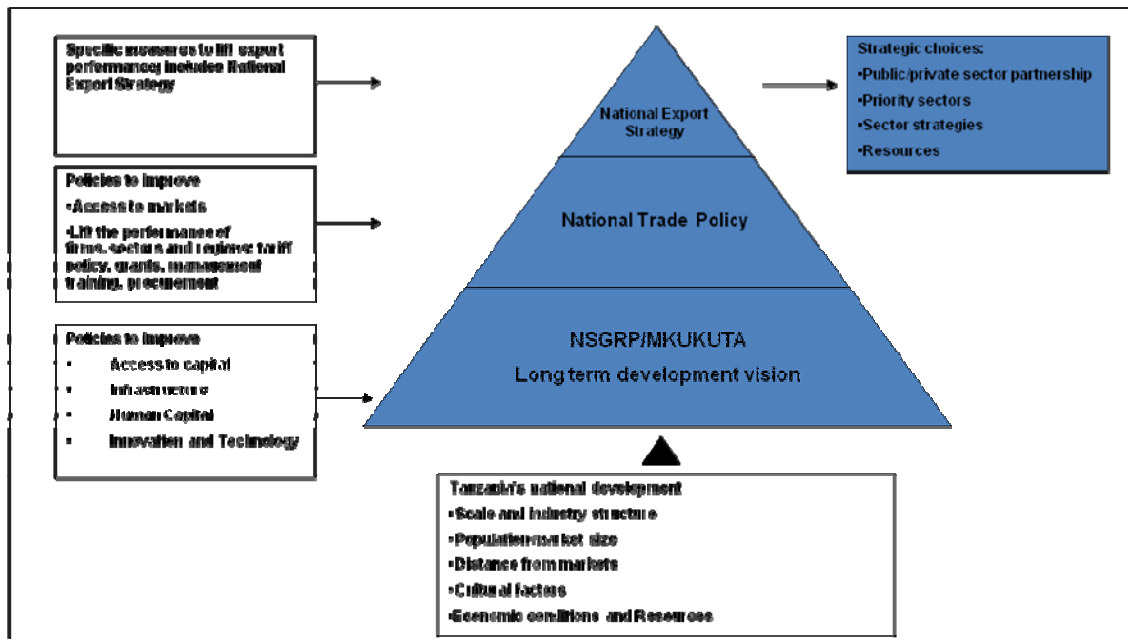
“...the incidence of so many unimplemented export development reports is, undoubtedly, attributable to the institutional set-up in the sector and the trend of tackling the export question solely through promotional initiatives while the binding constraint lies with the development of supply capacity. The reorientation of the

Tanzanian economy towards exporting calls for the establishment of institutional capacity for export development to be given priority side by side with export promotion and facilitation.”

Thus the development of a national export strategy will to a great extent address the issues that the NTP has identified as impeding the performance of exports in Tanzania.

The Export Development Strategy fits at the apex of the policy structure for national development with regard to trade and private sector development in Tanzania (see Figure 1 below).

Figure 1: National Export Strategy framework for Tanzania



The National Export Strategy also draws upon a number of other recent initiatives with regard to trade, including:

- Tanzania Trade and Integration Strategy;
- Integrated Framework process;
- Draft Private Sector Development Strategy;
- 1996 Export Development Strategy
- *Mkakati wa kukuza mauzo nje* (the “Quick Wins” Export Strategy)

1.3 The vision and objectives

The vision for the National Export Strategy is:

“To sustain development and wealth creation through export led growth in line with MKUKUTA goals and cluster strategies”

The implementation of the strategy is planned to run from 1 January 2010 until 31 December 2014, a total of 5 years.

2 THE DESIGN PROCESS

2.1 Consultative Approach

The design of the Tanzania National Export Strategy was carried out in a highly consultative and participatory process as part of efforts to develop a strategy that addresses the constraints and needs of the entire united republic, both mainland and islands.

The initial concept was first raised by the Board of External Trade, the institution responsible for promoting exports across the United Republic of Tanzania, in late 2007. A request for technical and financial assistance was made by Tanzania to the Commonwealth Secretariat in London, UK. Following a positive response from the Commonwealth Secretariat in early 2008, initial consultations were carried out with senior officials of the Ministry of Industry, Trade and Marketing. The concept was endorsed and the Permanent Secretary, Dr Stergomena Tax-Bamwenda, agreed to personally champion the process.

In March 2008, a launch workshop took place in Whitesands Hotel in Dar es Salaam where a national team of stakeholders was formed, under the chairmanship of the Ministry of Industry, Trade and Marketing to lead the process. The team, with the a view towards reflecting a balance of opinions from the public and private sectors, comprised representatives from the Ministry of Industry, Trade and Marketing, Ministry of Agriculture, Food Security and Co-operatives, Ministry of Energy and Mines, Ministry of Livestock Development and Fisheries, Ministry of Natural Resources and Tourism, Ministry of Infrastructure and Development, Prime Minister's Office, Board of External Trade, Tanzania Bureau of Standards, Confederation of Tanzania Industries, Tanzania Chamber of Commerce, Industry and Agriculture, Tanzania Exporters' Association, Agricultural Council of Tanzania, Tanzania Confederation of Tourism, Tanzania Chamber of Mines, Tanzania Private Sector Foundation.

2.2 Establishment of Sector Working Groups

The team reconvened in July 2008 and established sector working groups in key priority export sectors, namely: agriculture; mining; tourism; forestry and bee-keeping; and cross-cutting issues. The priority sectors resulted from the work already carried out on the Quick Wins document. These sector teams then met several times during August, September, October and November 2008, deliberated on challenges facing their respective sectors and compiled reports to be incorporated in the National Export Strategy document.

2.3 Views of Stakeholders from the Regions

In order to gather the input of stakeholders from the regions, field research and private sector consultations by Imani in collaboration with Daima, BET and TCCIA was conducted in September 2008 in selected regions on a zonal basis, namely: Eastern and Coastal Zone (DSM, Morogoro, Tanga); Northern Zone (Kilimanjaro, Arusha); Lake Zone (Mwanza); Western Zone (Tabora, Kigoma); Southern Highlands Zone (Iringa, Mbeya); Southern Zone (Mtwara); and Central Zone (Dodoma, Singida). A questionnaire was devised and used to collect the information. The information collected was categorised into the nine sections of Export Market and Competition, Government Support, Trade Agreements, Barriers to Trade, Supply Constraints, Laws of Tanzania, Technical Assistance and General Remarks. The field survey results were then submitted to the Sector Teams and the information incorporated into the respective sector strategies. A summary of the field survey results has been included in *Annex 7*.

2.4 National Retreat

A National Retreat was held on the 16 and 17 December 2008 in Bagamoyo where the national team spent an intensive period preparing a first draft of the National Export Strategy. This document served as an initial consultation document in order to facilitate further engagement and contribution from a wider group of stakeholders.

2.5 National Symposium

A National Symposium was convened in Dar es Salaam on 9th April 2009 where some 100 stakeholders came together to voice their opinions and endorse the strategy document for implementation.

2.6 Technical Facilitation

Throughout the design process, the Tanzanian team has been supported by an Imani Development technical facilitation team who have provided guidance on methodological issues and international best practices, and technical backstopping.

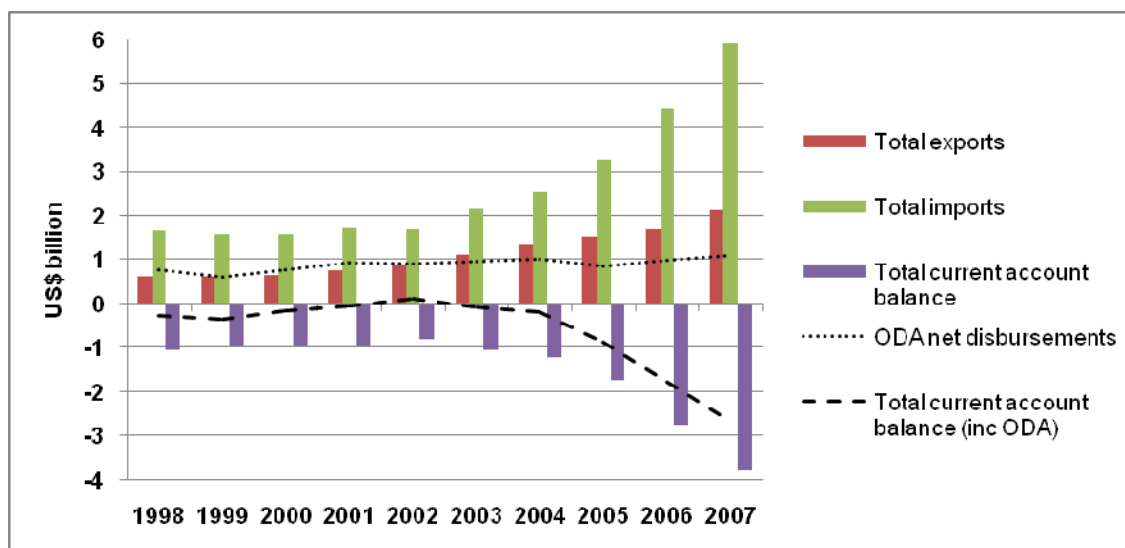
3 STATUS OF TANZANIA'S NATIONAL EXPORT PERFORMANCE

3.1 Recent aggregate export performance

Throughout most of the 1990s, Tanzania's trade performance was comparatively stable. Annual exports were of an order of US\$ 0.6-0.7 billion, imports around US\$ 1.5-1.7 billion, thus resulting in a current account deficit in the region of US\$ 1 billion per year. Essentially this deficit has been financed by disbursements of official development assistance which have climbed steadily over the past decade to now reach some US\$ 1 billion per year.

From around 2001 Tanzania's exports began to grow strongly, more than doubling in a five year period to reach US\$ 2.14 billion in 2007. However as export performance has strengthened, imports have accelerated at a rate significantly in excess of the extra purchasing power generated through export growth. Over the same five year period to 2007, imports have more than tripled, reaching US\$ 5.92 billion in 2007. This has led to a massive deterioration in the current account balance, with the deficit in 2007 sliding to US\$ 3.78 billion. See Figure 2 for more detail.

Figure 2: Tanzania – aggregate trade performance, 1998-2007



Source: UN COMTRADE and OECD/DAC

The analysis that follows in this paper, attempts to analyse the nature and structure of Tanzania's changing trade performance with a view to assessing what opportunities lay ahead to improve national export performance.

3.1.1 Country trade partner analysis

Table 1 (below) shows a breakdown of Tanzania's exports by country over the last five years. The data gives an indication of major changes currently occurring with regard to Tanzania's principle destinations for export trade. In 2006, Switzerland became Tanzania's largest export destination accounting for 21.7 percent of Tanzania's exports. In 2002, Switzerland was not even among the two twenty destinations for Tanzania's exports. Similarly, exports to South Africa have grown very strongly from a comparatively low base, accounting in 2006 for 14.3 percent of Tanzania's exports. Exports to China have also grown strongly and the country is

now Tanzania's third most important trading partner. Exports to Germany and the Netherlands have also seen growth, as has trade with Kenya.

In contrast, exports to the United Kingdom appear to have collapsed. Previously and until 2004, the UK was the primary destination for Tanzanian exports. In 2006 the UK dropped to become only the eighth most important export destination for the country.

Table 1: Tanzania – exports in US\$ 000, top fifteen countries, 2002-2006

Destination country	2002	2003	2004	2005	2006
World	901,362	1,218,387	1,465,834	1,544,518	1,689,863
Switzerland	5,671	12,604	30,090	146,038	367,234
South Africa	16,712	39,095	120,252	292,261	241,825
China	720	4,084	71,321	99,141	150,301
Germany	27,890	30,901	34,282	78,166	112,717
Netherlands	54,533	67,758	60,488	98,642	102,068
Kenya	35,727	83,422	90,050	80,433	97,813
Japan	97,342	88,653	64,974	72,241	82,013
United Kingdom	159,254	386,899	473,152	132,117	70,209
India	64,940	74,412	104,178	79,450	63,752
United Arab Emirates	14,555	16,601	18,711	35,682	47,303
Italy	24,709	23,409	28,281	40,255	34,971
Belgium	21,459	35,578	26,896	37,002	29,237
Democratic Republic of the Congo	16,009	36,511	41,556	13,328	23,082
United States of America	13,664	11,367	15,245	17,847	20,683
Uganda	5,553	48,106	55,579	20,848	20,415

Source: UN COMTRADE

With regards to imports (shown in Table 2) the general pattern is one of strong import growth across almost all trading partners, with little change in terms of the order of importance of countries. South Africa was the largest source of imports across most years of reported data and held the top spot in 2006, accounting for 12.3 percent of imports. The United Arab Emirates and Bahrain have emerged as significant sources of imports to Tanzania, accounting for 11.3 and 9.2 percent of imports respectively in 2006. Indeed, Bahrain briefly overtook South Africa to emerge as Tanzania's largest source of imports in 2005. For the most part, this represents Tanzania's growing energy import requirements.

China, Saudi Arabia, Japan and India have all seen strong growth in trade with Tanzania, with imports growing by several multiples in all cases.

Table 2: Tanzania – imports in US\$ 000, top fifteen countries, 2002-2006

Source country	2002	2003	2004	2005	2006
World	1,691,193	2,189,484	2,531,186	3,274,674	4,439,512
South Africa	190,837	306,262	331,035	404,006	546,760
United Arab Emirates	98,138	146,456	184,922	206,689	500,911
Bahrain	71,136	158,334	157,265	507,259	409,350
China	79,834	116,113	171,727	223,746	308,605
Saudi Arabia	47,791	51,307	55,511	43,829	252,813
Japan	140,234	169,674	180,900	210,083	252,074
India	108,005	167,396	216,439	191,283	237,090
Indonesia	62,677	75,858	86,598	91,720	158,424
Kenya	96,248	116,239	130,336	174,727	157,431
United Kingdom	95,944	108,153	110,421	124,672	156,876
Germany	60,659	68,824	75,401	89,645	152,185
United States of America	92,377	69,503	78,207	103,004	121,863
Malaysia	12,689	17,626	19,380	21,329	95,899
Italy	45,450	39,703	40,601	41,419	91,482
Netherlands	27,674	32,129	42,814	69,158	86,195

Source: UN COMTRADE

3.1.2 Product trade analysis

Table 3 (below) shows the top fifteen products exported by Tanzania over the last five years. The exports are disaggregated at the 4-digit HS code level. The data presented indicates that while the major driver of improved export performance over recent years have been very strong growth in mineral exports, a number of more traditional sectors have also performed well.

Exports of gold more than doubled between 2002 and 2006, and further cemented the commodity's position as most important foreign exchange earner for Tanzania, accounting for 34.9 percent of total national exports. Other precious metal ores and concentrates held the number two position in 2006.

Growth in exports of commodities can often undermine the production of non-mineral exports through crowding out of scarce resources, exchange rate appreciation and loss of competitiveness (a process known as “Dutch disease”). There does not, as yet, appear to be any evidence of this problem occurring in Tanzania as exports of fish fillets, un-manufactured tobacco and coffee all grew strongly during the period of analysis, roughly doubling in most cases. Exports of nuts and tea were roughly stable, while cotton exports saw not unimpressive growth.

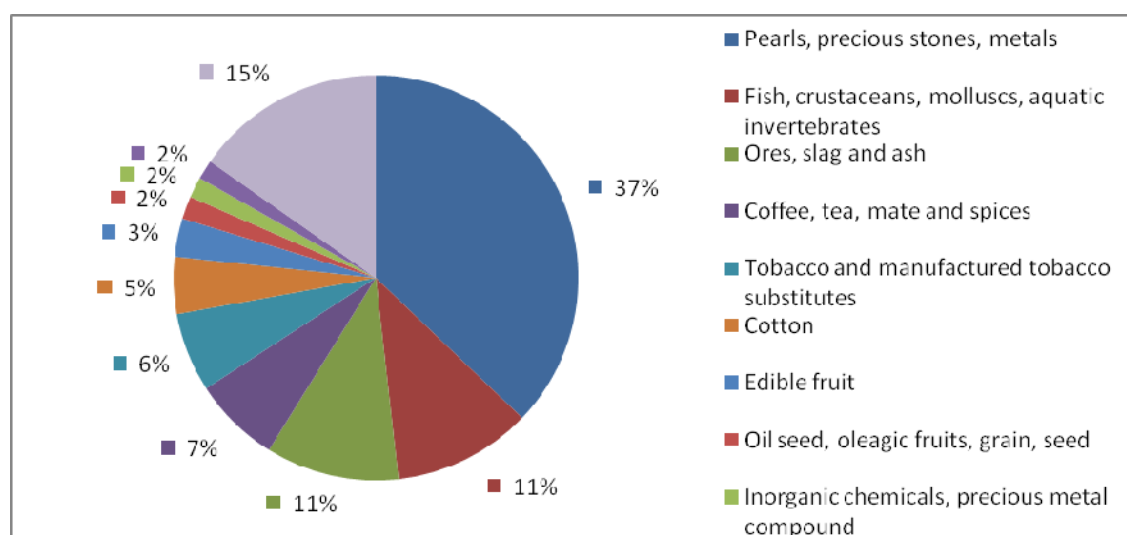
Table 3: Tanzania – exports in US\$ 000, top fifteen products, 2002-2006

HS Code (4 digit)	Product label	2002	2003	2004	2005	2006
TOTAL	All products	901,362	1,218,387	1,465,834	1,544,518	1,689,863
7108	Gold unwrought or in semi-manuf forms	268,476	438,079	524,596	551,208	589,430
2616	Precious metal ores and concentrates	75,237	60,992	105,502	101,945	179,616
0304	Fish fillets and pieces, fresh, chilled or frozen	102,553	114,010	106,313	129,257	170,628
2401	Tobacco unmanufactured; tobacco refuse	50,346	45,856	60,813	133,225	104,319
0901	Coffee	35,224	49,196	49,512	79,460	75,069
0801	Brazil nuts, cashew nuts & coconuts	47,349	43,627	69,035	47,412	50,992
5201	Cotton, not carded or combed	25,857	40,793	50,343	68,812	45,931
0902	Tea	29,639	24,756	30,116	26,677	33,709
2811	Inorganic acids, nes & other inorganic oxygen compounds of non-metals	0	47	9	13	27,424
7102	Diamonds, not mounted or set	22,005	28,131	26,018	6,362	24,756
1207	Oil seeds	9,387	11,115	20,138	20,075	22,762
5203	Cotton, carded or combed	2,423	5,167	23,179	41,467	22,581
0713	Dried vegetables, shelled	15,199	23,689	17,266	30,570	20,980
6304	Furnishing articles nes, excluding 94.04	3,051	5,948	11,487	7,768	13,411
7103	Precious & semi-precious stone, not strug,	20,785	18,580	24,613	27,038	13,119

Source: UN COMTRADE

Figure 3 shows the distribution of exports according to shares of Tanzania's total exports in 2006.

Figure 3: Tanzania – key exported products in 2006, share of total



Source: UN COMTRADE

As with the country analysis, while exports of key products have grown strongly over recent years, imports of key products have grown even more strongly. Table 4 shows Tanzania's imports disaggregated into the top fifteen products. As in all net-energy importers, rising world prices for oil have taken their toll on Tanzania's balance of trade. Imports of petroleum jumped massively from US\$ 189,000 in 2002, to US\$ 1,052,000 in 2006, accounting for some 23.7 percent of national imports in that year, up from 11.1 percent in 2002. Imports of palm oil rose by a similar magnitude over the same period.

While imports of capital equipment and raw materials did grow over the same 2002-2006 period, very strong growth in products such as cars (more than doubling to reach US\$ 164 million in 2006), wheat (also more than doubling to reach US\$ 121 million in 2006) would indicate a growing share of consumption from abroad due to rising affluence.

Table 4: Tanzania – imports in US\$ 000, top fifteen products, 2002-2006

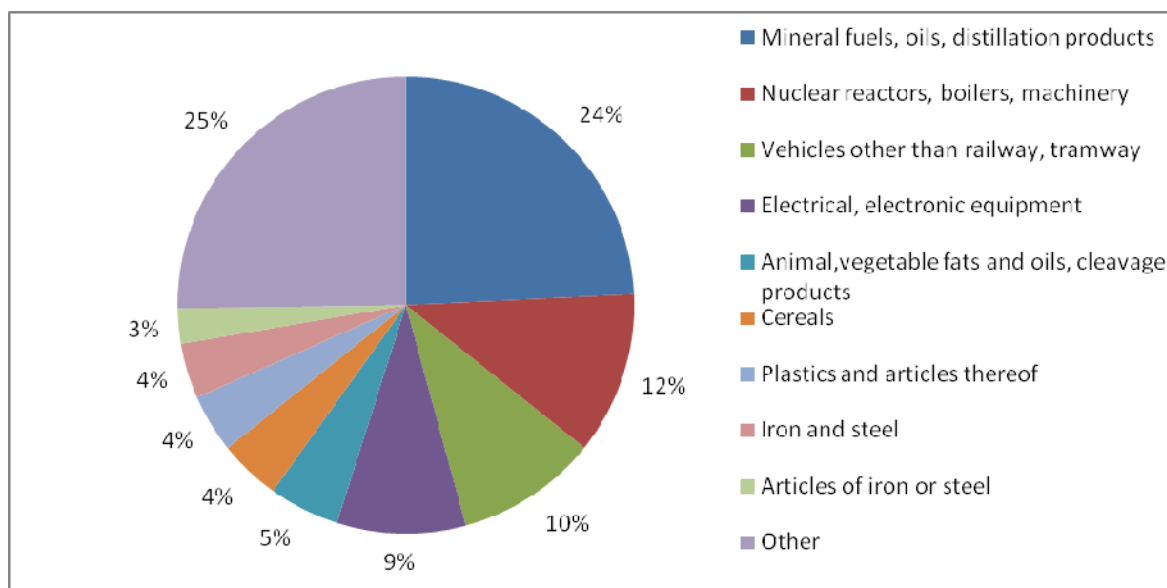
HS Code (4 digit)	Product label	2002	2003	2004	2005	2006
TOTAL	All products	1,691,193	2,189,484	2,531,186	3,274,674	4,439,512
2710	Petroleum oils, not crude	188,525	394,193	400,671	703,072	1,052,305
1511	Palm oil & its fraction	57,010	73,877	74,288	87,705	209,581
8703	Cars (incl. station wagon)	63,638	72,030	78,265	119,789	164,445
1001	Wheat and meslin	58,404	76,823	119,201	86,875	121,182
7208	Flat-rolled products of iron/non-al/s width>=600mm,hr,not clad	17,856	30,747	47,122	88,613	120,038
8704	Trucks, motor vehicles for the transport of goods	67,778	64,394	72,629	87,181	118,028
8525	Television camera, transmission app for radio-telephony	4,725	8,627	13,305	29,638	92,126
8502	Electric generating sets and rotary converters	10,596	17,685	11,444	14,636	84,973
3004	Medicament mixtures (not 3002, 3005, 3006), put in dosage	21,987	27,302	34,798	79,925	73,317
6908	Glazed ceram flags & paving, hearth/wall tiles; mosaic cube	5,190	4,925	6,913	9,690	69,661
4011	New pneumatic tires, of rubber	21,704	29,586	32,692	51,457	67,894
3901	Polymers of ethylene, in primary forms	16,250	21,295	34,623	51,855	60,277
8529	Part suitable for use solely/princ with televisions, recpt app	3,157	3,178	6,222	53,100	56,311
8431	Machinery part (hd 84.25 to 84.30)	21,165	26,338	47,413	46,827	51,129
1005	Maize (corn)	11,953	11,480	25,682	3,325	50,000

Source: UN COMTRADE

As above,

Figure 4 shows a distributional breakdown of Tanzania's key imported products in 2006 according to shares of total national imports.

Figure 4: Tanzania – key imported products in 2006, share of total



Source: UN COMTRADE

3.2 Regional trade analysis – SADC

Tanzania has seen trade with partners in the **Southern Africa Development Community** (SADC) grow strongly over the last five years. Export growth has been driven overwhelmingly by pearls, precious stones and metals where exports have surged from just US\$ 3.7 million in 2002, to US\$217 million in 2006, accounting for 68.7 percent of exports to the regional grouping (see Table 5 below).

Table 5: Tanzania – exports to SADC countries in US\$ 000, top ten products, 2002-2006

HS code (2 digit)	Product label	2002	2003	2004	2005	2006
TOTAL	All products	73,541	121,782	213,569	338,145	316,121
71	Pearls, precious stones, metals, coins, etc	3,739	27,893	105,363	282,737	217,136
11	Milling products, malt, starches, inulin, wheat gluten	4,173	5,330	9,988	1,308	8,535
09	Coffee, tea, mate and spices	277	399	821	1,750	6,250
10	Cereals	23,110	15,229	1,643	1,706	6,134
34	Soaps, lubricants, waxes, candles, modelling pastes	3,068	4,903	5,460	6,536	6,127
31	Fertilizers	23	618	6,855	839	5,888

88	Aircraft, spacecraft, and parts thereof	0	87	36	25	5,783
03	Fish, crustaceans, molluscs, aquatic invertebrates nes	788	1,320	1,759	5,997	5,382
63	Other made textile articles, sets, worn clothing etc	1,211	4,531	8,305	3,908	5,068
24	Tobacco and manufactured tobacco substitutes	15,188	9,448	7,612	1,270	4,969

Source: UN COMTRADE

Imports from SADC have also grown strongly over the period of analysis to reach a total of US\$ 602 million in 2006, implying a deficit with the regional grouping of some US\$ 286 million. As can be seen from Table 6, Tanzania's principle imports from SADC comprise of a mixture of intermediate and capital goods (boilers and machinery; mineral fuels; plastics; iron and steel; paper and paperboard), as well as final consumption goods (vehicles, cosmetics).

Table 6: Tanzania – imports from SADC countries in US\$ 000, top ten products, 2002-2006

HS code (2 digit)	Product label	2002	2003	2004	2005	2006
TOTAL	All products			365,962	446,843	602,260
85	Electrical, electronic equipment			25,325	30,053	105,901
72	Iron and steel			51,936	85,193	105,187
87	Vehicles other than railway, tramway			22,883	32,315	55,779
84	Nuclear reactors, boilers, machinery, etc			47,470	48,359	47,309
27	Mineral fuels, oils, distillation products, etc.			21,899	19,231	38,202
39	Plastics and articles thereof			18,836	26,920	34,622
73	Articles of iron or steel			19,367	24,172	24,591
17	Sugars and sugar confectionery			16,343	19,049	22,599
33	Essential oils, perfumes, cosmetics, toiletries			10,829	17,254	22,328
48	Paper & paperboard, articles of pulp, paper and board			19,699	25,022	19,506

Source: UN COMTRADE

3.3 Regional trade analysis – COMESA

While not a member of the **Common Market for Eastern and Southern Africa (COMESA)**, Tanzania is surrounded by COMESA member states and hence records a large amount of trade with the regional grouping. Over the last five years exports to COMESA have also grown strongly, although not to the same extent as in SADC. Total exports to COMESA grew from US\$ 110 million in 2002, to US\$ 197 million in 2006 (see Table 7 below). Exports of inorganic chemicals, precious metal compounds and isotopes have become the largest commodity exported to COMESA, but strong growth performances have occurred in more traditional sectors such as cotton and milling products. Coffee remains a key export to the region. Growth in exports of iron and steel, clothing, plastics and fertilizers would imply a growing importance of Tanzania as a hub for transit trade into the region.

It is interesting to note that in 2002, COMESA was a larger export market for Tanzania than SADC. However, stronger growth in exports to SADC over the last five years means that exports to SADC are now more than 50 percent greater than to COMESA.

Table 7: Tanzania – exports to COMESA countries in US\$ 000, top ten products, 2002-2006

HS code (2 digit)	Product label	2002	2003	2004	2005	2006
TOTAL	All products	109,945	231,192	263,079	158,476	197,313
28	Inorganic chemicals, precious metal compound, isotopes	82	153	333	417	27,735
52	Cotton	2,296	3,787	8,628	10,804	18,525
09	Coffee, tea, mate and spices	18,340	14,580	18,376	14,471	18,331
03	Fish, crustaceans, molluscs, aquatic invertebrates nes	3,294	46,098	40,596	20,130	12,534
11	Milling products, malt, starches, inulin, wheat gluten	6,989	8,760	16,055	2,801	11,282
72	Iron and steel	1,238	6,377	10,502	11,088	9,893
63	Other made textile articles, sets, worn clothing etc	2,786	7,046	12,729	9,882	9,058
39	Plastics and articles thereof	1,430	2,564	3,188	6,214	7,560
10	Cereals	27,086	51,625	44,007	12,988	7,451
31	Fertilizers	58	1,120	7,166	782	6,848

Source: UN COMTRADE

Imports from COMESA have grown at a similar rate as exports to the regional grouping; hence Tanzania continues to run a modest trade deficit with COMESA countries. Imports of ceramic products have emerged as the largest imported product in 2006 with some US\$ 59.5 million imported (see Table 8 below).

