

# LAXITY IN WEIGHTS, MEASURES CONTROL



Widespread inappropriate use of weights and measures...is due to poorly managed transition from public corporations to liberalised economy





## A flashback to private sector role in economic development

**T**ODAY we take time to reflect on the important role that Private Sector Organisations (PSOs) play in the development of not only the agricultural sector, but also in the overall economic development of the country.

Private Sector Development (PSD) is a poverty reduction and alleviation strategy that promotes economic growth in developing countries by building private enterprises and membership organisations to represent them, resulting in competitive markets that are stronger and more inclusive.

Proponents of this development model argue it is an important, fair and efficient approach to poverty alleviation. Essentially, most PSOs make markets work for the poor. Instead of building dependence on aid, PSOs work by strengthening markets and improving incomes of poor people who are in one way or the other already engaged in the market economy.

PSOs play a major role in advocating changes in the business environment; play the dual role of increasing competitiveness and raise incomes. The organisations are at the forefront of advocating the use of proper weights and measures, which ensures that small scale producers at the bottom of the market chain, such as farmers, get the right value for their produce. In the absence of proper weights and measures, farmers end up receiving lower than market compensation for the sale of their produce.

Through analyses of the business environment, PSOs are able to identify policy weaknesses, operational bottlenecks and regulations that stifle economic growth and advocate reforms that result in a better business environment.

A case in point is where BEST-AC is working with Tanzania Exporters Association (TANEXA) to promote Tanzania's exports by calling for redress in permit issuance to exporters of agricultural produce.

PSOs are also at the forefront of promoting the much touted public-private partnership (PPP) that operates in a wide variety of ways and cover a wide range of activities. PSOs play a critical role in ca-

capacity development of private businesses, government institutions and business associations.

By conducting value chain analysis, private sector institutions are better placed to identify means by which they can maximise the value of product at the lowest cost and the most benefit. Utilising collaborative means, PSOs are able to identify and build commercial linkages between producers and the market, leading to profitable business for both ends of the value chain.

For example, BEST-AC is funding a project which will enable the Tanzania Edible Oilseeds Association to produce more exact data on the availability of edible oilseeds in the country and thus provide a more reliable estimate of the potential of the sector. The project will also provide media coverage to raise awareness to small producers and processors on where to get access to information relevant to the sector.

Through training, consultancy, marketing, fostering innovation and technology transfer, PSOs are also able to build the capacity and performance of individual enterprises. PSOs also channel funds to help generate economic growth as well as decent employment opportunities and incomes for poor and marginalised communities.

Through institutional support they provide, research, awareness creation, improving agricultural input value chain, funding and providing incentives for investments, PSOs are playing a critical role in bringing about economic reforms in the country.

*Wallace Maungo*

Wallace Maungo  
Editor

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# TAHA's pest management initiative wins accolades



By Kilimo Kwanza Reporter

**T**HE Tanzania Horticultural Association (TAHA) has been commended for promoting environmentally sound pest management approach in the horticultural industry and for advocating mutual interest between public and private sector.

Crop Development Director in the Ministry of Agriculture, Food Security and Cooperatives Geoffrey Kirenga lauded the commendation at a one-day consultative meeting on the registration process of biological control agents (BCAs) for horticultural industry held recently in Dar es Salaam.

In his appreciation to TAHA, the Director expressed concern with the complaints that were raised by TAHA regarding the registration procedure for bio agents in the country. He told 26 participants from various institutions that the ministry had very clear procedures for the registration of bio agents stipulated in the Plant Protection Act of

1997 and regulations drawn in 1999.

In his speech, Kirenga said that the two documents could be accessed on the ministry website through the address: <http://www.kilimo.go.tz>. He advised the participants to download copies from the website for reference.

"There might have been some difficulties in interpretation, for example the Sixteenth Schedule Fees to be charged for Plant Protection Services lacks the words 'biological control agents' and instead they are termed as 'Plant Protection Substances', which according to interpretation of the Act, refers to substances intended to protect plants against harmful organisms," he acknowledged.

He proposed the establishment of a small technical team representing public and private sector to work out ways of addressing weaknesses in the registration procedures for the bio agents to enable satisfactory operation in the registration process.

TAHA Executive Director Jacqueline Mkindi said that bio-control agents are a cost and time effective al-



TAHA executive-director Jacqueline Mkindi

ternative to the use of chemical pesticides in the horticultural industry. Over the past decade, there has been a great shift to the use of bio control agents globally, considering their very good results.

