

# Simplifying compliance with regulations in the food processing sector



The food-processing sector comprises the largest proportion of manufacturing firms in Tanzania. The sector includes, *inter alia*, brewing beer and making wine, milling, baking, confectionery, animal and vegetable oils, sugar, dairy products, processing fruit and vegetables, fish and meat, distilling spirits, soft drinks and bottling mineral water. Almost a quarter of all registered manufacturing enterprises are in the food-processing sector, providing employment to about 58,000 people, which represents 56% of the total employment in manufacturing. The Economic Survey data shows that, the sector currently contributes TZS 972 billion to the economy, and its entire value chain employs about 3 million people, generating tax revenue of TZS 248 billion in 2013.

## FACTS

The current negative impacts of the present Regulatory Framework on Food Processing Sector Proliferation:

- The business competitiveness of the food processing sector is hampered by the existing legislative framework;
- The food processing sector operational costs are high because of the excessive number of regulatory organs which marginalize and eventually eliminate small food processors from growing into formal enterprises;
- It is estimated that 30% of the total ratio of costs of compliance goes on taxes equivalent to 33 billion per year;
- The food processing sector's regulation of more than fifteen regulators, involving multiple fees, duplication of regulatory functions, and bureaucracy, causes delays in production and creates conditions for corruption;
- Based on the assumption that the number of people employed reflects the capacity lost, the sector loses over 5,000 direct jobs and 360,000 indirect jobs per annum due to the over-regulation.



*Ms Putika, a small horticultural processor from Njombe, whose production increased by the installation of a modern processing plant through the support of USAID-TAPP. Photo by TAHA.*

## Current Problems Experienced

The Government of Tanzania has established a number of regulatory frameworks to enforce policy goals with a view to ensuring public safety, protecting environment, correcting market failures, promoting fairness, food security and upholding nutritional standards of its people. However, despite the Government's good intention, the existence of a multiplicity of legislative frameworks and regulations have been affecting the competitiveness of food processors in the country. The problems experienced as a result of this factor include:

- Food processing being regulated by more than fifteen regulators, involving multiple fees, duplication of regulatory functions, delays in business, bureaucracy and corruption.
- Most regulators appearing to be largely motivated by revenue collection rather than facilitating enterprises compliance with the regulations.
- The existing over-regulation causing problems for enterprises, such as time wasting in following up compliance issues; increased costs of businesses due to multiple fees paid for services; increased number of informal operators that cause increased bureaucracy which tend to create loopholes for corruption;
- Multiplicity of licenses required in business which has proven to be the main impingement on the competitiveness of enterprises because of the fragmentation and duplication of the regulators' tasks and coordination failure;
- Multiple testing and inspections of products, followed by multiple fees charged by the regulators;
- Delays in service delivery because of excessive bureaucracy, all of which affects negatively the sector; and
- The attitude of most regulatory agency staff appearing to be unsupportive of enterprises.

## Lessons from other African countries

Even though the food processing sector is commonly controlled by several regulators, most countries are attempting to improve the regulatory framework governing the sector by:

- Introducing collaboration among regulators and developing a National Quality Infrastructure;
- Dividing the roles among regulators and sharing facilities and analysis reports;
- Promoting self-regulation and creating awareness on food safety;
- Improving the state-business relationship.



*Packaging and labeling of beef sausages at Tanzania Meat Products Limited. Photo by: TAN MEAT*

## Policy Reforms recommendations

- Reform of the current regulatory system and improve coordination of the regulatory tasks, which can be done by harmonizing business registration and licensing activities through cross referencing whereby food processors are registered only by BRELA and TFDA after complying with the industrial licenses, EAI and quality control`;
- Harmonization of the inspection of premises, whereby the inspection by TFDA, TBS, TDB, OSHA, Health Officers and NEMC could be carried out concurrently;
- Reform the current policy which gives LGAs power to inspect the premises of food processors that have already been inspected by TFDA and TBS, and ensure that they only do the inspections to the informal food processors and traders;
- Empower OSHA and NEMC, whose roles are quite specific in their inspection, and arrange that other regulators share the inspection reports so as to limit the multiplicity of inspections which affect the food processing sector;
- Reform the registration and inspection of factories/premises used for food processing to be only done by TFDA in consultation with other relevant regulatory authorities;
- Harmonization and coordination of TBS, GCLA and TFDA to conduct product testing concurrently, whereas TBS will focus on setting the quality standards for products, and TFDA enforce the quality and safety standards, and allow sharing of inspection results among all the regulators;
- Coordination of licenses and permits that relate to food hygiene and premises by introducing cross-referencing and allowing one authority to recognize the permit of authorities carrying out similar functions; such as permits and certificates issued by TFDA to be recognized by TBS, GCLA and LGAs;
- NEMC should be mandated to conduct an EIA and carry out inspections for environmental compliance in consultation with other relevant authorities.

## Recommendations towards a vibrant Food Processing Sector

- A national accreditation system should be established to support the upgrading of laboratories and inspection bodies to International best practices and reduce the cost of seeking these services from other countries;
- Promote public-private dialogue and Public-Private Partnership to continuously inform the government about the regulatory challenges;
- Enhance the capacity of the regulatory agencies to undertake their tasks more effectively so as to address specific constraints that limit the effectiveness of compliance with standards by the food-processing sector;
- Encourage self-regulation and participation by the private sector in the regulatory activities;
- Train enterprises, especially SMEs, in the food safety and food hygiene requirements, and encourage them to comply voluntarily.

The regulatory reform process should be coordinated under the Prime Minister's Office in order to get strong political support so that issues that cut across several ministries are addressed and be mainstreamed into the ongoing implementation of the National Road Map. The strength of the Prime Minister's Office lies in the fact that it is not inclined to a particular ministry.

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