Table 8: Tanzania – imports from COMESA countries in US\$ 000, top ten products, 2002-2006

HS code (2 digit)	Product label	2002	2003	2004	2005	2006
TOTAL	All products	130,850	157,109	188,098	240,277	244,195
69	Ceramic products	720	684	935	1,223	59,466
27	Mineral fuels, oils, distillation products, etc.	25,282	46,254	51,165	68,610	28,489
84	Nuclear reactors, boilers, machinery, etc	10,156	10,571	6,287	18,677	16,067
33	Essential oils, perfumes, cosmetics, toiletries	11,428	10,252	8,710	14,622	16,003
87	Vehicles other than railway, tramway	3,241	3,699	5,354	9,945	8,814
31	Fertilizers	1,165	1,103	5,922	3,272	8,755
10	Cereals	2,555	2,010	9,544	8,765	8,134
94	Furniture, lighting, signs, prefabricated buildings	1,706	2,102	2,719	2,327	8,116
74	Copper and articles thereof	636	1,207	1,561	2,321	6,701
73	Articles of iron or steel	2,211	3,113	2,648	3,335	6,030

Source: UN COMTRADE

3.4 Regional trade analysis – the European Union

As with many other ACP countries, the countries of the European Union remain a key export destination. However in the case of Tanzania, exports to the 27 EU member states have followed a somewhat erratic and declining pattern. In 2002, total exports to the EU were US\$ 480 million (accounting for more than half of Tanzania's total exports), but while exports to the EU grow strongly in 2003 and 2004, they then declined sharply in 2005 and 2006. In the more recent reported year (2006), exports to the EU had fallen below the 2002 level to US\$ 392 million (now accounting for less than a quarter of Tanzania's total exports, due to strong growth in other markets). As can be seen from Table 9 on the next page, the main reason for this pattern was due to changing destinations for Tanzania's exports of precious minerals. It appears to be the case that a large proportion of Tanzania's gold exports have switched from a destination within the EU to Switzerland (which is outside the EU).

At the same time, Tanzania has seen good performances from other sectors with strong export growth recorded in fish, tobacco and coffee (all approximately doubling in value between 2002 and 2006). Exports and edible fruit also grew very strongly over the period of analysis, albeit from a low base.

Table 9: Tanzania – exports to EU27 countries in US\$ 000, top ten products, 2002-2006

HS code (2 digit)	Product label	2002	2003	2004	2005	2006
TOTAL	All products	479,925	647,372	668,809	422,535	391,915
03	Fish, crustaceans, molluscs, aquatic invertebrates nes	75,861	62,958	62,222	77,109	130,975
24	Tobacco and manufactured tobacco substitutes	34,843	35,161	48,980	104,295	78,362
71	Pearls, precious stones, metals, coins, etc	278,738	444,490	439,977	117,113	63,748
09	Coffee, tea, mate and spices	27,494	35,998	35,148	48,781	54,229
06	Live trees, plants, bulbs, roots, cut flowers etc	10,262	12,113	11,294	13,168	8,341
52	Cotton	5,428	5,963	7,835	11,380	6,959
17	Sugars and sugar confectionery	9,050	8,399	8,164	8,051	6,805
18	Cocoa and cocoa preparations	4,564	6,976	6,315	5,159	6,683
08	Edible fruit, nuts, peel of citrus fruit, melons	1,105	1,884	3,965	2,636	6,089
12	Oil seed, oleagic fruits, grain, seed, fruit, etc, nes	2,683	2,871	6,727	3,563	5,282

Source: UN COMTRADE

While Tanzania's exports to the EU have declined over the last five years, imports have followed a relentless upward path reaching US\$769 million in 2006 (see Table 10). However, the bulk of imports have tended to be capital and intermediate goods in sectors such as boilers and machinery, electrical equipment, vehicles, iron and steel, fertilizers etc.).

Table 10: Tanzania – imports from EU27 countries in US\$ 000, top ten products, 2002-2006

HS code	Product label	2002	2003	2004	2005	2006
---------	---------------	------	------	------	------	------

(2 digit)						
TOTAL	All products	373,707	434,615	477,938	632,388	769,484
84	Nuclear reactors, boilers, machinery, etc	93,236	111,968	127,752	144,616	176,897
85	Electrical, electronic equipment	38,855	58,297	58,825	113,228	153,499
87	Vehicles other than railway, tramway	50,744	43,107	40,813	61,031	88,508
10	Cereals	8,156	5,155	376	1,010	48,428
30	Pharmaceutical products	14,738	23,216	18,656	51,384	32,076
73	Articles of iron or steel	13,213	11,501	14,042	19,305	25,150
31	Fertilizers	8,870	10,441	22,474	20,098	23,069
27	Mineral fuels, oils, distillation products, etc.	1,752	7,059	11,901	6,927	22,820
90	Optical, photo, technical, medical, etc apparatus	11,735	16,387	20,524	17,296	20,639
39	Plastics and articles thereof	13,307	17,574	19,101	28,760	18,599

Source: UN COMTRADE

3.5 Stages of production for imports and exports

Finally, Table 11 below gives a presentation of the stages of production of Tanzania's exports and imports. Intermediate goods account for the greatest share of both exports (47.3 percent) and imports (62.9 percent). Just over 22 percent of Tanzania's exports are finished consumer goods, a respectable share for a low-income developing country. 19.3 percent of imports are capital goods, implying a substantial degree of investment for future production.

Table 11: Tanzania – classification of exports and imports according to stage of production

	Value in 2006 (A+B+C+D)	Primary % (A)	Intermedia tes % (B)	Capital goods % (C)	Consume r goods % (D)
Total exports	US\$ 1.690 billion	29.9	47.3	0.5	22.2
Total imports	US\$ 4.440 billion	5.0	62.9	19.3	12.8

Source: ITC

3.6 Key export performance assessment

3.6.1 Export potential – market competitiveness analysis

An analysis of the distribution of Tanzania's current exports gives an indication as to which destination markets the country is over-performing, and which markets the country is underperforming. Based on export trends for Tanzania over the last few years, Table 12 shows the top thirty export destinations¹ and describes relative trade potential for each country. The top thirty countries are ranked on a scale of 1 to 5 according to whether Tanzania's export share in that market is above or below potential.

¹ Note that the order of the list in

Table 12 differs somewhat from that in Table 1, reflecting the changing distribution of Tanzania's export destinations

A score of 1 (Very strong current trade (above predicted)) occurs when the share of Tanzania's exports to that country is significantly above Tanzania's world market share in any given product (or aggregate of products). Similarly a score of 5 (High untapped trade potential) occurs when the share of Tanzania's exports to that country is significantly below Tanzania's world market share. Thus a score of 4 or 5 would indicate that there is significant scope for an expansion in exports, while a score of 1 or 2 would suggest that further expansion in that particular sector or market would be difficult (although certainly not impossible, especially in a growing market).

Hence

Table 12 shows the scores of each of the top thirty destinations for Tanzania, and where a score of 4 or 5 (Untapped trade potential *or* high untapped trade potential) is found in a product sector, this is indicated in the table along with applied tariff bounds for that sector.

Table 12: Analysis of export potential to Tanzania's main markets, based on recent medium term trends

Destination rank	Destination	Sector rank	Sector	Share in TZ's exports of sector, in %	Relative Trade Potential	Tariff applied by importer, in %
1	United Kingdom		TOTAL	21.8%	1. Very strong current trade (above predicted)	
2	Japan		TOTAL	10.4%	4. Untapped trade potential	
	Japan	3	Food, beverages and tobacco	3.4%	5. High untapped trade potential	5 to 10%
	Japan	6	Other manufacturing	0.4%	4. Untapped trade potential	0 to 5%
	Japan	8	Forestry and Fishing (products)	0.7%	5. High untapped trade potential	0 to 5%
3	France		TOTAL	9.3%	1. Very strong current trade (above predicted)	
	France	2	Food, beverages and tobacco	2.8%	4. Untapped trade potential	0 to 5%
	France	3	Agriculture and hunting	1.0%	5. High untapped trade potential	0 to 5%
	France	10	Other manufacturing	0.3%	4. Untapped trade potential	0 to 5%
4	India		TOTAL	8.6%	1. Very strong current trade (above predicted)	
	India	7	Metal and metal products	0.2%	5. High untapped trade potential	30 to 35%
	India	9	Food, beverages and tobacco	0.1%	5. High untapped trade potential	35 to 40%
5	Netherlands		TOTAL	6.5%	1. Very strong current trade (above predicted)	
6	Kenya		TOTAL	4.8%	1. Very strong current trade (above predicted)	
	Kenya	11	Metal and metal products	0.1%	5. High untapped trade potential	20 to 25%
	Kenya	13	Coke, petroleum products and nuclear fuel	3.1%	4. Untapped trade potential	0 to 5%
7	Belgium		TOTAL	3.9%	1. Very strong current trade (above predicted)	

	<i>Belgium</i>	1 0	<i>Metal and metal products</i>	0.0%	5. High untapped trade potential	0 to 5%
8	Germany		TOTAL	3.8%	4. Untapped trade potential	
	<i>Germany</i>	2	<i>Food, beverages and tobacco</i>	2.5%	5. High untapped trade potential	0 to 5%
	<i>Germany</i>	5	<i>Metal and metal products</i>	0.1%	5. High untapped trade potential	0 to 5%
	<i>Germany</i>	6	<i>Textiles, clothing and leather</i>	1.2%	4. Untapped trade potential	0 to 5%
	<i>Germany</i>	1 0	<i>Other manufacturing</i>	0.2%	4. Untapped trade potential	0 to 5%
	<i>Germany</i>	1 5	<i>Motor vehicles and other transport equipment</i>	0.0%	4. Untapped trade potential	0 to 5%
9	South Africa		TOTAL	2.5%	2. Strong current trade (above predicted)	
	<i>South Africa</i>	5	<i>Food, beverages and tobacco</i>	0.8%	4. Untapped trade potential	20 to 25%
1 0	Uganda		TOTAL	2.2%	1. Very strong current trade (above predicted)	
1 1	Italy		TOTAL	2.2%	5. High untapped trade potential	
	<i>Italy</i>	2	<i>Agriculture and hunting</i>	1.2%	5. High untapped trade potential	0 to 5%
	<i>Italy</i>	3	<i>Textiles, clothing and leather</i>	1.2%	4. Untapped trade potential	0 to 5%
	<i>Italy</i>	5	<i>Forestry and Fishing (products)</i>	1.7%	4. Untapped trade potential	0 to 5%
	<i>Italy</i>	1 2	<i>Metal and metal products</i>	0.0%	5. High untapped trade potential	0 to 5%
1 2	Zambia		TOTAL	2.1%	1. Very strong current trade (above predicted)	
1 3	United States		TOTAL	1.8%	5. High untapped trade potential	
	<i>United States</i>	1	<i>Agriculture and hunting</i>	1.7%	5. High untapped trade potential	0 to 5%
	<i>United States</i>	2	<i>Food, beverages and tobacco</i>	2.0%	5. High untapped trade potential	0 to 5%
	<i>United States</i>	3	<i>Other manufacturing</i>	12.3%	5. High untapped trade potential	0 to 5%
	<i>United States</i>	6	<i>Textiles, clothing and leather</i>	5.0%	5. High untapped trade potential	0 to 5%
	<i>United States</i>	7	<i>Chemicals and chemical products</i>	2.8%	4. Untapped trade potential	0 to 5%
	<i>United States</i>	8	<i>Wood and wood products</i>	5.0%	4. Untapped trade potential	0 to 5%
	<i>United States</i>	9	<i>Motor vehicles and other transport equipment</i>	0.7%	5. High untapped trade potential	0 to 5%
	<i>United States</i>	1 0	<i>Metal and metal products</i>	0.0%	5. High untapped trade potential	0 to 5%
	<i>United States</i>	1 1	<i>Electrical and electronic equipment</i>	0.4%	4. Untapped trade potential	0 to 5%
	<i>United States</i>	1 2	<i>Rubber and plastic products</i>	0.3%	4. Untapped trade potential	0 to 5%
	<i>United States</i>	1 4	<i>Machinery and equipment</i>	0.1%	4. Untapped trade potential	0 to 5%
1 4	Malawi		TOTAL	1.4%	1. Very strong current trade (above predicted)	

1 5	Hong Kong, China	TOTAL	1.3%	5. High untapped trade potential	
	Hong Kong, China	2 Agriculture and hunting	0.4%	5. High untapped trade potential	0 to 5%
	Hong Kong, China	5 Other manufacturing	1.1%	4. Untapped trade potential	0 to 5%
	Hong Kong, China	6 Metal and metal products	0.0%	5. High untapped trade potential	0 to 5%
	Hong Kong, China	8 Textiles, clothing and leather	0.2%	4. Untapped trade potential	0 to 5%
1 6	Spain	TOTAL	1.3%	5. High untapped trade potential	
	Spain	2 Agriculture and hunting	1.6%	5. High untapped trade potential	0 to 5%
	Spain	4 Forestry and Fishing (products)	1.6%	4. Untapped trade potential	0 to 5%
1 7	Pakistan	TOTAL	1.3%	1. Very strong current trade (above predicted)	
1 8	Saudi Arabia	TOTAL	1.0%	5. High untapped trade potential	
	Saudi Arabia	2 Agriculture and hunting	0.7%	5. High untapped trade potential	5 to 10%
	Saudi Arabia	5 Food, beverages and tobacco	0.2%	5. High untapped trade potential	> 50%
1 9	Singapore	TOTAL	0.8%	4. Untapped trade potential	
	Singapore	2 Food, beverages and tobacco	0.4%	4. Untapped trade potential	0 to 5%
	Singapore	5 Metal and metal products	0.0%	5. High untapped trade potential	0 to 5%
2 0	Burundi	TOTAL	0.8%	1. Very strong current trade (above predicted)	
2 1	Rwanda	TOTAL	0.8%	1. Very strong current trade (above predicted)	
2 2	Switzerland	TOTAL	0.8%	3. Predicted = Current or low values	
2 3	China	TOTAL	0.8%	5. High untapped trade potential	
	China	2 Agriculture and hunting	0.8%	5. High untapped trade potential	5 to 10%
	China	3 Food, beverages and tobacco	0.4%	5. High untapped trade potential	20 to 25%
	China	1 Metal and metal products	0.0%	5. High untapped trade potential	5 to 10%
2 4	Indonesia	TOTAL	0.8%	4. Untapped trade potential	
	Indonesia	5 Metal and metal products	0.0%	5. High untapped trade potential	5 to 10%
	Indonesia	1 Food, beverages and tobacco	0.0%	4. Untapped trade potential	10 to 15%
2 5	Thailand	TOTAL	0.7%	5. High untapped trade potential	
	Thailand	4 Metal and metal products	0.2%	5. High untapped trade potential	15 to 20%

	<i>Thailand</i>	8	<i>Food, beverages and tobacco</i>	0.0%	4. Untapped trade potential	30 to 35%
2 6	Portugal		TOTAL	0.6%	3. Predicted = Current or low values	
2 7	Greece		TOTAL	0.6%	4. Untapped trade potential	
	<i>Greece</i>	2	<i>Metal and metal products</i>	0.1%	4. Untapped trade potential	0 to 5%
	<i>Greece</i>	3	<i>Agriculture and hunting</i>	0.1%	5. High untapped trade potential	0 to 5%
2 8	Ireland		TOTAL	0.5%	3. Predicted = Current or low values	
	<i>Ireland</i>	2	<i>Agriculture and hunting</i>	0.1%	4. Untapped trade potential	0 to 5%
2 9	Israel		TOTAL	0.5%	3. Predicted = Current or low values	
	<i>Israel</i>	2	<i>Agriculture and hunting</i>	0.3%	4. Untapped trade potential	> 50%
3 0	Russian Federation		TOTAL	0.4%	5. High untapped trade potential	
	<i>Russian Federation</i>	1	<i>Agriculture and hunting</i>	1.1%	4. Untapped trade potential	10 to 15%
	<i>Russian Federation</i>	2	<i>Food, beverages and tobacco</i>	0.2%	5. High untapped trade potential	25 to 30%
	<i>Russian Federation</i>	4	<i>Metal and metal products</i>	0.0%	4. Untapped trade potential	10 to 15%

Source: Analysis based on ITC's TradeSim Model

It is interesting to note that, for the most part, the analysis presented in

Table 12 suggests that Tanzania is performing well in exporting to neighbouring countries in the region. Tanzania's exports to Kenya, Uganda, Zambia, Rwanda, Burundi and Malawi are all above that which would be expected. The same can also be said, although to a lesser extent, of South Africa. Whether this pattern may change if Tanzania further integrates within the East African Community rather than within SADC remains to be seen. It is likely that Tanzania will continue to perform above expected values among EAC neighbours, but may struggle to maintain export market share with South Africa.

The analysis for European countries suggests a more mixed pattern. Tanzania's exports are above predicted values in the UK, France, the Netherlands and Belgium. There appears to be untapped potential in Germany, Italy and Spain where Tanzania is underperforming with respect to exports. A full Economic Partnership Agreement may assist in reducing uncertainty over market access to EU member states. However, given the fact that as an LDC Tanzania already has tariff and quota free access under the "Everything But Arms" initiative, the generally weak performance in a number of European export markets suggests that the binding constraints may lay on the supply side. Hence the importance, to Tanzania, of the developmental and capacity building aspects of an EPA.

The United States appears to be a major market where Tanzania is performing especially weakly. As can be seen in the table, there is high untapped potential in a number of key sectors and as a beneficiary of the African Growth and Opportunity Act (AGOA), the applied tariffs are very low for Tanzania.

Similarly, key markets in Asia appear to present significant opportunities. China, Japan, Hong Kong, Singapore, Indonesia and Thailand are all export destinations where Tanzania is

underperforming in sectors in which the country has the capacity to export. Markets in the Middle East such as Saudi Arabia and Pakistan also have significant untapped potential for Tanzania to expand exports.

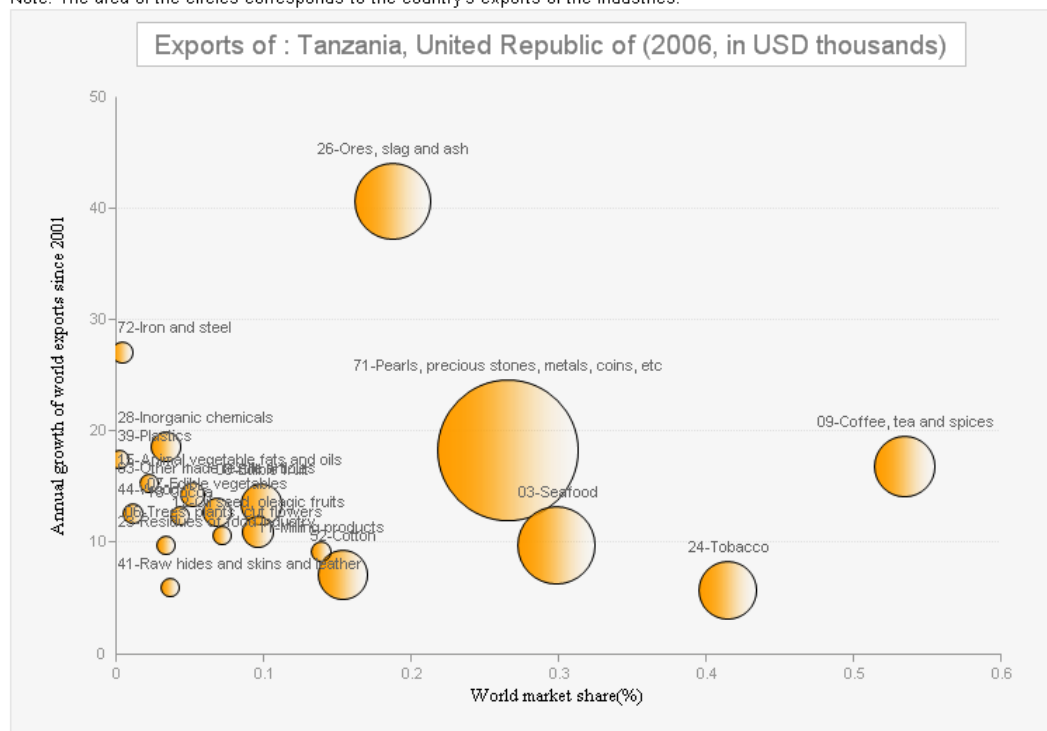
3.6.2 Export potential – product competitiveness analysis

The two charts below present a graphical analysis of the distribution of Tanzania's exports across products and sectors. The first chart shows a plot of Tanzania's share of the world market in key export sectors on the horizontal axis, against annual growth in world exports since 2001. This allows us to separate Tanzania's key export sectors into those which are stronger performers on the world market, as opposed to those where Tanzania is much less significant. The size of the circles represents the volume of Tanzania's exports in any given major sector.

Clearly the largest circle in Figure 5, towards the centre of the chart, represents exports of “pearls, precious stones, metals and coins” – specifically exports of gold in the case of Tanzania. In this sector, Tanzania has just under 0.3 percent of the world market (not a bad showing for a least developed country) and the world market for the sector is growing quite strongly at just under 20 percent per annum. In coffee, tea and spices, in seafood, and in tobacco, Tanzania has even larger shares of the world market (around 0.55 percent of the world market in the case of coffee, tea and spices), but the growth rate in world trade in these sectors is somewhat slower than in minerals. The other circle to stand out is that of ores, slag and ash, the major exporting sector in Tanzania that is seeing the fastest world market growth of above 40 percent per year

Figure 5: Static analysis of Tanzania's sectors of export

Note: The area of the circles corresponds to the country's exports of the industries.



Source: ITC TradeMap

Figure 6 presents a more dynamic picture of Tanzania's export performance in recent years. The second chart shows a plot of the increase in world market share on the horizontal axis (i.e. the extent to which Tanzania's exports have grown faster or slower than world market growth) against the annual growth of world markets on the vertical axis. This allows us to separate Tanzania's export sectors into those which are growing faster than the world average (an indication of where Tanzania is gaining in competitiveness) from those where Tanzania's exports are growing at a rate below the world average (an indication of where Tanzania is losing competitiveness).

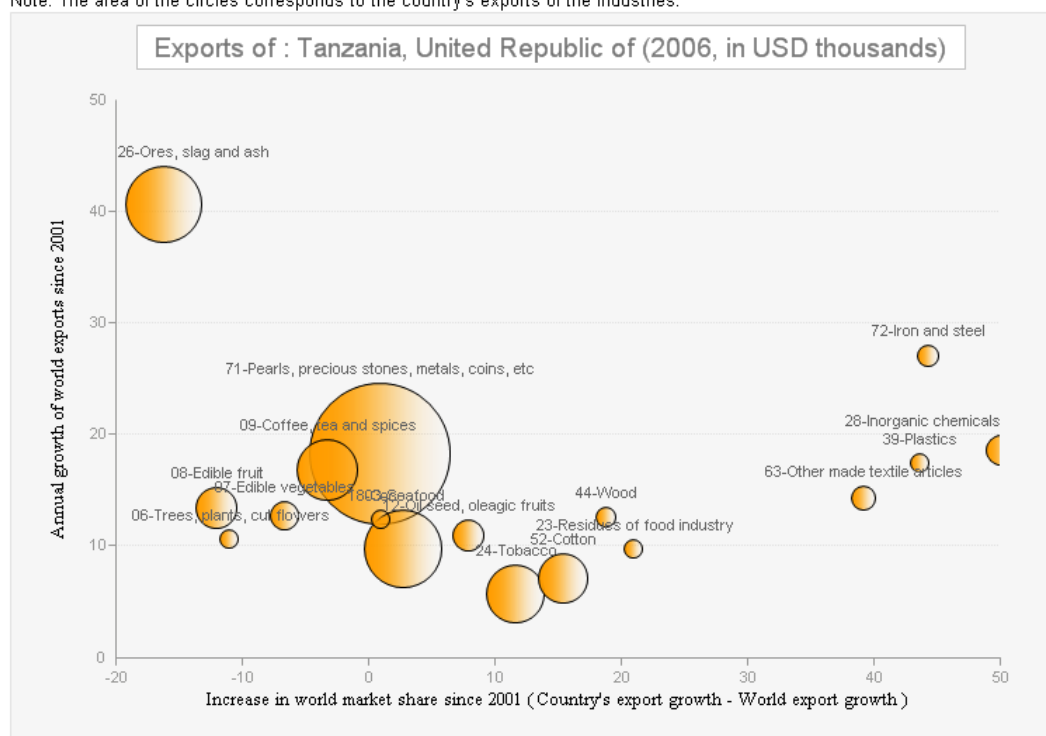
Standing out again is the largest circle representing Tanzania's mineral exports. However, the dynamic analysis reveals that Tanzania does not appear to be either gaining or losing competitiveness in this sector. Rather, Tanzania's exports have grown as world prices and demand has grown.

In a number of sectors including coffee, tea and spices, edible fruit, edible vegetables, trees, plants and cut flowers, Tanzania's export growth has been lower than world market growth (clustered around the bottom left corner of the chart). This would indicate that market opportunities are not being realised in these sectors, even if these markets are expanding at a comparatively slow pace.

In other sectors such as seafood, tobacco, cotton, wood and residues of the food industry (located around the bottom centre of the chart), Tanzania appears to be making good progress above world growth, in similarly slow growing markets. Such industrial "achievers in adversity" must clearly have demonstrated some competitive strength to be taking market share from other countries.

Figure 6: Dynamic analysis of Tanzania's sectors of export

Note: The area of the circles corresponds to the country's exports of the industries.



Source: ITC TradeMap

The chart also shows an interesting cluster of potential high achievers on the far right where exports are growing significantly in excess of world markets, namely iron and steel, inorganic chemicals, plastics, and other made textile articles. Closer examination of these sectors is required (iron and steel may merely represent the emergence of scrap metal exports as a result of sharply higher world prices), but there may represent the emergence of future “champion” export sectors.

As in the static analysis of Figure 5, the circle representing ores, slag and ash appears to be something of an outlier. This is an especially fast growing world market, yet Tanzania’s export share appears to be collapsing. Here too, further investigation into the causes of this sector process is required.

3.7 Summary of the investment climate / business environment

The World Bank produces annual indicators that measure the cost required and time taken to carry out a series of basic business activities. Countries are ranked across ten indicators, and then in aggregate according to the costs of “doing business”. The analysis is somewhat rudimentary and subjective and hence the indicators should be taken as broadly descriptive in nature. However, the “doing business” indicators are useful for benchmarking countries with competitors and such indices are increasingly viewed by policymakers as a monitoring and evaluation tool for attempts to reform the investment climate. As can be seen in Table 13, Tanzania was ranked 127 (out of 181 countries) in the 2009 indicators. This is worse than many countries in the region including Uganda (111th) and Kenya (82nd), and is perhaps an indication that while Tanzania has made progress reforming the business environment, much more still needs to be done to complete the transition from socialist central planning to free market economy.

Table 13: Tanzania – Doing Business indicators summary

Ease of ...	Rank in 2009	Rank in 2008	Change in rank
Doing Business	127	130	-3
Starting a Business	109	95	+14
Employing Workers	140	151	-9
Registering Property	142	160	-8
Getting Credit	84	115	-31
Protecting Investors	88	83	+5
Paying Taxes	109	104	+5
Trading Across Borders	103	100	+3
Enforcing Contracts	33	35	-2
Closing a Business	111	109	+2

Source: World Bank

Interestingly, Tanzania performs comparatively well on “trading across borders”, the indicator specifically concerned with the costs and procedures associated with importing and exporting a standardised shipment of goods into and out of a country. The country is ranked 103 out of 181 countries, well ahead of the overall ranking. A closer inspection of the “trading across borders” ranking (see figure 14 below) shows that in actual fact Tanzania performs relatively well, at least compared with countries in the region, in terms of the amount of documentation required to export or import a standard 20ft container, the costs incurred and the time taken. However, Tanzania is still well behind international best practice when it comes to operating a low-cost, high-speed trade facilitation system.

Table 14: Tanzania – costs of trading across borders

Indicator	Tanzania	Region	OECD
Documents for export (number) ²	5	8.1	4.5
Export procedures (duration per container in days)	24	35.6	9.8
Export procedures (cost per container in US\$)	1,262	1,660.1	905.0
Documents for import (number) ³	7	9.0	5.0
Import procedures (duration per container in days)	31	43.7	10.4
Import procedures (cost per container in US\$)	1,475	1,985.9	986.1

Source: World Bank

Recent research has suggested that each additional day in delays prior to goods being shipped abroad results in a 1 percent reduction in exports from that country or is equivalent to adding an additional 70km in distance from export markets⁴. The effect on time-sensitive agricultural exports is even more pronounced. Hence, reducing the time taken for a container to go through Tanzanian export procedures from 24 days to 14 days (a not unrealistic target) could result in a 10 percent increase in exports.

3.8 Summary of enterprise performance

The ability to compete in international export markets is a strong indicator of efficiency. Many recent studies have shown that enterprises that export are more efficient than enterprises that do not. One explanation is that exporting encourages enterprises to become more efficient (the “learning-by-exporting” hypothesis). Another is that enterprises are already more efficient are more likely to start exporting (the “self selectivity” hypothesis). In practice, the evidence suggests that both hypotheses are at least partially true.