"A combination of biological controls, cultural practices and new pest-resistant varieties helps reduce damage to valuable horticultural exports. Biological controls also help combating

use of bio control agents, instead of chemical agents in the production process. The Director mentioned the two types of bio agents which are macro-organisms (macrobiols) and relatively smaller organisms (microbiols).

Responding why the use of biological control has become more important, she said that a combination of biological controls, cultural practices and new pest-resistant varieties help to reduce damage to valuable horticultural exports. Citing examples on the market forces, the TAHA director said consumers in Europe were concerned about the amount of pesticides used in horticulture. Therefore, growers across the world are under pressure to reduce pesticide use.

"Markets have started to conduct residual analysis. Tanzania's competitors have been for a long time using this type of technology and further delays will have a negative impact to the horticultural industry," she said.

On Health and safety, she said some concerns have been raised on the excessive use of pesticides in flower production, which endangers the health of farm employees. Use of biopesticides will ensure health and safety of employees, said Mkindi.

Bio control agents are regarded as a cost and time effective alternative to the use of chemical pesticides. In the past decade, there has been a great shift to the use of bio control agents globally considering the fact that they have produced very good results.

However, in Tanzania the horticultural industry has been struggling in the past five years to register its first bio-control agents due to long procedures and inadequate information for registration.

Currently, there are horticultural farmers, who are willing to use the products due to evidence of their effectiveness and stringent requirements in the international markets of using less pesticide in pest and disease control. Therefore, TAHA felt the need to engage key stakeholders in dialogue to streamline registration to allow for an effective and efficient process of registration.

Assistant Director for Plant Health Services Dr Francisca Katagira said TAHA had complained of the registration system under the Ministry of Agriculture, Food Security and Cooperatives for lacking clarity, standard procedure, format, limited local expertise and delays.

TAHA recommends two folds of fast-track registration of BCAs: Fast-tracking the establishment of registration mechanisms and a standard procedure for establishing categories. It also urged the government to consider reviewing the registration/efficacy fee and conducting of an inventory on available expertise and facilities.

The association also recommends that BCAs courses should be mainstreamed in the agriculture/horticulture trainings. "Pesticides and related legislation should be reviewed to include Biological Control Agents, that is local natural bio control agents' production and registration," it concludes.



root-knot nematode which is a chronic problem for vegetable production in the country," she said.

Mkindi noted that apparently the export market for horticultural products originating from Tanzania was booming and that stringent safety and standard requirements in destination countries could be easily met with the



# Laxity in weights, measures control



THE Tanzania Chamber of Commerce, Industries and Agriculture (TCCIA) in Iringa region with the financial support from the Business Environment Strengthening for Tanzania – Advocacy Component (BEST-AC) has been implementing a project on enforcement of weights and measures' legislation in the region in two phases since 2006. The Impact Assessment Study (IAS) has been commissioned to Match Maker

Associates Ltd. This article gives you some study outcomes. Read on...

**T**HE project focused on farmers, village leaders and traders' limited understanding of unfair practices, and their limited awareness of the existence of regulations on weights and measures.

TCCIA – Iringa Chapter in collaboration with the regional office of the Weights and Measures Agency (WMA),

and Regional and Local Authorities undertook sensitisation workshops to increase awareness of the law and regulations guiding weights and measures and to encourage the use of proper weights and measures' procedures.

The main objective of the project was to identify the optimum approach for increasing the implementation of weights and measures technology nationally.

Specifically, it involved gathering of evidence on the organisation, implementation and impact of the project, assessing the appropriateness of the approach, validity of the current weights and measures' regulations, mandate of the WMA, and recommending issues for rolling out.

Despite limited secondary data on weights and measures in agricultural output and trade in the country, the project consultant managed to get a number of documents that provided a good base. Field research covered selected number of actors involved in the chain for trading key agricultural produce in Iringa region up to the main markets in Dar es Salaam.

The theme was to assess the extent to which the project interventions have contributed into change in business practices. Four districts of Iringa-rural, Kilolo, Mufindi and Njombe were chosen, as they provide the main agricultural corridor in the region.

#### Laxity in enforcement

It has been found that the high prevalence of inappropriate use of weights and measures in agricultural produce trade in the country is due to poorly managed transition from public corporations to liberalised markets.

