



THE UNITED REPUBLIC OF TANZANIA

MINISTRY OF INDUSTRY, TRADE AND MARKETING

AGRICULTURAL MARKETING POLICY

DAR ES SALAAM

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LIST OF ABBREVIATIONS AND ACRONYMS

AGOA	Africa Growth Opportunity Act
AIDS	Acquired Immune Deficiency Syndrome
ALP	Agriculture and Livestock Policy
AMP	Agricultural Marketing Policy
ASDP	Agricultural Sector Development Programme
ASDS	Agricultural Sector Development Strategy
ASLM	Agricultural Sector Lead Ministry
CDP	Cooperative Development Policy
EAC	East African Community
EBA	Everything But Arms
EU	European Union
GDP	Gross Domestic Product
HIV	Human Immuno-deficiency Virus
JAST	Joint Assistance Strategy for Tanzania
MAFC	Ministry of Agriculture, Food Security and Cooperatives
MITM	Ministry of Industry, Trade and Marketing
MLDF	Ministry of Livestock Development and Fisheries
NDV	National Development Vision 2025
NGOs	Non-Governmental Organizations
NSGRP	National Strategy for Growth and Reduction of Poverty
PMO-RALG	Prime Minister's Office - Regional Administration and Local Government
PPP	Public-Private Partnership
PRSP	Poverty Reduction Strategy Paper
RDP	Rural Development Policy
R&D	Research and Development
RTA	Regional Trade Arrangements
SACCOS	Savings and Credit Cooperative Societies
SADC	Southern Africa Development Community
SGR	Strategic Grain Reserve
SIDP	Sustainable Industrial Development Policy
SMEDP	Small and Medium Enterprises Development Policy
TACAIDS	Tanzania Commission for AIDS
TBS	Tanzania Bureau of Standards
TCCIA	Tanzania Chamber of Commerce, Industry and Agriculture
TFDA	Tanzania Food and Drug Authority
TFMP	Tanzania Forest Master Plan
TIRDO	Tanzania Industrial Research Development Organization
TNBC	Tanzania National Business Council
TPRI	Tanzania Pesticides Research Institute
USA	United States of America
VPO	Vice President's Office
WFP	World Food Programme
WMA	Weights and Measures Agency
WTO	World Trade Organization

FOREWORD

The development of efficient, effective, flexible, accessible and equitable agricultural marketing system is a pre-requisite in fostering market-oriented agriculture's contribution in income generation, jobs creation, foreign exchange generation, providing balance between rural and urban areas, supplying food at affordable prices and strengthening linkages with industry. In order to advise this, the Ministry of Industry, Trade and Marketing in collaboration with other key stakeholders including the Agricultural Sector Lead Ministries (ASLMs), have formulated the Agricultural Marketing Policy (AMP). The overall objective of the policy is to facilitate strategic marketing of agricultural products that ensure fair returns to all stakeholders based on a competitive, efficient and equitable marketing system. The policy guides the operations of the agricultural marketing systems, ensures coherence, profitability and sustainability of activities by various market participants and promoting efficient marketing of agricultural products in the domestic, regional and international markets. Furthermore, it recognises the necessity of improving the agricultural marketing capacities by facilitating financing, promoting cooperatives, associations and groups, improving marketing infrastructure, providing timely and adequate agricultural marketing information services and intelligence, management of risks, investing in agro-processing as well as marketing research and development.

The policy takes cognizance of the major agricultural marketing constraints, including inadequate institutional, legal and regulatory framework; poorly developed and maintained marketing infrastructure; limited agro-processing and the need to enhance quality and standards; weak entrepreneurial skills; limited access to finance as well as inadequate inter-institutional coordination. It is expected that AMP will adequately address these constraints and hence, improve competitiveness in the domestic, regional and international markets. The policy therefore:

- i) Reviews the situation and analyses the constraints and challenges that face the agricultural marketing system and thereafter sets strategies and actions to address the constraints and challenges;

- ii) Considers the major socio-political and economic reforms as well as structural adjustments which have largely limited the roles and functions of the Government to that of regulations and facilitation of the private sector in undertaking of both productive and commercial activities;
- iii) Provides guidance and systematic principles that govern marketing systems in a liberalised market economy in the era of globalisation;
- iv) Strives to fully exploit the market opportunities arising in the regional trading arrangements (East African Community - EAC and Southern Africa Development Community - SADC) and international markets (European Union - EU, Japan, India and United States of America - USA), and multilateral trading systems guided by the World Trade Organisation (WTO) rules; and
- v) Emphasizes complementarities in existing policies, strategies and programmes, which are being implemented by the Government in collaboration with other stakeholders.

The major outcome of the policy is to put in place an integrated and coordinated mechanism for marketing of agricultural products. The major benefits envisaged include:

- i) Establishment of a fair, competitive and sustainable marketing system;
- ii) Improved marketing infrastructure and commodity market risks management;
- iii) Improved marketing, managerial and entrepreneurial skills of the actors in utilising opportunities in the local, regional and international markets;
- iv) Provision of incentives to the private sector for increased investments in agricultural marketing;
- v) Availability of adequate and timely collection, analysis, storage and dissemination of agricultural marketing information;
- vi) Accessibility of financial services to agricultural marketing actors; and,
- vii) Mainstreaming of environment, gender as well as HIV/AIDS issues.