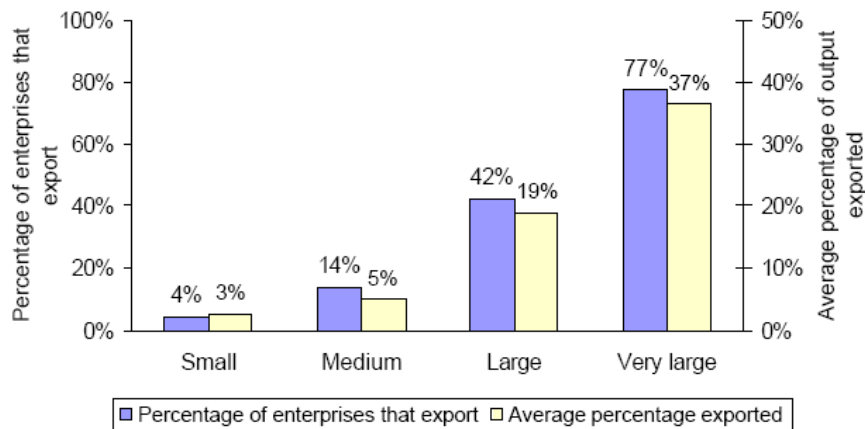
Evidence from the Tanzania Investment Climate Survey suggests that as in other countries, exporters in Tanzania are more productive than non-exporting enterprises. Labour productivity is higher and sales growth is faster for exporters than for non-exporters. Although the data from the Investment Climate Surveys does not allow us to conclude that encouraging exports will result in improved productivity (i.e., to distinguish between the learning-by exporting and self-selectivity hypotheses), it does suggest that this might be the case. Large enterprises are more likely to export than smaller firms and typically export more of their production. About 40 percent of large enterprises and almost 80 percent of very large enterprises export at least some of their sales, compared to only 4 percent of small enterprises (see Figure 7 on the next page).

Figure 7: Large enterprises are more likely to export and export more (as a percentage of sales) than smaller enterprises

² Bill of lading, Commercial invoice, Customs export declaration, Export licence and Packing list.

³ Bill of lading, Certificate of origin, Collection order, Commercial invoice, Customs import declaration, Import licence and Packing List.

⁴ Djankov, Freund and Pham (2007) “Trading on Time”, Policy Research Working Paper, Washington, DC: World Bank.

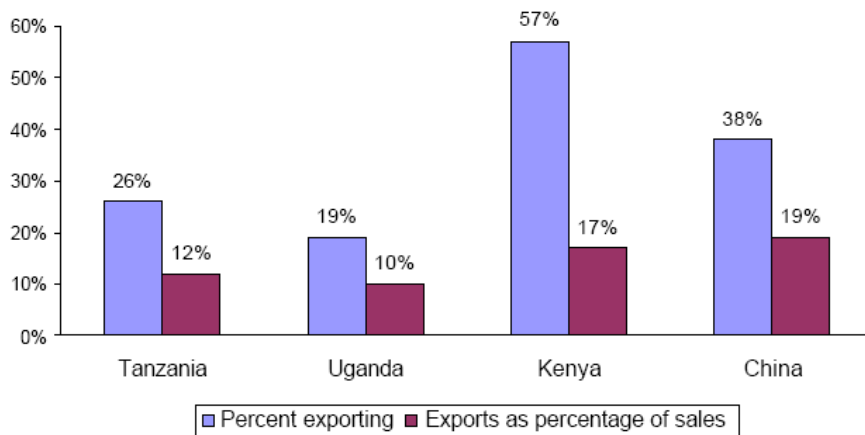


Source: *Investment Climate Assessment – Improving Enterprise Performance and Growth in Tanzania*, World Bank

These results are not surprising. First, the high fixed costs of exporting make it difficult for small enterprises to enter export markets. Second, typically only the most efficient firms can compete in international markets. Since labour productivity and total factor productivity are higher for large enterprises, it is not surprising that they export more. Finally, there may also be some degree of reverse causality. Exporting increases the size of the market that the firm is producing for, which may give exporters more opportunity to grow. The same survey also found that foreign owned firms in Tanzania were also more likely to export and export more than domestically owned firms.

Evidence from the Investment Climate Survey of Tanzania also suggests that exporting is more common in Tanzania than in Uganda, but less common than in Kenya or China. In the manufacturing sector, 26 percent of firms in Tanzania export some of their output, compared to 19 percent in Uganda, 57 percent in Kenya, and 38 percent in China. Firms in Tanzania also generally export a smaller share of production than their counterparts in Kenya or China as can be seen in Figure 8 below.

Figure 8: Manufacturing firms in Tanzania are less likely to export than manufacturing firms in Kenya or China



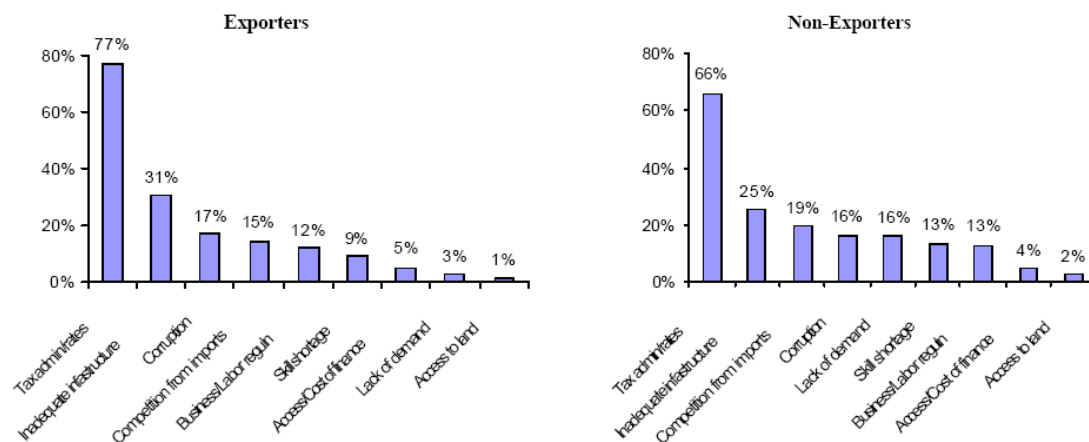
Source: World Bank

The relatively modest number of enterprises exporting to international markets from Tanzania may reflect the low level of ISO or other international certification. Only 12 percent of Tanzanian enterprises reported having ISO certification for either quality management (e.g. 9000/1/2) or environmental management (14000). Only 16 percent reported that any of their products were certified to international standards (e.g. ISO, BSI, UL). In comparison, 36 percent of enterprises in China report that they had received ISO certification for quality management (e.g. 9000/1/2), and 45 percent reported that some of their products were certified to international standards (World Bank 2004).

The same Investment Climate Survey also contrasted constraints to business expansion among exporters and non-exporters (see

Figure 9 below). Tax administration and rate, and inadequate infrastructure were found to be more of a limitation to exporters than to non-exporters.

Figure 9: Constraints to business expansion, exporters and non-exporters in Tanzania
(percentage of firms that ranked each obstacle in the top three)



Source: World Bank (2004)

4 CROSS CUTTING AND TRADE FACILITATION ISSUES

Cross cutting issues refer to those aspects that generally affect the performance of all targeted export sectors. These generally include issues such as infrastructure, energy, macro economic conditions, telecommunications, laws and national regulations etc. Additionally, the question of land allocation is a key issue for all of the priority sectors. The Cross cutting issues Action Matrix sets out the main prioritised constraints in Tanzania (Table 15).

These issues have been derived from two main sources. First of all from the work carried out by the NES core group and the cross cutting issues sector working groups. The second main source has been from previous work in this field and from the other sector groups that have been meeting.

: Cross cutting Issues Action Matrix

Cross cutting issues									
Effective Enabling Environment for the Private Sector Growth									
				Budgeting (in Millions of Tshillings)					
Factor constraints	Strategies to overcome constraints	Specific activities / Focus actions	Organisation responsible	2010	2011	2012	2013	2014	Total cost
Infrastructure , communication, way	Improve infrastructure	1. Construct & develop infrastructure in potential production areas:-	MoID						
		• Road networks in Southern Development corridor	PMO-RALG	900,000	950,000	950,000	950,000	950,000	4,700
		• Development & Expansion of Mtwara and Mwambani-Tanga Ports		150,000	200,000	300,000	20,000	15,000	685
		• Strengthen & expand Mwanza & Kigoma Ports	MoFEA	20,000	20,000	10,000	10,000	10,000	70
		2. Enhance airport facilities		2,000	2,000	1,000	1,000	1,000	7
		3. Construct airstrips in tourism potential areas		50,000	50,000	20,000	20,000	20,000	160
		4. Encourage investment in the aviation industry	MNRT	400	450	500	300	200	1
		5. Establish Tele-centres in potential production areas.		350	350	360	370	380	1
		6. Build the East Africa and Southern Submarine Cable Submarine Fibre Optical Cable System (EASSy)	TCAA	70,000	60,000	60,000	60,000	20,000	270

		7. Enhance compliance to telecommunication standards	TAA, MoEM, TPA, MoWI, TCRA, MoLSD, MCST	100	150	160	180	200	
Factor constraints	Strategies to overcome constraints	Specific activities / Focus actions	Organisation responsible	2010	2011	2012	2013	2014	Total cost
Source of	1. Explore and enhance alternative sources of energy including gas, solar and chemical energy	1. Construct more man - made lakes and dams for power generation	MEM	3,000	2,800	2,500	2,400	2,300	13
	2. Introduce and enhance facilities for harnessing and conserve water sources for energy	2. Implement water conservation policies.	MoLSD	200	250	300	350	400	1
	3. Encourage investment in oil exploration	3. Formulate and implement a policy for biofuel plants cultivation e.g. jatropha, sugar cane by-products (ethanol)	MAFS	450	500	550	600	650	2
	4. Encourage investment in large scale jatropha farming	4. Introduce and market biogas technologies to stakeholders e.g. CAMARTEC	MLF, VPO-Union Affairs	500	550	600	650	700	3
	5. Encourage investment in biogas production		VPO-ENV						
	6. Encourage investment rain technology		PMO, MoID, CAMARTEC, Private Sector e.g. Barrick Gold, TANESCO, TPDC						
Financial constraints that informal SMEs	Introduce microfinance facilities to producers	Introduce and strengthen SACCOS	ACT, MoFEA	500	550	600	650	700	3
		Speed up and strengthen the MKURABITA initiative in Southern Tanzania	BOT	300	350	400	450	500	2

		Establish Agricultural support Bank (Farmers' Bank)	Local and International Banks	5,000	6,000	7,000	8,000	10,000	30
		Strengthen Agricultural Inputs Support Fund	MITM	2,500	3,000	4,000	5,000	6,000	20
		Conduct sensitization programs to create awareness on existing schemes e.g. (ECGS), SME credit facility	MAFS	200	250	300	400	500	1
		Enhance efficiency and transparency in loan acquisition procedures		200	250	300	350	400	1
and ole nt	Establish and enhance sustainable quality management programmes	1. Establish and strengthen appropriate conformity assessment infrastructure in standards, plant and animal health and organic certification	MTIM, MLF	1,500	1,600	1,700	1,800	2,000	8
		2. Training appropriate personnel in standards, quality assurance, agriculture extension officers and tertiary field officers	MAFS, TANCERT	1,000	1,500	2,000	3,000	4,000	11
		3. Train stakeholders on quality standards, packaging requirements and Multilateral Trading Systems (MTS)	TBS, WMAs	800	1,000	1,200	1,400	1,600	6
aring ding of e	1. Enhance the capacity of trade facilitation institutions	1. Establish one stop centre for export documentation procedures	MOFA/MITM/Private Sector/TRA / MOID	6,000	7,000	5,000	4,000	3,000	25
	2. Streamline export procedures and documentation	2. Abolish unnecessary documentations		100	100	50	0	0	
		3. Introduce and enhance ICT facilities		10,000	15,000	16,000	17,000	18,000	70

		4. Build capacity of trade facilitation agencies (human resources, physical capital)		1,500	2,000	3,000	3,500	4,000	14
urship	Capacity building in entrepreneurship skills	1. Training in product and market development	MoEVT, MLYE	1,500	2,000	2,500	3,000	3,500	12
		2. Introduce entrepreneurship training programmes in training institutions	MITM, BET, SIDO	6,000	6,000	5,000	4,000	3,000	24
export poor support	Encourage private sector participation in trade fairs within and outside the country	1. Improve local trade fair infrastructure	MITM	15,000	20,000	30,000	20,000	20,000	105
		2. Improve organisation aspect of trade fairs	BET	200	200	250	250	300	1
		3. Establish zonal trade fairs	SIDO	2,000	3,000	4,000	3,000	2,000	14
		4. Enhance coordination efforts among stakeholders such as SIDO, BET, BRELA, TPSF etc		200	250	300	400	500	1
		5. Organize business missions to promote Tanzanian products and services abroad	MFAIC,	800	900	1,000	1,500	2,000	6
		6. Establish Tanzania trade centres abroad in key strategic markets such as middle east and far eastern market		2,000	2,500	3,000	4,000	5,000	16
		7. Build capacity of diplomatic mission officials abroad on economic diplomacy	BRELA,	1,500	1,500	2,000	2,000	3,000	10
		8. Enhance coordination and linkage between export promotion institutions and Tanzanian mission abroad		200	300	400	500	600	2

		9. Enhance linkage and coordination among trade support institutions in Tanzania and their counter parts abroad	TPSF,	200	300	400	500	600	2
		10. Training on negotiation skills		2,500	2,500	3,000	4,000	4,000	16
		11. Encourage women business entrepreneurs to actively participate into the international trade	TBS	1,000	1,500	2,000	3,000	3,500	11
Initiative and	Branding of Tanzanian products and services	1. Identification of important Tanzanian products which require branding	MITM	1,500	1,500	800	700	600	5
		2. Establishment of institution responsible for branding	BET	3,000	4,000	2,000	2,000	1,000	12
		3. Sensitization campaign on the importance of branding	TBS, TTB, BRELA, MEM, MoEVT, MNRT	300	400	500	600	700	2
ination s ducers,	Establish and enhance sectoral associations among farmers, buyers, producers and exporters	Establish and strengthen sectoral associations of cashew nut, honey, fish and fish products, oil seeds, coffee, tea, rice, banana and minerals	MITM, MAFS, PMO-RALG, TCM, TCME	2,500	3,000	4,000	5,000	6,000	20
market	1. Create awareness of domestic & Foreign market opportunities	• Conduct training to producers, traders and other stakeholders on market requirements.	MITM	1,500	2,000	2,500	3,000	3,500	12
	2. Establish and strengthen information centres	• Introduce trade Information centres in Ruvuma, Rukwa, Iringa and Mbeya	BET	500	500	500	500	500	2
	3. Strengthen Public Private Partnership-	• Strengthen business support organizations	CTI, TCCIA, TPSF, TBS, NBC, MoFEA	1,500	1,500	1,500	1,500	1,500	7

	(PPP)								
services	Improve extension services	Provide sufficient resources and provide appropriate training to the existing extension officers Increase manpower through recruiting more extension officers	MAFS						
			MLF	1,500	2,000	3,000	3,500	4,000	14,000
due to	Mainstreaming HIV/AIDS campaign among stakeholders at all levels.	Conduct training on HIV/AIDS prevention and counselling to stakeholders	MHSW						
				400	400	500	600	700	2,000
	Enhance sensitization campaign against HIV/AIDS		TACAIDS						
ages ational y KUKUTA 25 and	Coordination between NTP, MKUKUTA, Vision 2025 and MDGs	Increase distribution of protective gear especially in remote rural areas.	T-MARC, FEMINA, PSI, NACP	600	800	1,000	1,200	1,400	5,000
		1. Create linkages between NTP, MKUKUTA, Vision 2025 and MDGs	MITM, PO-Planning Commission	200	260	270	270	290	1,000
		2. Review NTP and streamline it to MKUKUTA	MoFEA, BET	500	0	0	0	500	1,000
TOTAL				1,274,100	1,383,460	1,458,540	1,177,020	1,140,920	6,430,000

5 PRIORITY SECTORS

The priority sectors for the Tanzania National Export Strategy are:

- **Agriculture** of which there are the following sub-sectors: **Fisheries, Food & Commodity crops, Horticulture, Livestock, and Organics;**
- **Mining**
- **Tourism**
- **Forestry and Beekeeping.**

A separate Export Development Strategy exists for Zanzibar.

5.1 AGRICULTURAL SECTOR

5.1.1 Introduction and background

Agriculture continues to be a key sector in the economy of Tanzania, contributing greatly toward poverty reduction. It has a vital role to play in achieving the goals set out in the National Strategy for Growth and Reduction of Poverty (NSGRP), commonly referred to as MKUKUTA and the Millennium Development Goals (MDGs) particularly goal one which deals with eradication of poverty and hunger. Prior to revision of the National Accounts, agriculture contributed about 46% of GDP, with the crop sub sector contributed 35%, and livestock 4.7%, fisheries 1.6%, forestry and wildlife making up the rest, and about a third of foreign earnings. With the revision of the National Accounts, which has introduced new elements such as taxes and a more recent base year, agriculture now accounts for about 26.5% of GDP, about 30% of merchandise exports and provides employment for over 70% of population. It is also a main source of raw materials for agro-based industries and provides more than 90% of food to the Tanzanian population. Agriculture plays a significant role in inflation control as more than 90% of food requirements are obtained from locally produced agriculture. Tanzania's economic growth and development is, therefore still heavily dependant on the performance of agricultural sector.

The agricultural sector in Tanzania has significant growth potentials, including:

- (i) A comparative and competitive advantage in the production of most traditional export crops such as cotton, coffee, tea and cashew nut, non-traditional export crops and rice and wheat and livestock products such as meat, hides and skins;
- (ii) Expanding domestic and regional markets especially for food items with a high income elasticity of demand. The East African Community population estimated to over 80 million people is a huge potential market
- (iii) Relatively abundant natural resources including arable land (about 44 million hectares) and rangeland (estimated at 60 million hectares), water (Tanzania has marine water along the coast line of the Indian Ocean, which extends to 1450 km. Large water bodies like Lake Victoria, Tanganyika and Nyasa exist along with smaller Lakes. The extensive river lines, inland drainage systems and wetlands are good sources of fish and aqua products and irrigation).

5.1.2 A vision for the agricultural sector

“To have a modernized, commercialized, competitive and effective agriculture and cooperative systems”

5.1.3 Assessment of the current status of the agricultural sector

5.1.3.1 Land and Livestock Resource

Tanzania covers an area of 94.5 million hectares of which 44 million hectares are classified as suitable for agriculture and 10.1 million hectares (23 percent) is being cultivated. Smallholder farmers composed of four million farm families cultivate about 85 percent of the total arable land working between 0.2 and 2.0 ha (ASDS, 2001). The country is endowed with substantial water resources and land with varying levels of irrigation potential. According to the National Irrigation Master Plan (NIMP–2000), Tanzania has a huge irrigation potential of 29.4 million hectares out of which, only 273,945 hectares are currently under irrigation. National Strategy for Growth and Poverty Reduction (NSGRP) status report, using the Agricultural Sample Census Survey 2002/2003 (NBS, 2005) indicates that only 3 percent of total smallholder area was under irrigation, and only 3 percent of smallholder accessed formal credit for agricultural purposes.

Out of Tanzania's 94.5 million hectares, 60 million hectares are rangelands with a carrying capacity of up to 20 million Livestock Unit (LU) and providing over 90% of the feed resources for livestock. The livestock resources include 18.8 million cattle, 13.6 million goats, 3.6 million sheep. Other livestock kept include 1.4 million pigs and 53 million chickens. Of the cattle, over 98% are indigenous stock mainly Tanzania Shorthorn Zebu (TSZ) that are known for their good quality meat, ability to survive and produce even under harsh environment with poor feed resources and high risk of disease.

5.1.3.2 National and Sector Strategies

Tanzania is currently undergoing major reforms in a bid to attain economic and social development. A number of strategies to overcome poverty reduction have been developed both at National and Sectoral levels. These include: Tanzania Development Vision 2025 (TDV 2025), Rural Development Strategy (RDS), Agricultural Sector Development Strategy (ASDS), the National Strategy for Growth and Reduction of Poverty (NSGRP) popularly known as MKUKUTA (in Kiswahili) and the Agricultural Sector Development Programme (ASDP).

The aim of ASDS is to achieve a sustained agricultural growth rate of five percent per annum primarily through a transformation from subsistence to commercial agriculture. The transformation is to be private sector led through an improved enabling policy environment and public expenditure. A key feature of the ASDS is the emphasis on district level demand in identification, management and implementation of projects through the preparation of beneficiaries driven District Agricultural Development Plans (DADPs) as the most effective methodology for achieving local sustainable development.

The ASDP is the programme framework for developing the agricultural sector and operationalising the ASDS. It is part of the operational response to a set of policies and initiatives designed to re-orient and re-invigorate the national economy. ASDP is the main tool for central government to coordinate and monitor agricultural development and for incorporating national reforms. It also establishes operational linkages between the Agricultural Sector Lead Ministries (ASLMs) and other national

stakeholders as well as introducing more effective management systems.

a. Sector Performance

As noted earlier, the sectoral contribution to GDP shows that agriculture contributes a considerable share. The performance of agricultural output over the past five years has generally been positive in terms of growth of traditional cash crops (Table 16), food production (Table 17), oilseeds (Table 18) and livestock products (Table 19). Data indicates that more crops and livestock products can be produced if constraints described below are addressed.

Table 16: Production of traditional export cash crops

Year	Cotton	Coffee	Cashew-nut	Pyrethrum	Sugar	Tobacco	Tea	Sisal
1994/1995	122,300	42,500	63,400	480	104,620	28,600	25,500	25,020
1995/1996	250,200	53,300	81,730	440	116,810	35,410	21,160	23,620
1996/1997	252,900	44,300	63,030	260	116,100	51,230	19,940	22,000
1997/1998	203,200	38,000	99,920	430	116,100	37,980	26,470	20,000
1998/1999	105,400	42,700	106,440	500	113,620	26,490	21,880	23,230
1999/2000	192,700	48,800	121,210	1,000	116,930	24,830	24,130	20,900
2000/2001	123,560	58,100	122,300	1,900	135,530	27,700	26,390	20,500
2001/2002	148,180	36,200	67,400	3,500	163,990	27,890	24,730	23,540
2002/2003	188,890	52,400	95,000	3,000	190,100	33,550	28,030	23,640
2003/2004	137,900	37,500	80,000	2,000	228,000	47,730	30,700	23,860
2004/2005	344,210	54,000	81,600	1,000	229,620	51,970	32,000	26,800
2005/2006	376,500	34,334	90,385	2,500	263,317	56,500	30,000	27,000
2006/2007	130,565	51,117	88,213	2,046	290,063	50,784	34,969	30,847
2007/2008	200,662	41,764	99,107	2,300	265,434	57,454	34,165	33,000
2008/2009*	432,000	50,000	162,280	3,000	501,150	88,370	37,500	36,000

Source: Ministry of Agriculture Food Security and Cooperatives

* Projections

Table 17: Production of major food crop

	2002/2003		2003/2004		2004/2005		2005/2006		2006/2007		2007/2008	
Crop	Hectare	Tonnes	Hectare	Tonnes	Hectare	Tonnes	Hectare	Tonnes	Hectare	Tonnes	Hectare	Tonnes
Maize	2,594,793	2,321,951	2,954,952	3,157,424	3,001,337	3,218,540	2,570,147	3,423,025	2,600,341	3,302,058	3,187,320	3,593,658
Sorghum	696,227	487,891	844,830	757,420	868,966	714,339	715,884	711,631	817,946	971,198	909,890	837,244
Millet	227,631	138,985	264,103	200,800	210,942	220,940	214,965	227,905	208,216	193,975	235,300	207,542
Rice	545,534	712,555	583,318	688,410	684,375	759,386	633,770	823,901	557,981	872,193	694,140	896,696
Wheat	75,123	73,716	69,491	66,653	93,377	101,912	53,224	109,194	75,369	82,784	69,850	86,359
Pulses	1,339,683	850,373	1,116,817	879,043	1,147,954	885,804	1,105,872	1,049,919	1,147,508	1,155,985	1,338,680	1,111,181
Cassava	866,282	1,320,698	952,740	1,480,196	906,387	1,846,387	993,171	2,052,767	779,067	1,732,978	912,555	1,716,804
Banana	358,221	706,156	365,805	2,006,137	423,420	990,574	499,620	1,169,151	404,428	1,027,535	330,845	971,084
Potatoes	522,608	760,695	558,249	874,335	554,788	930,934	767,711	1,396,354	664,414	1,321,595	800,120	1,361,438

Source: Ministry of Agriculture Food Security and Cooperatives

Table: 18 Production of oilseed (Tonnes)

Final Interim Report

Year/Crop	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Cotton seeds	10,897.82	10,900.00	13,066.00	16,571.00	12,333.00	30,146.00	33,215.00	11,517.00	
Sunflower	48,167.00	80,870.00	104,400.00	112,440.00	106,312.00	88,854.00	373,391.00	369,802.80	
Groundnuts	-	206,800.00	289,500.00	255,100.00	163,360.00	125,311.00	268,943.00	408,058.00	
Sesame (seeds)	41,549.00	25,707.00	55,100.00	22,485.00	49,163.00	74,989.00	221,421.00	155,794.00	
Palm oil	-	10,440.00	10,620.00	10,940.00	11,788.00	11,098.00	11,519.00	12,979.00	

Source: Ministry of Agriculture Food Security and Cooperatives

Table: 19 Livestock Production 1999 - 2008 (in tonnes)

Year/Product	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Meat Production (Tones)	311,000	323,000	332,000	341,500	348,800	378,509	388,294	370,566	410,706
Milk Production ('000 litres)	710,000	814,000	900,500	980,500	1,180,000	1,386,400	1,412,786	1,421,205	1,500,000
Egg Production ('000 eggs)	450,000	600,000	650,000	790,000	910,000	1,800,000	2,145,000	2,230,900	2,690,000
Hides and Skins ('000 pieces)	*	*	2,450	2,660	3,450	3,850	3,950	4,700	5,900
Animal Feeds (tones)	*	*	490,000	491,000	492,000	550,000	569,000	606,566	717,231

Source: Ministry of Livestock Development and Fisheries

i. Farmers

It is estimated that there are currently over four active producer organizations with a total membership of about 250,000 farmers. A total of 44 projects that support or promote producer organizations have been identified with annual funding of approximately US\$76.5 million from bilateral and multilateral donors, and international and local NGOs. Almost 60 percent of the funding is provided by multilateral organizations (the World Bank, IFAD and the African Development Bank) in the form of soft loans.

There are currently 47 private enterprises with out-grower and contract farming schemes in the country, involving over 320,000 smallholder producers of various crops in several regions of the country.

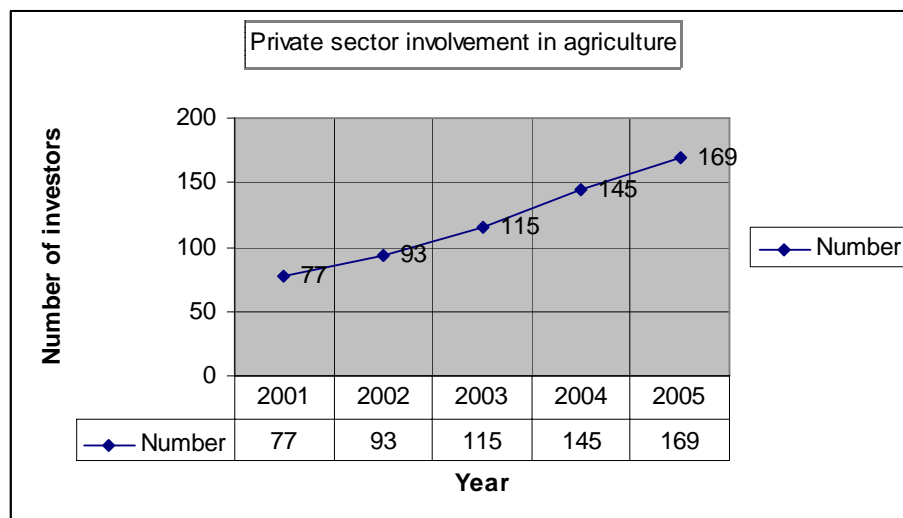
ii. Mechanization Status

It is estimated that currently (2006) there are over 14 million hand hoes in use, about 585,000 animal drawn ploughs and 1,300,000 oxen. There are about 7,200 operational tractors and another 6,000 which are broken down although repairable. On average 2,000,000 hand hoes, 20,000 animal drawn ploughs and between 200 and 300 tractors are imported annually. The country needs between 30,000 and 40,000 animal drawn ploughs and 1,500 to 1,800 tractors annually in order to provide the farm power needed for satisfactory agricultural growth. Tractors, draft animal power implements and hand tools are imported mainly from Europe, China, India, South Africa and Kenya. Local manufacturing of tools, implements and machinery is very low after the collapse of the Ubungo Farm Implements (UFI) and Zana Za Kilimo, Mbeya (ZZK).