Weak enforcement of the Weights and Measures Act has been largely due to lack of clear strategies to address the problem of weights and measures in crop produce trade; weak institutional linkages between the WMA and other relevant actors, inadequate institutional capacity in terms of manpower, finance and physical facilities, and low level of understanding on political affairs.

In the final report, Match Maker Associates Ltd cited weak private sec-

tor capacity to advocate enhanced, fair and equitable business practices, and inadequacies in the Act itself, in terms of specifications for measures of some agricultural produce notably fresh produce.

It also found that the use of non-standard measures has created a strong feeling, particularly with the government, farmers and rural development practitioners that it's among the causes for rural poverty.

#### Overweight risks

Health and labour authorities say overweight loads have a health risk. Use of overweight bags commonly known as 'lumbesa', has caused substantial loss of revenues to LGAs. The

use of non-standard measures obscure trade statistics needed for planning and assessment, the study revealed.

The chronology of events shows that the use of non-standard weights and measures has become a broad-based agenda in the country. The rationale for the Weights and Measures Enforcement project in Iringa included the background knowledge and experience from the initiatives of DAI PESA, the potential benefits for the project, political will at regional level and BEST-AC support.

The effectiveness of the project is attributed to a multi-stakeholder strategy adopted by Iringa TCCIA, i.e. involving the regional government, the police, local governments and the re-

gional WMA office.

The project targeted raising awareness of smallholder farmers, the main message being the loss that farmers were exposed to because of using non-standard weights and measures.

According to agreed targets, a total of 500 farmers, traders and government officials were trained; the project registered a 100 per cent achievement. The limitation of this approach was cost effectiveness if they were to reach all wards and that the multiplier effect would have been limited and difficult to track.

During the second phase, the project targeted district level officers and ward executive officers. The project had a target of reaching 276 participants in

all Iringa wards. The performance was surpassed [the achievement was 103 per cent]. The target was to achieve a 50 per cent increase in farmers' incomes through adoption of standard weights and measures.

It may seem ambitious due to the means the project had at hand. Experience suggests that by adhering to standard weights and measures across the value chain, increases transparency, improve decision making, reduce health risks associated with overweight and give farmers better bargaining power.

Changes in gross margins to ascertain the level of profitability and hence proxy for potential incomes for sampled crops (onions and round potatoes) show



As a result of adoption of standard measures, farmers have their gross margins improved from 41 per cent to 48 per cent and 53 per cent to 62 per cent for onions and potatoes, respectively

that, as a result of adoption of standard measures, farmers have their gross margins improved from 41 per cent to 48 per cent and 53 per cent to 62 per cent for onions and potatoes, respectively.

The same shift has established that primary traders have seen their gross margins dropping from 29 per cent to 22 per cent in case of onions and from 20 per cent to 8 per cent in the case of potatoes. It has to be noted, these phenomenal changes may be temporary before traders make adjustments to improve their margins.

An analysis of the effect of the shift from lumbesa to standard bags suggested the likelihood of increased farm gate prices up to 33 per cent for a potato farmer while for onions farmer at Ruaha may increase up to 25 per cent. LGAs and porters may be able to increase their cess income by as far as 62 per cent due to the shift.

Traders supplying jute bags (which are widely used in potato business chain) may increase their business volume, as now traders need one bag to handle 100 kilos. However, on the overall, the shift from lumbesa to standard weights has resulted into higher transaction cost, for instance with onions.

*To be continued in the next issue*



# Milk traders complain about multiple licensing

**MILK processing plants are currently operating below their installed capacity and many were closed down shortly after they were opened. In this article, Tanzania Milk Processors' Association (TAMPA) Executive Director Edmund Mariki gives insights into the problem and the development of the sector in general. Read on....**

“Investors have put in maximum investments where they have no more room to operate. Under such conditions there can be other remedies, but we are largely to blame [for the problem],” said Mariki when giving revelations about milk processing in the country.

He said that meagre revenues to be gained by small holder farmers, who are direct beneficiaries, will also be greatly affected. “This doesn't include the various donors and NGO's who still believe in small scale milk production for increased and stabilised milk production,” Mariki noted. TAMPA recommends that since the few surviving milk processing factories are still the infant stage and farmers are still poor, the government should assist in the following ways: revise the VAT rate charged on milk & milk products to zero; and impose tariffs on milk & product imports.