The formulation of AMP started in November, 2003 and adopted a consultative and participatory process which involved broad-based stakeholders through workshops, seminars, interviews and meetings. The stakeholders included Government Ministries, Crop Boards, Research and Higher Learning Institutions, Farmers' Cooperative Societies, Agro-processors, Development Partners and Members of Parliament. Comments and suggestions made were incorporated in the Draft Policy Document.

Therefore, AMP is an outcome of a joint process by an array of stakeholders that reflects smart Public-Private Partnership initiatives. Success in the implementation of the Policy will equally depend on the role played by each stakeholder at each stage from the development of the strategies and programmes to the implementation, monitoring and evaluation of the outcomes against the national development objectives in the course of marketing of agricultural products in the domestic, regional and international markets.

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MINISTER FOR INDUSTRY, TRADE AND MARKETING

CHAPTER 1: BACKGROUND

1.1 INTRODUCTION

Agriculture is mainstay sector of the economy as enshrined in the National Development Vision (NDV) 2025 and National Strategy for Growth and Reduction of Poverty (NSGRP), 2005. The agricultural sector comprises of crops, livestock, forestry and hunting sub-sectors. Smallholder farming dominates agricultural production, and a large proportion is for subsistence. It contributes significantly in terms of aggregate growth, exports, employment and linkages with other sectors. It is a homestead to approximately 80 per cent of the population that is mainly engaged in farming activities for their livelihoods. Between 1999 and 2006 the crop and livestock sub-sectors contributed approximately 35 percent of foreign exchange earnings. In 2006, it contributed about 75 percent of total employment and 26.2 percent of the Gross Domestic Product (GDP) based on Revised National Accounts Estimates for Tanzania Mainland, using year, 2001 as a base.

One of the pillars for achieving the medium term targets of poverty reduction under NSGRP was growth in agriculture of at least 5 percent by 2003. In general, this was achieved in 2001 and 2002, when agriculture grew by 4.9 percent. The growth in the agricultural sector reached 4.3 percent in year 2005 and declined to 3.8 percent in 2006 and its contribution to the overall GDP was 26.2 and 25.8 percent in 2005 and 2006, respectively. Therefore, agriculture is still the main source of livelihood for the majority of the population and its performance determines the overall improvement in people's living standards and development of the economy.

1.2 RATIONALE FOR THE AGRICULTURAL MARKETING POLICY

Since the mid-eighties, the Tanzania economy has undergone fundamental transformation that has redefined the roles and functions of the Government and the private sector. Under the new economic environment, most of the production, processing and marketing functions are carried by the private sector while the Government has retained regulatory and public support functions. These policy changes have and continue to have profound impact on the agricultural sector in which, already agricultural input and output prices have been decontrolled and monopolies of cooperatives and commodity boards in

agricultural marketing have been eliminated. However, with regards to the agricultural marketing, the policies that have been adopted have not been totally successful, mainly because the policies were fragmented and did not put in place an orderly marketing system which guaranteed producers of reliable markets for their crops in all localities taking into account perishabilities and other risks associated with these arrangements. Furthermore, the capacity of agribusiness actors, particularly in marketing of the agricultural outputs and inputs are constrained by entrepreneurial skills, inadequate capital/finance, poor infrastructure, un-conducive legal and institutional framework as well as an inadequate competition. Consequently, producers have not received fair returns. This calls for interventions in which the Government will assume a proactive role, particularly in events of market failures, while at the same time overseeing the development of the private sector by creating conducive environment for private sector participation in agricultural marketing.

Depressed prices for primary commodities in global markets and constraints to access local markets are some of the challenges to the Government in promoting the marketing of agricultural produce. The share of traditional exports in global markets has been shrinking, largely due to increasing competition from other suppliers, subsidized exports, and increasing consumption of substitutes (jute nylon, polyester and other synthetics) and use of non-tariff barriers on traditional exports. Furthermore, quality, standards and labor conditions limit the marketing of agricultural produce within the region and internationally.

Producers' organisations exist in different forms and for different purposes in Tanzania. The most important ones include cooperative societies and other producer associations. In general, most of these are weak managerially and financially and have limited capacity to attract professional staff, credit and related financial services. In view of this, most of produces organisations are unable to live up to the expectation of their members in terms of provision of financial, advisory and marketing services and a common voice on issues of common interest to their members, hence necessitating Government support in the short and medium term.

At the sector level the Government has formulated a number of policies including the Sustainable Industrial Development Policy (SIDP), 1996 - 2020; Agriculture and Livestock Policy (ALP), 1997; Cooperative Development Policy (CDP), 2002; Rural Development Policy (RDP); National Trade Policy 2003; Small and Medium Enterprises Development Policy (SMEDP), 2003; National Livestock Policy, 2006; Agricultural Sector Development Strategy (ASDS) 2001; and, Agricultural Sector Development Programme (ASDP), 2005. However, these policies did not adequately address issues of agricultural marketing which is influenced by liberalisation and globalisation forces. This called for the formulation of AMP that is more comprehensive and uses an integrated approach towards agricultural marketing.