The limited use of machines in agricultural production in the country can be directly linked to the high prices of tractors and other farm power machines which the majority of farmers cannot afford to purchase. In order to assist farmers to access farm machines, the Ministry, through Agricultural Input Trust Funds, is providing loans to rehabilitate old and purchase new machines. Improved mechanization will also be linked to the promotion of better farming practices such as conservation agriculture that combine improved crop/plant, soil and rainwater management techniques and use of innovative implements, as they improve the productivity of the soil, reduce the negative effects in land degradation.

iii. Private Sector Involvement in Agricultural Development

The private sector is an important ally in our fight against hunger and for agricultural development as a whole. A thriving private sector and well-functioning markets are key factors in the economic growth and sustainable development of the agricultural sector. Investments in agriculture are categorized into new and 'old', which includes privatized entities. Over time there have been an increasing number of investors as shown below



Agricultural Projects Registered by TIC 1998-2006

Year	New	Old	Total	% New
1998	0	1	1	0
2000	3	4	7	42.9
2001	4	5	9	44.4
2002	4	10	14	28.6
2003	8	11	19	42.1
2004	15	10	25	60.0
2005	13	11	24	54.2
2006	12	10	22	54.5

In order to mobilize and deepen private sector participation in the agriculture sector, the government has undertaken massive tax reforms at both central and local government levels. The private sector response in research (coffee and tea production and distribution of quality seeds), the sugar industry (contract farming and increase in sugar production), and the cotton and tobacco industry (inputs supply) has been very successful. The sector is working out modalities to scale up private sector involvement in the provision of agricultural services.

Despite various efforts made by Government, private sector participation and penetration in the agricultural sector has not grown to the degree that had been expected. The low level of private sector participation in agriculture is explained by limited business and financial skills, lack of capital and poor infrastructure. Many agribusiness actors also lack the ability to envisage or plan the long-term development of their business.

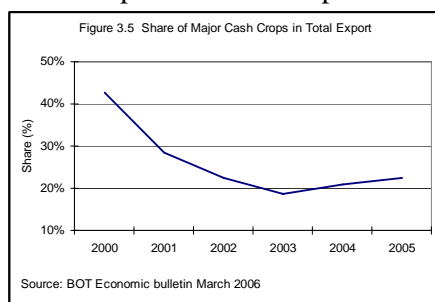
Current export performance

The traditional position of agriculture as the primary earner of foreign exchange has recently been overtaken by other sectors such as tourism and mining. The share of agriculture in the export sector has been declining year after year. Travel (mainly tourism) and gold have become the dominant export categories, accounting for about

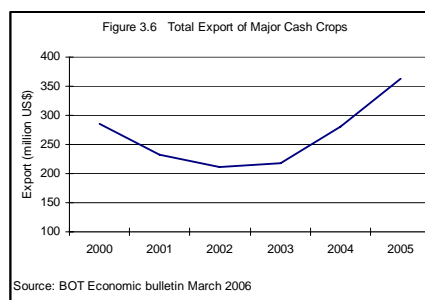
50 percent of total exports of goods and services. During 2005/06 Tanzania exported goods and services worth US\$ 3,092.6 million, an increase of 8.8 percent from the level recorded during the previous year. Traditional agricultural and manufactured exports accounted for 12 percent and 6 percent respectively of total exports of goods and services. With regard to exports of goods, gold remained the dominant export category, accounting for 39.7 percent, while manufactured exports accounted for 10.4 percent. The share of traditional agricultural exports to total goods exports was 20.5 percent down from 57.6 percent in 1995/96. Amongst traditional exports, cotton was the major export crop accounting for 33.4 percent in 2005/06, followed by tobacco (22.3%), cashews (17.5%), coffee (17.0%), tea (5.3%), cloves (2.7%) and sisal (1.8%).

Agricultural Sector's Contribution to Foreign Exchange Earnings

Traditionally the agricultural sector has been designated as the major earner of foreign exchange. It used to contribute more than half of national foreign exchange earnings. However, in recent years this situation has been dramatically changing (**Figure 3.5**). It is evident that the share of export crops in total foreign exchange earnings has substantially declined from 40 percent in 2000 to slightly above 20 percent in 2005. However, in absolute terms, agricultural export earnings have been increasing, though at a much smaller average annual rate than the overall average annual export earnings growth rate. Numerically the average annual export growth rate of agriculture was 5.8 percent during 2000 - 2004 versus the overall average annual export rate of 19.7 percent over the same period.



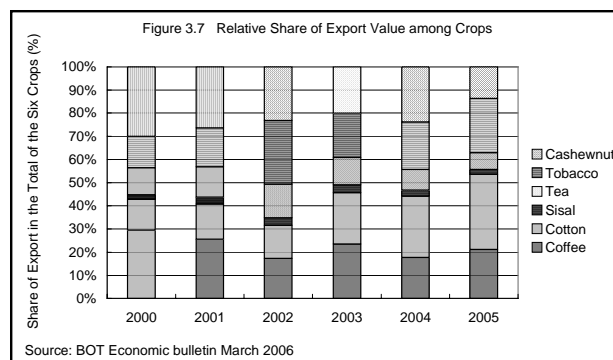
Although the exports of the traditional export crops had virtually stagnated since the latter part of 1990s, the last three years have seen a slow recovery in export values (**Figure 3.6**). In 2005, foreign earnings from crops were approximately US\$ 350 million. The gains in recent crop



export earnings were mainly due to the recovery in international prices of coffee, cashew and cotton. In terms of volume, all traditional export crops, except cotton, have remained more or less at the same level for the last five years. Despite recent improvements in international prices for coffee and cashews, there has been no

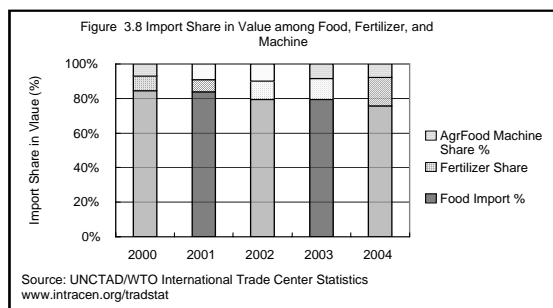
consequent increase in supply, largely because producer prices have not significantly improved as well as because of supply rigidities inherent in perennial crops.

While the overall export values of traditional export crops have been increasing, the relative



shares among the crops have also changed (**Figure 3.7**). Relatively speaking, coffee, tea and cashews are declining as foreign exchange earners, while cotton and tobacco are in the increase. In particular, cotton increased its export value share due to increases in export prices and volume. In the case of tea, the static export volume, coupled with stagnant international prices, has left its export value almost unchanged. The share of tea, however, declined as other crops (cotton and tobacco) increased their shares.

The value of agricultural imports was US\$ 370 million in 2004. Agricultural imports are generally grouped into three categories, i.e., food, fertilizer, and machinery. Among these three, food imports account for approximately 80 percent (**Figure 3.8**). Recently, the share of fertilizer has been increasing, as a result of increased consumption following the reintroduction of fertilizer subsidies in 2003/04. Within food imports, wheat imports have been rising to reach US\$ 120 million in 2004. Maize and rice are also increasing, but still remain low in comparison to wheat. Their import values were US\$ 20 million and US\$ 40 million in 2004, respectively.



5.1.4 Key constraints to the development of the sector

(a) *Low productivity of land, livestock, labour and production inputs*

One of the critical weaknesses in agriculture is **low productivity of land, labour, livestock and inputs**. This is caused mainly by inadequate levels of finance needed to obtain productivity-enhancing inputs or capital, limited availability of support services (research and extension, agricultural information, plant protection and livestock genetic and feeding improvement) and appropriate technologies forcing the majority to produce at subsistence levels. Moreover, low returns to labour and the drudgery of rural life result in migration of youth from rural to urban areas and reduce the agricultural labour force. Low rates of return in agriculture compared to other sectors of the economy also result in low levels of private investment in agriculture.

Access to and appropriate use of seeds, fertilizers and pesticides are vital to increase yields and the output of crops. Likewise, the use of farm implements and labour availability plays a critical role in the amount of land cultivated by each household. Most producers in Tanzania have limited access to productive inputs and, even when available, their benefits are not fully realized due to a variety of factors such as inappropriate use and low genetic potential of the crop varieties available in the country.

(b) *Over dependency on rain-fed agriculture, low and underdeveloped irrigation potential*

Out of 10.8 million hectares under cultivation only 273,945 hectares are currently under irrigation. Potential land for irrigation is 29.4 million hectares out of which 2.3 million hectares are high potential and 4.8 million hectares are medium potential, with the remaining 22.3 million hectares being low potential. There is high variability of

rainfall from season to season. It has been demonstrated that yield responses to irrigation are 2 to 3 times those of yields from rain fed agriculture. Irrigation development in Tanzania is constrained by low investment. Furthermore, the technical capacity of most producers to develop and sustainably manage irrigation schemes is still inadequate.

(c) Limited capital and access to financial services

Many farmers lack the capital assets necessary for agricultural production. They can hardly afford to hire additional labour and to purchase inputs and labour saving equipment such as tractors, and animal-drawn implements. Commercial banks and financial institutions find it risky to lend to smallholder farmers and small-scale agribusiness and they charge high lending rates. Most households can neither save nor access loans from commercial banks and financial institutions.

(d) Inadequate agricultural research and extension services

There are many technological innovations that are yet to be adopted by the majority of smallholder farmers, such as improved seeds and post-harvest technologies. In many cases they have not been adopted because they are unknown to smallholder farmers or there are inadequate effective delivery systems in place. Despite many successes, research and development in the agricultural sector is still facing many constraints including declining resources and programmes which are fragmented in different institutions and disciplines rather than integrated into production systems.

(e) Poor rural infrastructure

Investments in rural infrastructure, particularly rural roads, water supply, transportation, agro-processing facilities, communications, electrification, crops and other infrastructure are critical in stimulating increased agricultural production. However, rural infrastructure in the country is still inadequate and its coverage is generally limited. Poor rural roads limit farmers' access to markets, increase time and cost of transport and often result in deterioration of produce quality. The absence or inadequacy of communication facilities constrains access to and dissemination of knowledge and market information.

Agricultural performance is adversely affected by weak agro-industries; poor linkages within the marketing, processing and production chains; poor market-orientation and inadequate processing facilities which lead to high levels of produce wastage.

(f) Crop and animal pests and diseases

Crops and livestock production is affected by pest and disease infestations often in epidemic proportions. Major crop pests include locusts, *Quelea quelea*, armyworms, rodents, and various fungi, bacterial and viral diseases. Livestock production is put at risk by outbreaks of foot and mouth diseases, rift valley fever, *contagious bovine/Caprine pleuropneumonia*, east coast fever, lumpy skin disease, trypanosomiasis and poultry diseases. Infestations by the tsetse fly, a vector of trypanosomiasis, have rendered 60 percent of the total rangeland unsuitable for livestock production. The management and control of pests and diseases increases the costs of production and hence reduce producers' incomes.

(g) Erosion of natural resource base and environmental degradation

Unsustainable utilization of production resources may result in a number of environmental problems including land degradation, desertification, deterioration of aquatic systems, widespread pollution from improper handling and inappropriate use of agrochemicals and fertilisers. Further, the environment is degraded through overgrazing, poor cultivation practices, bush fires, overexploitation of forests and invasion by exotic organisms. This may result in rapid reduction of biological and land productivity.

(h) Weak producers' organizations

Producers' organisations exist in many different forms in Tanzania. The most important ones include cooperative societies, saving and credit organisations, and producer associations. In general, most of them are weak both managerially and financially and have limited capacity to attract professional staff, credit and related financial services. In view of this, most of them are unable to live up to their objectives such as provision of financial, advisory and marketing services and a common voice on issues of common interest to their members.

(i) Depressed prices for primary commodities in global markets

Depressed prices for primary commodities in global markets and constraints to accessing traditional markets constitute a continuing challenge to the agricultural sector. The share of traditional exports in global markets has been shrinking, largely due to increased competition from other suppliers, subsidized exports and non-tariff barriers on traditional exports. For example, ***Good Agricultural Practice (GAP)*** demands high quality and standards and labour conditions. Even within the Southern African Development Community (SADC) region, quality and standards conditions for fresh produce from SADC member countries have limited intra-SADC agricultural trade in horticultural produce.

(j) Health sanitation HIV and AIDS and waterborne diseases

The prevalence of malaria, tuberculosis, HIV and AIDS is high and is spreading, affecting economic activities in the agricultural sector. Studies indicate that about 1.5 million people are living with HIV and AIDS, 70 percent of whom are within the most productive age groups (between 15 and 59 years). Only one percent of the total number of rural households has access to safe tap water and 65.5 percent get their drinking water from unprotected water sources. These cumulative health problems increase household vulnerability to food (especially immune building food) and livelihood insecurity and deepen their poverty levels.

5.1.5 The resource situation (current and projected)

Tanzania's public spending for the agriculture sector benefits greatly from Development Partner's support. ASDP is implemented under a Basket Funding arrangement which is largely contributed by five DPs namely World Bank, African Development Bank, International Fund for Agricultural Development (IFAD), Government of Japan: US\$3 million; and Irish Aid: US\$ 1.0 million.

DPs also support Tanzania's agriculture sector through project funding, support to NGOs/CBOs working in the agriculture sector, General Budget Support and other funding modalities.

Table20: SWOT analysis for the agriculture sector

Eliminate <ul style="list-style-type: none"> ▪ Unnecessary and nuisance taxes ▪ Unnecessary restrictions in agricultural trade (e.g. maize marketing) 	Raise <ul style="list-style-type: none"> ▪ Strengthen a long term Agricultural development financial institution (TIB) ▪ Strengthens Stakeholders Associations and/or organizations ▪ Raise compliance levels to market standards ▪ Raise production and Productivity ▪ Raise PPP ▪ Raise quality of service ▪ Value addition ▪ Information and communication
Reduce <ul style="list-style-type: none"> ▪ Unnecessary bureaucratic procedures and processes ▪ Taxes on value addition 	Create <ul style="list-style-type: none"> ▪ An agricultural bank ▪ Branding ▪ Awareness on locally produced products

5.1.6 Agriculture sector action matrices

5.1.6.1 – Food and Commodity Crops

Sector:	AGRICULTURE – Food and Commodity Crops Sub-sector
----------------	--

Long term goal:

“To have a modernized, commercialized, competitive and effective agriculture and cooperative systems.”

Key sector constraints	Strategies to overcome constraints	Specific activities / Focus actions	Organisation responsible	Budgeting (in Millions of Tshillings)					Total cost
				2010	2011	2012	2013	2014	
	Promotion and use of appropriate technologies	Increase the number and retooling of extension service	Agri. Lead Ministries						
	Improve and disseminate Research and Development outputs	Establish an agricultural bank	Agri. Lead Ministries						
	Reduce Pre and Post harvest losses	Increase access and use of improved technologies.	MoF						
	Creation of a disease free zones	Train farmers in GAPs	ACT						

	Long term financing	Increase levels of processing to stimulate production and marketing	TCCIA						
	Improve access to production resource	Formalization of ownership of the land resource suitable for agro-investment							
		Increase supply and promote use of appropriate varieties and breeds							
Low value addition	Promote agro-processing	Tax rationalization to create better environment in enhancing value addition	Agri. Lead Ministries						
	Improve access to packaging materials	Training and education on value addition technologies	MITM						
	Capacity building	Improve access to financial services	CTI						
	Long term financing	Develop capacity to negotiate and penetrate the markets	ACT						
		Establish a special credit facility for livestock sub-sector	MoFA						

Final Interim Report

		development within an agricultural bank							
Inefficient marketing systems	Formulate a marketing development programme	Recruit and train practitioners and trade advisors	Agri. Lead Ministries						
	Promote market for value added products	Facilitate participation and exposure of key stakeholders (e.g. Investors/traders) in the international Trade fora	MITM						
		Enhance market compliance (standards, legislation) for value added products	MITM & Agri. Lead Ministries						
		Facilitate promotion of agro - products in regional and international market							
Inadequate infrastructure	Review and rationalize levies, duties and other relevant legislation Prioritisation of	Establish/improve landing sites	Agri. Lead Ministries						

Final Interim Report

	infrastructural issues in the government planning and budgeting Develop internal (local) capacity on establishment of modern agro - processing plants	Involve the private sector in the review and policy development process	TPSF, ACT						
		Train and recruit qualified personnel on development of agro- processing infrastructure							
		Ensure quality standards of the agro - infrastructure for export products							
Inefficient and low quality Public Service	Improve/create business orientated government system	Improve working condition for government employees	Agri. Lead Ministries						
		Facilitate public - private sector dialogue on business/trade issues	Agri. Lead Ministries, TPSF						
		Train public officials on trade related aspects	ACT						
		Operationalise client service charters							
TOTAL									

5.1.6.2 - Livestock Sub-sector matrix

(See Annex 4 For detailed sub sector analysis of Livestock)

Sector:	AGRICULTURE – Livestock Sub-sector
----------------	---

Long term goal:

“To have a modernized, commercialized, competitive and effective agriculture and cooperative systems.”

Key sector constraints	Strategies to overcome constraints	Specific activities / Focus actions	Organisation responsible	Budgeting (in Millions of Tshillings)					Total cost
				2010	2011	2012	2013	2014	
Low Production and Productivity	Promotion and use of appropriate technologies	Increase the number and retooling of extension service	Agri. Lead Ministries	1,500	1,500	1,000	1,000	1,000	6,000
	Improve and disseminate Research and Development outputs	Establish an agricultural bank	Agri. Lead Ministries						0
	Reduce Pre and Post harvest losses	Increase access and use of improved technologies.	MoF	200	400	500	300	100	1,500

Final Interim Report

	Creation of a disease free zones	Train farmers in GAPs	ACT	400	400	400	400	400	2,000
	Long term financing	Increase levels of processing to stimulate production and marketing	TCCIA	1,000	1,000	1,000	1,000	1,000	5,000
	Improve access to production resource	Formalization of ownership of the land resource suitable for agro-investment		1000	1000	600	400	200	3200
		Increase supply and promote use of appropriate varieties and breeds		1000	800	600	400	200	3000
Low value addition	Promote agro-processing	Tax rationalization to create better environment in enhancing value addition	Agri. Lead Ministries	40	20	5	0	0	65
	Improve access to packaging materials	Training and education on value addition technologies	MITM	200	200	200	200	200	1000
	Capacity building	Improve access to financial services	CTI	100	100	100	100	100	500
	Long term financing	Develop capacity to negotiate and penetrate the markets	ACT	100	100	100	100	100	500

Final Interim Report

		Establish a special credit facility for livestock sub-sector development within an agricultural bank	MoFA						0
Inefficient marketing systems	Formulate a marketing development programme	Recruit and train practitioners and trade advisors	Agri. Lead Ministries	50	50	50	50	50	250
	Promote market for value added products	Facilitate participation and exposure of key stakeholders (e.g. Investors/traders) in the international Trade fora	MITM	100	100	100	100	100	500
		Enhance market compliance (standards, legislation) for value added products	MITM & Agri. Lead Ministries	100	100	100	100	100	500
		Facilitate promotion of agro - products in regional and international market		100	300	500	400	300	1600
Inadequate infrastructure	Review and rationalize levies, duties and other relevant legislation Prioritisation of	Establish/improve landing sites	Agri. Lead Ministries						0

Final Interim Report

	infrastructural issues in the government planning and budgeting Develop internal (local) capacity on establishment of modern agro - processing plants	Involve the private sector in the review and policy development process	TPSF, ACT	300	200	100	200	200	1000
		Train and recruit qualified personnel on development of agro- processing infrastructure		50	50	50	50	50	250
		Ensure quality standards of the agro - infrastructure for export products		200	300	400	100	50	1050
Inefficient and low quality Public Service	Improve/create business orientated government system	Improve working condition for government employees	Agri. Lead Ministries						0
		Facilitate public - private sector dialogue on business/trade issues	Agri. Lead Ministries, TPSF	100	100	100	100	100	500
		Train public officials on trade related aspects	ACT	100	100	100	100	100	500
		Operationalise client service charters		100	10	5	5	5	125
TOTAL				6740	6830	6010	5105	4355	29040

5.1.6.3 - Organic Sub-sector matrix

(See Annex 1 For detailed sub sector analysis of Organic)

Sub Sector:	AGRICULTURE – Organics Sub-sector
--------------------	--

Long term goal: “Tanzania becomes a reliable supply to the export markets of quality products that comply with market regulations and standards”

Key sector constraints	Strategies to overcome constraints	Specific activities/Focus actions	Organisation responsible	Budgeting (In Millions of Tshillings)						
				2010	2011	2012	2013	2014	Total cost	Comments
Low supply of organic products	Increase number of operators and producers	Training of cooperative societies and producer associations on organic practices and quality standards.	MAFSC,MLDF,MNR,TOAM	100	115	125	140	160	640	
		Facilitate branding, consolidation and provide market linkages.	TCCIA/TOAM	35	40	43	48	50	216	
		Identify suitable zones/areas and focus on value chain development.	MAFSC, MNR, TOAM	250	260	270	300	350	1,430	
		Strengthen and support quality assurance services to access organic and fair trade certification	MITM/Tancert	85	105	130	175	200	695	

Final Interim Report

		Apply for equivalence status to EU and compliance to JAS and NOP and accreditation of private certifiers.	MAFSC,M LDF,MNR	95	100	150	180	210	735	
		DADPs provide support to organic and specialized market interventions	MAFSC,M LDF,MNR	100	135	140	155	170	700	
Inadequate research, training and extension capacity	Building the capacity of research, training and extension to provide quality services to operators	Establish organic centre of excellence for carry out research and generate information on organic best practices	MAFSC,M LDF,MNR	250	300	350	450	500	1,850	
		Undertake and disseminate research information on soil fertility, pest and disease control to operators	MAFSC,M LDF,MNR,TOAM	195	275	385	495	505	1,855	
		Extend subsidy to approved organic inputs and phytosanitary requirements	MAFSC,M LDF							
		Provide tax exemption for imported packaging materials	CTI,MITM							
		Adopt and mainstream NOADP into ASDP and DADPs	ASLM							
TOTAL				1,110	1,330	1,593	1,943	2,145	8,121	Budget under Basket Fund

5.1.6.4 - Horticulture Sub-sector matrix

(See Annex 3 for detailed sub sector analysis of Horticulture)

SECTOR:	AGRICULTURE – Horticulture Sub-sector				
LONGTERM GOALS:	Significant acceleration of sub sector production for public private benefit				
KEY SECTOR CONSTRAINTS	STRATEGIES TO OVERCOME CONSTRAINTS	SPECIFIC ACTIVITIES/FOCUS ACTIONS	ORGANIZATION RESPONSIBILITY	RESOURCES REQUIRED	TIMING
Lack of targeted incentives, commitments & coordination	Consensus by public and private partners to coordinate through HODECT including National H. Strategy	Council would prepare strategy, verify with consultant, validate with workshops, develop process for public and private sectors to have consensus and ownership	All Public and private partners	80 million Tshillings	2009
	Development of Public Agricultural compact "Green Revolution in Tanzania" committing leadership to all programs and effective IMPLEMENTATION	HODECT Local government	TNBC + HODECT	?	2009
Lack of capacity in sector	Development of Market Oriented guidelines for capacity building for distribution in public sector	TAHA to propose guidelines to public sector through HODECT. Process to be vetted by participatory validation	TAHA , HODECT	50 million Tshillings	2009

Final Interim Report

	Development of market structure proposals for unstructured Horticulture markets	Studies to be carried out on prioritized regional trade market chains (onions etc).	TAHA, Traceability, SCF and private sector proposals	40 million Tshillings per annum	2009-2010
	Support and expansion of Business and growers associations with a view to greater participation in debate and access to developmental programs across a wider base	Carried out by industry. TAHA funded to become national. Small grower association structure to be discussed and finalized in Workshop	TAHA, TASTA, MAWTA, Spice Association	50 million Tshillings per annum	2009-2012
	Development of GoT appreciation of APPROPRIATE standards and deployment of same through capacity program	Study to be carried out, documentation to be prepared and training session and workshop organized.	HODECT	35 million Tshillings	2009-2010
	Development and deployment of SIGNIFICANT targeted capacity building program of market oriented type integrated to National Strategy.	Program to follow National Strategy focus areas by contracting capacity building on a chain by chain basis Coordinated by HODECT and carried out by associations and NGOs	MITM	2 billion Tshillings per annum	2009-2019
Infrastructure improvement required prioritized and timed	Consideration of water infrastructure	Public and private investment into water storage needs encouragement through new Plan/Study	HODECT	?	2010

5.1.6.5 - Fisheries Sub-sector matrix

(See Appendix 2 For detailed sub sector analysis of Fisheries)

Sector:	AGRICULTURE - Fisheries Sub-Sector								
Long term goals:	Sustainable contribution of the Fisheries sector in the economic growth and poverty reduction								
				Budgeting (in Millions of Tshillings)					
Key sector constraints	Strategies to overcome constraints	Specific activities / Focus actions	Organisation responsible	2010	2011	2012	2013	2014	Total cost
Declining of fisheries resources	Enhance collaborative resource management for the sustainability of fisheries resources.	To establish and strengthen collaborative fishery resources management and environmental protection.	MLDF,LG	2,000	2,200	2,500	2,500	2,500	11,700
		To conserve critical habitats and endangered species.	MLDF,LG	1,000	1,200	1,500	2,000	2,500	8,200
	Promote research of under utilized fish stocks for possible exploitation.	To facilitate research institutions and private sectors to carry out research activities	MLDF,LG	800	1,000	1,200	900	1,500	5,400
		To strengthen monitoring control and surveillance stations. .	MLDF,LG	8,500	1,000	7,500	2,000		19,000

Final Interim Report

		To conduct patrols in the major water bodies and border posts.	MLDF,LGA	3,500	4,000	4,000	4,500	4,500	20,500
	Promote sustainable Aquaculture.	To identify and evaluate options for viable culture-base fisheries	MLDF	850	900	1,000	900	1,200	4,850
		To train aqua famers on viable Aquaculture practices	MLDF,LG private sector	400	450	450	500	400	2,200
		To restock minor and seasonal water bodies	MLDF, LG, private sector	600	650	700	700	600	3,250
High levels of pre and post harvest losses of fishery products	Reduction of pre and post harvest losses	To carry out assessments on pre and post harvest losses in the major water bodies	MLD	2,000	2,500				4,500
		To train Stakeholders on methods to reduce pre and post harvest losses in the five major water bodies.	MLD		1,500	2,000	2,500	2,000	8,000
		To construct 18 demonstration Hybridized solar driers in lakes Victoria, Tanganyika , Nyasa, Rukwa and Coastal zones	MLD	360	400	450	500	550	2,260
Low value addition in fishery products	Enhance value addition	To improve access of fisheries entrepreneurs to credit and financial services	MLDF,MITM	5,000	6,000	8,000	8,500	9,000	36,500
		To improve access of fisheries entrepreneurs to suitable and appropriate packaging materials, storage and distribution channels.	MLDF,MITM CTI, ACT	300	350	400	420	450	1,920

Final Interim Report

	Building Capacity	To train stakeholder on production of value added products	MLDFs, CTI	3,000	3,500	4,500	5,000	5,000	21,000
		To develop capacity to negotiate and access markets for value added products.	MDLFs, ACT	500	600	700	720	750	3,270
Poor quality and safety of fishery products	To strengthen control of quality and safety of fishery products	To carry out inspections of fishery products and fish processing establishments, landings sites and Fish storage establishments.	MLDF,MITM						
		To facilitate collection of samples laboratory analysis.							
		To furnish 9 QC zone and sub-zone offices with working facilities and construction and repair of 9 zone and sub-zone offices		5,000	5,500	6,000	6,200	6,500	29,200
		To prepare, review and distribute manuals for inspection and auditing of processing establishments and preservation of fishery products to meet market specifications.	MLDF,MITM	350	250				600

Final Interim Report

	To equip National Fish quality laboratory with technical equipments	To purchase equipment for chemical and microbiological analysis and reagents, air and waste water treatment plant, and improvement of portable and waste water system of the Laboratory.	MLDF,MITM	3,000		3,500			6,500
		To train Laboratory staff in good laboratory practice and operation of equipments.	MLDF,MITM	350	400	450	500	550	2,250
	To strengthen capacity building	To train stake holders and Fish inspectors on good fish handling, Good Manufacturing Practise and Good Hygienic Practices,	MLDF,MITM	1,200	1,500	2,000	2,200	2.5	6,903
Low capacity and skills for marketing and distribution of fishery products.	Develop a marketing and development programme	To recruit and train practitioners and trade advisers on marketing of Fishery products	MLDF,	300	350	350	400	420	1,820
		Facilitate participation of key stakeholders in the international Trade fora	MLDF,MITM	1,250	1,300	1,350	1,450	1,500	6,850
Poor and inadequate infrastructure	Construction and repair of 180 improved Fish landing stations in major water bodies	To conduct Feasibility studies, EIA and preparing layout plans and construction works for 30 landing sites yearly country wide.	MLDF, LGAs, and ML&UB	3,600	4,000	4,500	4,800	5,000	21,900

Final Interim Report

	Construction of 3 Fishing harbours to cater for EEZ and Deep sea fishing Vessels.	To conduct Feasibility studies EIA, preparation of lay out plans and facilitate the acquisition of Contractor for construction works.	MLD, LGAs and ML&UB	5,000	40,000	60,000			105,000
	Construction of 48 ice plants and ice storage facilities (ice silos) around major water bodies	To conduct Feasibility studies, EIA and preparing layout plans, Purchase insulation of ice plants and construction work of ice storage facilities for 8 units yearly country wide.	MLDF, LGAs, and ML&UB	560	600	640	750	800	3,350
Inefficient and low quality Public Service	Improvement/creation of business orientated government system	To improve working condition for fisheries staff.	MLDF	200	220	240	250	280	1,190
		Train 50 public officials on trade and related aspects	MLDF,ACT	300	350	250	300	280	1,480
		To operationalise the MLDFs client service charters	MDLF	100	120	130	120	150	620
		Total		50,020	80,840	114,310	48,610	46,433	340,213

5.2 TOURISM SECTOR

5.2.1 Introduction and background

Tanzania is endowed with a range of tourism potentials and attractions including:

- Natural attractions – National Parks, Game Reserves, coastal areas, mountains, lake/wetlands and climate.
- Cultural attractions – archaeological, historical and rock paint sites, traditional cuisines and dances.
- Manmade attractions – architecture, museums, and handicrafts.