**Zero VAT**  
TAMPA recommends that review for at least next 5 years of the VAT rate on milk & milk products to zero. This will give local milk processing plants relief to recoup start up costs and use the savings effectively to promote the dairy sector. That way, milk processing plants will have the incentives to process and promote flavoured milk for school children at a much cheaper rate while promoting milk consumption. Currently, flavoured milk has 18 per cent VAT on it. Additionally, milk processing plants will be able to spend more on generic advertisements to promote milk consumption.

**Higher tariffs**  
TAMPA recommends imposition of higher tariffs on imported milk & products as an incentive to increase local production and processing. The association faulted a growing tendency of treating local products as inferior to imported ones even when they meet quality standards.  
Mariki said the stakeholders were aware that the government needed the VAT for its operations; however, stakeholders are also convinced that present VAT earnings from milk processing



plants are very small in terms of direct benefit to the government, but the socio-economic benefit of a growing dairy sector is immense. TAMPA believes the concept of increased processing will directly mean higher sales of local milk products and therefore directly increasing the tax base.  
“This is especially true to the current milk shed areas in the country. Stakeholders also believe that the government will reduce VAT rates in the coming years and by that time the industry would have adequately developed,” said Mariki.  
He further said that if the dairy sector was protected, it would boost smallholders' income within a short period of time. The Dairy Board is a young organisation, but will be much stronger in the future and provide advice to the government on the further development of the sector.

Citing an example, Mariki said that the East African Community partners states, namely Tanzania, Kenya, Uganda, Rwanda and Burundi use different VA) laws and systems. He said the Tanzanian VAT law charges a rate of 18 per cent, which is similar to Uganda and Rwanda, but Kenya charges a lower rate of 16 per cent.  
The first schedule of the Tanzanian VAT law exempts only “unprocessed” products and defines it to mean “a product that has undergone only simple processes of preparation or preservation such as freezing, chilling, drying, salting, smoking, stripping or polishing”. This VAT law puts Tanzania at a disadvantaged position compared to other EAC countries.  
In particular, the Kenyan VAT law provides a zero rating for all dairy products and Rwanda VAT law exempts all processed milk products by

local producers. The Ugandan VAT law exempts unprocessed products with at most 5 per cent value addition. However, The Tanzanian law only exempts unprocessed milk products and is unclear on the definition of the unprocessed product.  
Previous studies on the performance of the dairy sector indicate that Tanzania lags behind other EAC countries in terms of the contribution of the dairy sector to national GDP as well as level of cow milk production, productivity and yield.  
The country also does relatively poorly in milk processing capacity and milk consumption, per capital consumption, performance of external trade, and in competing with other East African countries in terms of prices, quality and variety of processed products.  
These issues provided the motiva-

tion for carrying out a comparative study of the status and performance of the dairy sector, and review of various taxes applied in East African countries.  
Review of the current VAT rates in EAC countries will make Tanzania competitive in the bloc. The Kenyan dairy sector is vibrant since it provides zero rating on all milk & milk products since 1990.  
Speaking on regulations in the industry, the TAMPA leader said the regulations have a number of operational and cost implications to enterprises operating in the dairy sector. The costs incurred by the businesses are reflected in the fees paid to regulators, time spent on compliance, delays and inefficiencies and costs of paying staff involved in compliance, among

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# New study faults cumbersome export permits granting system

**A RECENT study on Tanzania's export system for staple cereal foodstuffs has uncovered many shocking details. In this article, we bring you highlights of the outcome of the study, which was conducted by the Tanzania Exporters Association (TANEXA) with the financial assistance from the Business Environment Strengthening for Tanzania- Advocacy Component (BEST-AC).**

The government introduced in 1991 a legislation which requires exporters of foodstuffs to obtain letters of authorisation from respective districts. According to the Food Security Act, the letters, or permits for that matter, apply to all transactions including purchasing, transporting and exporting.  
The latest study by TANEXA has revealed that export businesses of 61 per cent of food exporters, who were interviewed, reported to be highly constrained by the food permit system. According to the report, 19 per cent were severely affected and 38 per cent were significantly negatively affected.  
The study further revealed that 56 per cent – more than half of those interviewed – said food export permits have caused their businesses to incur losses. Urgent measures to improve the cost of doing business and the business climate for exporting food commodities to EAC and SADC regions are required.