1.3 SCOPE OF THE AGRICULTURAL MARKETING POLICY

It is acknowledged and accepted worldwide that the agricultural sector comprises the following main sub-sectors: crops; livestock; fisheries; forestry and beekeeping. However, the focus of AMP interventions is on crops and livestock due to the fact that the fisheries, forestry and beekeeping sub-sectors are guided by the National Fisheries Policy, 2003; National Forest Policy, 1998; National Beekeeping Policy, 1998; and, Wildlife Policy of Tanzania, 1998. These policies provided the basis for formulation of strategies, programmes, action plans, legislation and regulations that also guide post harvest management of the respective products for the local and external markets. So far, legislation, strategies, regulations as well as programmes and action plans that operationalise these policies are as follows:

- i) Forestry Act, 2002
- ii) Beekeeping Act No. 15 of 2002;
- iii) Fisheries Act, 2003;
- iv) Convention for the Protection, Management and Development of the Marine and Coastal Environment of the Eastern African Region and Related Protocols ratified on 1 March, 1996;
- v) Action Plan for Implementation of RAMSAR Strategic Plan 2006 - 2008;
- vi) Tanzania Forestry Master Plan (TFMP);

Experience gained (strengths and weaknesses) over time from these sub-sectors will be utilized in improving and modifying the implementation process of AMP.

CHAPTER 2: AGRICULTURAL MARKETING SITUATION AND CURRENT CONSTRAINTS

2.1 CROP MARKETING

From the mid 1980's to the early 1990's as part of the process of Structural Adjustment Programme, the Government undertook a series of major reforms. These reforms included the decontrol of marketing of non-traditional export crops in 1986, which was followed, by a decontrol of marketing of food crops in 1989 and finally a decontrol of marketing of traditional export crops in 1993/94 marketing season. The Decontrolling of agricultural marketing was meant to pave the way for the participation of cooperatives and private traders in the marketing aspects of all agricultural crops in a competitive marketing environment that included competitive prices and free entry of marketing actors (producers, traders, processors and exporters) at all levels of the marketing channel among other things.

However, experience has shown that the anticipated gains from this policy have not been fully realized, particularly for non-traditional exports and food crops mainly because the adopted policy change did not put in place an orderly marketing system for the crops. The producers are not guaranteed of markets of their crops in all localities due to, among other reasons, the weaknesses of cooperative societies; lack of farmers associations, inadequate number of competing buyers and absence of regulatory institutions to oversee the quality and standard for non-traditional exports and food crops. Consequently, producers have not received remunerative prices and at times they have remained with unsold produce in cases where buyers do not turn up or offer low prices. In other cases, substantial post-harvest losses have been incurred by farmers which, in turn, have tended to intensify rural poverty and unemployment levels.

Regarding the traditional export crops, the monopolistic crop marketing boards of each of the crops ceased to perform commercial roles, but they assumed regulatory and partly promotional roles. This system has, to some extent, facilitated the private sector to play their commercial roles more competitively. At least this has guaranteed producers of traditional export crops with registered buyers of their crops and information related to production, processing, exports and prices, all of which guide the different stakeholders in making market

decisions. In crop industries, where a competitive buying has occurred, prices have been remunerative, thus motivating farmers of the respective crops to increase production. However, as it is for non-traditional and food crops, the system has not generally guaranteed producers of crop markets due to various constraints such as limited number of private traders handling the crops, poor infrastructure and limited market absorption capacities.

Generally, reforms in the agricultural marketing were expected to create jobs, generate incomes, contribute to foreign exchange earnings, provide a balance between rural and urban areas, provide food to all at affordable prices and strengthen sectoral linkages. Policy reforms that the Government adopted in relation to the three broad groups of crops have had some implementation weaknesses which call for Government intervention in addressing crop marketing challenges.

2.2 LIVESTOCK MARKETING

Tanzania has the third largest cattle herd in Africa, largely kept under pastoral and agro pastoral systems. Historical development in livestock and livestock products marketing has involved both public and private sectors with the structure, conduct and performance of the marketing systems depending on the nature of marketing entities involved. Increased private sector participation in the marketing of livestock and livestock products has the number of marketing channels for the livestock sector. However, in recent years liberalisation has caused the private sector participation in livestock marketing to favour active engagement in urban areas as well as areas with good transportation infrastructure and effective demand. Consequently, remote areas such Ruvuma, Mtwara and Lindi, which are livestock deficient, get limited supplies of livestock products partly due to poor transportation infrastructure. Quality problems inhibit entry of livestock products into the niche markets. Also, domestic products face stiff competition from imports coming from efficient producers or subsidized products. Other constraints include: large herds of low quality with no fattening facilities to improve on quality prior to marketing; high incidence of pests and diseases; low genetic potential; lack of capacity for compliance with food hygiene as well as sanitary standards; and limited access to entrepreneurial skills and capital. Finally, over-dependence on road transport entails high transportation costs that lead to high consumer prices and limited competitiveness of local products.