The country has seven World Heritage Sites, and 25 percent of its total area has been designated as Protected Areas. Included in this are 15 National Parks, 33 Game Reserves, 44 Game controlled areas, 1 Conservation Area, Forest Reserves, and 2 Marine Parks.

Tourism plays a major role in the national economy. It is one of the major sources of foreign exchange, and through multiplier effects it offers employment opportunities both directly and indirectly. Tourism is a special “product”, because it is incorporated within nature, culture, heritage, environment, etc, before a marketing and promotional strategy is even developed.

Economic reforms and investment incentives schemes undertaken by the government since 1995 have impacted positively on the sector, and tourism’s contribution to the country’s economic development has been increasing gradually. In addition the annual rate of investments growth has increased steadily at a rate of approximately 15% to 20% annually since 1995⁵. From Table 1, below, the sector has considerable potential for expansion and increased value addition

Table 1:
Tourism sector contribution to Economic Development

Year	% of GDP	Estimated jobs
1995	7.5%	25,700
1999	8.1%	100,000
2000	12%	156,050
2003	13%	245,000
2005	16%	287,500
2007	17.2%	350,000

Source: Ministry of Natural Resources and Tourism

5.2.2 Benefits for the local economy from tourism

⁵ Integrated Tourism Master Plan 2002

Tourism is a multisectoral industry, offering numerous opportunities for local entrepreneurs, and is an engine for local sustainable economic development. This sector can be a powerful tool for growth in developing economies like Tanzania, particularly insofar as:

- The consumer travels to the destination, providing opportunities for the sale of additional goods and services and thus allowing local people to become exporters
- Tourism creates important opportunities to diversify the local economy by presenting opportunities to capitalise on assets that tourists are attracted to, such as cultures, wildlife, landscape, etc.
- Tourism increases the value-added content of existing locally produced goods and services and strengthens linkages with other productive and service sectors (backward and forward linkages such as agriculture, manufacturing, transport, construction).
- Tourism is a people- oriented industry that offers better labour intensive and small scale opportunities than most other sectors, with the exception of agriculture.
- Tourism increases the earnings of local people involved in both the sector itself and its related activities.

The Economic Survey, 1999-2002 which was carried out in selected regions throughout the country, confirms that the tourism sector accounts for the majority of Small and Medium Enterprises (SMEs) in the country. The study also estimates that the SME sector generates about a third of GDP, employs about 20 percent of the Tanzanian labour force and has the greatest potential for further employment generation. Tourism accounts for the majority of small scale opportunities available to local people.

5.2.3 A vision for the tourism sector

The tourism sector in Tanzania is aiming for high yield, low volume performance. The sector seeks to assist efforts to promote the economy and livelihood of people, thus contributing to poverty alleviation via the development of sustainable and quality tourism which is culturally and socially acceptable, ecologically friendly, environmentally sustainable and economically viable.

Currently the tourism sector focuses on achieving an increase in the number of tourists to 1 million by the year 2010, with tourism revenues to increase considerably from their current level (The National Tourism Policy 1999). However, given the Demand analysis of international visitors' arrivals and receipts (see **Table 3** below) this target could have been reached before the designated target date (2010) if different strategies for achievement - such as destination marketing programmes, product development and schemes to attract more investments - were planned, implemented and evaluated periodically.

5.2.4 Assessment of the current state of the tourism sector

In Tanzania, the tourism sector has registered substantial growth in recent years evidenced by the increased numbers of international arrivals and tourism receipts with the resultant impact reflected in the national accounts, as shown below.

Table 16: Tourism sector performance from 1995 to 2006

Year	Number of tourist arrivals	Receipts in US\$ 000	Receipts in Tshs 000
1995	295,312	259	155,663
1998	482,331	570	370,500
1999	627,325	733	586,624
2001	525,000	725	665,115
2002	575,000	730	705,618
2003	576,000	731	759,070
2004	582,807	746	812,676
2005	612,754	823	929,058
2006	644,124	862	1,079,137

Source: Ministry of Natural Resources and Tourism

Despite this growth, and the vast tourism potential, Tanzania's performance in the African marketplace has been very negligible, i.e. it has consistently lagged behind other African countries in terms of number of international tourists visiting Tanzania as a destination. Some of the studies in which this has been observed include the following:

- **2000 WTO statistics** reported that Tanzania received less than half the number of international tourists as visited Kenya, and less than seven percent of those who visited South Africa.
- **2004 WTO statistics** showed that in 2003 tourist arrivals in Africa totalled 30,680,000 and receipts amount to USD 14,368 Billion. Out of all tourists who visited Africa in 2003, Morocco and Tunisia received 31% of the total; whereas Tanzania received approximately 1%.
- **WTO Tourism- 2010 Vision:** projected that Africa will receive about 47 million tourists in 2010; if we compare the WTO projection with Tanzania tourism sector focus of 1 million range by the year 2010, in reality Tanzania focus is at a very low rate, i.e. its only 2% of the WTO 2010 Vision.

To begin to realise its potential, Tanzania needs a more focused tourism policy and export strategy..

5.2.5 Key constraints to the development of the sector

- **Tourism Products – So far only limited products and areas have been developed.**
There is a need to diversify and broaden the base of tourism assets and encourage the development of the specialized segments for the niche markets.
- **Infrastructure in a number of tourism areas is still poor.**

There is a need to improve basic infrastructure (communication, water, power, transport, accommodation facilities) in new tourism areas in order to speed up pace of investments and development.

- **Destination marketing and promotion is limited due to budgetary constraints.**

There is a need to increase promotion and publicity of Travel & Tourism in Tanzania in order to become a 'destination of choice'

- **Quality of service is still below recommended standards due to inadequate skills training and development.**

There is urgent need to increase numbers, skills and quality of trained personnel in the sector. Improve the capacity and quality training colleges and institutions. A well trained, efficient and skilled labour is needed.

- **Involvement of Communities in Travel and Tourism is still limited.**

There is a need to spread the benefits of travel and tourism development (knowledge and material) to all communities living in and around tourism areas so as to increase awareness and appreciation for tourism. Those that are aware and involved in tourism are often marginalized due to either lack of access to finance, lack of business skills, lack of market access etc.

- **Capacities of tourism services are still limited.**

There is a need to increase numbers of quality hotels/lodges and other related tourism services.

- **Access to financial services for the tourism sector is still limited.**

The financial sector needs to support the growth of travel & tourism in Tanzania with specific financial products for the sector.

- **Small and Medium Enterprise (SME's) which form the bulk of travel & tourism operations are still at the infant stage.**

There is need to continue to develop capacities of SME's through various programs like BEST etc.

- **Limited accessibility (to Tanzania and within Tanzania)**

Table 17: SWOT analysis of the tourism sector

<p>Strengths</p> <ul style="list-style-type: none"> • Variety of world class tourism assets (wildlife, mountains, archaeological, cultural and historical). • Unspoilt environment and beautiful scenery • Uncrowded destination. • Political & Economic stability. • Friendly people. • Authenticity and the unique African experience (Cultural experiences) • Beaches (comparative advantage with the neighbouring competitors) 	<p>Opportunities</p> <ul style="list-style-type: none"> • Developing and promoting urban tourism as a tourism product; e.g. Dar es Salaam City as stand-alone destination. • Diversifying – new niche products and areas. • Worldwide tourism growth trend. • Available population for expansion in Human Resource Development, • Chance to offer affordable attractive packages vs. overpriced products in the marketplace • Promotion of regional and domestic tourism • Opportunities to invest in different tourism businesses/activities. • Creating greater market awareness
<p>Weaknesses</p> <ul style="list-style-type: none"> • Accessibility to Tanzania is difficult in terms of both international and domestic flights. • Poor infrastructure – esp. roads • High cost of internal transport • Expensive Destination, over- priced product. • Limited Marketing & Promotion Campaign. • Generally poor services standards. • Lack of quality accommodations • Poor quality guides in comparison with competitor destinations 	<p>Threats</p> <ul style="list-style-type: none"> • Competing destinations in the EAC & SADC. • Global financial recession. • Security • Financial constraints for tourism development projects
<p>Eliminate</p> <ul style="list-style-type: none"> • Multiple and nuisance Taxes 	<p>Raise</p> <ul style="list-style-type: none"> • Accessibility of destinations – international and domestic • Infrastructure especially roads • Intensify marketing and promotion • Link between travel wholesaler in the source market and the domestic operator and tourist board • Raise level of professional services in tourism sector
<p>Reduce</p> <ul style="list-style-type: none"> • Internal transport costs • Total package cost • Social and environmental negative impact 	<p>Create</p> <ul style="list-style-type: none"> • Quality accommodation • Develop and promote urban tourism • Generate awareness of general population to the potential of tourism • Develop niche markets and products • Practice responsible tourism

5.2.6 Tourism sector action matrix

Sector:	Tourism
----------------	----------------

Long term goals:

Achieve 1.5 million tourists by 2014

Key sector constraints	Strategies to overcome constraints	Specific activities / Focus actions	Organisation responsible	2010	2011	2012	2013	2014	Total cost	Comments
Poor service and poor standards	Improve service standards	Establishment of hotel school; operational budget for 5 yrs	MNRT, Higher learning institutions, TCT	1,316	1,362	1,484	1,643	1,803	7608	The construction of the Hotel school which started in January, 2008 is fully funded by French Government. The project expected to be accomplished in June, 2009. Proposed Budget for accomplishing the construction EURO 3,485,000.

Final Interim Report

		Development of national curricula	MNRT, Higher learning institutions, TCT	Fully funded by EU; Expected to be ready by June, 2009					0	Proposed budget for the project Tshs. 436,730,750.
		Classify and grade hotels	MNRT, TCT, Private sector	247	262	393	629	880	2411	
		Generate awareness of population to the potential of tourism	MNRT, TCT, Private sector	1,620	1,800	1,650	1,950	2,100	9120	
		Regulations to enforce Tourism Act 2008 to other services	MNRT	67	101				168	
Limited product base	To broaden the product base	Identify and develop new areas and products; Identifying beach areas and islands and plan for their use in respect of NES	MNRT, TCT, Private sector, consultants, TIC, MNRT, Local Govt	560	721	590	650	700	3221	
High cost of developing new attractions/products		Develop infrastructure to support new areas/products	MNRT, TCT, Private sector						0	Cross cutting issue
		Develop advertising campaign for new attractions	MNRT, TCT, Private sector	1,800	2,000	2,750	3,900	4,200	14650	
		Identify and develop new markets	MNRT, TCT, Private sector, consultants	1,800	1,500	1,650	1,300	1,400	7650	
	To target and develop new niche market	Conduct Needs Assessment for new niche markets	MNRT, MITM, TCT, Private sector	1,170	1,000	1,100	1,170	1,120	5560	

Final Interim Report

		Develop advertising campaign for new markets	MNRT, TCT, Private sector	900	1,600	1,980	2,600	3,080	10160	
		Publications of promotion materials e.g. brochures, and electronic materials	MNRT, TTB, TCT	630	1,000	1,100	1,170	1,260	5160	
		Sensitization of various stakeholders	MNRT, TTB	225	200	110	130	84	749	
		Familiarization tours for Tos, media and other important stakeholders	MNRT, TCT, TTB	315	200	110	130	56	811	
Slow growth of investment projects	Investment promotional campaigns; communicating on the available opportunities	Assessing minimum criteria needed for investor to invest in the country, i.e. whether too stringent need some adjustment	TIC, MNRT						0	Cross cutting issues
Limited financing	To create sustainable funds specifically for financing tourism projects	Develop basket funds for financing tourism projects	BOT, MNRT, Financial institutions (selected ones)						0	
		Develop coordination with Financial institutions in the country to administer the basket funds	MNRT, BOT, Selected Financial institution in the country						0	
Poor coordination	Establish strong links with institutions/sectors which their activities, or authority relate with tourism	Identify areas, or development activities which need other institutions/other Ministry support	MNRT, other selected institutions or ministries depending on the subject issue						0	

Final Interim Report

	development, e.g. Min. of Infrastructure, MTIM, TRA, etc	Establish Steering Committee which will work on cross cutting issues which affect tourism development							0	
	To have in-place sector development programme/ plan	Accomplishing National Tourism Development Programme	MNRT, TANAPA, NCAA, TTB, NCT, TCT	98	85	96			279	
Limited availability of tourism data	Conducting filed survey on tourism data collection	Conducting annual survey on sector contribution to employment (both permanent and seasonal)	MNRT, Ministry of Labour	150	180	140	120	100	690	
		Analysing tourism business growth trend annually	MNRT, TCT,	150	170	130	100	100	650	
		Analysing each tourism business subsector contribution in tourism earnings in the country	MNRT, TCT,							
		TOTAL		11,048	12,181	13,283	15,492	16,883	68,887	

5.3 MINING SECTOR

5.3.1 Introduction and background

It is widely acknowledged that Tanzania has vast mineral potential. The existence of significant deposits of gold, diamonds, nickel and gemstones as well as non-metallic minerals has been proven, and a substantial number of individual firms, both local and foreign, are already operating in the sector. There are vast opportunities for job creation and income generation in addition to the increased export earnings and government revenues which are likely to result from a comprehensive, well thought-out, coordinated and properly implemented intervention in the Mineral sector in Tanzania.

Mining activities in Tanzania are conducted on both a small and large scale basis and are carried out by local as well as foreign investors. While the mining sector currently contributes about 2.7 percent of the country's GDP, it accounted for 41.9 percent of total exports in 2007.

The weakest links in the sector's value chain, constraining it from making its fullest contribution to exports and the nation's socio-economic development, include parallel market operations, export of unprocessed minerals, under-exploitation of the country's full mineral potential and lack of coordination of intervention initiatives.

The main constraints facing the industry are the main areas of intervention. The size of the sector under consideration; the number, diversity and extent of the issues to be addressed; the complexity of the work to be done to achieve full coverage; as well as the likely input requirements in terms of human resources, facilities and time indicate that the ideal intervention should be in the form of a sector development program with components in the following areas: market promotion, financial sourcing, technical and management training, promotion of business support services, organisational capacity building as well as geological information dissemination.

5.3.2 A vision for the mining sector

The vision is to have a strong, vibrant, well-organised private sector-led, large and small scale mining industry conducted in a safe and environmentally-sound manner which contributes over 10 percent of GDP; a well developed gemstone lapidary industry; and the provision of employment to Tanzanians.

The New Minerals Policy was of 1997 was issued with the key objective of attracting and enabling the private sector to take the lead in exploration, mining, mine development, mineral beneficiation and marketing. The Policy changed the role of government from that of an active participant to that of facilitator, regulator and administrator.

5.3.3 Assessment of the current state of the mining sector

The mining sector has experienced strong growth over the last decade. An environment of political stability coupled with a range of fiscal incentives offered by the Mining Act has made Tanzania an attractive location for investment. The number of prospecting and mining licenses saw an increase from a low base of 9 in 1990 to well over 4,500 in 2006. Gold production in particular has increased tenfold in the last ten years. Target minerals include

gold, base metals, uranium, coal, platinum group metals, diamonds and Tanzanite and other gemstones.

The prospects for minerals are excellent and with support of the Government of Tanzania, the mining industry has the potential to develop into a significant revenue generator for Tanzania. Over the past ten years the development of large gold mines such as Golden Pride, Geita Gold Mine, Bulyanhulu Gold Mine, North Mara Mine, and Tulawaka Gold Mine in the Lake Victoria Goldfields have drawn attention to Tanzania as a long term producer with excellent potential for additional discoveries. As long as the tenure of licenses remain secure, the current stability of the government continues, infrastructure continues to be improved and maintained and tax and mining legislation remain fixed in the long term, then exploration by both large and small mining companies will flourish. Service industries and supplies are already establishing themselves in Tanzania and with the opening of new mines this service industry will continue to expand. This not only adds to the Tanzanian Gross Domestic Product but also builds a support industry that will reduce the costs of exploring for, and developing and operating, a mine. This in turn means the resource size that is economically feasible to mine will be reduced which will potentially result in more mines being developed. The economic growth created by the mining industry will lead to social and infrastructure benefits.

Prospecting Rights and prospecting

The mining value chain commences with the granting of a mineral exploration tenement. This not only requires the payment of application fees and annual rentals but also entails a commitment to spending money in exploring for mineral resources. A total of US\$ 266 million was spent in fees and rentals and actual exploration work between 1997 and 2007 by only six companies. Exploration reveals in the course of time the mineral endowment of the country and is the basis upon which decisions can be made about whether or not development of a certain prospect is economically viable.

The granting of prospecting rights in most cases means that foreign companies will bring capital into the country for expenditure on exploration. Most of the prospecting areas are located in relatively remote areas of Tanzania which means that money spent in the field goes directly into the rural areas. Exploration is carried out from fly-in camps, and, for more advanced exploration, from established field camps. These field camps contribute to the economy by purchasing local goods and services and employing casual labour. A single field camp for example spends between approximately US\$ 300,000 for small exploration companies and US\$ 1,200,000 for large companies annually for local labour, and between US\$ 1,500,000 and 10,000,000 on goods and services for small and large exploration companies respectively, this excludes assay and drill contracts which also consume large amounts of funds; typically 50 to 60 % of the exploration budget is spent on core drilling and mineral assays. In addition employees from the camp contribute money in the form of PAYE, Payroll levy and VETA.

The establishment of these supporting industries contributes significantly to the local economy. There are a number of assay laboratories and mineral exploration-drilling companies currently operating in Tanzania, with more set to commence operations in the near future. Apart from the monetary considerations and employment opportunities these exploration and mining companies and supporting industries contribute, there are also benefits in terms of improved health care, infrastructure and the development of a variety of work skills. Over time, skills will be transferred to Tanzanians. This will increase the

education base of Tanzanians and many of the skills acquired will also be of use to other industries. The exploration industry has several tiers, each of which contributes in a different way.

The exploration and mining industry is in its infancy in Tanzania and the larger companies operating here primarily target very large deposits, in part because of the capital, transport and entry costs and inherent risks associated with mining projects. A lot of exploration work still remains to be done in turning the latent mineral resources into accounts. Development of new mines results in the development of infrastructure such as roads, which is important for accessing mining sites, in addition to the setting up of support industries. These developments will in the long run manifest themselves in reduction in costs of exploration and development, and subsequently allow the development of smaller deposits which can potentially make a major contribution to the economy, given the likelihood that there will be many smaller deposits than large ones. The proviso in this however, is the stability of gold and base metal prices.

Development and Mining

Construction of a mine means a large increase in demand for local goods and services. Once there are established long-life mines, the mining services and support industries will also establish themselves within Tanzania creating a pyramid of job creation, training and cash injection into the economy. The development of the mining industry depends on commodity prices in the short term, but in the longer term it is the political stability of the country, the development of infrastructure and the certainty of tax and mining legislation that will underpin the resource development and the associated benefits that will accrue to the mineral rich country of Tanzania. The key to the contribution of mining to the GDP of Tanzania is development of long-life mines and good infrastructure. Poor roads and lack of reliable power add substantially to the operating costs of the industry.

Products

The operation of several new mines will have a major impact on the economy of Tanzania. Currently, investors have focused on the development of gold mines where the scope for downstream processing is limited; however there is good potential for the development of base metal mines. The Kabanga Nickel project is evidence of this. Processing of base metal concentrate requires large-scale investments in infrastructure before it can become established. Significant deposits will need to be discovered to justify this expenditure, however once established the potential for downstream processing of metals in the country would be worth considering. The establishment of coal mines not only creates jobs, but also supplies what can be a cheap source of energy for base metal processing. Limestone quarries have provided the construction industry with local supplies of cement from factories at Dar es Salaam, Tanga and Mbeya.

Closure

Mine life for large-scale mines ranges from 10 to 30 or more years; the Williamson Diamond Mine has been in existence for the last 60 years. The closure of a mine should be planned for well in advance so that maximum benefit can be derived from the infrastructure, the townships and service industries that have developed around a mine site. While the mine is in operation the skill levels of the local people will increase. People with experience in information technology, surveying, machinery operation, construction and many other trades are a key part of the work-force in mining areas and these skills should be utilized for the long-term benefit of the country. Because these people are already established within a

particular community it makes sense to use their collective skills in other economically viable industries that could be established in the same location.

Mineral sector benefits

- The contribution of minerals to Tanzania's total export values rose sharply from 0.04% in 1999 to 41.9% in 2007. Total mineral exports were worth US\$ 866.3 million in 2007 with gold contributing nearly 90%. In 1997 the mining sector contributed 1.7% to GDP, increasing to 2.7% in 2007. According to the Mineral Sector Vision of 1997, the mining sector contribution to GDP is set to increase to 10% by 2025.
- Payments of royalties, licenses fees, income tax, withholding tax and PAYE have also increased. Income from royalties and various taxes increased from US\$1.8 million in 1997 to US\$ 119.2 million in 2007. Local procurement of goods and services increased from US\$ 2.3 million in 1997 to US\$ 141 million in 2007. Tax revenues will increase when mining companies become profitable, and are thus required to pay corporate tax.
- Large mining companies provide employment to about 10,000 people. In addition, it is estimated that up to 60,000 people are indirectly employed by service industries such as transport, food supply, construction etc.
- Mining companies have contributed up to US\$ 35.6 million to social development since 1997.
- In addition to established mining towns, other economic activities such as small-scale industry and agriculture also benefit.

Table 18: The Minerals sector in Tanzania

	1997	2002	2008
Export revenues (Constant US\$ million)	26.8	440.3	1,103.3
Share of total exports (%)	6.8	43.9	47.3
Number of persons employed in organised mines (approximate)	939	5,260	TBA

Source: Chamber of Minerals & Energy

5.3.4 Key constraints to the development of the sector

Parallel Market operations

There is a high percentage of informal operations and illegal markets in the mineral sector, particularly in the small scale mining subsector. A less apparent but equally damaging impact of parallel market exports is the fact that dealers generally offer low producer prices compared to market prices. These middlemen benefit from the resultant super profits while artisanal miners remain poor. Additionally, there is a loss in government revenues. Two major causes cited as giving rise to parallel market operations are:

- (i) Lack of effective formal financing and marketing systems;
- (ii) Lack of information and transparency, including bureaucratic procedures and lack of monitoring structures which lead to active avoidance of formal systems whenever possible.

Export of Raw (Unprocessed) Minerals

Small scale miners have neither access to processing facilities nor the necessary organisation to facilitate access to such facilities. They are therefore forced to dispose of their unprocessed produce to dealers. This practice impedes economic growth in three ways:

- (i) The miners are paid low producer prices preventing most of them from accumulating sufficient funds to plough back into their operations by way of technology, expansion or diversification.
- (ii) The employment and capacity building opportunities associated with mineral processing (value addition) are lost.
- (ii) The Government loses out on both export earnings and tax revenue on value-added goods.

Under- exploitation of Mineral potential

The current mining activities in Tanzania are nowhere near the country's full mineral deposit potential. Several reasons have been advanced for this situation:

- (i) Lack of access to finance and technology is one of the biggest constraints to small scale miners. Finance and technology determine not only the scale of their operations but also the quantity and quality they are able to recover.
- (ii) Lack of adequate infrastructure (including roads, water and communication) and support services such as training and provision of facilities.
- (iii) Customary and modern statutory laws on land rights are a frequent source of friction between artisanal miners and large scale miners.
- (iv) Lack of an effective organised open market for minerals which results partly from lack of a strong coherent and effective organisation on part of small scale miner and partly from lack of adequate infrastructure and support services on the part of the government and its institutions.
- (v) Government red-tape, lack of transparency is a disincentive to investors generally and small investors in particular.

Lack of coordination of intervention initiatives

It has been observed that one of the main constraints in the mining sector is the fact that well meaning studies and initiatives, whether by the government (and institutions), donors or private sector intended to improve its performance, have remained uncoordinated. As a result, their impacts have largely been insignificant.

5.3.5 Mining sector SWOT analysis

Table 19: SWOT analysis for the mining sector

Strengths <ul style="list-style-type: none"> • Conducive investment climate • Large variety of minerals • Internationally competitive fiscal regime • Political stability versus countries competing for the same investment • Good regulatory framework • Rational Mineral policy • Good governance • Government committed to ensuring growth of the industry • Good geological database at the Geological Survey 	Weaknesses <ul style="list-style-type: none"> • Lack of capacity for administering the growing sector • Lack of skilled labour • Licensing delays • Lack of a positive communications strategy conveying the positive externalities of the industry • Constraints on land access • Conflicts between LSM and ASM • Illegal trading of minerals • Exporting of unprocessed (raw) minerals. • Unresolved compensation issues
Opportunities <ul style="list-style-type: none"> • Discover further mineral resources • Possibility of establishing lapidary and jewellery industry. • Establish mineral beneficiation ‘downstream’ industry • Possibility of establishment of precious metals refinery • Further develop mining services industry • Future efficiency gains 	Threats <ul style="list-style-type: none"> • Decrease in investment driven by: declining global commodity prices, changing fiscal regime etc... • Driving up income differentials and socio-economic division around mines • Escalating hostility towards foreign investment • Further criticism and ‘stigmatization’ of the sector • Conflicts over land use property rights
Eliminate <ul style="list-style-type: none"> ▪ Illegal trading of minerals ▪ Environmental degradation ▪ Export of unprocessed minerals ▪ Disputes between LSM and ASMs ▪ Child labour 	Raise <ul style="list-style-type: none"> ▪ Value added processes ▪ Government revenue ▪ Employment
Reduce License processing period	Create Mining support services industry Downstream processing capacity <ul style="list-style-type: none"> ▪ More mining experts and skilled engineers

5.3.6 The way forward – strategies and actions for the next 3-5 years

Strategies for improving small scale miners access to credit.

- 1) Supporting the formation of formal enterprises groups.
- 2) Formalizing traditional funding systems by promoting hire- cum- purchase systems, forward sales, and mutual group savings schemes.
- 3) Encouraging banks to develop mine finance expertise and to establish mobile banking systems as well as commercial banks in the mining areas.
- 4) Encouraging financial institutions to support small-scale mining by formulating affordable credit schemes for the sub sector and adjusting start up capital requirements.

- 5) Promoting the use of third party guarantees to enable other institutions to assist miners to get loans;
- 6) Facilitating the creation of mineral property markets to enable discoverers to sell their properties to developers at competitive prices.
- 7) Working, in conjunction with NGO's, towards the establishment of miner's cooperative banks, and informal financial institutions such as rotating savings and credit associations. Advocating efforts to increase miners' incomes through value added activities.
- 8) Putting in place a mining trust fund to finance simple mining equipment and other inputs and devising an effective mechanism for the replenishment fund; and
- 9) Conducting awareness programmes to promote a savings culture among small – scale miners.

Rationalizing artisanal and small scale mining

- 1) Transforming and upgrading artisanal mining into organized and modernized mining.
- 2) Facilitating the availability of appropriate and affordable mining tools, equipment and consumables and encouraging the manufacture and supply of the same.
- 3) Promoting partnership between local small scale miners and large scale investors to facilitate technology transfer and optimize mineral resources exploitation.
- 4) Providing supportive extension services in mining, mineral processing and marketing.
- 5) Streamlining and simplifying the licensing of artisanal miners and mineral dealers.
- 6) Preparing, disseminating and enforcing a code of conduct in mining and mineral processing.
- 7) Promoting marketing arrangements which are responsive to the requirements of the artisanal and small-scale mining sub sector.

