

TCCIA IRINGA

FOLLOW-UP AND EVALUATION OF THE ENFORCEMENT OF THE WEIGHTS AND MEASURES ACT OF 1982 IN THE PILOTED REGIONS OF IRINGA AND NJOMBE



PROPOSED POLICY ACTIONS

SUMMITTED BY IMED

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Context and the Issue

The Tanzania Chamber of Commerce Industry and Agriculture (TCCIA) Iringa, with the support of Business Environment Strengthening for Tanzania (BEST-AC), conducted a follow-up study on the enforcement of the Weights and Measures (W&M) Act, 1982 and the Weights and Measures (Packaging of Goods) Regulations, 2008 in Iringa and Njombe regions. The study was done to evaluate the impact of prior initiatives that created awareness on the compliance with the (W&M) Act for farmers, traders, district-level Officers and Ward Executive Officers (WEOs). TCCIA Iringa initiated the project after realising that despite the prior initiatives, there was non-compliance with the W&M Act and/or minimal enforcement of the Act in Iringa and Njombe regions. In addition, the WMA's capacity to enforce the regulations is limited, despite its mandate to ensure that the W&M Act is complied with, awareness is created, regular visits are made and those who violate the law are fined. Basically, most crops produced by small farmer in the Southern Highlands, such as maize, onions, tomatoes and rice, suffer from the scourge of the over-packaging of *lumbesa*, a practice that is favoured by middlemen or agents, who are able to coerce constrained farmers into selling their produce on terms that favour the buyers. The study entailed focus group discussions of 133 farmers, traders and village leaders, review of relevant documents and the stakeholders' workshop that validated the draft report.

Key Findings

Between 2005 and 2007, TCCIA (Iringa), in collaboration with the Weights and Measures Agency (WMA), Regional and Local Authorities organised a sensitisation workshop in 10 trade centres for 500 smallholder farmers and traders, and 784 district level Officers and Ward Executive Officers (WEOs). Since then a number of efforts have been made to enforce the W&M Act, 1982, including several directives issued by the Ministry of Industry and Trade (MIT), Iringa Regional Commissioner, Prime Minister's Office, Regional Administration and Local Government (PMO-RALG) and the Ministry of Agriculture, Food Security and Cooperatives to ban the use of non-standard bags (*lumbesa*). However, not much effort is being made to sustain awareness of the campaign, especially in remote areas, and there are not many well functioning Market Centres where farmers can sell their produce using standard measures, which compels them to sell their produce to traders and engage in unfair contract farming practices, whereby they agree with traders to produce crops at prices and units of measurement set in advance.

Out of 133 participants in focus group discussions, only 20% were aware of the existence of the W&M Act. While only about 23% of participants were using kilograms (kgs), over 78% were using plastic buckets and over 80% were still using *lumbesa* (bags) to sell their crops. Surprisingly, none of the respondents was sure of the weight of a plastic bucket. Almost 90% of farmers sell their produce to traders, while some (45.1%) sell their produce at the farm gate and 24.1% engage in contract farming, even though over 74% of the respondents acknowledged that the warehouse in the villages had functioning weighing scales. It was further found that none of the respondents kept a record of the cost of cultivating their crops and only 1% knew how many crops were produced per acre. The majority of respondents therefore could not negotiate a good price for their produce, especially when they embarked on contract farming.

The use of non-standard measures is triggered by a number of factors, including the lack of the required weighing scales, the crop cess charged per bag rather than by weight, the unavailability of standard packaging materials and farmers' perception that the weighing scales are not to be trusted. There are a few business models, such as a warehouse receipts system, but the results and impact are still at the nascent stage. Farmers' organisational models

are also emerging but they have neither reached the level of facilitating farming as a business, nor have they commanded a credible position in the supply chain. Few farmers are informed about the price before the sales decision or can choose between the different sales places according to the price.

Most farmers sell their produce to traders' agents, local brokers or the traders themselves. Limited financial capacity, limited storage capacity, requiring crops to be moved rapidly to their final destination, and limited transport capacity, requiring the hiring of transport, have significantly affected the bargaining power of farmers. Since most farmers are cash poor, lacking either savings or access to credit, "distress" sales made immediately after harvest are their only means of getting cash for meeting urgent needs. None of the trade centres has adequate crop storage infrastructure and the household-level storage facilities are rudimentary and prone to excessive losses.