Generally, reforms in the livestock sector have increased participation of the private sector in the import and export of livestock and livestock products. At the same time, efforts to diversify livestock farming through introduction of high-yielding breeds, especially in the dairy sector, have begun to bear fruit, and domestic output is increasing gradually. On one hand, the importation of dairy products in the form of food aid is declining while commercial dairy imports have been increasing to meet shortfalls in domestic output. However, exports of dairy products are virtually non-existent as Tanzania is a net importer of dairy products. Importation of cheap livestock products also threatens the future of the industry.

Given a relatively high off-take rate, Tanzania produces significant quantities of hides and skins. The bulk of this is exported as raw following the collapse of the leather and leather goods processing industries. Processing activities are limited to a few small-scale enterprises supplying the local leather goods industry. The problems of low quality hide and skins resulting from the quality of the livestock herd and rampant cattle branding are also evident. The newly established Livestock Development Fund is expected to address these problems. There is also a growing trend in the export of live animals, particularly cattle and goats, as well as sheep and goat meat.

2.3 MARKETING OF AGRICULTURAL INPUTS

With liberalization, the role of the Government has been that of creating conducive environment for the private sector to take the lead in marketing of agricultural inputs. Initially, the involvement of the private sector in importation and distribution of fertilizers improved in mid 1980s and early 1990s but the trend was reversed in 1992/93 cropping season when subsidy was abolished. Decline in the usage of improved inputs, including fertilizers, seeds, agro-chemicals and tractors, is associated with higher input prices against low output prices. Other factors for this poor performance are: absence of any alternative credit mechanism after the collapse of cooperatives; poor transport infrastructure; weak private sector response, weak farmer's organizations which are unable to access credits, markets and inputs on behalf of members; and inadequate competition and economies of scale. Low productivity against high costs which, in turn, is a disincentive to save for acquisition of agricultural inputs and superior

production technologies is prevailing. Smallholder farmers and traders do not have readily acceptable collaterals to secure loans from formal financial institutions. The situation worsens where inputs requiring longer amortization period are involved. Therefore, agricultural inputs have not only become relatively more expensive, but even the little amount which is made available is not adequately and timely delivered. Thus, it is necessary to address problems facing agricultural inputs marketing adequately.

2.4 CHALLENGES FACING AGRICULTURAL MARKETING

Despite the significance of agricultural marketing system in developing agriculture which should take advantage of available market opportunities domestically, regionally and internationally, there are a number of constraints and challenges that must be addressed. The main constraints are the following:

- i) Inadequate value addition in agricultural produce;
- ii) Inadequate adherence to grades, standards and quality in agricultural products marketing;
- iii) Weak legal and regulatory framework on agricultural marketing;
- iv) Weak institutional set-up dealing with agricultural marketing;
- v) Underdeveloped and improperly managed agricultural marketing infrastructure;
- vi) Inadequate marketing research and intelligence which inhibits timely availability of data and information necessary for decision making;
- vii) Limited use of marketing risk management approaches;
- viii) Inadequate access to financial services for agricultural marketing activities;
- ix) Inadequate marketing linkage;
- x) Inadequate capacities to utilize opportunities emerging in the domestic, regional and international markets, including preferential markets; and,
- xi) Environmental degradation, gender imbalances and costs caused by diseases, HIV and AIDS.

CHAPTER 3: VISION, MISSION AND OBJECTIVES

The goal of the National Development Vision 2025 is to attain sustainable economic growth by year 2025 through modernisation, commercialisation and utilisation of natural resources in an overall sustainable manner. In achieving this long-term goal, an efficient and effective agricultural marketing system is critically important in transforming the agricultural sector.

3.1 VISION

The vision is to have a competitive and efficient marketing system for the agricultural commodities leading to a rapid and broad based economic growth.

3.2 MISSION

The mission is to develop agricultural marketing systems that influence agricultural production plans which respond to domestic and foreign market dynamics.

3.3 OBJECTIVES

Overall Objective

The overall objective of the Agricultural Marketing Policy is to facilitate strategic marketing of agricultural products while ensuring fair returns to all stakeholders based on a competitive, efficient and equitable marketing system.

Specific Objectives

The specific objectives of the Agricultural Marketing Policy are to:

- (i) Stimulate diversification and value addition in agricultural products in response to increasing and changing market demand;
- (ii) Promote adherence to quality, standards and grade in agricultural products to meet domestic, regional and international markets requirements;
- (iii) Reform the legal and regulatory framework that guide the

agricultural marketing systems to take advantage of the opportunities available in the multilateral trading system and regional trading arrangements;

- (iv) Empower, promote and support the formation and development of agricultural marketing institutions;
- (v) Promote investments in agricultural marketing infrastructure and agro-business;
- (vi) Stimulate and facilitate the development of efficient and effective agricultural marketing information, research and intelligence systems for the development of existing and new agricultural markets;
- (vii) Promote development, adoption and use of risk management strategies in agricultural marketing;
- (viii) Enhance access to agricultural marketing finance;
- (ix) Identify and promote niche markets as way of addressing agricultural commodity markets facing mature global markets; and,
- (x) Mainstream cross-cutting issues.