The study finds that lack of awareness, transparency and clarity on what is required in relation to the letter of authorisation to export food is not clear. As a result, even when these letters are not required, they continue to be issued.  
It adds that the Integrated Food Security and Nutrition Assessment System (IFSNAS), which is commonly known in Kiswahili as Mfumo wa Uchambuzi wa Uhakika wa Chakula na Lishe (Muchali), is responsible for triggering the notice which necessitates letters of authorisation to export staple cereal foodstuffs.  
For example, small food product traders at Mutukula in Kagera region transport to sell small quantities, between 5 and 30 kilos of maize, beans and bananas. Due to lack of letter of authorisation to export staple food crops, these small food traders complain they meet a lot of harassment at check-points.  
One of the small traders was quoted as saying, “we cannot afford to go

through the long procedure of obtaining district, regional and national letters of authorisation for export”. They cited the time taken and costs of travel as factors that made them not to obtain letters of authorization from respective authorities. As a result, their small quantities of produce, which were only destined to the food market on the Tanzanian side of the border, were ordered to be taken-off the bus and confiscated. The trader complained, “This causes loss of our business and contributes to our growing poverty”.  
Rice exporters from Mbeya have said that the cost of obtaining letters of authorisation to export staple cereal food stuffs is high. They have noted that smallholder food farmers and traders cannot obtain the permits, resulting in the proliferation of people called ‘clearing and forwarding’ agents, who have specialised in processing the permits on behalf farmers at higher charges.

According to the study, the above fact explains why rice importers from DR Congo, Kenya, Malawi and Zambia get a chance to come to Mbeya and buy rice directly from farmers before transporting it themselves to their countries. This business could have been done by Tanzanians themselves, if the permits were abolished.  
An association of crop buyers in Ruvuma region argues that the process of obtaining permits is marred by corrupt practices. Moreover, the permits only apply in districts where they have been issued, when the traders pass through other districts, they are required to obtain similar letters of authorisation. As a result, the traders are forced to use illegal routes to smuggle food crops to neighbouring Mozambique across River Ruvuma.

“This requirement can however be traced back to 1980s when Tanzania had a centralized and closed economy that discouraged trade with neighbouring countries. Also, agricultural trade policies at the time discouraged private traders and middlemen, who were at best labeled as competitors to the now defunct state-owned National Milling Corporation (NMC) as economic saboteurs,” the study said.

The report further explained that another one, considered more recent justification for issuing permits for exporting food, has been the need to safeguard national food security. The national food security is monitored through the Muchali system, which makes assessments and projections of food in all districts every season.

Tanzania has a bi-modal rain season which allows up to two planting seasons in most parts. The system informs the Disaster Prevention Division of the Prime Minister's Office on the general situation of food availability, access and forecast in the country.

The system does this by conducting vulnerability assessment and issuing early warning reports on food scarcity, which then triggers a national notice to impose either a food export quota or recommends for official food export.



Minister for Agriculture and Cooperatives Christopher Chiza

**Bribes at check-points**  
Exporters that were interviewed as part of the study said they often faced solicitations for bribes at check points even if they had letters of authorisation to export food. If a trader does not give in to corruption, he or she faces unnecessary delays while doing physical verification to ensure the consignment tallies with the amount authorised and other bureaucratic red-tape procedures with the whole process becoming harassment to exporters.

“This is worsened by the fact that police officers and customs officials at check points are themselves not aware of what is required. There is no clarity and transparency on what is needed, when, by whom and for what. Officers

still have a mind-set that can be historically traced to the days of closed economy where all export business was regarded as smuggling. Furthermore, they continue to ask for letters of authorisation even when an export quota or ban has been lifted.

“There is simply no clear information on what needs to be done at these check-points. As a result, exporters face delays, fail to meet supply commitments and incur losses, particularly of perishable foodstuffs. Cereals are also perishable, as they can rot if exposed to rain or high humidity, and pests can damage the consignment if it is impounded,” informed a victim of the system. However, exporters noted that if the requirement for letters of authorisation was removed, the police check point system would not be necessary. This is because the system is set-up to verify whether required permits have been obtained for food items being exported.

Giving a background, the study indicates that during the harvest season normally the government discourages farmers from selling off their produce, as the future season is unpredictable. This situation poses disincentives to local producers and denial of lucrative market opportunities which may be available in neighbouring countries.

