

The Citizen 8/5/12 (pg 10)

# Media criticised for poor coverage of agriculture news

ACT - Media

By Sturmius Mtwewe  
The Citizen Reporter

**Dar es Salaam.** The media in Tanzania has been criticized for not doing enough to cover the agriculture sector, especially in promoting information that would help players harness opportunities that could help to spur growth.

This has been in spite of government efforts – especially through Kilimo Kwanza – to promote and enhance growth of agriculture.

The criticism was leveled by the executive director of Agricultural Council of Tanzania (ACT), Ms Janet Bitegeko, in Dar es Salaam arguing that the lack of in-depth and analytical reporting on agriculture contributed to making the society remain in the dark.

Ms Bitegeko said if the media were to cooperate with ACT, more information would reach agriculture stakeholders at the right time to enable them to make the right decisions including turning the sector into a commercial one, the results of which would help improve living standards.

“ACT seeks to partner with the media to assist in tapping into the expansive opportunities that exist in the sector, both in terms of information dissemination and monetary gain,” said Ms Bitegeko.

In efforts to attain this goal, ACT met with editors and reporters in Dar es Salaam recently in a bid to discuss ways forward for the purpose of disseminating information to the society.

During the meeting, the media practitioners were urged to move out to rural areas instead of merely writing stories based on press conferences and workshops.

One area that needed a lot of reporting was statistical data on agriculture.

Ms Bitegeko said for instance that the government imports more than 300,000 tonnes of edible oil while with proper investment it was possible for the country to produce her own.

She said the Council has played a big role in advocating for increment of the agriculture budget to the current 10 per cent up from 7.7 per cent of the national budget.

She outlined the challenges still facing the sector as including low investment, poor road infrastructure, deteriorating natural resources and inadequate financial assistance.

“The council seeks to partner with the media to tap the expansive opportunities that exist in the sector, both in terms of information dissemination and monetary gain,” MS JANET BITEGEKO, ACT EXECUTIVE CHAIRPERSON

## MORE INFO: ABOUT ACT

ACT is the umbrella organisation for the agricultural private sector in Tanzania. It aims at uniting groups and associations of farmers, livestock keepers, agricultural input suppliers and distributors, transporters, processors, traders and researchers. ACT advocates for an improved economic and organisational environment for the sector.

Daily News

Business Standard

8-14/5/2012

Agriculture

# Nuisance taxes, road blocks frustrate agriculture growth

By FINNIGAN WA SIMBEYE

**T**OO many road blocks targeting trucks carrying agriculture commodities, a hostile tax regime and existence of cartels of traders at major markets in Dar es Salaam are frustrating growth of the agriculture sector as farmers don't get fair payment from the produce.

Agriculture Council of Tanzania (ACT) Executive Director, Janet Bitegeko and Tanzania Agricultural Partnership (TAP) Field Operations Manager, Susan Masagasi, said in Dar es Salaam last Saturday that the country's agriculture sector which is dominated by smallholder farmers has potential to grow rapidly if problems facing it are addressed.

"From farms to main markets like Dar es Salaam, there are too many road blocks which add costs to the consumer while poor infrastructure means that farmers are paid less," Ms Bitegeko said while addressing editors and senior journalists on opportunities available in the agriculture sector.

She pointed that at each of the road blocks farmers and traders are forced to pay produce

cess or some other taxes such as road toll which has to be passed over to consumers while producers earn less. Bitegeko whose institution has already commissioned consultants to look into effects of produce cess on farming, said under TAP, smallholder farmers have increased their production per hectare very much.

"We have managed to assist smallholder farmers increase their production from between five to eight bags of maize to 40 bags," she noted.

The initiative to establish TAP started in 2004 when discussions between Norwegian fertilizer giant, Yara International and the government aimed at improving fertilizer supplying to farmers, took place in Dar-es-Salaam.

Following a model of the value chain analysis, TAP rapidly led to inclusion of a range of national and international partners from public and private sectors interested in aspects of credit, agricultural production, marketing and development, and private sector investment.