5.3.7 Mining sector action matrix

Sector:	Mining								
Long term goals:	Increase contribution of the industry to 5% of GDP by 2014								
				Budgeting (in Millions of Tshillings)					
Key sector constraints	Strategies to overcome constraints	Specific activities / Focus actions	Organisation responsible	2010	2011	2012	2013	2014	Total cost
Lack of skilled labour	Improve number of national experts and skilled personnel	Training and recruitment of mining experts (Follow up action groups to establish exact numbers needed)	MEM	200	180	160	140	120	800
Lack of mineral processing and refining industries	Put in place a conducive environment to attract investment	Improve energy infrastructure.	MEM	-	-	-	-	-	-
		Establish fiscal incentives to attract investment	MOFEA and MEM	50	40	30	20	10	150
		Training of experts to specialise in downstream operations	MEM	150	120	100	80	50	500
Illegal trading of minerals	Organising and promoting effective and fair marketing channels for small scale miners and jewellers with a view to improve their	Start up auctioning of gemstones Conduct periodic gemstone shows Strengthen small	TAMIDA (Tanzania Mineral Dealers' Association)	100	100	80	60	60	400

Final Interim Report

	income	<p>scale miners associations</p> <p>Strengthen Ministry of Minerals and Energy capacity in disseminating marketing information</p> <p>Set fair trade standards for precious minerals e.g. diamonds</p> <p>Facilitating the availability of appropriate and affordable mining tools, equipment and consumables and encouraging the infrastructure and supply of the same. facilitate enabling market conditions for fair trade jewellery</p>							
Lack of business support services	Identify and facilitate the establishment and /or effective business support services required by ASM	Provide Extension services to ASM to ensure best practices	MEM	100	100	80	50	50	380
Lack of appropriate technology in ASM sector	Acquire appropriate technology	Facilitating the availability of appropriate and affordable mining tools, equipment and consumables and	MEM	10,000	10,000	5,000	5,000	5,000	35,000

Final Interim Report

		encouraging the manufacture and supply of the same.							
		Creating awareness and facilitating access to knowledge and technical information	MEM, EDUCATION INSTIUTIONS						
		Developing and offering appropriate capacity building programmes, information gathering and sharing mechanisms for comprehensive technical skills.							
Lack of capital and credit availability	Improve understanding that financial institutions have of the industry to lower the credit risk premium. Establish mechanisms for ASM to access credit more efficiently ASM to access credit more efficiently	Encouraging banks to develop mine finance expertise and to establish mobile banking system as well as commercial banks in the mining areas. Start up a fund from royalties for small scale mining to enable access by miners	MEM	1,000	1,000	800	500	500	3,800
	Identify financing arrangements for the ASM	Encouraging financial institutions to support small scale mining by formulating	MEM	50	30	20	10	500	120

Final Interim Report

		affordable credit schemes for the sub sector and adjusting start up capital requirements.							
		TOTAL		11650	11570	6270	5860	5800	41150

5.4 FORESTRY AND BEE-KEEPING SECTOR

5.4.1 Introduction and background

Tanzania is endowed with large and valuable forest resources covering about 38.8 million hectares, 38% of Tanzania's total land area. Tanzania is also facing a number of environmental degradation problems, foremost among which are deforestation and forest degradation. In the 1970's and 1980's, the Government of Tanzania attempted to curb the problem of deforestation by promoting village and community forestry aimed at producing sufficient amounts of forest products and services to both meet local demand and promote the forests' contribution to global environmental conservation. Despite these efforts, environmental degradation has continued at a fast rate. The consequences of this have been loss of biodiversity, general decline of forest products and services, livelihood, employment and revenue from the sale of forest products and honey locally and international.

According to official statistics, the forestry sector contributes an estimated 3.0-3.4% of total gross domestic product. It is likely that the actual figure is significantly higher due both to poor data collection systems and methods, and the difficulty in placing a value on services such as providing a water catchment for hydropower dams, water purification, maintaining ecological cycles and micro-climates, soil erosion control, nutrient cycling, soil fertility, employment opportunities, and acting as a sink filter for air pollution emissions and carbon sequestration. Average annual export earnings from forest products (e.g. timber, honey, beeswax) are estimated at approximately around USD 14 million. Local governments are highly dependent on forest-derived revenue. The forestry sector employs about three percent of paid labour and over three million people in the informal sector, selling charcoal, firewood, timber, honey and other non-woody products (excluding wildlife products). Fuel wood remains the most important use of wood and accounts for at least 92% of the country's energy use and around 95% of the total wood products consumed in the country. Forests are the primary source of plant-based traditional medicines, used by around 70% of Tanzanians. There are also many under-valued forest products, both timber and non-timber, including building poles and timber, edible fruits, mushrooms, plant-derived oils, leaves and beverages, bamboo, gums, fodder, fibre, dyes, ornamental plants, household utensils and handicrafts.

5.4.2 A vision for the forestry and bee-keeping sector

The vision of the Tanzania National Forest and Beekeeping Programmes is to promote the conservation and sustainable use of forest and bee resources to meet local, national and global needs. The Ministry has developed five overall objectives/sub development programmes to reach this vision as follows.

(i) Forest Resources Conservation and Management

Sustainable supply of forest products and services to meet local needs, thereby contributing to national development

(ii) Institutions and Human Resources

Enhanced national capacity to manage and develop the forest sector in collaboration with other stakeholders

(iii) Legal and Regulatory Framework

Enabling and effective legal and regulatory environment for the sector; and

(iv) Forestry-Based Industries and Sustainable Livelihoods

Increased economic contribution to GNP, employment and foreign exchange earnings through sustainable forest - based industry development and trade of forest products and services.

(v) Beekeeping development

Sustainable, diversified and improved quality and quantity of bee products.

5.4.3 Assessment of the current status of the forestry and bee-keeping sector

(i) Forestry

Revenue collection in the forestry sector has steadily increased, rising from Tsh.77 million in 1987/88 to TSH5,818 million in 2003/04. Harvesting of forest products is carried out in both natural and plantation forests by private companies, pit sawyers and small-scale companies. The forestry industry is dominated by wood processing through sawmilling, furniture marts and joinery. There is also small-scale paper and board production, manufacturing of matches, production of poles, chipboard, fibreboard, blackboard manufacturing and tannin extraction⁶.

The industrial consumption of wood is predominantly for saw milling, although this has declined from over 90 percent in 1988 to around 50 percent in the early 1990s. The private sector holds a 78 percent share in saw milling through predominantly small-scale units (1,000m³/annum)⁷.

Similarly, wood working units for furniture and joinery are mainly owned by individuals and families. Productivity in small-scale saw milling is low due to the use of traditional methods, e.g. mobile sawmills, saw benches and handsaws (pitsawing). Pitsawing organized by individuals accounts for 40 percent of the country's sawn wood⁸. In addition, there are problems with transportation due to poor infrastructure. The Forest industry also suffers from lack of information regarding material availability, market statistics and skilled labour⁹.

Table 20: SWOT analysis for the forestry sector

Eliminate <ul style="list-style-type: none">▪ Export permits	Raise <ul style="list-style-type: none">▪ Coordination between different MDAs and the private sector▪ Log tracking system and certification▪ Awareness of the existence of unique forest products▪ Awareness of the Ministry's operations and financial needs
Reduce <ul style="list-style-type: none">▪ Inter institutional conflicts through consultation	Create <ul style="list-style-type: none">▪ Brand Tanzania Mpingo and other unique timber species

⁶ MNRT 2001a: 27

⁷ Ngaga, 1998

⁸ Skage and Naess 1994

⁹ MNRT 2001a: 27

(ii) Beekeeping

Table 21: SWOT analysis for the bee-keeping sector

Eliminate <ul style="list-style-type: none"> ▪ Export permits 	Raise <ul style="list-style-type: none"> ▪ Coordination between different MDAs and the private sector ▪ Traceability mechanism and certification
Reduce <ul style="list-style-type: none"> ▪ Inter institutional conflicts through consultation 	Create <ul style="list-style-type: none"> ▪ Brand Tanzania honey (unique attributes)

5.4.4 Forestry and Bee-keeping sector action matrix

Sector:	Forestry and Beekeeping								
Long term goals:	Increase productivity through modernisation and innovation								
				Budgeting (in Millions of Tshillings)					
Key sector constraints	Strategies to overcome constraints	Specific activities / Focus actions	Organisation responsible	2010	2011	2012	2013	2014	Total cost
Conflict of interest amongst stakeholders.	Increased coordination between different MDAs and private sector,	Institutionalize support through planned consultations, undertake impact study on permit and taxes and recommend appropriate actions e.g abolition of export taxes	MNRT, PMO-RALG, MoFEA	50	50	30	30	30	190

Final Interim Report

Poor farming technology and post harvesting handling	Increase research and development (R&D) and provide incentives for private sector to invest in new technologies.	Introduce budget line for R&D and review policy and regulations.	MNRT, MOFEA TIRDO, TAWIRI TAFORI, TTSA	100	80	50	40	40	310
Lack of testing laboratory	Establish laboratory in key resource regions build capacity to existing laboratories to test honey	Build laboratory, Accreditation of laboratories, implement chemical residue monitoring plans, train laboratory staff	MNRT, TBS, TFDA, TPSF GCLA, TIRDO	600	600	500	200	200	2100
Absence of national body to regulate honey sub sector	Establish Tanzania Honey Council	Hold sector wide consultation and seek legal advice, operationalize Honey council.	MNRT, TPSF, TCCIA, Farmers Ass, etc	30	30	30	30	50	170

Final Interim Report

Lack of value adding technology	Provide incentives for private sector to invest in new technologies.	Review policy and regulations. Promote new technologies, Product development, Branding Tanzania Honey and other forest product, Organic certification of products, capacity building for private sector	MNRT, MOFEA, TCCIA, TPSF,	500	600	500	400	400	2400
Inadequate human resource capacity to fully exploit the sector	Undertake TNA and develop training programme for sector player	Undertake/Review TNA, develop programme and conduct training Implement the program	MNRT, Farmers Associations, TCCIA	500	800	800	600	400	3100

Final Interim Report

Poor quality and safety of honey and safety	Strengthen quality and safety of honey and other products	Facilitate collection of samples and laboratory analysis, construct and equip 50 product collection centres, preparation of manuals for inspection, train inspectors in compliance to national and international standards, develop traceability mechanism.	MNTR, TBS, GCLA	600	500	500	500	500	2600
Financial	Lobby for increased national financial allocation	Prepare funding proposal and arrange presentation to key MOFEA decision makers	MNRT, MOFEA	60	100	100	100	100	460
Low capacity and marketing skills	Develop marketing strategy and programme	Facilitate participation of key stakeholders in internal, regional and international trade fora, contract consultants to develop the marketing strategy	MNRT, Private sector	200	100	100	100	100	600

6 FINANCING THE STRATEGY

The following is an indicative summary of total financing requirements, based on the various sector action matrices. The total estimated resource envelope to implement the entire National Export Strategy is US\$ 5.233 million.

Table 22: Tanzania National Export Strategy, total financing requirements, 2010 - 2014

Component	2010	2011	2012	2013	2014	Subtotal (5 years)
CROSS CUTTING ISSUES	1,274,100	1,383,460	1,458,540	1,177,020	1,140,920	6,434,040
AGRICULTURE						
Agriculture – Food, Commodities and Livestock	6,740	6,830	6,010	5,105	4,355	29,040
AGRICULTURE SUB SECTORS:						
Organics	1,110	1,330	1,593	1,943	2,145	8,121
Horticulture	2,125	2,090	2,050	2,000	2,000	10,265
Fisheries	50,020	80,840	114,310	48,610	46,433	340,213
OTHER SECTORS						
TOURISM	11,048	12,181	13,283	15,492	16,883	68,887
MINING	11,650	11,570	6,270	5,860	5,800	41,150
FORESTRY & BEEKEEPING	690	500	390	370	320	2,270
GRAND TOTAL (Tsh million)	1,357,483	1,498,801	1,602,446	1,256,400	1,218,856	6,933,986
GRAND TOTAL (US\$ thousand)	1,024.5	1,131.2	1,209.4	948	920	5,233.2

7 INSTITUTIONAL FRAMEWORK FOR IMPLEMENTATION

7.1 *NES Management Structure*

Implementation of the NES shall involve a public-private sector partnership. The proposed framework considers a management structure that involves a Steering Committee and an Implementation Secretariat. Overall political supervision shall be provided by Ministry of Industry, Trade and Marketing with the minister of Commerce and Trade being the champion with support from BET or its successor Tantrade. The Minister would report to the designated Cabinet committee.

7.2 *NES Steering Committee*

A NES Steering Committee shall be appointed comprising representatives of the public and private sectors and shall be involved in making key technical decisions related to the implementation of the NES, as well as for providing oversight for monitoring and evaluation.

The Permanent secretary of Ministry of Industry, Trade and Marketing or his designate shall serve as the Chair of the Committee, with members being appointed in line with the current NES core group which is ideally made up of one representatives from each the priority sectors; one representative from each of the key intermediary business organizations, one representative from the relevant economic ministries and the BET.

7.3 *NES Implementation Secretariat*

The NES Secretariat for implementation, monitoring, and evaluation shall be located within the Ministry of Industry, Trade and Marketing offices. It shall be the statutory national agency responsibly for the export development in Tanzania. This secretariat may need technical support during the initial stages of the implementation of the strategy as capacity is effectively built in and across all the stakeholders involved in the implementation of the strategy.

7.4 *NES Implementation Plan*

Immediately after the Launch of the NES, the secretariat shall design an implementation plan in close cooperation with the lead institutions. This will highlight priority initiatives drawn from the action matrices of the NES. Each initiative will be an implementation plan with proper budgets and will be wherever possible a 'bank able project'.

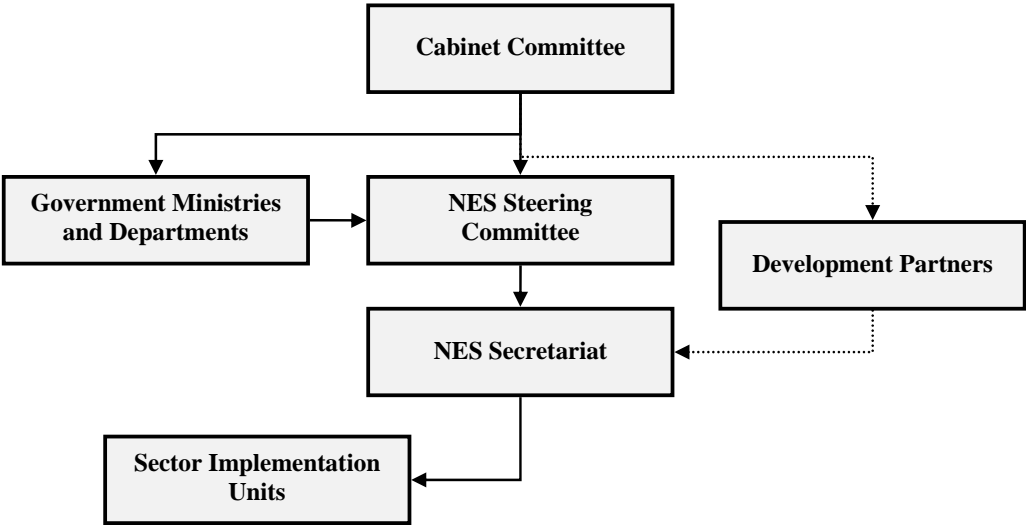
7.5 *Monitoring and evaluation*

Regular assessment of the progress and mechanisms for addressing the constraints shall be the responsibility of the steering committee with the support of the secretariat.

Once a year the Steering committee will organise a National Export Strategy implementation review and organise a review conference to track how the various initiatives are being implemented and to obtain stakeholder feed back on current methodology. This will act as an auditing process and allow changes in methodology, adoption of best practices where and when required. This review process should be held prior to the National Budgeting process so that it can effectively feeds into it.

A M&E tool will be developed during the first year of implementation.

Figure 10: Proposed Tanzania National Export Strategy implementation structure



ANNEX 1: Organic Sector Development Strategy

1.0 Introduction

In some developing countries a large numbers of farmers practice traditional agriculture without purchased inputs In Tanzania the average use of chemical fertilizers is less than 2 kg per hectare per year (FAO 2007): meaning that most land is **never** chemically fertilized.

Organic agriculture is the most effective form of farming for small-scale farmers in developing countries as corroborated by recent analysis¹⁰ Organic production is resource efficient, and poverty reducing through :

- Increasing yields in low-input areas
- Conserving biodiversity and nature resources on the farm and in the surrounding area.
- Increasing income and/or reducing costs
- Producing safe and varied food
- Being sustainable in the long term.

Organic agriculture has the advantage of sustaining livelihoods and providing produce for the specialised organic markets usual at a premium price.

2.0 The vision for the Organic Sector in Tanzania.

“A vibrant organic sector contributing to improved livelihoods and environmental and economic sustainability”

Mission

To promote and support a sustainable organic agricultural sector that provides quality goods and services to domestic, regional and international markets to enhance food security, care for the environment, health and social fairness through extension, marketing, research, training, awareness-raising, advocacy, networking and coordination

3.0 Situation analysis – an assessment of the current status of the Organic sector in Tanzania

Current status

There are around 80,000 farmers in organic production, with approximately 65,000 hectares under organic production. Most farmers are in groups who are either farmer groups or cooperatives or farmers contracted by exporters. In total there are 36 certified operators (i.e. companies or organizations that have a certificate). An overview of organic operators is found in the table below.

Organic Operators and Products in Tanzania 2008						
Crop/Product	Location			Operator		
Spices & Vanilla	Tanga,	Zanzibar,	Morogoro,	GFP,	TAZOP,	Mayawa,
	Kagera			Maruku		

¹⁰ FAO (FAO 2007b); IFAD (Damiani 2002 and Giovannucci 2005) and UNCTAD (Twarog 2006) as well as an evaluation of the EPOPA programme (Forss 2005).

Coffee	Mbeya, Mara, Kagera, Kilimanjaro	Lima, Mara coffee, KCU, KNCU, TANICA
Cocoa	Mbeya, Morogoro	BIOLAND, HAI LTD, BIOTA*, FIDAHUSSEIN CO*.
Cotton	Shinyanga, Singida	Biosustain, Biore, BOFA
Sesame	Singida, Rufiji	Biosustain, Fida Hussein
Cashew nut	Coastal, Mtwara,	PCI, OLAM, Dutch Connection*
Fresh and Dried Fruits	Iringa (Njombe), Kagera, Morogoro	Dabaga, Matunda mema, Mikese Farm, UMADEP*
Peanuts	Rukwa	Fair Share
Tea & herbal	Iringa (Njombe), Morogoro	Luponde, Kimango Farm
Leather	Arusha	Asilia co*.
Mushroom	Dodoma	Agroproducts Ltd*
Inputs		
Neem for Pest	Arusha	Osho
Compost(fertilizer)	Zanzibar	Zarec
Rock Phosphate	Arusha	Minjingu Co
Pyrethrum	Dar es Salaam	Mansoor Daya

Stakeholders

Key stakeholders:	Role
Farmers/producers	Production
Traders/exporters	marketing and sales/exports, private extension, market promotion
Government (relevant ministries and related institutions)	training, research, extension, policy, market facilitation, information management
Processors	Value addition, product development
CSOs (NGOs, FBOs, CBOs)	Training, advocacy, coordination, information sharing, extension, market linkage
Certifiers (TanCert and foreign bodies, TBS, TFDA)	Inspection & certification, Quality assurance, standards
Service providers (extensionists, consultants)	Farmer training and advisory services
Training & research institutes	Research on relevant topics (inputs, pests & diseases, soil fertility, etc.), training
Stockists	input supply
Development Partners	Support capacity building
Consumers	Create markets and quality specification
Manufacturers	Packaging materials, agricultural inputs
Transporters	Transportation, distribution
Media	Publicity and awareness creation

Table1: The Organic sector in Tanzania

Company	Crop/product	Number of farmers employed	Export value(\$)
KNCU	Coffee	2675	260 980
Dabaga	Canned pineapple	104	108 002
GFP	Spices	523	67 747
Fairshare	Peanuts	908	Not yet
	Tuna	518	0
W.Lakes	Vanilla	530	9 600
Biosustain	Sesame	1200	168 000
Biosustain	Cotton		16 545
Tazop	Ginger	42	Not yet
Mara Coffee	Coffee	512	307 200
Bioland	Cocoa	21000	1 449 000
KCU	Coffee	12000	828 000
PCI	Cocoa	470	2 353 000
LIMA	Coffee	4100	255 000
FIDA HUSSEIN	Sesame	330	175 000
TANICA	Instant coffee	na	153 000
Total		44 912	6 151 074

Source: Organic Export under projects funded by EPOPA 2006/2007¹¹

4.0 Key constraints to the development of the sector

The biggest challenges are:

- Unlimited research in organic development sector
- Lack of reliable data for the organic sector in Tanzania. This distorts the dialogue as all stakeholders don't have the same level of information. It also makes it very difficult to monitor progress in the sector.
- High cost for certification, especially for export market
- Difficult market access to the EU. Government to facilitate market access through application for EU equivalency status
- Lack of suitable outlets for selling organic products in major towns despite the increasing demand.
- Limited awareness and sensitization of the public on the importance of organic agriculture systems which is often misinterpreted with the traditional farming methods.
- Limited awareness and application of Organic Standards in farming practices at farm level.

¹¹ NB: This information above includes only projects which were funded by EPOPA,(which has phased out August 2008), other projects/companies are not included such as Mufind Tea Company Ltd (Organic Tea), Biore and BOFA (organic Cotton), Hai Company Ltd (cocoa), Mayawa (Vanilla), Kimango farms(Paprika) etc.

The data collection which is going on now shows that, around 89,000 certified farmers are employed in the sector

- Limited capacity to develop and implement the bottom up Quality Control Systems (i.e. ICS) by farmer groups intending to enter into marketing.
- Farmers being suspicious of new initiatives and ways of operating which leads to the perception that farmers are unresponsive to the demands of the market place and their lack of enthusiasm to obtain PGS certification.
- Expectations of farmers that they will receive large price premiums for their organic produce.

5.0 The resources situation (current and projected):

Currently the sector development is mainly depends on external funding e.g. HIVOs (Netherlands) and SIDA, however in future there is possibility of government support through districts under DADPS programme.

6.0 SWOT analysis of the sector

Table2: SWOT analysis of the Organic sector

Strengths <ul style="list-style-type: none"> • TZ has a wide range of organic products (food & fibre) for the export market. • Private sector actively engaged in organic agriculture and has capacity. • National organic movement. • Existence of accredited national certification body (TanCert) • East African Organic Mark. • East African Organic Products Standards. • Organic agriculture know-how exist • Indigenous knowledge exists 	Weaknesses <ul style="list-style-type: none"> • Poor consumer awareness of organic farming • Limited organized organic supplies for the domestic market. • Limited market information about prices, market trends (domestic & export). • Most organic initiatives are dependent on external funding • Inadequate knowledge about organic farming techniques amongst farmers. • Limited organic knowledge in public extension service. • Very little formal training & research available on organic agriculture.
Opportunities <ul style="list-style-type: none"> • Growing (export & domestic) market for organic products. • There is not much use of pesticides, fertilizers; many farmers are “organic by default (easy to convert). • Government is involved in promoting environmental and soil conservation practices, so introducing OA is in line with government policies. • Benefiting from funds for CO2 sequestration programmes or other ecosystem services. 	Threats <ul style="list-style-type: none"> • State Extension system promotes conventional farming. • Distribution of / subsidized fertilizers & chemicals. • Other programmes that can undermine organic (e.g. use of DDT , GMO • Competition with other sectors for government funds. • Competition from other countries. • Trends in export markets, such as food miles discouraging exports.

7.0 The way forward-strategies and actions for the next 3 – 5 years

Strategic targets

The following four overall strategic targets are adopted as being central for the accomplishment of the mission and its goal - a sustainable organic agricultural sector that provides quality goods and services to domestic, regional and international markets:

- 1) Ten percent of the arable area of Tanzania is organically managed¹² by 2015.
- 2) 50% of the actors in the farm sectors have a basic understanding of what organic agriculture means and how it is practiced.
- 3) Productivity in organic farming has increased by thirty percent by 2015.
- 4) The value of the organic market has reached 25 billion Tsh¹³ by 2015.

Main strategies

To reach the targets the following main strategies are essential,

- 1) Market-driven expansion of the sector targeting domestic, regional and international markets
- 2) Development and promotion of the contributions of organic agriculture to the environment.
- 3) Increasing awareness and capacity on all levels from production to consumption, including institutions, support organisations and research
- 4) Relevant government policies are supporting the development of the sector
- 5) Strengthening coordination and communication among all actors in the sector
- 6) Mobilizing the needed financial and technical resources

ANNEX 2 : Fisheries Sub-Sector Strategy

1.0 Introduction

Tanzania is well endowed with abundant aquatic resources. The total water area is 62,000 km² distribution of which is as follows; Lake Victoria - 35,088 km² (51%); Lake Tanganyika - 13,489 km² (40%); Lake Nyasa - 5,760 km² (18.51%); Lake Rukwa - 3,000 km²; Lake Eyasi - 1,000 km² and over 1000 km² of other small water bodies.

On the marine side, the country has territorial seas of about 64,000 km² and a coastal line of 1,424 kilometres. The Exclusive Economic Zone (EEZ) is up to 200 Nautical miles covering an area of 233,000 km² providing the country with additional marine and fisheries resources. A discussion to extend the EEZ up to 350nm is on going.

In terms of fish potential, fresh water produces over 80% of the annual fish catch while only about 20% is from the marine waters. In the 1970s it was estimated that the fish potential was 730,000 metric tones. This estimate does not include fish resources in the EEZ. Studies done at different times and water bodies has revealed the potential as follows: Lake Victoria – 344,690mt, Lake Tanganyika - 460,000mt, Lake Nyasa – 81,000mt (1994)

The Tanzanian Exclusive Economic Zone was declared in 1998 and has a good potential of fisheries resources. Fish available include tuna and tuna like species. There is no stock assessment carried out in this area and therefore, the potential is not known. Plans are under way to carry out a stock assessment under the sponsorship of Marine and Coastal Environment Management Project (MACEMP).

The Fisheries sector is one of Tanzania's most important economic sectors providing substantial employment, income, livelihood, foreign earnings and revenues to the country. The industry employs more than 163,037 fishermen and about 4,000,000 people are engaged in other related activities. On average fishermen contribute about 2-3% to GDP

The scope of this strategy is to increase the fish export trade, in order to strengthen the National economy. This strategy emphasises improving product quality, increasing production, international markets, product values and customer service.

2.0 The vision of the Fisheries sub sector in Tanzania

“Sustainable managed and developed fisheries resources”.

3.0 Situation Analysis-an assessment of the current status of the Fisheries sub sector in Tanzania

Table 23: The Fisheries sub sector in Tanzania

	1994	1995	1999	2004
Export revenues (Current Tanzania shillings)			2,687,065,028.7	7,190,356,743.06
Export revenues			3,532,661	6,888,428

(Constant USD)				
Share of total exports (%)				
Number of persons employed in the sector (approximate)	80,000	89,443	99,297	153,000
Estimate of net value addition (%)				
Others				

4.0 Key Constraints to the development of the fisheries sector

1. Declining fisheries resources
2. Illegal fishing, trade and unsustainable utilization of fisheries resources and products
3. Poor quality infrastructure such as fish landing sites, vessels, cold stores and high cost of input, especially electricity and telecommunication.
4. Inadequate research and development (R&D) in sector and low level of trained manpower
5. Lack of market information centre, therefore making it costly to obtain information
6. Inadequate funding for trade promotion services.
7. Low access to credit, poor loan quality, high cost structure and the oligopolistic nature of the banking industry.
8. Inadequate and ineffective local community participation in conservation and management of fisheries resources and aquaculture development.
9. Land and water use conflicts (e.g. high population growth, mining, shifting cultivation and livestock keeping) and pollution of natural resources base (e.g. water hyacinth, pesticides use etc.).
10. Prevalence of HIV/AIDS

5.0 The resource situation (Current and projected)

Fisheries resources

	EEZ	Not yet done
Lake Victoria	35,088 km ² (51%)	344,690mt
Lake Tanganyika	13,489 km ²	460,000mt
Lake Nyasa	5,760 km ² (18.51%)	81,000mt
Lake Rukwa	3,000	
Lake Eyasi	1,000	
Other fresh water	1,000	30,000
Aquaculture	3,000 ha for shrimp farm for other ponds not yet done	11,350 for shrimp

Source: Fisheries division

Currently fish stocks in Tanzania both inland and marine waters have significantly declined over the last few years. There is a depletion of Nile perch stocks in Lake Victoria and of Lobsters, Prawns, Crabs, Squids and Octopus stocks in marine water. Owing to a drastic fall of the prawn resources, there was a moratorium in 2007/2008 on fishing (trawling).

The aquaculture industry in Tanzania is not well developed. There are 14,740 earthen ponds, most of which are stocked with *O. niloticus*. A large potential exists for coastal mariculture, especially for shrimp *Penaeus monodon*, which has attracted a number of prospective investors.

Policy and Strategies

The Fisheries National Policy was developed and became effective in 1997. The New Fisheries Act No., 22 of 2003 was enacted and implemented in 2005. These instruments set clear goals and strategies to enable sustainable development of the fisheries resources. The Tanzanian National Policy needs to be reviewed to include the new developments in the fisheries industry..

National Testing Laboratory and Research Centre.

The Fisheries division also has a National Fish Quality laboratory (Nyegezi-Mwanza) and Fisheries research centres (TAFIRI) in Dar es Salaam, Lake Zone, Kigoma and Mbeya. The laboratory is used to test and assure the quality safety of the fishery products. The microbiology laboratory has been accredited by SANAS.