4.1 POLICY ISSUE: VALUE ADDITION

Majority of crops in the country are marketed in their raw forms, losing opportunities for higher earnings and generating employment. The main constraints facing the agro-processing industry include high operational costs mainly because of high prices of imported fuel and spare parts, unavailability of appropriate processing machines and spare parts and limited knowledge in operation of the machines. Despite these constraints, agro-processing has a tremendous potential for increasing income through value addition and increasing shelf life and access to food security through the establishment of small-scale agro-processing businesses and rural agro-based industries. Economic growth in the rural areas will, in most cases, be led by the growth of commercial agro-industries which are efficiently run and responsive to evolving market demands. The whole value chain from sustainable land management practices - production - harvest - post-harvest operations- processing (small scale/large scale) - transport - storage - marketing is vital in value addition.

Policy Objective

Value addition in agricultural produce supported and promoted.

Policy Statements

- (i) Primary agro-processing and value addition will be promoted and strengthened;
- (ii) The Government will put in place special programmes and incentives to investors in agro-processing firms;
- (iii) Consumption of locally processed agricultural products in the domestic market will be promoted; and
- (iv) Investment in research and development for agro-processing will be promoted.

4.2 POLICY ISSUE: AGRICULTURAL PRODUCTS QUALITY AND STANDARDS

Agricultural products in Tanzania, to a large extent, are characterized by inadequate adherence to the set product quality standards, grades and inadequate post harvest management. In addition, there is an inability to adhere to food hygiene and sanitary and phytosanitary requirements, which limits on participation not only in global markets but also regional as well as domestic markets. Also, there is inadequate product quality and standards inspectorate mechanism at various levels, including buying posts where some market actors violate set standard units of weights and product grades.

Policy Objective

Quality and standard of agricultural products produced and marketed improved.

Policy Statements

- (i) Capacities of the agricultural marketing actors will be enhanced in meeting quality, grades and standards for the domestic, regional and international markets;
- (ii) The Government, in collaboration with the private sector, will strengthen mechanisms for accreditation, testing, monitoring the quality, grades and standards of locally produced and imported agricultural products;
- (iii) The Government, in collaboration with farmers, groups, association and cooperative societies, will enforce the regulations governing utilization of designated buying posts and centres for agro-products; and,
- (iv) The Government, in collaboration with other stakeholders, will develop and harmonize standards, quality and grades in agricultural marketing.

4.3 POLICY ISSUE: LEGAL AND REGULATORY FRAMEWORK

Despite the opportunities emerging from liberalization and globalization processes, there is limited legislative and regulatory guidance to enhance agricultural marketing at the local, regional and

international market levels. The changing roles and functions of the public and private sector call for the Government to rationalise and harmonise legislation in different sectors dealing with agricultural marketing with a focus of ensuring fair play among stakeholders, increasing consumers' confidence, protecting farmers/consumers against health risks and maintaining food and food-related safety.

Policy Objective

Legal and regulatory framework for efficient, effective and transparent performance of the agricultural marketing systems for enhancing competitiveness in the local and external markets improved.

Policy Statements

- (i) The Government, in collaboration with key stakeholders, will put in place legal and regulatory framework for efficient, effective and transparent system governing agricultural marketing at different levels; and,
- (ii) The Government will facilitate and encourage private sector participation in the development and management of legal and regulatory reforms.

4.4 POLICY ISSUE: INSTITUTIONAL FRAMEWORK

There are several Government Ministries, Departments and Agencies that are involved in agricultural marketing systems in one way or another. However, these public institutions still face challenges in dealing with agricultural marketing. These challenges include: inadequate coordination among public institutions responsible for agricultural marketing systems; lags in institutional reform process; inadequate financial resources; low institutional capacities in terms of staffing, technical and managerial skills and inertia in adapting to changing policy environment and economy.

On the other hand, producers' organizations are generally weak and not well developed. Key stakeholders, particularly smallholder farmers, are not well organised in associations, cooperative societies and groups that provide fora for discussion, negotiations, and

strengthening bargaining power. The few existing groups, societies and associations do not have the requisite capacities in terms of human as well as financial resources. The private sector has been involved in the production, marketing of agricultural products and inputs, agro-processing and provision services, especially after the withdrawal of Government from these activities. However, the private sector capacity is constrained by limited business and financial skills; lack of capital and weak in policy advocacy, lobbying and leadership, among other things. In some cases, private sector's motive of maximizing benefits have encouraged anti-competitive behaviours and monopolistic tendencies while engaging in different agricultural marketing activities, thus undermining the long-term societal goals.

Policy Objective

An effective and harmonized institutional framework that will enhance the performance of various stakeholders in agricultural marketing activities developed.

Policy Statements

- (i) The Government will review legislation for development of farmers' organisations, particularly member based cooperative societies, association and groups;
- (ii) The Government, in collaboration with other stakeholders, will put in place a framework to address anti-competitive practices, including cartels and monopolistic tendencies; and,
- (iii) Consumers' cooperatives development, advocacy, lobbying and negotiation skills for the private sector will be strengthened.

4.5 POLICY ISSUE: ENTREPRENEURIAL AND MARKETING SKILLS

Smallholder farmers are characterized by inadequate levels of entrepreneurial skills and inability to cope with the market dynamics. Policy changes have left farmers with the mammoth task of doing farming as business rather than as a routine matter. Many smallholder farmers produce crops which they have been producing traditionally, and subsequently continue searching for markets of these products,

even when the market requires improved or entirely different products. Marketing concerns usually appear later when the output has already been realized due to inadequate agricultural marketing extension services. Entrepreneurial and marketing skills are also inadequate among other actors, including traders and processors. Since markets are highly competitive now than before, proper business skills are prerequisite for survival and growth. Thus, developing entrepreneurial and marketing skills will lead to improvement in agricultural marketing.