"The Tanzania Fertiliser Partnership was established as a public-private partnership (PPP) in August 2006 and developed as an informal coalition of interested and willing

partners. The Agricultural Council of Tanzania (ACT) was at this stage asked to host the partnership and co-ordinate its activities," said Yara in a statement posted on its website.

From December 2006 to July 2007 the partnership implemented a Fertiliser Fast Track pilot project which involved Mbeya Rural, Songea Rural, Mbarali, Mufindi and Kilombero districts. The fertiliser partnership grew into TAP and a national roll out was designed covering 25 districts currently.

"We have made significant progress with TAP on the field but another problem which farmers are facing is existence of a cartel of middlemen who block farmers from selling their crops directly to traders," said Ms Masagasi.

She said, in addition to enabling smallholder farmers increase yields, the problem of commodity markets remain a stumbling block in providing an incentive to farmers to work hard and further improve quality and quantity of their produce.

Efforts are however going on to help farmers find reliable and lucrative markets for their produce including selling grain to international organizations such as World Food Programme

(WFP). "In Meru and Karatu districts WFP has been able to sign contracts with farmers who supply the agency with grain," Masagasi revealed saying one of the factors which helped the farmers land the deal was easy access for transportation.

"Actually WFP approached us asking for local farmers who can supply them with grain. We connected them to the Meru and Karatu farmers," ACT's ED said.

Last February, Permanent Secretary at Ministry of Agriculture and Food Security, Mohamed Muya said WFP bought 90,000 metric tons of maize worth 34.2bn/-. The maize which was purchased from National Food Reserve Agency (NFRA) was from several regions of the country led by the big four grain producers namely Iringa, Mbeya, Rukwa and Ruvuma.

"This WFP agreement is very important to us as a country economically but will also assist NFRA get funding to buy more maize from farmers," Mr Muya said. NFRA which has been struggling to buy farmers surplus grain which peaked over 1.7 million metric tons, only managed to purchase less than 200,000 metric tons.

# Bot plans to review warehouse receipt system

By Guardian Reporter

THE Bank of Tanzania (BoT) plans to review the current warehouse receipt systems (WRS) and recommend on linkage between it and the proposed commodity exchange.

Already the BoT has announced request for expression of interests for consultants, who will carry out the job later this year. It is expected that the review is scheduled to start in the coming financial year.

The objective of the consultancy is to conduct a situational analysis and recommend linkages between the warehouse receipt system and the central depository trading platform by doing some assignments.

Some of the activities to be carried by the consultant include establishing the status of WRS in the five regions of Kilimanjaro, Mtwara, Lindi, Shinyanga and Mbeya and compare it with similar foreign crop programmes.

The consultancy would also be required to propose options that could be

employed to enhance WRS throughout the country to go in tandem with the development of commodity exchange.

Other tasks are to identify constraints and problems in locations such as Mtwara and Lindi and recommend measures in support of its implementation.

The advisor will also be required to establish a weighing and grading system to fairly document, evaluate and certify product quality and quantities against commonly agreed upon standards.

Besides, they will be required to assess technical, physical and financial requirements and gaps for WRS and devise plans and address gaps in each area.

According to the BoT, other assignments include to review and devise structure of how accredited warehouses will be linked with the exchange central depository system.

Experts however say that the warehouse receipt payment system has significantly raised commodity export volume and value.

It was reported that in 2007 the export

volume for cashew nuts went up to 36,639 tonnes compared to 21,806 tonnes in 2006.

In another development, late last year the government announced to form a task force to oversee the operation of the long awaited Tanzania Commodity Exchange.

According to the Deputy Permanent Secretary in Industry and Trade ministry, Dr Shaaban Mwingi, the task force will ensure that initial preparations of the exchange are done.

He suggested that the secretariat should include officials from the ministries of Agriculture, Food Security and Cooperatives, Finance, Industry and Trade, and the Capital Markets and Securities Authority (CMSA), and the Attorney General's Office.

The establishment of the exchange arises from the fact that agriculture is still one of the most important sectors contributing about 26 percent of the GDP and 75 percent of the rural livelihood's income.