Training institutions

Two training institutions; Nyegezi Freshwater Fisheries institute and Mbegani Fisheries Development College train fisheries managers to certificate and diploma levels.

6.0 SWOT Analysis of the Fisheries Sector

=

<p>Strengths</p> <ul style="list-style-type: none"> • Abundant and diverse fisheries resources. • Clear Policies and Vision in place. • Appropriate working facilities. • Established organization structure and functioning. • National fish quality laboratory established and functioning • Political stability and peace. • Good governance 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Inadequate personnel in terms of numbers and skills. • Inadequacy in some laws and regulation • Inadequate development & diversification of some of fisheries and aquaculture products. • Inadequate extension services. • Poor records management system. • Inadequate remuneration. • Production which do not comply with quality and export market requirements • Poor technology on product value addition • Poor infrastructure such as fish landing sites, vessels, cold stores etc. • Poor knowledge on fish processing • International trade barrier • High production cost • Inadequate market information • Limited awareness of the basic fish safety issues at all levels
<p>Opportunities</p> <ul style="list-style-type: none"> • Potential increase of the fisheries resources. • Ratification and implementation of the International Treats and conventions • Donor willingness to support fisheries and aquaculture activities • Availability of markets for fish and aqua products. • Clear National Investment policy. • Support from local institutions and local communities. • (E.g. Judiciary, Police, Army, Local govt. authorities, schools etc.) • Mass-Mobilization. 	<p>Threats</p> <ul style="list-style-type: none"> • Illegal fishing, trade and unsustainable utilization of fisheries resources and products. • Declining fisheries resources • Conflict of interest amongst stakeholders. • Inadequate and ineffective local community participation in conservation and management of fisheries resources and aquaculture development. • Land and water use conflicts (e.g. high population growth, mining, shifting cultivation and livestock keeping). • Pollution of natural resources base (e.g. water hyacinth, pesticides use etc.). • Inadequate understanding and recognition of the importance of Collaborative --- Fisheries Management for sustainability of fisheries resources • Inadequate quota allocation on recruitment. • Prevalence of HIV/AIDS • Very low levels of fees charged from fishery activities

	<ul style="list-style-type: none">• Regional collaboration in shared fisheries resource management• Maintenance of peace within and outside the region• Commitment to abide to treaties, conventions, protocols etc.
--	--

ANNEX 3: Horticulture Sub-Sector Development Strategy

1.0 Introduction

The horticultural export sector in Tanzania is generally regarded as having started in the 1950s with the production of bean seed for selling in Europe, mainly through Holland. Perishable horticultural exports to Europe started in the 1970s, following Kenya's lead in this area. In the mid-1980s, a cut rose industry was established, followed by the development of a cuttings industry based on chrysanthemums. More recently, there have been specialized investments in the propagation of hybrid vegetable seeds, higher value fruits and cut flowers other than roses.

The main destination for horticulture and floriculture exports is Europe. According to Tanzanian customs statistics, US\$10.6m of the total US\$12m for such exports were destined for Europe in 2003. Regional trade made up the balance (US\$1m), mainly to Kenya with some exports to the Democratic Republic of the Congo.

2.0 Overview of the sector's global market

Horticulture is extremely diverse and comprises fruit, vegetables, nuts, nursery, extractive crops, cut flowers and turf. Horticulture exports are now earning the country more than 120 million of US dollars of foreign income. Due to the great achievements by horticulture, the Government of Tanzania has now recognized the industry as a major source of growth and is now prioritizing the industry as another tool for poverty alleviation.

Horticulture employs over 30,000 people; this translates to about 20 per cent of total employment in agriculture being within horticulture

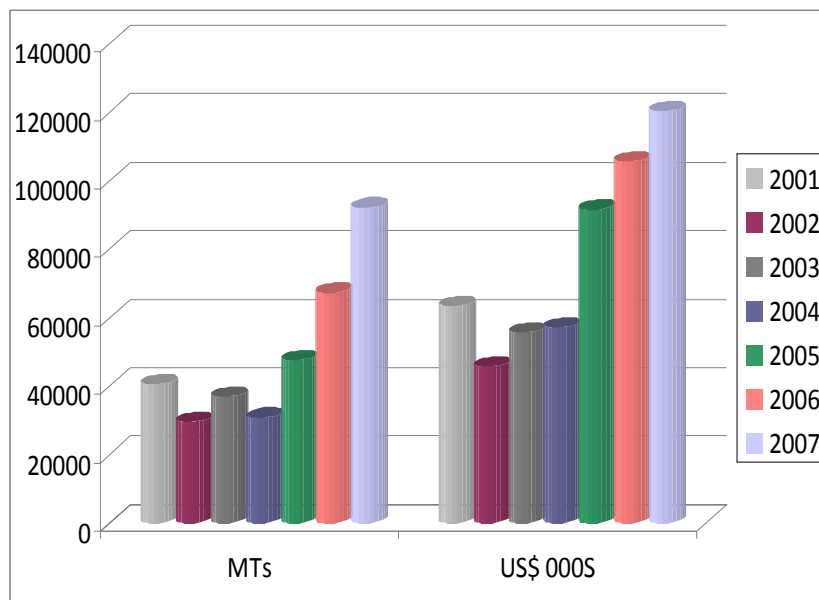
In Tanzania, horticultural exports to EU and other developed country markets have emerged as a potentially major source of income for small-scale farmers. Exploiting this market potential, however, poses many challenges. The capacity of small-scale producers to enter these markets depends critically on their ability to meet stringent product quality standards imposed by importing countries. The number of standard systems or quality requirements is increasing, contributing to complexity, confusion and costs, especially for small scale farmers.

The challenges associated with different quality standards are not only technical but also require the suppliers to pay close attention to traceability, water and waste, as well as social and environmental impact. These standards requirements are subject to frequent changes and are, ultimately, often difficult and costly to meet by small scale growers. It is anticipated that improving the capacity of small-scale producers to meet product quality standards will facilitate greater export market access, improve their livelihoods and stimulate more investment in sustainable agriculture, leading to increased exports. This increase in exports will encourage employment creation and increased productivity benefiting the poor resource farmers through higher incomes and more jobs.

The main markets for horticultural products are in Europe. About 75% -80% of fresh flowers goes to the auctions in Holland while the remaining volume is sold to other direct markets like Norway, Germany and the UK. Investors are still trying to venture into other markets i.e. USA, Japan and the Middle East.

Fruits and vegetables are also highly sold in the regional markets to include EAC and SADC countries

HORTICULTURAL EXPORT TREND 2001- 2007



3.0 The vision for the horticultural sub-sector in Tanzania

“A vibrant, prosperous and sustainable horticultural production in Tanzania”

4.0 Situation analysis – an assessment of the current status of the horticultural sector in Tanzania

The potential for growth in horticultural exports in Tanzania is very high. This is justified by the favourable climatic conditions the country is enjoying and the vast pieces of arable land suitable for horticultural production. However, the sub-sector needs to address the challenges, both from the production and marketing sides of the value chain, for these exports to be efficient, competitive and sustainable. One cannot export if one is not producing the quantities and qualities required by the export markets.

Table 24: The horticultural sector in Tanzania

	1994	1999	2004
Export revenues (Current Tanzania shillings)			
Export revenues (Constant USD)			5,000
Share of total exports (%)			
Number of persons employed in the sector (approximate)			4,500
Estimate of net value addition (%)			

Source: TAHA

5.0 Key constraints to the development of the sector

The Tanzania horticultural industry is faced with a number of constraints which undermine its participation in export markets. These constraints include:

5.1 FINANCE

Unfavourable financing terms

- Access to Bank Loans: Most Banks consider the horticultural sector a high risk sector so there is general unwillingness to advance loans to the sector
- Interest: Interest rates are high even though world interest rates and Tanzania inflation are low
- Tenure: Agriculture requires long terms to repay finance. Long term loans (7-10 years) are not available.

5.2 AIRFREIGHT

- Sectoral Viability: There is no dedicated cargo flight from Tanzania and this negatively impacts the sector in terms of ability to portray itself positively globally.
- Transport costs and access: With limited number of flights at present many exporters have problems accessing freight out of Tanzania and this necessitates trucking to NRB which is an extra cost. Nairobi flights are expensive particularly for the exporters who have low volumes of produce.

5.3 INFRASTRUCTURE

- ROADS: The growth of horticulture requires accessing more and more suitable land. This at present is very difficult because of the bad roads. Roads that are clearly essential to horticultural development are not at present prioritized. This brings about delay of products delivery at the airport, etc
- AIRPORT: With airfreight being targeted as a key constraint to resolve, careful consideration of the appropriateness and competitiveness of KIA should be taken.
- WATER: Tanzania has considerable water resources. These resources are underutilized and ineffectively managed. Horticulture requires irrigation and there is considerable competition for water.
Where the law is fairly clear the management and application of the law is lacking.

5.4 ENABLING ENVIRONMENT

- TRAINING: There is unavailability of properly trained people for the industry. These include skilled workers for irrigation, spray application, quality control, extension and small grower training.
- Land: It is very difficult to obtain land. Illegal squatting is rampant. Land and security authorities rarely exercise their authority to sort out land problems and reference to the courts is very time consuming
- SECURITY: Squatting, land invasion (cattle) and various types of theft are serious problems in developing a horticulture business. An inordinate amount of time is spent on ensuring one's business is secure relative to these risks.

- **EXTENSION:** The GoT runs an agricultural extension service. However, it is difficult to access this service to promote small grower projects. The service seems designed to help small growers but often takes an adversarial view to interaction with business.
- **PROJECTS:** The GoT runs a number of projects for agricultural development like PADEP and AMSDP. However, these projects are difficult to access and seem to be structured in a way that precludes private sector participation.
- **INPUT AVAILABILITY:** Poor supply and high costs of inputs locally is a major problem making the sector less competitive. Bureaucratic procedures and high costs involved in registering products in the country demotivates manufacturers to register a wider range of effective products
- **MARKET CONDITIONS:** Stringent market conditions in the importing countries are a strain on the exporters. Evolution of multiple standards resulting to increased compliance costs has been a stumbling block for many growers in accessing new markets.

6.0 The resource situation (current and projected)

The Tanzania Horticultural sub-sector is privileged with a lot of resources some of which need to be developed to improve on their productivity. The key resource is land. Out of the 44 million hectares of the fallow arable land, 60% is suitable horticultural production. Human resource provides another comparative advantage. Compared to other countries, the cost of human resource is very competitive. Appropriate infrastructure (especially roads and air freight) are critical for good performance in the export market.. Tanzania enjoys a wide network of rivers making irrigation very easy for export farming. The existence, of TAHA the Tanzanian Horticultural Association for the past three years has brought tremendous changes in the horticultural industry. With continuous strengthening of the association's capacity, the sector will continue prospering.

7.0 SWOT analysis of the sector

Table 25: SWOT analysis of the horticultural sub-sector

Strengths <ul style="list-style-type: none"> • Strong partnership between the private and public sectors • Favourable climatic conditions - from tropical to temperate • Wide network of rivers and lakes • Competitive labour costs • Political stability and peaceful people of Tanzania • Existence of a vibrant TAHA • Support from the government and donors 	Weaknesses <ul style="list-style-type: none"> • Small technical capacity of the labour force in the sub-sector • Poor supply and high costs of agro inputs • Limited access to horticultural extension services • Limited capacity of the producers to comply to the Good Agricultural Practices
Opportunities <ul style="list-style-type: none"> • Underutilized arable land • Availability of export markets • Formation of HODECT- Horticultural Development Council of Tanzania 	Threats <ul style="list-style-type: none"> • Limited Airfreight capacity • Very high costs related to airfreight operations at KIA • Poorly maintained feeder roads

<p>which is a Public Private Platform (Policy Body) seeking to fast track horticultural issues for socio-economic growth.</p> <ul style="list-style-type: none"> • Branding of the industry and TAHA locally and internationally especially through media sensitization initiatives. • Donor interventions in the industry – PPP, WSSD Projects, USAID, Best – AC, etc 	<ul style="list-style-type: none"> • Squatting and land invasions by pastoralists • Stringent market conditions imposed by the export markets • World economic crisis – financial crunch
--	---

2.0 The way forward – strategies and actions for the next 3-5 years

To address the various challenges in the horticultural sub-sector, the players through their vibrant association have put the following mechanisms in place:

HODECT is a Public Private Partnership platform where the players will be addressing cross-cutting policy issues. With the participation of key government officials like the PS of MAFC and MITM and the representatives of various horticultural stakeholders in the private sector, it is anticipated that policy issues like infrastructural development will be exhaustively be addressed

Finance: With the recent developments on the access of agri-finance, there are hopes for more investments in the sub-sector and the expansions of the already established investments. However, the sub-sector is still pursuing the vision of establishing an agricultural development bank in Tanzania.

Airfreight: Currently, the Tanzania Horticultural Association with the sponsorship of USAID and the partnership with Fintrac and the Tanzania Government, is implementing an Airfreight project. The major aim of this project is to ensure that there is a freighters operation at KIA and that the Fresh Produce Exports get enough space to be airlifted from KIA to various destinations.

Infrastructure: TAHA is implementing an advocacy project on the prioritization and improvement of feeder roads for horticultural producers. This project is being implemented in partnership with BEST-AC. Should the government be lobbied well enough, a proper mechanism will be put in place in which the roads will be maintained for better access to the farms.

Enabling environment: The horticultural sub-sector has successfully implemented a training project in which it established the training needs, the service providers and the best mode of providing these services/training. This is a PPP project sponsored by the Dutch government under the WSSD program. The project has developed a business plan in which various producers' capacities will be built to boost horticultural export production. The industry is currently seeking co-funding to implement this training business plan

Another project (under the WSSD program) seeks to promote the horticulture in Tanzania through an incentive package and investment guide for potential investors in the sub-sector. It is envisaged that through this project the issue of land will be addressed and potential

investors will be led to available surveyed land for horticultural investment. Thus addressing the problem of land disputes with squatters and pastoralists.

ANNEX 4: Livestock Sub-Sector Development Strategy

1.0 Introduction

Tanzania is endowed with abundant natural resources which include land and a huge livestock resource base. Out of 88.6 million hectares of land; 60 million ha are rangelands with a carrying capacity of up to 20 million Livestock unit (LU) and providing over 90% of the feed resource for livestock. The livestock resources include 18.8 million cattle, 13.6 million goats, 3.6 million sheep. Other livestock kept include 1.4 million pigs and 53 million chickens. The country ranks third in Africa in terms of cattle numbers after Ethiopia and Sudan. The livestock sector contributes 4.7% of the GDP, of which 40% comes from beef, 30% dairy and the remaining 30% from other livestock. Over 98% are indigenous stock mainly Tanzania Shorthorn Zebu (TSZ) that are known for their ability to survive and produce even under harsh environment with poor feed resources and diseases challenge.

Despite abundance of livestock resource base, the export value of the livestock and livestock products (in this case meat, hides and skins) are insignificant. A special export thrust to increase the volume, quality and amount earned from the livestock export is required.

1.1 Scope of the Strategy and Application of the Value Chain

The strategy is expected to improve both commodity (meat, hides and skins) and services along the value chain including improvement in livestock production, processing and packaging (value addition) and marketing of the livestock products. The supply and demand sides have unique features that must be tackled through a sector wide approach since the nature of products demand an array of players along the product value chain.

In regard to livestock Sector, this strategy will accommodate the following: -

- Creating better business environment that enable private sector to take charge of the leading production roles and operate efficiently and also attract more investors in livestock sector.
- Facilitating and strengthening good services in order to improve livestock production and; processing and marketing of good quality livestock products.
- Facilitating sectoral production and provision of service which are market driven with a focus on reaching MKUKUTA goals emphasizing Tanzanian economy being led by export (export led economy) and reducing poverty by a half by the year 2015 (MDG).
- Enhancing livestock and livestock product export that aims at increasing production, processing and product development (increasing quality, quantity and range).
- Targeting and enabling exporters to operate competitively in export markets with bearable condition and optimal utilization of regional and other international market opportunities such as SADC, EAC, etc.

1.2 Framework for Strategy Design and Management

The framework for this strategy is designed such that it will address three main constrained areas for export market development.

- Strategy designed to combat key challenges on targeted products and services for export markets that can be developed in a short period of time (with quick- win targeted strategic interventions).

- Strategy designed to overcome challenges which need to be addressed in specific period; that is short, medium and long terms strategies. These strategies in which sustainability is also considered are aimed at expanding export market for Tanzanian livestock and livestock products. The target markets include regional and international markets such as in SADC, EAC, Persian Gulf, Asian countries.
- Strategy designed to facilitate and improve active participation of the private sector in export markets. The strategy entails all operators along the value chain, that is, livestock farmers, traders, livestock products processors and marketing.

Management for the strategy will be undertaken by three committees including managerial, coordinating and technical ones. National Management Committee which consists of ministers responsible to this strategy and heads TCCIA and CTI will be responsible for management issues in regard to the strategy whereas National Coordinating Committee which is made up of permanent secretaries from relevant ministries will dwell on coordination of the strategy. The National Technical Committee which consist technical personnel from the relevant departments and institutions will work on monitoring and evaluation of the implementation of the strategy, preparing and analyzing sectoral reports and provide technical guidance on NES implementation.

2.0 The vision for the Livestock sector in Tanzania

2.1 Vision

“By the year 2025, Tanzania should be able to participate effectively in marketing of livestock products meeting the domestic, regional and global trade requirements.”

To achieve this deliberate efforts need to be applied to ensure the existence of vibrant livestock and livestock products production, a value addition and marketing system for sustaining and supporting the various stakeholders along the value chain to participate competently for export and the development of livestock products markets.

2.2 Objective

General objective of this livestock strategy is to increase volume (and improve quality quality) of livestock and livestock products sales and services in the export markets so as to contribute significantly to the national economy and reduce poverty and national debt, increase forex and balance the import – export trade. The strategy will mainly focus on increasing production, improving quality, value addition, marketing and provision of good services. The strategy is intending to address the entire livestock and livestock products marketing system by critically looking at the system in terms of strengths, opportunities and challenges; their impact on competitive marketing of livestock and related products at global standards.

The strategy focuses on two main areas for “*development and collaboration*”.

The development areas focus is directed at improving the infrastructure for the various livestock products specifically meat, hides and skins. Their strategic positioning, ownership and sustainable upkeep are issues of concern. Collaborative areas are intended to identify the key stakeholders from both supply and the demand sides. However, there is need to work with other key players outside the two sides that are fundamental in providing the critical expertise in the process of producing globally acceptable livestock products while addressing environmental and gender issues as well as corporate responsibilities for sustainable development.

3.0 Situation analysis an assessment of the current status of the Livestock in Tanzania

3.1 Meat production, processing and marketing

The meat industry is one of the important components in the livestock sub sector. Average meat production in 2007/2008 was estimated at 410,706 tones. Most of the meat produced comes from indigenous cattle, sheep and goats. Generally there is a high demand for good quality meat to meet requirements of domestic consumers, tourist hotels, mining, centres, supermarkets and export markets. The country's geographical location makes the meat produced more accessible to export markets. Of recent, the country has been supplying small quantities of live animals and meat to neighbouring countries of The Democratic Republic of Congo (DRC), Comoro and in the Middle East (Kuwait, UAE and Oman). In 2007/2008 a total of 2,772 cattle, 874 sheep and goats and 195 tones of meat were exported. This export is equivalent to 0.36 percent of cattle and 0.5 percent of goats and sheep sold in the domestic markets. Also meat exported in 2007/08 accounts for only 0.05 percent of the annual meat production in the country.

Meat processing is underdeveloped with relatively few meat processing facilities. Recent initiatives on sensitization for investment in the processing industry have resulted into the establishment of Arusha Meat Company (Arusha), Tanzania Meat Company (Dodoma), Tanzania Pride Meat (Morogoro), and Sumbawanga Agricultural and Animal Feeds Industry (Rukwa). Slaughtering capacity of these abattoirs ranges between 150 to 200 animals per day. To achieve efficient distribution of the meat good handling and distribution facilities are required (i.e. refrigerated trucks, cold storage, and trained personnel to handle and manage the meat in transit up to the final or port of export). Currently, these abattoirs are operating below the installed capacity resulting in the cost of meat being uncompetitive in the international market.

Table 1. Meat Production

Meat Product (Tonnes)	Year								
	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Beef	175,000	181,000	182,000	182,500	184,000	204,520	210,370	180,629	218,976
Lamb/Mutton	71,000	72,000	74,000	74,500	75,800	78,093	78,579	80,936	81,173
Pork	20,000	20,000	21,000	23,000	26,000	27,000	29,925	31,721	33,307
Chicken	45,000	50,000	55,000	61,500	63,000	68,896	69,420	77,280	77,250
Total	311,000	323,000	332,000	341,500	348,800	378,509	388,294	370,566	410,706

Source: Ministry of Livestock Development and Fisheries 2008

3.2 Hides and skin production and marketing

From the number of cattle, sheep and goats being slaughtered annually, 75% hides and skins are recovered and channelled into the marketing system. Between 2001/02 and 2007/08 it estimated that Tanzania produced 12.08 million pieces of hides and 14.88 million pieces of skins which in total had a value of 51 billion Tsh (within the country) (Table 2). Collection of hides and skins is increasing. In the same period, volume of hides and skin collected increased from 1.4 million (in 2001/02) to 2.5 million (in 2007/08) pieces of hides and from 1.05 million (in 2001/02) to 3.4 million (in 2007/08) pieces of skins.

Marketing of these pieces involves a number of middlemen from primary producers in the villages to district collecting agents, regional collecting agents up to the exporter or a tannery for processing. These middlemen play the role of collecting and assembling hides and skins from slaughter houses originating in the rural areas especially from the scattered slaughter slabs and markets located in the villages. Between 2001/02 and 2007/08, the country exported about 11.04 million pieces of skins and 12.05 pieces of hides valued about 63.5 billion Tsh. (Table 3). In the same period, volume of export had increased from 1.2 million (in 2001/02) to 2.3 million (in 2007/08) pieces of hides and from 676,600 (in 2001/02) to 2.7 million (in 2007/08) pieces of skins. Adding value (processing) to these hides and skins would spontaneously increase the sales in the export market.

One key strategy is for more of the hides to be fully or partially processed before they are exported by imposing export levies on all raw hide/skin exported. The levies are expected to encourage value addition and expansion of tanning capacity, improve quality of hides and skins collected from primary producers and discourage export of raw hides and skins by non-processors..

Table 2: COLLECTION OF HIDES AND SKIN

Year	Cow's hides	Goat's skins	Sheep skins	Value (in Tsh. '000)
2001/2002	1,400,000	700,000	350,000	4,500,000
2002/2003	1,400,000	800,000	460,000	5,500,000
2003/2004	1,600,000	1,200,000	650,000	6,500,000
2004/2005	1,600,000	1,500,000	750,000	5,500,000
2005/2006	1,600,000	1,400,000	950,000	6,800,000
2006/2007	1,980,000	1,520,000	1,200,000	8,700,000
2007/2008	2,500,000	1,900,000	1,500,000	13,500,000
Total	12,080,000	9,020,000	5,860,000	51,000,000

Source: Ministry of Livestock Development and Fisheries 2008.

Table 3: EXPORT OF HIDES AND SKIN

Year	Cattle	Goats	Sheep	Value (in Tsh. '000)
2001/2002	1,200,000	511,700	165,000	4,000,000
2002/2003	1,300,000	600,000	300,000	4,600,000
2003/2004	1,774,000	1,431,000	488,000	5,712,000
2004/2005	1,400,000	1,200,000	597,155	4,025,400
2005/2006	1,363,721	1,216,740	861,770	7,500,000
2006/2007	1,700,000	1,050,000	925,530	16,200,000
2007/2008	2,300,000	1,600,000	1,100,000	21,500,000
Total	11,037,721	7,609,440	4,437,455	63,537,400

Source: Ministry of Livestock Development and Fisheries 2008

4.0 Key constraints to the development of the sector

- i. Inadequate meat processing facilities like abattoirs (Meat processing facilities which do not comply with international and local sanitary and safety standards).
- ii. Frequent disease outbreaks and inadequate disease control capacity which affects productivity and market access.
- iii. Prevalence of informal cross border trade environment and procedures which encourage illegal cross border trade. This limits farmers' access to high value markets.
- iv. Limited or lack of market information

5.0 SWOT analysis of the sector

Strengths	Weaknesses
<ul style="list-style-type: none"> Knowledge base (indigenous and technical) Huge livestock development resource base (high number of varied livestock species, potential productive rangelands, water and conducive climate) Established basic livestock marketing infrastructure system with markets, abattoirs, holding grounds, collection and processing plants Presence of processing plants for various livestock products 	<ul style="list-style-type: none"> Low capacities in production, processing and marketing of commodities to meet market requirements in terms of quantity and quality Poor forward and backward linkages between stakeholders along the product value chain for effective marketing of livestock and livestock products Poor processing of livestock products (Value addition of the product) such as meat, hides and skin, etc. Absence of proper animal identification system which results into poor traceability of livestock and livestock products Existence of stringent condition to acquire financial/loans support from financial institutions resulting into a low investment in the livestock industry Shortage and poor livestock and livestock products' market infrastructure Compliance to standards
Opportunities	Threats
<ul style="list-style-type: none"> Emerging livestock and livestock product markets as a result of regional integrations (SADC, EAC, etc). Excellent geographical location, which makes it accessible to potential, export markets Establishment of organized and strong stakeholders organizations (product boards and associations) Global food crisis which increases demand for food products including meat Stable political environment in the country 	<ul style="list-style-type: none"> Rampant livestock diseases in the country Locally produced livestock products facing unfair competition from subsidised imported livestock products (in the export market). Porous borders allowing informal livestock and livestock products trade

- | | |
|---|--|
| <ul style="list-style-type: none">• Diverse and favourable climate and agro-ecological zones, which can support a wide range of livestock species and production systems including free ranging and organic farming | |
|---|--|

6.0 The way forward-strategies and actions for the next 3-5 years

- Improve of the marketing delivery infrastructure for livestock and all the associated products.
- Build capacity and strengthen key stakeholders' organizations in all stages as these have a profound influence on the livestock products marketing system (in the areas of production, collection, processing and marketing).
- Establish a system that ensures consistent production and quality for all livestock products.
- Establish an elaborate market information system that encompasses collaboration and networking.
- Expand livestock plants processing capacities and increased range of livestock products produced in Tanzania.

ANNEX 5: Field Survey Summaries

DESCRIPTION		FISHERIES	MINING	RAW HIDES	FOOD	BEEKEEPING	FORESTRY	COMMODITIES
EXPORT MARKET AND COMPETITION	Products exported	Nile perch fillet and live ornamental fish	Gold, Diamonds, Gemstones, Tanzanite	Raw hides and skins	Cashews, soya, milk and milk products	Honey	Timber, wood and wood products	Cotton, Sisal Fibre, Oils of Sandalwood
	Primary market	South Africa, European Union, Far East	South East Asia, Japan	EAC, India, some EU countries	Kenya, India, EU-Germany & Holland, USA	Kenya, Germany, USA and Middle East	EAC, Middle East, China, Japan, India, UK, Netherlands, USA	India, China, Middle East
	Market wish	Middle East and USA	EU, USA	China and Japan	Challenge is to move from raw cashews to processing but operation cost & overhead charges are very high	UK and Middle East	South East Asia, EU	EU, Far East
	Key competitors-international/regional/national	International	Mainly international	International	Local competition in the purchasing of raw cashews in the country	Yes	International	International (Brazil), Regional (Kenya) and regional
	Reasons for their competitiveness	Cheaper products-farmed in Taiwan	Better technology and host governments support to local investors/dealers		Method of processing and packaging Some dealers subsidised by their countries. have better developed infrastructure and internal procedures (e.g.	financial power	High tech and easy access to credits	Lack of modern technology & economies of scale, inexperience in international marketing.