Policy Objective

Entrepreneurial and marketing skills of agricultural marketing actors enhanced.

Policy Statements

- (i) The Government will support and promote training in entrepreneurial and marketing skills for agricultural marketing stakeholders;
- (ii) Private sector will be encouraged and supported to participate in the training on entrepreneurial and marketing skills;
- (iii) Entrepreneurship and marketing curricula in vocational training centres, colleges and learning institutions will be reviewed and strengthened; and,
- (iv) Agricultural marketing extension services will be strengthened.

4.6 POLICY ISSUE: AGRICULTURAL MARKETING INFRASTRUCTURE

Investments in rural infrastructure, particularly rural roads, water supply, transportation, processing facilities, communications, and electrification, crops, and livestock and fish markets are critical in stimulating increased agricultural production, marketing, incomes and employment opportunities. However, rural infrastructure in the country is still inadequate to effectively and efficiently support agricultural marketing. Poor rural roads limit farmers' access to markets, increase time and cost of transport and often result in deterioration of produce quality. The inadequacy of communication facilities constrain access and dissemination of knowledge and

marketing information.

Agricultural marketing is also adversely affected by lack of marketing structures, poor linkages within the marketing, processing and production chains, poor market-orientation and inadequate processing facilities leading to high levels of produce wastage. The whole set of supportive infrastructure from production - harvest - post-harvest operations- processing (small scale/large scale) - transport - storage - marketing is vital in enhancing agricultural marketing.

Policy Objective

Agricultural marketing infrastructure improved and developed.

Policy Statements

- (i) Key and strategic agricultural marketing infrastructure will be developed;
- (ii) The Government will put in place enabling and conducive environment for private sector and other stakeholders' investment in the agricultural marketing infrastructures; and,
- (iii) Communities' involvement in developing, operating and maintaining agricultural marketing infrastructure will be promoted.

4.7 POLICY ISSUE: AGRICULTURAL MARKETING INFORMATION, RESEARCH AND INTELLIGENCE

Agricultural marketing information (inputs and outputs) is vital in the development of the agricultural sector as it provides signals to stakeholders to maximize their efforts and help on how best to allocate resources. It also improves the bargaining power of producers when dealing with traders and processors, and reduces transaction costs by reducing risks. Currently, the system of collection, analysis, storage and dissemination of agricultural marketing information for planning purposes on production, consumption, exports and imports at national level is inadequate and highly fragmented. Further, costs for information acquisition and dissemination as well as general access and sharing of information within and outside the sector are

high, which inhibits better decision making in production, harvesting and processing. At the local level, data and information collection process rarely allows full participation of local communities and communities hardly use these data for planning purposes. The challenge is on how to develop an efficient and effective agricultural marketing information system that will also enhance public-private partnership in data collection, analysis and dissemination of information on products market requirements, quantity and quality; market supply and demand.

Policy Objective

Adequate, quality and timely agricultural marketing information services to facilitate marketing functions availed.

Policy Statement

- (i) Farmers' organisations, groups and cooperative societies capacities in data collection, analysis, storage and dissemination will be promoted;
- (ii) Public-Private-Partnership in undertaking marketing research and information systems will be strengthened;
- (iii) Collection, analysis, storage and dissemination of agricultural marketing data will be strengthened at all levels; and,
- (iv) Use of ICT in agricultural marketing will be promoted.

4.8 POLICY ISSUE: AGRICULTURAL MARKETING RISKS MANAGEMENT

The agricultural sector which, besides farming, includes animal husbandry, dairying, poultry farming, beekeeping, fishing, forestry and agro-processing, is characterized by unique features that distinguish it from other sectors. These features have invariably deterred private sector investment in agricultural marketing in the absence of adequate safeguards and, in turn, has adversely affected productivity and performance of agricultural markets. These features include low profitability and higher risks of on-farm investments such as weather and pest infestations; uncertainty in input and output prices in the liberalized and globalised markets; and limited

availability of conventional bank loan collateral that farm households can offer.

Policy Objective

Use of risks management strategies in agricultural marketing promoted.

Policy Statements

- (i) Market and non-market led risk management strategies (contract farming, insurance schemes, franchise, joint-venture, forward selling, futures markets, price hedging and warehouse receipt system) in agricultural marketing will be identified, promoted and developed;
- (ii) Private sector capacities to apply various marketing risks management strategies will be promoted.

4.9 POLICY ISSUE: ACCESS TO FINANCE IN AGRICULTURAL MARKETING

The unique features of the agricultural sector make it unattractive to lending by commercial banks and other financial institutions. Arguably, it remains tricky and risky for the existing financial institutions to extend financial services to the agricultural sector and more so in agricultural marketing. Lack of collateral, limited knowledge on sustainable and development oriented borrowing practices and insurance schemes compounds the inadequate financing in the sector. Moreover, it is rather expensive for lenders to manage loans scattered across to a multitude of small-scale farmers over large areas with little or no collateral and identification.