The sector contributes 30 percent of total exports and 65 percent of the raw materials requirements for the country.

*The Citizen*  
*Dairy - TAMP*  
**Investments in  
dairy industry  
poor — board**

By **Sturmius Mtwewe**  
The Citizen Reporter

**Dar es Salaam.** Tanzania is still lagging behind in milk production in the East African region, according to the Tanzania Dairy Board (TDB).

In a recent interview, the TDB registrar, Mr Charles Mutagwaba, said that the main cause for the trend was low level of technology, little investment and lack of enough specialized milk, butter and cheese processing factories. Milk production and processing in the country is very low compared to other countries in the region, he said.

Currently the country is capable of processing only 110,000 litres of milk

**700,000**

Head of dairy cattle in Tanzania, which inadequate to meet consumer requirements for high quality products

per day compared to more than 500,000 litres for Uganda and more than 1.2 million litres of milk per day for Kenya, according to him.

He said the country produces 1.65 billion litres of milk per year out of which 30 per cent comes from exotic dairy species and 70 per cent from indigenous cattle.

"This gives an opportunity for every Tanzanian to only drink 43 litres of milk per year, contrary to the World Health Organisation recommendation of 200 litres per annum."

He further said that the current 700,000 dairy cattle in the country were not enough hence the need to encourage more importation of dairy cattle and improving breeding technology.

# Helping farmers reap

Go ahead can

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## benefits from cotton farming

By Correspondent Ernest  
Nyembere

**CONTRACT** farming is agricultural production carried out according to an agreement between a buyer and farmers, which establishes conditions for the production and marketing of a farm product or products.

Typically, the farmer agrees to provide established quantities of a specific agricultural product, meeting the quality standards and delivery schedule set by the purchaser.

In turn, the buyer commits to purchase the product, often at a pre-determined price. Importantly, the buyer also commits to support production through providing farm inputs on credit to the farmer, and also possibly providing land preparation, technical advice and transporting produce to the buyer's premises.

Contract farming enables ginneries to actively engage in seed cotton production process. Through contract farming, ginners provide credit inputs to farmers to increase yields and stabilize their seed cotton supply chain. Key benefits for farmers include access to credit inputs and a guaranteed market. Access to inputs and training can enable farmers to improve their incomes and productivity significantly. In cotton, the three-year pilot of contract farming has shown that farmers who have contracts typically have 30% higher productivity compared to those who do not benefit. No wonder farmers and local government have been so

*Cotton farming is a major ec  
supportive of the new  
approach!*

In 2007, Tanzania Gatsby Trust and the Tanzania Cotton Board conducted a study to identify issues and opportunities that exist in the Tanzanian cotton and textile industry. The study highlighted low volume and quality of seed cotton and low

*economic activity in Tanzania that earns the country the much-needed foreign exchange*

domestic consumption of lint. In order to address these problems, it was recommended that a contract farming system be considered to transform ginneries into "hubs" in which seed cotton production and marketing efforts would be anchored. In April 2008, contract farming was endorsed by the cotton sub-sector stakeholder meeting with a recommendation to pilot it in Mara, Pwani and Morogoro regions.

The success of a contract farming model hinges on the relationship between the farmer and the ginner. Both parties need to honor their commitment to each other on time and in full. That is, buyers must supply the right inputs on schedule and farmers need to "repay" the credit by selling seed cotton back to the ginner and not engage in side-selling. In order to negotiate on a level playing field, farmers need access to information and to

enhance their bargaining power on one hand. On the other hand, the ginners, who are incurring most of the risk, need some certainty that they will receive the seed cotton that they have invested in.

The CTD and the Tanzania Cotton Board have designed a standard contract that spells out the terms of an agreement between ginning companies and farmer business groups. In order to ensure input accessibility and seed cotton quality, as well as optimal level of price competition, the contract includes clauses that address the key issues in the farming and marketing of seed cotton:

1. Guaranteed market for seed cotton
2. Pricing mechanism
3. Goods and services to be provided by ginners

**Guaranteed market**

The contract stipulates that the buyer is providing a guaranteed market for the entire seed cotton crop produced by contracting farmer business group during the season under consideration (the contract is valid for one season).