Impact of Non-Compliance with W&M Act, 1982

Data on the dominant crops (paddy and maize) are used to assess the impact of non-compliance with the W&M Act. From a sample of 43 bags of rice paddy weighed by WMA (out of the 482 bags seized) it was established that the actual weight of each bag was, on average, 42 kgs higher than the standard. This is 56% of the value of one bag of rice paddy. The data generated during the interviews revealed that the average weight of 1 sack of maize when plastic buckets are used is 36 kgs, or 40% higher than the standard weight of 90 kgs.

Iringa and Njombe regions lose almost TZS 2.5 billion of crop cess when maize and rice paddy are in lumbesa only. If all crops are considered, the impact is much higher. The farmers' income lost through the same practice in Iringa and Njombe is over TZS 14.7 billion. The amount of crop cess lost in a lumbesa of maize and rice paddy in the country is estimated to be TZS 14.8 billion and farmers' income lost is over TZS 174 billion.

In addition, using non-standard measures has an impact on the health of porters, the majority of whom suffer from muscular pains, headaches, tingling and numbness in the arms and legs and even mobility problems. Non-standard measures contribute to the overloading of vehicles, which causes serious damage to the road network and contributes to the problem of maintaining road safety. Heavy vehicle operators that do not overload are placed at a disadvantage, as they cannot compete fairly with unscrupulous operators that deliberately overload their vehicles.

Key conclusions

Overall, it is clear that the use of non-standard measures is contributed to by several factors, ranging from limited awareness of the W&M Act, inadequate capacity to enforce it and limited access to alternative markets by farmers facing poverty. This means that the W&M problem cannot be dealt with without taking into account other factors contributing to malpractices in agricultural marketing. The problem of W&M originates from the gaps in the crop value chain from production to processing, the problem of transport, finance and marketing activities. Specifically, the following observations were made;

- i) Small-scale crop production predominantly depends on rain, which causes uncertain yields, resulting in dramatic fluctuations in price and the lack of a market, especially when large amounts of crops are harvested.

- ii) Since most farmers cannot process their crops, they are compelled to sell them at the price and in amounts largely dictated by traders, agents and brokers who sell to millers.
- iii) Most crop trading is generally imperfect, with transactions being done informally at the farm gate.
- iv) Limited grain storage capacity in terms of the quantity and quality of warehouse facilities and farmers' ability to access existing facilities leads to prices spike in times of shortage and plummet during the harvest season when the market is flooded with crops.
- v) High transport costs associated with poor feeder roads in remote areas increase traders' costs and encourage them to opt for lumbesa.
- vi) The reluctance of farmers to use market centres in which to sell their crops emerges from their lack of understanding of the losses they make when they sell their crops to traders, and of the limited sources of income when they need money.
- vii) Limited access to credit by farmers motivates them to embark on contract farming and obtaining loans from traders. While this practice might help, the greatest challenge lies in the predetermined terms and conditions, which are unsuitable for farmers.
- viii) Although in some places farmers form their own associations, most of these are weak and cannot sustain good practices for selling crops due to the limited participation of individual farmers.

Despite the awareness-raising campaign by TCCIA Iringa on W&M practices, some challenges still directly affect enforcement of the W&M Act, which are as follows;

- i) The capacity of WMA at both the regional and national level in terms of human resources, vehicles and finance is still weak and other stakeholders' perception that W&M issues are solely the concern of WMA adds to the problem.
- ii) Inadequate infrastructure and facilities to facilitate compliance with the W&M Act, poorly developed market centres and the lack of weighing scales in most villages make the problem more serious.
- iii) Limited awareness of the standard weight for each crop means that farmers are deceived by traders and brokers that weigh their produce using non-standard measures.
- iv) The lack of sustainability of awareness-raising campaigns has contributed to increasingly limited awareness of W&M issues.
- v) The lack of by-laws at district level, despite previous resolutions that every District Council should make by-laws, limits the power of Councils to take up the power delegated by the WMA.
- vi) The crop cess charged by the LGAs per sack motivates traders to pack their produce in lumbesa as a strategy for reducing the amount of cess paid.
- vii) Lack of participation by LGAs in enforcing the Act adds to the problem.
- viii) The urgent needs of farmers and their high degree of poverty encourage them to sell their crops to traders rather than market centres and established warehouses.

