

MARKETING

The Citizen 28/11/11 ACT - Agriculture Inputs
Farmers' problems include restrictions to sell their produce

Call to liberalise crop marketing

Other impediments on farmers include shortage of agricultural inputs to boost production and lack of a farmers' bank and categorisation of land for farmers and pastoralists

By Mkinga Mkinga
The Citizen Reporter

Dar es Salaam. The government has been asked to allow farmers to sell their produce anywhere they wanted depending on who pays them more rather than issuing political statements to attract buyers.

Speaking at the Agricultural Council of Tanzania (ACT) meeting in Dar es Salaam last week, the organisation's chairman, Mr Salum Shamte, cited five impediments facing farmers with restrictions on selling food stuff topping the agenda.

He named other impediments to farmers as shortage of agricultural inputs to boost production, lack of a farmers' bank and categorisation of land for farmers and pastoralists.

On the issue of setting up a special bank to cater for farmers' needs, Mr Shamte said the government has pledged to set a financial body during the 2011/12 fiscal year. He said it would help farmers to expand agricultural production.

"The business environment in the agricultural sector has to be improved. At the moment, agriculture is the leading employer in the private sector absorbing about 77 per cent of all able-bodied Tanzanians," Mr Shamte said.

He said farmers need more than Sh500 billion to invest in the sector whereas the government through the Tanzania Investment Bank has set aside a mere Sh20 billion for that purpose. The Agricultural Council of Tanzania (ACT) seeks to support the poverty reduction drive and to improve standards of living of all Tanzanians. In his comments, the Southern Agricultural Growth Corridor of Tanzania (Sagcot) chief executive officer, Mr Dunstan Mrutu, said his organisation is set to implement the 'Kilimo Kwanza' initiative through partnerships between large and small scale farmers.

Mr Mrutu said currently, his organisation was working closely with farmers on ways they farmers could cooperate with investors by offering land as collateral. He said the idea has proved very successful in Kilombero District where investors collaborate with local farmers to raise productivity per hectare.

"The business environment in the agricultural sector need to be improved."

MR SALUM
SHAMTE, AGRICULTURAL
COUNCIL OF
TANZANIA CHAIRMAN

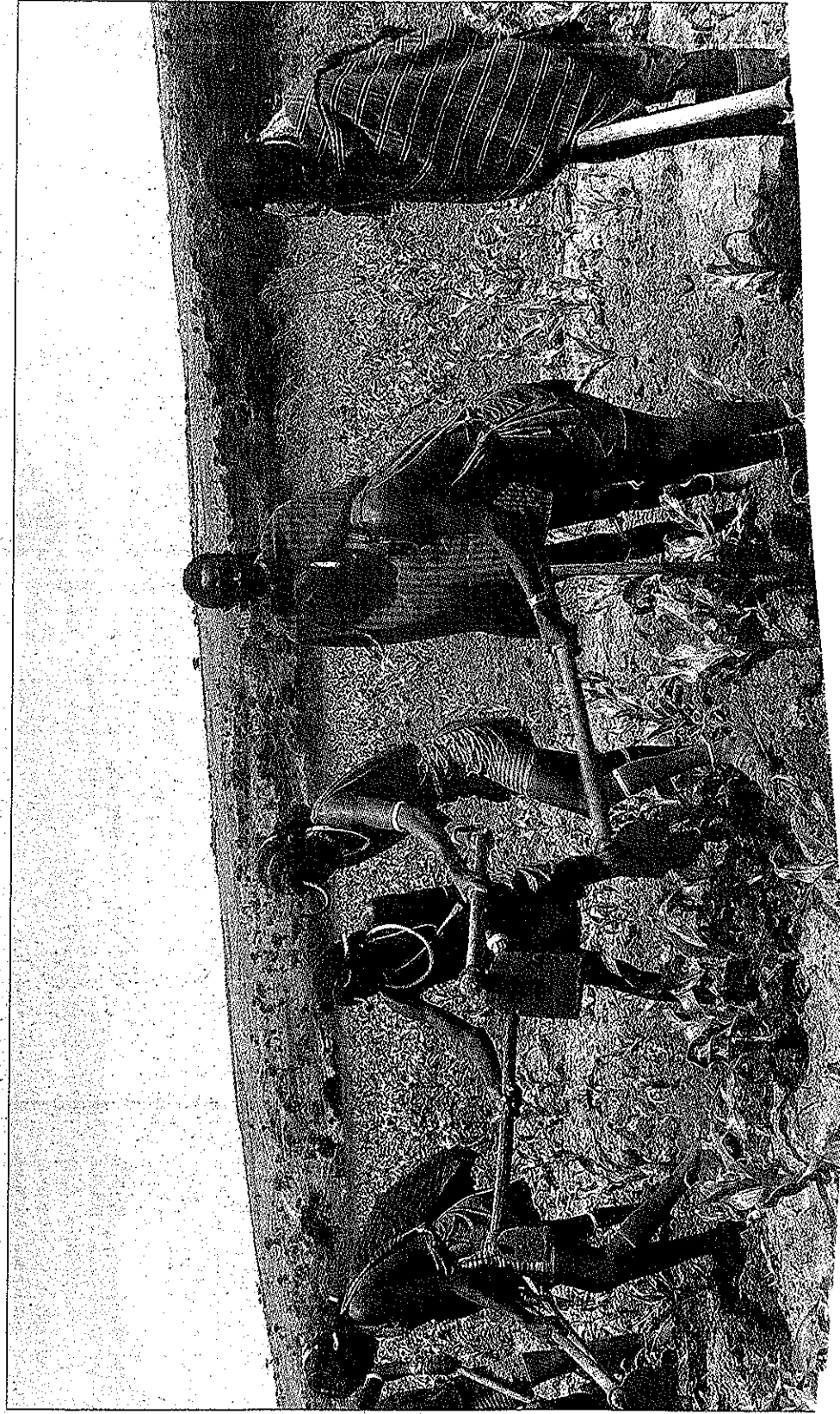
Key stakeholders want more incentives for agriculture

