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The Tanzanian agriculture value-added net output increased by 61 per cent during the period 2009-2014, from USD 8.6bn to USD 13.8bn, exceeding by 5 per cent the growth of value-added agricultural output in Sub-Saharan Africa during the same period.

Currently, value-added products in Tanzania include cotton yarn, manufactured coffee and tobacco, sisal products (yarn and twine), and wheat flour.

In line with the 2025 Vision of the Ministry of Agriculture, Food and Cooperatives of Tanzania, there should be at least two new products developed from each of the staple crops, horticultural crops, livestock and fisheries by that year.

Cashews were the fastest growing crops (USD 50million to USD201million in term of contribution to national income).

Livestock and fisheries had upward trend as well (18 per cent livestock & fisheries 8 per cent to GDP). However, value addition is relatively low - about 10 per cent on average. Investment - both public and private remain very low.

Agricultural Non-State Actors Forum (ANSAF), further notes that government has various policy instruments and frameworks, supporting interventions to unleash the potential in addressing food insecurity and poverty.

Recent data show that agriculture has dropped to the 5th place in the list of top contributors of foreign earnings. It has been overtaken by transit trade and service industry in the last two years. The two leading forex earners currently are tourism and mining.

Local citizens who earn their livelihood from agriculture, and who live in rural areas remained trapped in poverty.

For instance, in 1992 the rural population was around 80 per cent of the total population and the poverty rate was 40 per cent.

Fifteen years later, the rural population slightly dropped to 74 per cent of the total population and rural poverty rate was estimated at 37.8 per cent.

An average of 85 per cent of cashew nuts produced in the country is exported as raw materials, which denies the country huge amounts of revenue and other benefits.

The missing opportunities - in shell cashew export

Export of raw cashew nut crop (RCN) contributes to an average annual loss of over USD110m, which is more than annual development budget for the Ministry of Agriculture, Livestock and Fisheries (MALF).

The lost USD110m could build enough modern, food safety and cashew factories to process the entire Tanzania cashew crop.

The processing of the crop would create 45,000 jobs; processors could also pay farmers better prices, improve quality and quantity of produce.

Opportunity for the development of small, medium and large scale processing in terms of: Job creation and more contribution to economy (GDP).

Tanzania can produce up to 300,000MT per annum of raw cashew (RCN).

Official statistics from MALF estimate that the level of production is closer to 3 million tonnes.

The data indicate that local production of both factory and artisanal extracted oils contributes to about 40 per cent of the national edible requirement, with imported oils accounting for the

How agro-processing industry can transform Tanzania's economy



remaining.

The rural livelihood development company estimated a minimum national demand of around 350,097 tonnes in 2012.

The amount of sunflower oil produced in the country reached just over 163,000 tonnes in 2012.

Edible oil market ranked the second (after petroleum) equivalent to 2.63 per cent of the total import value of USD13.6 billion. Tanzania country spends about USD358 million per annum.

Tanzania exported refined sunflower oil value less than USD2 million in 2014. The exports of sunflower crude oil reached USD6 million in 2014.

Demand for edible oil import is higher as urban population is on surge within and outside Tanzania.

A total of USD 358 million could be recovered if more investment is made to produce and establish refinery plants within the country.

Livestock industry

The Livestock Sector Analysis (LSA) by MALF and ILRI identified 3 commodities, which can potentially contribute to economic growth through industrialisation.

Red Meat - huge deficits in meat projected over 15 years (2016-2031). White meat, especially from chickens can help to close the projected Tanzania imports chicken meat.

Dairy Industry

Milk production-(TDB): Cattle keepers produce about 67 per cent while SHFs produce 33 per cent of the milk.

70 per cent of off-farm milk sales come from smallholder dairy farmer and large-scale dairy farms.

Off-farm milk marketing is dominated by the informal sector, which commands about 97 per cent of the marketed milk. "Only 3 per cent of domestically produced milk is processed. On average, 70 million litres of dairy products (worth USD 20mil) were imported 2014.

Milk powder makes up about 80 per

cent of imports, followed by ultra high temperature (UHT) milk, cheese and butter.

Tanzania can reduce import bills by investing in local production and productivity.

Hides and skins

Hides and skins are complementary product of the 10 per cent off take from animal slaughter, with annual estimates of 2.8 million hides and 2.1 million skins production per annum.

In year 2015/16 a total of 1,575,139 hides and 1,124,000 skins were processed, equivalent to 57 per cent and 52 per cent for hides and skins respectively, which is below production potential.

According ministry of industries, trade and investment, (MITI), the country's tanning industry only produces at around 46 per cent of the installed capacity and mostly processes up to the stage of wet-blue.

This implies that Tanzania has huge stock of raw materials for leather industries, would potentially contribute to sector and national income through taxes and exports.

Raw skins would cost USD8 and when processed products are sold up to USD160! So, simple technology to start with and investment capital is quite reasonable to tap the market.

Sugar Industry

The potential producers of the sugar products in Tanzania are Kilombero, Mutibwa and Kagera Sugar Industries.

According to official statistics, current supply is 291,000MT of sugar annually against a national demand of about 590,000MT

The supply gap is complemented by import of sugar, which sometimes sold at lower price than the domestically produced sugar products. This distorts the market price and affects the production of domestic sugar industries.

In order for the government to save it foreign exchange by not importing more

products that can be produced domestically, Ansaf has suggested the following recommendations:

Policy Framework - Players in Industrialisation. There should be improvement of the existing legal frameworks (policies and regulations).

Create enabling business environment to attract domestic and foreign investments, simplify and rationalise procedures, regulations and mandates to encourage compliance in agriculture led industry.

Harmonisation of multiple regulatory authorities which leading into high operational costs in agro-processing; protect domestic industries from external unfair competition by increasing the tariff for the products with comparative advantage in local market as well as restriction of agricultural raw products exports (cashew, sunflower, milk, hides and skins) so as to promote value addition.

And strengthen links in the value in service and input provision to enhance productivity and producer-processor market link to increase the value addition through formal value chain.

Institutional frameworks

Promotion of SMEs and establishment of industrial clusters and industrial parks, support to agro-allied industries invest in areas such as R&D.

Strengthen strategic industrial support - target institutions such as SIDO, TEMDO, CAMARTEC, and TIRDO. Development of semi-skilled and skilled manpower for SMEs and large industries.

Agro-industry financing

Establishment of wing - credit facilities for industry-based investment to speed-up investment flow and loans for industrial development compliments efforts of TADB, which support production at farm level and agricultural window at TIB providing financing for value addition process; and

Support both farmers and processors access to credit, equip them with management skills and technical expertise