Policy Recommendations

A study indicates that the W&M issue is diverse and requires the united efforts of various stakeholders at national, regional and LGA level. The policy recommendations made therefore affect all key stakeholders and stipulate the role they could play. The key recommendations are as follows;

- i) **Strengthen the scope of the awareness-raising campaign and ensure its sustainability at both national and local level:** To successfully promote W&M, all key actors in the value chain who can play a complementary role should be included. The campaign must be sustainable to remind farmers, transporters and traders of the impact of lumbesa, the losses

emerging from lumbesa and other effects. The programme should include interpreting and disseminating the W&M Act (in Swahili) to all key stakeholders, including LGAs, farmers, traders, voluntary organisations and the community at large. Use of media to create awareness sustainably and announce market prices for major crops could reduce the problem.

- ii) Speed up amendments to W&M Act:** The W&M Bill, 2013 must be fast-tracked to ensure that legislation governing the proposed fines and penalties is passed by the Government. Since the Bill is at the final stage, it is the role of WMA and the MIT to follow this up closely to make sure that it is soon passed by Parliament and signed by the President. Other stakeholders, including TCCIA and private sector organisations should support the move through advocacy and creating awareness. Once the Bill is passed, it must be enforced immediately so as to stop current W&M practices.
- iii) Strengthen the capacity of WMA:** Given the increasing role of WMA, its capacity must be enhanced. This ranges from developing adequate infrastructure and office facilities and training more technical staff to supplying WMA with vehicles and other equipment needed. In addition, WMA Office must be established in Njombe region to increase its effectiveness in the region.
- iv) Delegate some WMA functions to LGAs:** WMA works with LGAs to enforce the W&M, Act. Through by-laws passed by LGAs, it is feasible for Trade Officers, Agricultural Officers and Extension Officers to have a role alongside WMA. These officers could train farmers and traders on W&M compliance and provide advisory services on standard measures of crops stipulated in the W&M Act, 1982.
- v) Develop adequate infrastructure at the designated market centres:** In almost all places there are designated market centres, but they lack basic facilities such as storage buildings, crop milling machines, weighing scales and staff to run them. It is the role of LGAs to promote the market centres and ensure that they function effectively. This could be done through a private/public partnership, whereby investors would be allowed to work jointly with LGAs to establish market centres in selected areas.
- vi) Introduce and support the development of a warehouse receipts system:** Warehouse receipts could enable small-scale farmers to access credit through an inventory of their crops. Although the existing inventory credit scheme is regarded as a warehouse receipts system, it does not really meet that system's requirements. Nevertheless, it allows some farmers to apply the spot market value of their inventory as collateral for a loan of up to 60 percent of the value of the inventory.
- vii) Promote the NFRA to enhance competition of the crops:** NFRA has played a crucial role in stabilising the market and addressing the challenge of non-standard measures in places where it exists. In order to have a greater impact, NFRA needs to expand the scope of the crops reserved. The prices offered by NFRA should be competitive enough to beat those offered by traders and make the crop market more competitive.
- viii) Strengthen Farmers' Associations:** Farmers' Associations are effective in stabilising the market for farmers as they connect farmers at the village, district, regional and, ultimately, national level. They serve as vehicles for disseminating market information, providing

extension services and advice, and offering increasing advocacy on behalf of members. LGAs should work with farmers to set up Farmers' Association through their Trade Offices.

- ix) Use the crop cess to discourage the use of non-standard measures:** All District Councils charge crop cess per sack of crops, which encourages the over-packaging of crops since traders attempt to reduce the number of sacks/bags transported to reduce the crop cess. LGAs therefore must introduce a system whereby crops are taxed on the basis of their weight and not the number of bags. By-laws could give LGA Officers the power to sample some sacks and weigh them before charging the crop cess.
- x) Promote the integrated approach to enforcing the W&M Act:** As shown in Figure 1.1, enforcing the W&M Act requires the efforts of various stakeholders. While there could be more stakeholders, the model proposes the role of PMO-RALG, MIT, WMA, the Regional Administration, LGAs, the police force, other Government Agencies (TANROADS & SUMATRA), farmers, traders and transporters.

Figure 1.1 Integrated Framework for the Implementation of Policy Recommendations