By FINNIGAN WA
SIMBEYE

A REVIEW of numerous taxes charged on agriculture produce, reduction of cess on crops and land rent are some of the key areas which the government should consider if more private investors are to be attracted to the sector, which has been dubbed the backbone of the country's economy.

Agriculture Council of Tanzania Chairman, Salum Shamte, Southern Agriculture Growth Corridor of Tanzania (SAGCOT) Chief Executive Officer, Dustan Mrtu and a member of Tanzania Horticultural Association, Erik Koster feel the sector has failed to attract a big number of potential private investors due to numerous taxes, hiked land rent and red tape in processing of projects and an increasing number of certificates and standard documents by regulatory bodies.

Responding to the 'Daily



News' questions as to what have been highlights of the year 2011 and what should be given priority in 2012 to boost the agriculture sector, Mr Shante who is also Managing Director of Katani Limited, said, "Tanzania Agricultural Development Bank (TADB) to be formed with serious resources, the cess removed or significantly reduced, the subsidy scheme streamlined and increased and incentives to attract private investment."

Shante who is also SAGCOT Chairman said he hopes that during 2012, the centre will become fully operational while Tanzania Agriculture Development Bank starts operations and the tax regime reviewed to become private investment friendly. The sector apparently pays 17 different taxes.

He, however, recognised some significant progress made during the year under review which included SAGCOT launch by Prime Minister, Mizengo Pinda in Dar es Salaam and later in Davos, Switzerland by President Jakaya Kikwete in May, this year.



REDUCTION of cess on crops and land rent are some of the key areas to be considered so as to attract more private investors to the agriculture sector.

"This year we also witnessed bumper crop harvests and drought in other areas; export ban on cereals and the lifting of the ban towards the end of the year; COP17 Durban with the rallying cry "No Agriculture No Deal"; SAGCOT became operational and moves towards formation of the Commodity Exchange," Shante summed up some of the 2011 key happenings.

United Nations Conference of Parties (COP-17) was a climate change summit that drew together stakeholders from almost all the over 150 members of the world body who discussed ways of addressing global warming.

Reviewing the ending year's major developments that affected the agriculture sector, Mr Kostor who is also Kilihortex Limited Managing Director, said nuisance taxes including Value Added Tax (VAT) on air freight which

was introduced during the year, are a major setback.

"As one of the exporters concerned, I would also like to mention the nuisance taxes that we are paying. Basically I believe that we should pay tax to TRA and then be done. A source of concern is the refund of VAT which is not done or very delayed," Kostor pointed out. Tanzania Revenue Authority introduced VAT of air freight in 2010 attracting protests from TAHA members whose exports heavily rely on air lifting to Europe and North American markets.

Kostor also mentioned other taxes affecting the agriculture sector and which need to be reviewed as 48 per cent duty charged on packing material used for exports, service levy, rent and cess charged on farms and agro-produce.

The Kilihortex MD also pointed out the numerous

regulatory bodies endorsing agro-produce and which charge fees as radiation certificate by Tanzania Radiation Commission, standard certification by Tanzania Bureau of Standards, road sticker by Surface and Marine Transport Regulatory Authority, fire certificate by Occupational and Safety Health Agency, among many others.

"Perhaps these remarks can help paint the wider picture. Why is it that Tanzania has hardly seen any horticultural investment in the past years, while Kenya is the leading exporter of our products into the EU?" Kostor summed up his frustration.

Mrutu saw a lot of positive developments in the past 12 months terming it a ground breaking year as the SAGCOT Centre Limited was registered as an entity with full mandate to undertake business as envisaged in

the investment blue print. "In other words we moved from concept to action and today SAGCOT has a board, CEO and Deputy CEO. The centre's work plan has been formally approved and partnership principals as basic regulations for creating the SAGCOT partnership cum membership has been launched."

Mrutu further noted that during 2012, the immediate task is to embark on investment generation, mapping local players from small scale to contract farmers in the three initial clusters of Kilombero, Ihemi and Mbarali.

"Of immediate attention is also the task of building basic capacities at the centre and clusters along with aligning core players such as local governments, Rufiji Basin Development Authority, Tanzania Investment Centre, land wealth institutions such

as Magereza, JKT, etc," the SAGCOT CEO pointed out.

Next year, the SAGCOT Centre will spearhead the creation of a 100 million US dollars (approx. 158bn/-) Catalytic Fund of which many donors have already made pledges and which will create access to finance by investors and which will leverage funding from commercial sources to address also infrastructure needs.

On problems likely to continue encountering next year, Mrutu summed up, "Common challenges for start-ups including funding, bureaucracy, alignment, clear understanding of the vision and mission and support from key government institutions and departments."

The United States government, World Bank, European Commission are among key donors to the SAGCOT project.