Despite the situation, a parallel market has been operating using unofficial routes. This is through neighbouring Malawi, Zambia and Kenya borders, particularly when there is food shortage in one of these countries.

However, the government does not favour this; thus it has been responding with ad hoc bans. Failure to facilitate expansion of national and regional trade in food, risks stalling growth and private investment in agriculture, according to the Economic and Social Research Foundation.

Exporters propose that the government should eliminate the letter of authorisation as a requirement to export staple grain food crops something which they say will translate into increased productivity amongst farmers. They also state that these letters deny Tanzanian exporters chance to successfully compete with counterparts in the EAC and SADC region.

The exporters further find that low agriculture production is the prime factor that underlies food export quotas or bans. They say there is a need to increase productivity in order to have surplus for the export market. They also underscored a need for the government to understand that traditional export crops such as coffee, sisal, cashew nuts and cotton are no longer beneficial to farmers leading them to opt for food crop production as cash crops.

The study stated that food production is generally low across EAC and SADC and its market is readily available for Tanzanian produce. It therefore called for the Ministry of Agriculture, Food Security and Cooperatives to implement reforms and abolish the letter of authorisation for staple foodstuff.

These findings were shared at a stakeholder workshop held on March 24 this year which was attended by exporters of agricultural products to the EAC and SADC regions and representatives of key government ministries.

**“ Farmers: We cannot afford to go through the long procedure of obtaining district, regional and national letters of authorisation for export.**



# US agro-companies set millions for Africa

By Carey Gillam, Reuters

A GROUP of U.S. seed, chemical and equipment companies will invest at least USD150 million over the next few years into African agricultural projects and products, the companies said on Friday.

The investments pledged by DuPont, Monsanto, Cargill and others are part of an overall USD3 billion effort by companies around the world announced by President Barack Obama.

Along with companies from India, Israel, Switzerland, Norway and the United Kingdom, and 20 companies from Africa, the corporations have committed some USD3 billion for projects to help farmers in the developing world build local markets and improve productivity.

The United Nations has said that by 2030, the world will need at least 50 percent more food, 45 percent more energy and 30 percent more water. Absent these resources, it said, up to 3 billion people would probably be condemned into poverty.

Capitalizing on food demand in Africa also holds strong profit potential, corporate leaders said.

"It has been a bit chaotic. There are all sorts of issues around the countries in Africa. But the population, the economic growth, the quality of many of



the soils is there," DuPont Executive Vice President Jim Borel told Reuters in an interview. "The need is there, the potential is there."

"We're convinced we can take the base we have now, and accelerate that progress," said Borel, who oversees DuPont's food and nutrition businesses. Among DuPont's units is its Pioneer Hi-Bred International seed company, which has operated in Africa for decades.

India and China are more stable and growing faster, but Africa is "not

far behind," according to Borel.

DuPont said it will spend more than USD3 million over the next three years focused on Ethiopia, where the company is investing in seed production and storage facilities. It is also developing weed control for wheat farmers there, and creating a soil information system to address soil limitations and boost crop yields.

DuPont's growth plans on the continent are aimed at growing revenue from African business to more than USD1 billion within 10 years.

DuPont is also sponsoring development of a food security index, a ranking of 105 countries that analyzes the food security status of each. That index will be rolled out in mid-July.

Monsanto, the world's largest seed company, said it also was committing millions to Africa. Monsanto will invest about USD50 million over the next 10 years in several countries to support African agricultural development and growth, officials said.

Monsanto's plans include work in Tanzania on development of corn that uses water more efficiently, and support for development of a network of agro-dealers.

Cargill is investing in two projects in Mozambique focused on increasing grain yields for small farmers and on training and education in farm communities.

AGCO, a U.S.-based farm equipment company, plans to invest USD100 million over the next three years to improve farm operations in Ethiopia, Ghana, Kenya and other African countries.

Among the international players, Norway's Yara International is planning a USD2 billion fertilizer production facility in Africa and is spending USD20 million to build a port in Tanzania that will help expand its fertilizer delivery network throughout southern Africa.

## Milk traders complain about multiple licensing

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others.