**Pricing mechanism**

The contract recognizes that the buyer will pay a market price defined as the going rate at the time of marketing. The floor price

will still be the indicative price negotiated between TCB, ginners and the cotton growers' association.

The contract requires ginning companies to supply on credit cotton seeds and sufficient pesticide required for the area to be planted by the cotton growers (grouped in Farmer Business Groups). In addition, the contract requires the buyer to organize and pay for transportation of the seed cotton from the warehouse to the ginnery within 30 days from the start of the buying season as declared by TCB.

When it was first piloted in 2008, contract farming faced some challenges in Tanzania.

Firstly, there was originally inadequate preparation by ginners and farmers: although the decision to pilot contract farming in 2008 was taken several months before the start of the programme, some key stakeholders were reluctant to fully participate. Some farmer groups that were in existence before the advance of contract farming viewed contract farming as just another project that would provide hand-outs. The lack of information on contract farming prior to the launch of the pilot was the main cause of farmers' and ginners' reluctance. Since then, contract farming has been

well-known among ginners and local farmers for its success.

Secondly, the first contract farming pilot in 2008 coincided with the global downturn in the financial sector that resulted in a virtual freeze in credit markets. Ginners and farmers were sceptical to invest in cotton farming as the market outlook was not optimistic. However, the offer of inputs on credit meant that the initial demand for contract farming exceeded the planned level of effort. The initial target contract farming pilot programme was 3,700 farmers grouped in 48 farmer business groups. By January 2009, the total number of farmers who had requested to be included in the pilot programme was 9,312. As the success of contract farming emerged, by 2010 the size of the pilot had grown to include 38,000 farmers and the number of ginners involved had grown from 3 to 7.

How has the pilot been so successful? It has shown that contract farming can succeed with a few key elements in place.

Firstly, the commitment of the ginners is critical to proving that the model can work. In 2009, Olam and Badugu demonstrated commitment to contract farming by making an

investment in the system. Both ginners were early adopters of contract farming and provided inputs on credit to farmers. They both delivered the inputs on time to the farmers, and ensured fairness in marketing (e.g. no tampering of the weigh scales was reported, which is otherwise a pervasive practice in the industry) - this signalled to the farmers that the ginners could be trusted. Badugu went one step further and forged a public-private partnership with the local government and provided necessary inputs e.g. motorcycles and fuel, to the government extensions officers in order to increase their outreach to contracted farmers. The commitment of these ginners contributed to their high repayment rates (about 90%).

Secondly, allowing farmer groups to add and capture more value increases the quality of seed cotton and helps ginners to recover the loan extended to farmers. Ginners who involved FBG leaders in the purchasing operations paid a commission to the groups that ranged from Tsh. 15 to 30 per kilogram of seed cotton. This was a compensation for their time and value added in terms of bulking and quality assurance.

*Agroculture - Agricultural inputs*  
*20 Apr 2012 Pg 5 Guardian*

# Government out to control unscrupulous seed dealers

By Correspondent  
Charles Ole  
Ngereza, Arusha

THE government has said it wouldn't tolerate any longer unscrupulous seed dealers in the country, promising stern measures especially against those distributing fake hybrid seeds.

The warning was issued at the weekend here by Agriculture, Food Security and Cooperatives Minister Prof Jumanne Maghembe at the official opening of a one-day meeting organised by the Tanzania Seed Traders Association (Tasta).

He said all seed dealers are required to register their companies in a bid to promote traceability in case of any fault. The Minister advised seed dealers to support the government as interested parties in fighting against dishonest traders cashing in on seed dealing.

"Severe punishment will be

taken against all the culprits and seed dealers found guilty of dealing in fake cash and food crop seeds," Prof Maghembe noted.

He further said that the growth and sophistication of fake seed grain was posing a serious food security risk to the country, which has recently made significant gains in the agricultural sector.

According to him, some dealers were taking advantage of unsuspecting farmers and selling them fake seeds, which affected the yield negatively. The Minister said agricultural productivity has been as low as 12.5 per cent as a result of fake seeds, among other factors.