Policy Objective

Access to financial services for agricultural marketing improved.

Policy Statements

- (i) The Government, in collaboration with other players, will devise

- and support mechanisms that will enhance financing of agricultural marketing;
- (ii) Establishment of agricultural trade and marketing financing institutions will be promoted and supported; and
 - (iii) Viable financial agricultural marketing risks management tools will be promoted.

4.10 POLICY ISSUE: REGIONAL AND INTERNATIONAL AGRICULTURAL COMMODITY MARKETING

Tanzania is currently a member of the Southern African Development Community (SADC) and East African Community (EAC) as well as a signatory to the World Trade Organization (WTO). In addition, Tanzania is eligible for special and differential treatment providing concessions and/or lesser obligations in market access, tariff and other areas. There are also preferential opportunities such as AGOA, EBA and others in bilateral arrangements. Tanzania has yet to benefit adequately from these arrangements mainly due to a number of factors, namely: supply-side constraints, unfair competition despite measures taken by WTO and meeting markets requirements, including sanitary and phytosanitary measures.

Policy Objective

Agricultural exports increased.

Policy Statements

- (i) Farmers and agricultural marketing actors will be supported to negotiate and compete effectively in regional and international markets;
- (ii) The Government will protect agricultural marketing stakeholders against unfair trade practices;
- (iii) Transparent application and predictability of tariffs on agricultural products will be promoted;
- (iv) The Government, in collaboration with other stakeholders, will ensure that trade policies, rules and regulations in regional markets are harmonized;

- (v) The Government, in collaboration with other stakeholders, will raise awareness on the opportunities inherent in bilateral, regional and multilateral trading systems; and,
- (vi) The Government will encourage producers to directly enter the markets instead of using middlemen.

4.11 POLICY ISSUE: CROSS-CUTTING ISSUES

Agricultural marketing is critically influenced by several factors that are outside the jurisdiction of the Ministry of Industry, Trade and Marketing. These are cross-cutting and cross-sectoral issues which need to be mainstreamed at planning and implementation stages. The most important cross-cutting issues are: Human Immune-deficiency Virus and Acquired Immune Deficiency Syndrome (HIV and AIDS); Gender; and Environment. These issues already have specific policies in place, including the National HIV Policy, 2001; Gender Policy, 2000; and National Environment Policy, 1997. Notwithstanding the existing policy frameworks, agricultural marketing activities have implications for the cross-cutting issues, hence, it is necessary for the Agricultural Marketing Policy to take cognisance of these issues. The challenges in these issues are proper coordination and mainstreaming to foster synergies and ultimately minimise their adverse effects in agricultural marketing.

(a) HIV and AIDS

The nature of activities involved in agricultural marketing necessitates movement of people, particularly traders, farmers-cum traders and transporters in both domestic and cross-border trade. As such, they are potentially at high risk of acquiring HIV and AIDS if they are not adequately sensitized. HIV and AIDS will have severe social and economic effects on agricultural marketing and on agricultural development in general as it erodes the active working groups.

Policy Objective

Reduce further spread of HIV and AIDS pandemic and mitigate its effects on agricultural marketing.

Policy Statement

- (i) Awareness on HIV and AIDS pandemic among agricultural marketing stakeholders at high risk will be created.
- (ii) The Government will continue to mainstream HIV and AIDS in all agricultural marketing strategies, plans and programmes.

(b) Gender

Gender inequalities exist in agricultural marketing systems. For example, while women in Tanzania produce about 70 per cent of the food crops and also bear substantial responsibilities for many aspects of export crops and livestock production, their access to agricultural marketing services is, by and large, limited by social and traditional factors. This, in turn, has hampered their capability and efficiency in the agricultural marketing development.

On the other hand, while youths play insignificant role in agricultural production, their role in agricultural marketing is noteworthy. Youths are involved in the entire marketing chain as rural assemblers, regional wholesalers (sellers), as central market brokers and regional wholesalers (buyers) and also as retailers. Agricultural marketing related activities will remain a potential sub-sector for generating employment opportunities for the youth.

Policy Objective

Gender and youths involvement in all agricultural marketing related interventions will be mainstreamed.

Policy Statement

- (i) The Government, in collaboration with other key stakeholders, will develop special programmes for women and youths empowerment;
- (ii) Women's agricultural marketing Co-operatives, associations and groups will be supported, promoted and facilitated;
- (iii) Participation of the youths in cooperative societies, associations and groups will be supported; and,
- (iv) Agricultural marketing related projects/programmes for both

women and youths will be established and implemented.

(c) Environment

The relationships between agricultural marketing and the environment are complex. Market liberalization can have negative effects on certain groups of people that depend on natural resources through poor management in resource extraction and pollution emissions through processing. Stock movements to markets, disposal of packaging materials, and solid waste at market places are other forms of environmental hazards of marketing activities. Market liberalization can also have positive effects through opening up new export markets for activities that are environmentally friendly, including production of organic or speciality products for niche markets with premium prices based on fulfilling certain environmental management practices. In some countries practices for reward of subsidies or observance and participating in environmentally friendly practices and penalties (pay as you pollute) to discourage continued environmental degradation and destruction are in place. Agricultural marketing policies reflected in public investment, the trade regime, credit, taxes, and subsidies may favour certain production activities, for example, large livestock farms in fertile valley bottoms. In contrast, some poor farmers can be forced to carve out their living on steep slopes, resulting in deforestation and erosion. Hence, it is crucial that environmental concerns are considered when designing strategic interventions in agricultural marketing so that negative externalities are minimized.