Final Interim Report

DESCRIPTION		FISHERIES	MINING	RAW HIDES	FOOD	BEEKEEPING	FORESTRY	COMMODITIES
GOVERNMENT SUPPORT					better business environment)			
	Lost/Won market shares		Sometimes lost		Seasonality: Sometimes lose e.g. abrupt change of government policy on exports	N/A	N/A	lost to Brazil and Kenya
	Expectations on developed NES	Reduction of bureaucracy and speeding-up export formalities at exit points	Providing training and support to local investors; reduction of export tax	Increase in exports from Tanzania	Simplification of export procedures for compliance, motivate investors for value addition in areas that TZ has a competitive advantage. Transparency in Government assistance to exporters	Access to credit	Simplification of export procedures	Reduce export tax, reduce costs of inputs, give incentives to exporters, introduce special exchange window for exporters, incentives to agriculture
GOVERNMENT SUPPORT								

Final Interim Report

DESCRIPTION		FISHERIES	MINING	RAW HIDES	FOOD	BEEKEEPING	FORESTRY	COMMODITIES
	Gvt Department	Ministry of Livestock and Fisheries	Ministry of Energy and Minerals	Ministries of Livestock & Fisheries; Industry, Trade & Marketing; and Finance	CBT, TRA	Ministry of Natural resources and Tourism	Ministry of Natural resources and Tourism	Ministries of Natural Resources & Tourism, Finance, Industry& Trade, Agriculture
	Adequate support?	Yes on the average	Varied	Local exporters not protected or facilitated	Not adequate support for private entrepreneurs. Govt need to employ staff with social entrepreneurship skills	yes	Enact regulations to simplify export procedures	not adequate
	Improvement?	Capacity building support to fisheries personnel would help improve the industry	reduce taxes and red tape, work closely with private sector	Better documentation process	Good improvement noticed in some govt agencies, TRA, but more needed support in marketing, improve knowledge among exporters, financial support, provide adequate extension services to increase production, support small holder farmers,	Simplify export procedures	Reduce bureaucracy and curb corrupt practices in some government departments	Reduce bureaucracy, improve knowledge among exporters, improve ports facilities and handling equipments, Build business mindset among stakeholders

Final Interim Report

DESCRIPTION		FISHERIES	MINING	RAW HIDES	FOOD	BEEKEEPING	FORESTRY	COMMODITIES
					improve export facilities, working habit should be improved from police mark to directive or educative			
	Other comments			User-friendly export procedure required Not enough tanneries to meet demand Processing prices are high Ministry has to educate livestock keepers to produce good quality hides	TRA (customs)- inadequate human resources - multiple responsibilities, SPS - understaffing, multiple responsibilities, CBT - delay in licensing, declaration of procedure, to cross samples			Institutions, govt and forestry should cooperate

Final Interim Report

DESCRIPTION		FISHERIES	MINING	RAW HIDES	FOOD	BEEKEEPING	FORESTRY	COMMODITIES
TRADE AGREEMENTS	Awareness about Trade Agreements	Varied: Little to sufficient understanding	Varied: little to adequate	Varied: Yes - No	Varied	Very little understanding, save from occasional announcements in mass media	Varied	Varied
	Barriers from above agreements		no knowledge about it					
	Advantages of above agreements		no knowledge about it					
	Volume of Exports		Varied: 40kg to 2,000 MT (Salt) per year		Varied	Varied: up to 3,000 lts/month	Varied	
	Suggestions on improvement to give a better environment in which to operate					N/A	Enact regulations to simplify export procedures	
BARRIERS TO TRADE	Concerns	Strict SPS requirements to EU markets		no barriers	cumbersome documentation procedures during shipment, wastes a lot of time	no experience to date		
	Key Barriers - Govt		High tax rate, bureaucracy in export procedures				Bureaucracy to obtain export permits and high export taxes. Long procedures that waste time and lack of transparency	none

Final Interim Report

DESCRIPTION		FISHERIES	MINING	RAW HIDES	FOOD	BEEKEEPING	FORESTRY	COMMODITIES
	* Trade agreements	no barrier from gvt		not applicable		not yet	Laws and rules that undermine exporters efficiency	none
	*Private sector organisation			not applicable		not yet	NIL	none
	*Other organisations			not applicable	Local Authority levies Packaging specifications, inspection certificates, certificates of origin. Poor infrastructure in rural areas. Delay sometimes due to poor communication between banks and warehouse. Time	not yet	NIL	none
	List other NTBs		High freight charges				NIL	none
SUPPLY CONSTRAINTS					Bureaucracy in Govt offices, Congestion at ports - exit and entry, Lengthy documentation, Inadequate manpower, Unskilled labour;			poor infrastructure (port facilities), inadequate human skills, bureaucracy in ports, high taxes on production tools, high freight and shipping charges, exchange rates favour importers not exporters,

Final Interim Report

DESCRIPTION		FISHERIES	MINING	RAW HIDES	FOOD	BEEKEEPING	FORESTRY	COMMODITIES
	Bottlenecks for sustained export capacity	Knowledge about prices in international markets limited	Cumbersome export procedures. Limited access to credits by small-scale miners. High freight charges with associated running costs - fuel surcharge, security. Improper valuation of goods caused by inexperienced field staff	no problems	Poor infrastructure to support shipments TRA, Customs, Ministry of Agriculture and MITM HR capacity not sufficient In most cases staff don't understand issues and respond timely		elimination of cumbersome procedures during export	high taxes on production tools high freight charges, high electricity costs, poor
	Institutional bottlenecks * Human Resources	Inadequate skilled staff	Lack of skills (export procedures) Need to reduce bureaucracy	Free trade allows foreign companies to come and buy themselves, no protection for local market. Not enough skilled Govt	Inadequate facilities to support exports of perishable goods e.g. cold storage		not adequate	lack of human skills, access to international buyers No assistance from gvt to get skilled personnel

Final Interim Report

DESCRIPTION		FISHERIES	MINING	RAW HIDES	FOOD	BEEKEEPING	FORESTRY	COMMODITIES
	* Financial and material resources	Lack of credits from commercial banks		employees Difficult loan conditions for local traders			not adequate	no financial support
	*Communication	Market information about business opportunities not readily available in the regions		N/A			not adequate	no assistance to publicize small manufactures internationally
LAWS	Main laws and regulation iro trade policy	Not a factor	Adequate provision	OK			Not widely known	
TECHNICAL ASSISTANCE			Investments needed on mineral processing and polishing so it can be done locally		quality management skills, packaging design and adding value techniques			financial and technical support in production of ethanol and electricity from sisal waste needs to be taken seriously

Final Interim Report

DESCRIPTION		FISHERIES	MINING	RAW HIDES	FOOD	BEEKEEPING	FORESTRY	COMMODITIES
	What is needed most	Appropriate packing materials not readily available		Capacity building and skills development Improvement in the preparation of hides and skins from abattoir		need technical support in packaging	product development and marketing, market survey tours to EU and USA	Quality control equipment, acceptable quality materials
GENERAL REMARKS	GENERAL Standard of local quality and packaging vs. foreign	excellent	Inferior packaging: Not attractive to compete at international markets Requirement of organic production method on labels do not define the standards for the use of private trade marks or certification marks	Poor packaging materials, quality of product is not standard	Not attractive, need to be improved. Poor quality and sometimes no good package due to high prices lack of financial support, quality management and fluctuation of price	No packing: transport in crude plastic containers	Poor packaging: certification countryside is not accepted abroad	package and quality is inferior

Final Interim Report

DESCRIPTION		FISHERIES	MINING	RAW HIDES	FOOD	BEEKEEPING	FORESTRY	COMMODITIES
	Problems/weaknesses in international purchasing and inventory management	Inventory management system still very traditional	Skills to comply with certification requirements lacking	N/A		difficult to meet international standards	Lack of experience, skills and capital to run the business	
	Arrangements for export trade finance facilities - availability & room for improvement?	facilities are available but not affordable	Access to export credit limited for small local dealers	Export credit guarantee schemes needed	lack of international business skills, no enough short term training programs Should concentrate on value addition - agro processing of cashews		cash sale	International exposure is necessary
	Problems in improving import/export management skills - Availability of training programmes - improvement required?	Lack of skills, insufficient information about export procedure, information is only in the commercial capital - Dar es Salaam	Training programmes in business management skills needed			more exposure to business and export, gvt should train individuals on export and importing	Training of entrepreneurs and opportunities to attend seminars and training programs to be enhanced. Current efforts by BET and SIDO commendable but more needs to be done	Training programs conducted by gvt through SIDO, TCCIA etc. Registration of all manufactures for easy monitor

DESCRIPTION	FISHERIES	HORTICULTURE	LIVESTOCK	TOURISM
-------------	-----------	--------------	-----------	---------

Final Interim Report

DESCRIPTION		FISHERIES	HORTICULTURE	LIVESTOCK	TOURISM
EXPORT MARKET AND COMPETITION	Products exported	Nile perch fillet and live ornamental fish	Cut Flowers & Moringa seeds	Meat and meat products (cattle/goat/sheep)	eco-tourism, accommodation, restaurant and bars
	Primary market	South Africa, European Union, Far East	EU, India	EAC, UAE, Kuwait, Oman, Central Africa, DRC	USA, Asia and European countries
	Market wish	Middle East and USA	UAE, America	EU and AGOA markets	Tourists from other international origins
	Key competitors-international/regional/national	International	Nationally, Regionally & Internationally	National/Regional/International	International, regional, national
	Reasons for their competitiveness	Cheaper products-farmed in Taiwan	same product, same market	Pricing system, low production costs, better marketing systems	Intensive market, better infrastructure and gvt incentive on exports
	Lost/Won market shares		Fluctuating	yes - high local costs	Fluctuates

Final Interim Report

DESCRIPTION		FISHERIES	HORTICULTURE	LIVESTOCK	TOURISM
	Expectations on developed NES	Reduction of bureaucracy and speeding-up export formalities at exit points	more team work as a nation, customs should be supportive to save time and cost, TRA should improve relationship with tax payers	protection of local market without closing doors for imports of meat products Reduce bureaucracy, scale down taxes, subsidise producers, market TZ abroad, improve infrastructure - abattoirs, roads Meat regulation to improve meat handling & hygiene. Strategy to produce high quality slaughter stock	
GOVERNMENT SUPPORT					
	Gvt Department	Ministry of Livestock and Fisheries	TRA (Customs) , Ministry of Agriculture, Food Security and Cooperatives	Ministry of Livestock & Fisheries, MITM, TIC, BET	Ministry of Natural Resources & Tourism

Final Interim Report

DESCRIPTION		FISHERIES	HORTICULTURE	LIVESTOCK	TOURISM
	Adequate support?	Yes on the average	no	need more practical financially supported programmes	reasonable, but there is room for improvement
	Improvement?	Capacity building support to fisheries personnel would help improve the industry	TRA (Customs) should be more transparent, MoAFSC should offer more support to industries	encourage breeding to fill demand source proper feed encourage livestock associations Improve meat processing and secure reliable markets	Improvement of sites, advertisement, competency
	Other comments			Improve infrastructure e.g. abattoirs DSM airport	establishment and construction of attractive sites
TRADE AGREEMENTS	Awareness about Trade Agreements	Varied: Little to sufficient understanding		Varied	

Final Interim Report

DESCRIPTION		FISHERIES	HORTICULTURE	LIVESTOCK	TOURISM
	Barriers from above agreements		not known	EPA - not suitable for African countries as there is no Win-Win situation. Stringent SPS measures inhibit smooth exports to EU market	trade imbalance, monopolism which reduce competition
	Advantages of above agreements		not known	Only if there is technical support and production investment done in partnership	growth of trade, economic development, interaction and exchange of technology,
	Volume of Exports		32million cut roses/year (around 1.3 million tones), Moringa Seeds: 50tones/year	Varied	7,000 tourists per annum for one hotel

Final Interim Report

DESCRIPTION		FISHERIES	HORTICULTURE	LIVESTOCK	TOURISM
	Suggestions on improvement to give a better environment in which to operate			To allow for a start up partnership project. Need a partnership between African countries and EU especially for certification of commodities support to improve livestock based products, subsidy policy to harmonise and homogenise all member countries	plan that that will provide assistance on trade and facilitate the quality of goods
BARRIERS TO TRADE	Concerns	Strict SPS requirements to EU markets	TRA takes too long to process VAT, Import duties are not clear to importers, not enough flights routes to the production region	infrastructure and price of transport	High export and import duty
	Key Barriers - Govt				
	* Trade agreements	no barrier from gvt		need more lawyers for agreements	Poor coordination

Final Interim Report

DESCRIPTION		FISHERIES	HORTICULTURE	LIVESTOCK	TOURISM
	<p>*Private sector orgn</p> <p>*Other organisations</p> <p>List other NTBs</p>			<p>lack of information from IO</p> <p>lack of information transfer to other key sectors</p> <p>high freight charges due to low freight cargo - including airlines</p>	<p>Mis-communication due to lack of information</p> <p>competition, have the same products</p>
SUPPLY CONSTRAINTS	Bottlenecks for sustained export capacity	Knowledge about prices in international markets limited	Freight charges, inadequate transport means, lack of human skills/attitudes	<p>Lack of skilled manpower to handle export products - esp preparation, Uncoordinated market information in supply of export animals.</p> <p>Lack of cold storage facilities at airports.</p> <p>Lack of quality management especially for livestock production e.g. not enough fattening units</p>	poor product, poor transportation, time consuming in export process

Final Interim Report

DESCRIPTION		FISHERIES	HORTICULTURE	LIVESTOCK	TOURISM
	Institutional bottlenecks * Human Resources	Inadequate skilled staff	govt staff are behind time when it comes to update information	Staff at Govt export abattoir lack basic exposure on preparation of quality meat	Inadequate skilled staff
	* Financial and material resources	Lack of credits from commercial banks		inadequate financial support, need investment banks to give development finance not only commercial ones	financial problems
	*Communication	Market information about business opportunities not readily available in the regions	more communication between MoAFSC and the industry, TAHA is doing a good job	High transportation costs, unreliable communication infrastructure, high telecommunication tariffs and postal delays	poor communication
LAWS					

Final Interim Report

DESCRIPTION		FISHERIES	HORTICULTURE	LIVESTOCK	TOURISM
	Main laws and regulation iro trade policy	Not a factor	reasonably OK	OK, but need to be publicised, egg Animal Diseases Act 2003	
TECHNICAL ASSISTANCE	What is needed most	Appropriate packing materials not readily available	human resource management, create positive attitude among employers in order to boost production and morale	fattening, breeding and feeding additives; Capacity building on HACCP, ISO operating standards, and International trade regulations Meat processing, Capacity building to livestock keepers to be commercially orientated	provide training, fiscal as well as online assistance
RE L	GEN				

Final Interim Report

DESCRIPTION		FISHERIES	HORTICULTURE	LIVESTOCK	TOURISM
	Standard of local quality and packaging vs. foreign	excellent	Poor packaging, not acceptable.	not acceptable - lack of packaging knowledge and cost of packaging material	Acceptable and satisfactory
	Problems/weaknesses in international purchasing and inventory management	Inventory management system still very traditional		international market need standard and quality products which have a name in the market - ours don't	high cost of products and high transportation cost
	Arrangements for export trade finance facilities - availability & room for improvement?	facilities are available but not affordable	Export credit guarantee scheme needed	not known, must not be just for a special group of people	

Final Interim Report

DESCRIPTION		FISHERIES	HORTICULTURE	LIVESTOCK	TOURISM
	Problems in improving import/export management skills - Availability of training programmes - improvement required?	Lack of skills, insufficient information about export procedure, information is only in the commercial capital - Dar es Salaam	Training is costly, the gvt programmes should financially support training	No training programmes even though not enough skilled manpower as meat export still at infant stage. Funds to be made available to train staff at minimum cost within SADC - Botswana, Namibia etc	Poor facilitation of e-commerce and online export and import. Train staff to be conversant with e-commerce and other modern skills in the industry

ANNEX 6: NES Kick-Start Workshop Programme, March 2008



NATIONAL EXPORT STRATEGY FOR TANZANIA KICK-START WORKSHOP PROGRAMME

Venue: Whitesands Hotel, Dar es Salaam

Date: 27-28th March 2008

Time	Activity description
DAY 1 – THURSDAY, 27TH MARCH	
8.30-9.00am	Registration
9.00am-9.45am	<p style="text-align: right;">Session one</p> <p>Opening statements</p> <ul style="list-style-type: none"> • Welcoming remarks by the Director-General, Board of External Trade, Tanzania • The Commonwealth Secretariat partnership with the Government of Tanzania in developing the country's national export strategy • Official opening by the Secretary for Industry, Trade and Marketing.
9.45-10.00am	Coffee/Tea Break
10.00-11.00am	<p style="text-align: right;">Session two</p> <p>Why national export strategy?</p> <ul style="list-style-type: none"> • Getting the basics right • The essential elements of an effective national export strategy; what works and what doesn't
11.00-11.30am	<p style="text-align: right;">Session three</p> <p>The NES framework for Tanzania</p> <ul style="list-style-type: none"> • The NES in the context of Tanzania national development. • Tanzania Vision 2025
11.30-12.00noon	<p>Trade policy and export competitiveness</p> <ul style="list-style-type: none"> • The state of play in the ongoing trade agreements/negotiations <ul style="list-style-type: none"> -EAS -EPAs -SADC

	-Others
12.00-1.00pm	Session four Elaboration of the methodology, approach and work plan to be adopted in the development of the Tanzania national export strategy
1.00-2.00pm	Lunch
2.00-2.30pm	Discussion on the methodology, approach and work plan
2.30-3.30pm	Constitution of an NES national team <ul style="list-style-type: none"> • Champion of the NES process • Responsibilities of the national team • Listing of members of the NES national team
3.30-4.00pm	Tea Break
4.00-4.30pm	End of day one <ul style="list-style-type: none"> • Wrap up of days activities • Programme for day two
4.30-6.00pm	Cocktail Party for All
DAY 2 – FRIDAY, 28TH MARCH	
9.00-11.00am	Session five Development of TORs/work programme for the national team <ul style="list-style-type: none"> • Elaboration of the TORs • Work programme and allocation of responsibilities • The role of Imani Consultants
11.00-1.00pm	Session six Group work Group one-National competitiveness issues <ul style="list-style-type: none"> • Supply side issues • Demand side issues • Developmental issues Group two-Sectoral competitiveness issues <ul style="list-style-type: none"> • Criteria for sector prioritization • What sectors Group three-Cross cutting competitiveness issues <ul style="list-style-type: none"> • Trade Finance • Trade information • Quality management • Competence development • Export packaging

	Group four-The vision for a Tanzania National Export Strategy
1.00-2.00pm	Lunch
2.00-3.00pm	Group presentations
3.00-3.30pm	Session seven Next steps and closing
3.30-4.00pm	Tea and departure

List of participants

NAME	ORGANISATION
Dr. Damian Gabagambi	SUA
Mr. Jaffer H. J. Pardhan	Premier Cashew Industrial Ltd
Eng. Benedict C. Mukama	Engineers Registration Board
Edwin Rutageruka	Board of External Trade
Samuel B. Mvingira	BET
F. K. Muindi	TPA
Prof. Davis Ngassapa	Muhimbili University DSM
J. N. Isaka	Cabinet Secretariat
Janet Minja	SIDO
B. Kaisi	Helping Hand
Magdalena. Shirima	BET
John Mhina	Ministry of Industry and Trade
Peter C. Muganyizi	TAZARA
Evarist P. Kasumbai	TAZARA
Godrey Muganyizi	ATCL
Origenes K. Uiso	Karibu Arts
Joseph F. Haule	Buco Investment Holdings Ltd
Severa Masawe	Tanzania Tourist Board
Kalua M. Simba	Simba Investment Consultancy Ltd
Joram Wakari	Leather Association of Tanzania
Michael Mwalukasa	PMORALAG
Khamis Maalim	Department of Trade – Zanzibar
Dr. Yusuf Fundi	National Construction Council
Ibrahim M. Kaduma	Mzumbe University
Avelin J. Chuwa	Tanzania Association of Consultants
Dolores Ngwandu	SUMATRA
Yona Afrika	TBS
Darius Luhaga	BET
Prisca Haule	BET
Festo Mlele	Bank of Tanzania
Hussein S. Kamote	CTI
A. Msemwa	TRA
Ramadhan. Khalfan	Director General – BET
Dr. Ramesh Shan	Afro-Consultancy
Amandu Kidowe	BET
Dr. Mike Sikawa	Afri Congrelation
Faziel E. Makupa	Tanzania Railways Ltd

Hassan Shaban	Tanzania Railways Ltd
C. A. Mwaya	Cashewnut Board
P. C. Mushi	Tanzania Exporters Association
Dismas Lyassa	Mwananchi Newspapers
Lydon S. Morungu	Ministry of Livestock Development & Fisheries
George J. Mboje	Tanzania Federation of Cooperatives (TFC)
Mark Tsoxo	Ministry of Livestock Development & Fisheries
Ally Iddi	BET – Driver
E. A. Lyimo	TAA
Cecilia Kagoma	TRA
Mathew Mahundi	Association of Tanzania Insurers
Uledi Mussa	Ministry of East African Cooperation
John Msita	BET – PR
Evarist Ottano	ITV
Richard Mkwawa	ITV
Esther Mushi	Radio One & ITV
Thomas Mushi	STAR TV
Salim Mlege	STAR TV
David Gumbo	East Africa
John Peter	Star TV
Martin Samuel	Mwananchi

ANNEX 7: Consultative meetings and participants

First Core Team meeting

Venue: CTI Offices, Dar es Salaam

Date: 9th July 2008

Name	Organisation
Odilo Majengo	Ministry of Industry, Trade and Marketing (MITM)
Ezamo Maponde	MITM
Edward Sungula	MITM
Dr. Aloyce Nzuki	Ministry of Natural Resources and Tourism
Samuel Billy Mvingira	Board of External Trade (BET)
David Ndibalema	Tanzania Bureau of Standards (TBS)
Hussein S. Kamote	Confederation of Tanzania Industries (CTI)
Isaac Dallushi	TANEXA/ & Tanzania Chamber of Commerce, Industry & Agriculture (TCCIA)
Ms. Specioza Mashauri	Tanzania Chamber of Commerce, Industry & Agriculture (TCCIA)
Ms. Angela Sharp	IMANI Development
Dr. Samuel M. Nyantahe	Daima Associates Limited

Second Core Team meeting

Venue: CTI Offices, Dar es Salaam

Date: 18th July 2008

Name	Organisation
Odilo J Majengo	Ministry of Industry, Trade and Marketing (MITM)
Ezamo S Maponde	MITM
Christina Kumwenda	TPSF
Masatu M Mgune	PMO
Geoffrey Kirenga	MAFSC
Dominic Massawe	MLDF
Isaac Dallushi	TANEXA
Specioza Mashauri	TCCIA
Fidelis Mugenyi	BET
Adrian Njau	CTI
Richard Kundi	MOID
Mansuetus F Lemunge	PMO-RALG
Matthew Ladslaus	MNRT
Z. M. Bongole	MEM
Victoria Said	TCT
Dr Samuel Nyantahe	Daima Associates
Angela Sharp	Imani Development

Third Core Team meeting

Venue: CTI Offices, Dar es Salaam

Date: 22nd July 2008

Name	Organisation
Dr Aloyce Nzuki	MNRT
Specioza Mashauri	TCCIA
Isaac Dallushi	TANEXA/TCCIA
Adrian Njau	CTI
Fidelis Mugenyi	BET
Ezamo S Maponde	MITM
Christina Kumwenda	TPSF
Masatu M Mgune	PMO
Richard Kundi	MOID
Richard Rugimbana	TCT
Janet Bitegeko	ACT
Dr Samuel Nyantahe	Daima Associates
Angela Sharp	Imani Development

Fourth Core Team meeting

Venue: CTI Offices, Dar es Salaam

Date: 29th July 2008

Name	Organisation
Christina Kumwenda	TPSF
Mr Masatu M Mgune	PMO
Mr Richard Kundi	MOID
Specioza Mashauri	TCCIA
Fidelis Mugenyi	BET
Adrian Njau	CTI
Richard Rugimbana	TCT
Isaac Dallushi	TANEXA
Dr Aloyce Nzuki	MNRT
Mr Ezamo S Maponde	MITM
Ms Janet Bitegeko	ACT
Ms Angela Sharp	ID
Dr Samuel Nyantahe	DA

Consultation meeting with the Ministry of Industry, Trade and Marketing

Venue: MITM offices

Date: 31st July 2008

Name	Organisation
Odilo Majengo	MITM
Edward Sungula	MITM
Alfred Mapunda	MITM
Jacqueline Maleko	MITM
John McGrath	Imani Development

Angela Sharp	Imani Development
--------------	-------------------

Progress meeting of NES with PS

Venue: MITM offices

Date: 25th August 2008

Name	Organisation
Dr Stergomena L Tax	MITM
Odilo Majengo	MITM
Isaac Njoroge	Commonwealth Secretariat
Ezamo Maponde	MITM
John McGrath	Imani Development
Dr Samuel Nyantahe	Daima Associates
Angela Sharp	Imani Development

Consultation meeting of NES with MITM Secretariat

Venue: MITM offices

Date: 26th August 2008

Name	Organisation
Odilo Majengo	MITM
Ezamo Maponde	MITM
Manyama Bwire Bukori	MITM
John McGrath	Imani Development
Richard Record	Imani Development
Dr Samuel Nyantahe	Daima Associates
Angela Sharp	Imani Development

Progress meeting of NES with PS and MITM Secretariat

Venue: MITM offices

Date: 1st September 2008

Name	Organisation
Dr Stergomena Tax	MITM – PS
Dr F. M. Turuka	MITM - DPS
Odilo Majengo	MITM
Ezamo Maponde	MITM
Manyama Bwire Bukori	MITM
John McGrath	Imani Development
Dr Samuel Nyanatahe	Daima Associates
Angela Sharp	Imani Development

Sub sector meetings

Venue: Various – Dar es Salaam and Arusha

Date: during August, September, October and November 2008

Name	Organisation
Agriculture	
Geoffrey Kirenga	MAFSC
Dominic Massawe	MLDF
Anthony Chamanga	MAFSC
Beatus Malema	MAFSC
Raphael Makenya	MLDF
Isaac Dallushi	TANEXA/TCCIA
Jacqueline Mkindi	TAHA
Onesomo Kenneth	TAHA
Jordan Gama	TOAM
Mark Tsoxo	MLDF
Asime Lovene	MLDF
Dr Emmanuel Mbiha	SUA
Cross Cutting	
Edwin Rutageruka	BET
Twilumba Mlelwa	BET
Masatu M Mgune	PMO
Ben Dandi	REPOA
Mwigulu Nchemba	BOT
Joshua Katabwa	TBS
Julitha Tibanyende	TBS
Dorah Semkwiji	ESRF
Julius Mgaya	MOID
Mining	
Emmanuel Jengo	TCME
Theonestina Mwashwa	TCME
Consolata Rwegasira	Tanzania Women Miners association (TAWOMA)
Tourism	
Richard Rugimbana	TCT
Lilian Nyaki	MNRT
Harriet Rushekya	MNRT
Tehsin Takim	Takim Tours
Devatha Karamagi	TTB
Forestry & Beekeeping	
Mwanahamis Mapolu	MNRT
Leonard Lyimo	MNRT
Peter Nyaronga	MNRT
Arjanson Mloge	MNRT
Zachary Mmary	MNRT

Fifth Core Team meeting

Venue: MITM offices

Date: 5 December 2008

Name	ORGANISATION
Odilo Majengo	Ministry of Trade and Marketing (MITM)
Edward Sungula	MITM
Specioza Mashauri	TCCIA
Hussein S. Kamote	Confederation of Tanzania Industries (CTI)
Geoffrey Kirenga	MAFSC
Masatu M. Mgune	PMO
Dominic Massawe	MLDF
Edwin Rutageruka	BET
Beatus Malema	MAFC
Emmanuel Mbiha	SUA
Sekela A. Mwaisela	MITM
John Chasama	MITM
Ezamo Maponde	MITM
Peter J. Nyaronga	MNRT
Lilian Nyaki	MNRT
Harriet Rushekya	MNRT
Ukende Kingu	MITM - TIRDO
Twilumba Mlelwa	BET
Jabir Saleh Abdi	TBS
Andrew Shirima	MITM
Stella Lugongo	MITM
Salim S Salim	MEM
Manyama Bwire Bukori	MITM

National Retreat

Venue: The Paradise Hotel, Bagamoyo

Date: 17-19 December 2008

NAME	ORGANISATION
Dominic Massawe	Ministry of Livestock Development & Fisheries
Edwin Rutageruka	BET
Salim S Salim	Ministry of Energy and Minerals
Lilian Nyaki	Ministry of Tourism and Natural Resources - Tourism
Mwigulu Nchemba	Bank of Tanzania
Emmanuel Mbiha	Sokoine University of Agriculture
Peter Nyaronga	Ministry of Tourism and Natural Resources - Forestry and Beekeeping
Jacqueline Mkinidi	Tanzania Association of Horticulture (TAHA)
Edward Sungula	Ministry of Industry Trade and Marketing

Tumaini Bakobi	TCCIA
Ezamo Maponde	Ministry of Industry Trade and Marketing
Sekela Mwaisela	Ministry of Industry Trade and Marketing
Geoffrey Kirenga	Ministry of Agriculture, Food & Commodities
Tina Mwashu	Tanzania Chamber of Mines
Salum Diwani	Agricultural Council of Tanzania
Raphael Makenya	Ministry of Livestock Development & Fisheries
Mark Tsoxo	Ministry of Livestock Development & Fisheries
Consultants	
John McGrath	Imani Development
Hiten Savani	Imani Development
Angela Sharp	Imani Development
Prof Sam Wangwe	Daima Associates
Dr Sam Nyantahe	Daima Associates

Progress meeting with PS and MITM Secretariat

Venue: MITM offices

Date: 18th December 2008

Name	Organisation
Joyce G K Mapunjo	MITM - PS
Isaac Njoroge	Commonwealth Secretariat
John McGrath	Imani Development
Angela Sharp	Imani Development
Hiten Ramrakash	Imani Development
Odilo J Majengo	MITM
George P Lauwo	MITM
Ezamo S Maponde	MITM
Sekela A Mwaisela	MITM
Edward M Sungula	MITM
Manyama Bwire Bukori	MITM
Edwin Rutageruka	BET