Studies that have been done in the dairy sector demonstrate that enterprises suffer most when the regulatory framework is unfavorable. The impact is not only in terms of compliance costs, but also in terms of unintended effects. The hurdles and costs paid by enterprises to comply with regulations in the dairy sector are really high, as evidenced in cases from Ma-Milk Enterprise and Chuchu Milk Ltd.

### Case Study 1: Ma-Milk Enterprise

Ma-Milk Enterprise started its operations in mid 1990s in one of the suburbs of Dar es Salaam City. Ma-milk, a family milk business, started as Milk Kiosk selling hot milk. The milk was sourced from few dairy cows kept at the backyard of their residence.

In 1996, Ma-Milk secured a milk cooling tank with the capacity of 1000 litres per day from one of the dairy project operating in Tanga with the agreement that it becomes an agent and distributor of milk from Tanga milk producers.

In 1998, Ma-Milk set up a batch

pasteurizer using biomass energy (saw dust) and packed milk in plastic pouches using manual milk sealers. The firm managed to handle up to 3,000 liters per day. As Ma-Milk ventured into processing milk, it became visible to an army of regulatory authorities.

When production capacity increased to 5,000 liters per day, Ma-Milk started to source milk from neighboring region. Currently, Ma-Milk operates and processes 8,000 liters of milk per day sourced from 13 milk collection centers.

Like many dairy plants in the country, Ma-Milk is regulated by more than 15 bodies with overlapping roles and functions. The fees range from 200,000 to as high as 2,000,000 (average 300,000) for most certificates and licenses. Payments without receipts (graft) are in the range of 300,000 per service/item.

The most tedious one to obtain is the permit for transporting milk, which is issued at a fee of 20,000/- by the Ministry of Livestock Development, Ministry of Health and all district authorities.

For Ma-Milk to transport milk through three districts, it requires it requires them to obtain five permits. The

vehicle has to inspect several times. In case one permit is missing, the vehicle is detained.

Ma-Milk strongly criticises the tendency of policing by some regulatory authorities. One institution just repeats the roles of other institutions. The number of days to secure license/permit or certificates requires the follow up of 7 days to over one month.

**Case Study 2: Chuchu Milk Ltd**  
Chuchu Milk is a mini dairy firm located in Dar es Salaam. It is a family enterprise which started 10 years ago by processing and selling milk from the family cow. Mama Subi, the owner is very proud that her business has prospered over the years and now some of the milk has to come from far away in a small truck.

To legalise her business, Mama Subi had to obtain 11 licenses and permits from different government agencies at a total cost of 380,000/-. After standing in long queues and months of following up, now these documents decorate one of the walls in her small office. Most of these licenses and permits have to be renewed every year at a cost of about 450,000/-, but this wasn't her

worry now. Over the last six months, Mama Subi milk truck has been stopped from time to time for inspection by district officials. These daily inspections are quite unpredictable and, since the truck passes through six districts, the delay has frequently caused spoilage of whole consignments of milk. Each spoilage brings a loss of 1.2m/-. Usually the truck is stopped in the middle of nowhere and the "inspectors" have no equipment or competency for the task.

For a "fee" they would happily let the vehicle pass without inspection. The amounts involved in these kind of bribes are partly enough in comparison to the losses (5,000,000/-), but it will not end once precedence is set.

When she complained about this to the Ministry responsible for livestock, she was referred to go back to the local government authorities. But the truck already has a permit for transportation of milk from Tanzania Food, Drugs and Cosmetics Authority - a national government agency. Now, it appears she has to pay for six more permits from local authorities on regular basis. She cannot understand why one permit is not enough to safeguard health and safety standards.

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Energy and Water Utilities Regulatory Authority Tel: +255 22 2123850, 22 2123853

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### INDUSTRY SUPPORT AND ASSOCIATIONS

Small Industries Development Organization (SIDO) – Email: dg@sido.go.tz, info@sido.go.tz

ANSAF - P.O. Box 6370, Dar es Salaam

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Tanzania Milk Processors Association (TAMPA) Tel: +255 222 450 426

Rural Livelihood Development Company (RLDC) Tel: +255 26 2321455

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### AGRO-PROCESSING

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MUKPAR Tanzania Ltd Tel: +255 28 250038/184

ASAS Diaries Limited - Tel: +255 26 2725200

Tanga Fresh – Tel +255 27 2644238

NatureRipe Kilimanjaro Limited Tel: +255 22 21 51457

### EQUIPMENT

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### AGRO-INPUTS

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