Meanwhile, Prof Maghembe said that the government also was in a process of enacting a law that would facilitate liberalisation of seed production in the country.

"The new law has already been read for the first time in the just ended parliamentary meeting and I hope it will be passed in the

November Parliament meeting," noted the Minister.

Minister warned the players in the seed industry that even if the sector would be liberalised, they need to bear in mind that national food security was paramount and the farmers' yields should not be compromised.

Tasta executive director Bob Shuma commended the government for coming up with a legislation which, among other things, would facilitate the liberalisation of the seed industry.

"This will enable us, seed dealers, and producers to export...something which we have been waiting for a many years," he explained.

Recent estimates by the Ministry of Agriculture, Food Security and Cooperatives, show that annual requirements for quality seed stands at 100,000 tons. The estimates also show that over 90 per cent of the Tanzanian farmers use recycled seeds.



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**TURES** Daily News 7/05/2012 - Agriculture

Cashew Industry

# Nutty crisis clouds dreams for growers

By FARAJA  
MGWABATI

ATHUMAN SABURI, 38, lost his house to the village community bank after he failed to repay a loan he had acquired for preparing his five hectare cashew nut farm for the last season.

Saburi had borrowed 600,000/- to purchase farm implements and pay labourers to clear the farm and spray cashew nut trees hoping that he could repay back the loan after selling his crop.

Unfortunately, things did not go his way. Saburi and many other farmers were left in doldrums after their cashew nuts were not bought on time unlike the previous season.

By March 2012 thousands of cashew nut growers in Tanzania owed primary cooperative societies 65 bn/- from the sale cashew nuts that were bought on credit last October.

Primary cooperative societies buy cashew nuts through the Warehouse Receipt System (WRS).

Under this system farmers are obliged to sell their crops to cooperative societies, which pay them 70 per cent of the value and the remainder is paid after exporters buy from the cooperative societies at auctioned prices.

and local processors.

Another farmer, Ms Zainab Yusuf, says the delay is affecting preparations for the next season which starts this month with clearance of farms.

Ms Yusuf says it was better for farmers to be paid 100 per cent for their crops on the first payment instead of partial payments.

"This system is not good for people because some travel from villages to come here and wait for their payments here losing a lot of time and energy," she says.

The delays in payment have been caused by lack of market for unprocessed cashew nuts from Tanzania.

Experts say unstable prices of unprocessed cashew nuts in the global market and depreciation of Indian Rupee had affected the market leaving 85,000 tonnes of quality cashew nuts worth over 100bn/- unsold.

Olam Tanzania Ltd, a subsidiary of Olam International, Senior Vice President and Cluster Head for East Africa Mr Sridhar Krishnan says prices in India, had slumped by 40 per cent since last September.

The Rupee depreciated causing double impact to the price of the commodity, says Krishna.

India imports 80 per cent

is the mark that describes first class quality but the nuts from West Africa fall below the 50.0 pound mark, Mr Haule notes.

The highest price in West Africa is Ghana at \$700 Free On Board (FOB) per tonne while in Tanzania the same quantity cost between \$958 and \$1480, he says.

Mr Haule who has been in the business since the 70s says the prices in other African countries ranges between USD 400 and 850.

Mr Haule says Tanzania has not in recent years conducted an independent costing of actual costs of input farmers use.

We need independent research because farmers usually exaggerate cost of inputs. Sometimes farmers say they sprayed insecticides for crop diseases three or four times but in reality they do twice or even once a season, he says.

Mr Haule also points finger at politicians in Lindi and Mtwara Regions for influencing stakeholders, especially farmers to set prices without considering its implication on the world market prices. He says if proper costing was carried out the prices could drop to between \$700 and \$800 per tonne.

Tanzania is estimated to have about 400,000 cashew nut growers scattered in eight

Former minister for Agriculture, Food Security and Cooperative Prof. Jumanne Maghembe says the government's priority is to make sure that farmers are paid.