Policy Objective

Environmental matters in all agricultural marketing related interventions will be mainstreamed.

Policy Statement

- (i) The Government will ensure that, the policy and legal framework for environmental conservation and management is implemented by all stakeholders accordingly; and,
- (ii) Awareness will be created to agricultural marketing stakeholders on environmental conservation and management.

CHAPTER 5: INSTITUTIONAL FRAMEWORK AND COORDINATING MECHANISM

The objectives of the Agricultural Marketing Policy will be achieved through the active participation and involvement of various stakeholders, both public and private sectors as well as Development Partners. Macroeconomic policy, various sectoral and sub-sectoral policy instruments and tools will also be important in achieving policy objectives. As such, it will be important to institute mechanisms for creating the necessary linkages and complementarities between different policies, strategies, plans and coordinate the work of different stakeholders, so as to achieve a holistic approach to agricultural marketing, hence contributing in the reduction of poverty process.

5.1 ROLES OF STAKEHOLDERS

5.1.1 Roles of the Government

The main roles and functions of the Government are to create a favourable macro-economic policy and legislative environment; policy formulation and implementation; provide key infrastructural facilities and provide guidance to all actors in marketing of agricultural produce. The Government will strive to respond to the liberalisation and globalisation challenges in making agriculture a profitable and competitive economic activity, capable of providing food security as well as income earning and employment opportunities, to a large proportion of the population whose majority are rural dwellers. Therefore, the Government development efforts will involve the provision of public services which are important and not profitably provided by the private sector. In addition, the Government will promote and support initiatives by individuals, NGOs, and farmer Co-operatives, associations and groups to provide essential agricultural development services, particularly those related to the supply of farm inputs and marketing of agricultural products.

Implementation process of the Agricultural Marketing Policy will be led by the Agricultural Sector Lead Ministries (ASLMs), which include the Ministry of Agriculture, Food and Cooperatives (MAFC), Ministry of Livestock Development and Fisheries (MLDF), Ministry of Industry, Trade and Marketing (MITM), Ministry of Water and Irrigation, Ministry

of Natural Resources and Tourism and Prime Minister's Office - Regional Administration and Local Government (PMO-RALG). Other ministries, departments and agencies will come in when need arises.

5.1.2 Private Sector

The private sector consists of a wide range of entrepreneurs, including traders, financiers, processors and farmers. The Government recognizes the essential role of the private sector in achieving agricultural growth and prosperity through investment in production, marketing and processing. The private sector will solicit resources for implementing agricultural marketing activities. Moreover, it will manage and ensure that AMP is effectively implemented.

5.1.3 Development Partners

The Government, through the Joint Assistance Strategy for Tanzania (JAST), is committed to an effective partnership based on mutual trust, respect, accountability, frank and open dialogue. Development Partners are actively participating in achieving the country's development agenda and poverty reduction goals laid out in the National Development Vision 2025 and NSGRP. National ownership is ensured through the Government implementation of national strategies for development and poverty reduction, which have been developed in broadly participatory processes as well as through Development Partner's support of the national priorities expressed in these strategies.

CHAPTER 6: MONITORING AND EVALUATION

Monitoring and Evaluation framework is essential for policy implementation assessment, which entails institutional set-up and arrangement and appropriate institutional environment. Necessity of institutional arrangements is specifying clear lines of responsibility for different stakeholders and institutions which would maximize benefits arising from emerging marketing opportunities and reduce tendency to overlap and conflict on major areas. The overall responsibility for monitoring and evaluation of the Agricultural Marketing Policy implementation lies with MITM working in close collaboration with other ASLMs. Collaboration with other Central Ministries including Ministry of Finance and Economic Affairs, President's Office, Planning Commission which play key roles in the implementation process as well as monitoring and performance evaluation will be critical. The other sector Ministries involved in agricultural marketing namely include Ministry of Infrastructure Development, Ministry of Health and Social Welfare, Ministry of Home Affairs, Ministry of Community Development, Gender and Children, Ministry of Education and Vocational Training; and, Ministry of Lands, Housing and Settlements will be enhanced. Effective monitoring will also depend on coordinated efforts and close cooperation between these public entities and private sector in enduring smart partnership as well as Development Partners. An effective partnership also depends on rapid development of the private sector and its interaction with Government machinery.

A more focused, systematic and well-defined monitoring and evaluation system will be developed after strategic interventions for policy implementation have been formulated. This will include a clear definition of the specific roles of the different institutions in the course of monitoring and evaluating the strategic interventions. Monitoring will help to conduct an effective management audit with the view of analyzing, evaluating, reviewing and appraising the performance of entities implementing specific strategic interventions. An effective monitoring and evaluation system will be instituted to measure the performance of the Agricultural Marketing Policy.