Lets pay farmers first, the issue of stranded cashews will be discussed later, he said.

As part of long term solution, stakeholders in the country, which include trade experts, farmers and processors feel that processing the cashew nuts will solve the problem in the long run.

The government built 10 factories through a World Bank loan of \$184 million during the late 1970s and early 1980s era.

The factories were privatised in 2006 but all are non-functional as buyers have turned them into warehouses.

Currently there is only one factory in Tanzania owned by Olam Tanzania Ltd, with the capacity to process only 15,000 tonnes per annum. The company exports its processed cashew nuts to the United States and Europe.

The Chairman of Parliamentary Public Organisation Accounts Committee (POAC), Kabwe Zitto, advises the government to repossess all 10 cashew nuts processing factories because the investors have gone against sales agreements.

Farmers had sold their cashew nuts at a pre-determined price of 1,200/- per kilo and cooperatives later sold it to exporters and local processors up to 2,000/- per kilo.

The Acting Director General of Cashew nut Board of Tanzania (CBT), Mr Ayubu Mbawa, told the 'Daily News' that the amount owed to the cashew nut growers includes the 30 per cent balance to farmers who have received the initial payment of 70 per cent.

He explained that the outstanding 51.2bn/- is the 30 per cent balance, while 13.2bn/- will be paid to farmers who have not received any payments at all.

My house was confiscated by the village community bank because I failed to repay the 600,000/- loan I took to improve my farm, says Saburi who reside in Mkindani, Mtwara.

Mr Saburi who harvested two tonnes of cashew nuts says the delay in payment of his claims has left him poorer. He wants the government to scrap WRS and allow farmers sell directly to exporters

of Tanzanian unprocessed cashew nuts. In the last season (2011/2012) the country produced a record 157,000 tonnes, surpassing 145,000 tonnes produced in 1974.

The flooding of cheaper raw cashew nuts from West African countries, particularly Ivory Coast, has saturated the market leaving the high quality but relatively expensive crop from Tanzania at crossroads.

Ivory Coast produces about 350,000 metric tonnes of the cashew nuts annually and 98 per cent is shipped to India and Vietnam for processing.

Tanzanian Cashew nut Processors Association (CPA) Secretary General, Mr Joseph Haule, says the Tanzanian cashew nuts can not compete healthily in the world market because they are more expensive.

The countrys cashew nuts are more expensive than the West African ones because of their high quality and proper costing of farm inputs, he says.

Our out turn of 80kg is around 50.0 pounds which

regions of Lindi, Mtwara, Tanga, Coast, Mbeya, Ruvuma, Kilimanjaro, Morogoro and Dar es Salaam.

The Prime Minister Mizengo Pinda announced in Parliament that the government will through the Central Bank guarantee cooperative societies to get loans from commercial banks to pay farmers.

Payments to farmers through primary cooperatives started on 28th April this year after the government issued a guarantee to NMB Bank Ltd to pay claims worth 54bn/-.

However, as the farmers claims are being settled, 85,000 tonnes of cashew nuts in the hands of cooperative societies need to be sold to help societies pay banks and empty the warehouses to give room for new season, which starts this month.

Mr Ayub Mbawa says he is optimistic that the stranded cashew nuts will be purchased, though slowly.

His board also is exploring new markets such as Vietnam, China and the Middle East as part of short term solution.

Zitto, MP for Kigoma North and an international marketer by profession called on government to ban the export of unprocessed cashew nuts so as to create jobs and reduce dependence on India.

The Director of Chimbuli Trading Company Ltd Mr Yasin Nair, who did away with processing machines and turned the factory he bought into warehouse, says investment in new machinery will be difficult as banks are afraid to lend money.

Nair says local banks are afraid of the risks in cashew nut business and government must guarantee banks to lend to investors.

Forget about the machines for the factory, just imagine trying to buy 1000 tonnes of cashew nuts you need at least 1.5bn/- where are we going to get this money from if not from banks? Mr Nair queried.

All hope is not lost as farmers have started to be paid part of their claims since 28th April according to Mtwara Region Cooperative Advisor Mr John Henjewe.