

# Why TZ needs to embrace horticulture, allied industries

By BusinessWeek Reporter

**Arusha.** Horticulture is the most rapidly growing agricultural sub-sector in Tanzania and thus warrants special considerations to propel it to global competitive levels.

According to Tanzania Horticultural Association (TAHA), the sector has been growing at the rate of 8-11 per cent per annum in the past 4 years, with foreign income earning averaging \$350 million annually. Other crops have been growing at rate of 3-4 per cent.

Some half a million Tanzanians are involved in the sector and so far registering above average growth rate. However, the sector faces numerous challenges, which if not addressed may push it back.

TAHA insists that Tanzania has enormous potential in the sub-sector which, despite all achievements, is not well exploited.

"We are working to develop evidence on the potential of the horticultural industry at local government authority levels. We will use that evidence to advocate for central and local governments to consider horticulture as a priority sub-sector," TAHA Executive Director Ms Jacqueline Mkindi says.

The TAHA CEO stressed that the industry has a bright future and there is positive trend registered in the past few years which can be prioritized in the three main folds as follows: first, improved Public Private Partnership in which the Government is now very supportive of the industry. TAHA confirms that there is positive spirit in supporting their initiatives of transforming the industry by the government. The Government is listening and responding quickly on key issues presented at the negotiation tables. This is indeed encouraging! Secondly, it is about having increased number of locals both small and big investment in the industry. Through various support programmes, mostly funded by USAID especially around improving technical capacity of farmers, there is substantial increase in local investment in the sector. The third is the strong commitment from development partners. "There are significant investment and trust from our partners such as BEST-AC, USAID, EU, Dutch Government and the Government of Tanzania. All these are the attributing factors to the current development trend observed in the industry," she asserts.

Creating the right policy environment and making real development and investment incentives are some of the challenges that urgently need to be worked on through public private partnership initiatives for the sector's enormous potential to be realized.

Participants at a horticulture stakeholders' incentive meeting held last December in Dar es Salaam in unison decried inadequate support policies and regulatory framework



TAHA Executive Director Ms Jacqueline Mkindi. PHOTO | FILE

exacerbated by poor infrastructure and insufficient operational procedures. They said, left unchecked, these could diminish the sector's competitiveness.

To address some of the challenges, Ms Mkindi says they are undertaking three projects with support of BEST-AC, that she believes will make some difference. One project involves development of an industry "investment ready" or incentive package. "The project involves compiling a wish list of incentives to be presented to the government for consideration and endorsement. If endorsed by the government, the proposed investment incentives will provide the "investment ready" environment crucial in attracting new investments as well as supporting existing businesses in the industry," says Ms Mkindi.

The second project is about establishing a horticultural industry bonded warehouse system which aims at addressing the long standing challenges faced by importers of horticultural inputs at the entry and exit points and the third project is on enhancing the horticultural sub-sector in planning the implementation of District Agricultural Development Plans (DADPs).

In the three projects, TAHA requires the support of the government and a good number of public institutions that touch horticulture

value chain in one way or the other.

Talking about the investment opportunities in the industry, TAHA calls upon individuals and companies interested to invest in the production, processing and marketing of fruits (mainly pineapples, avocado, and bananas), and also vegetables to contact the organization through the email: [taha@habari.co.tz](mailto:taha@habari.co.tz) or call number 0767838962.

According to Permanent Secretary in the ministry of Agriculture, Food Security and Cooperatives, Mohamed Muya, the government is aware of the increasing competition in the global markets for the horticultural sector. The government has started to address the challenges surrounding policy environment to accommodate the needs of horticulture.

He said the Finance Act has been amended to offer VAT relief on agromats, greenhouses for horticulture, generators and water pumps used for irrigation, goods and services for building irrigation canals, construction of road networks, godowns and similar storage structures among others. The current endeavours by the government in building good environment for operation of horticultural operators would continue and more efforts would be put to ensure an enabling environment for horticulture to thrive.

## Some challenges facing the horticultural sector

- Limited cargo airfreight space capacity at the Kilimanjaro and Dar es Salaam International airports. Investors have to therefore truck their produce for uplift out of Jomo Kenyatta International Airport which apart for adding up cost of doing business to Tanzania investors the process strengthens Kenyan economies.

- Poor or inadequate markets support infrastructure such as quality roads to the farms, and post handling cold facilities.

- Limited access to finance especially through commercial banks by smallholder farmers

- Poor sciences or R& D mainly attributed to limited connection between the industry at the farm level and research activities. This also included poor extension services caused by having extension agents who are not adequately facilitated to support farmers.

- Government policies and operational procedures that are not in favour of horticulture development; Produce cess, land rent, duty and VAT on packaging material, etc. this problems is relative to poor or limited coordination between ministries and other government institutions providing variety of services to the private sector.

## MORE INFO: HOW AIR TRANSPORT CAN TRANSFORM TRADE

What TAHA recommends:

### \* Make JNIA and KIA competitive for cargo flights:

More than 80 per cent of Tanzania's horticultural export is airlifted through Kenya due to lack of unreliable services at Tanzanian airports. High airfreight at the Kilimanjaro International Airport and Julius Nyerere International Airport had been a long standing challenge for horticulture sector. Exporters pay more at KIA than what freighters are offering at JKIA/NBO.

- Public Private Initiatives to upgrade market and transport infrastructure system that links centres of economic activity. For example the cold room facilities at the airports, and ports for seafreight.

- Improvement of post-harvest management and market access is essential

- Review of land rent rates in Tanzania as part of agriculture incentive and not disincentive as the way it is now. The government should also allocate land for agriculture investment and make sure that land is survey and recognized by the law.

- Strong investment promotion campaign so as to build a strong industry that could benefit from the economies of scale. This should be the work of both the Public and Private Sector.

- The government should also consider approving the "investment ready" or incentive package proposal prepared by the industry stakeholders through TAHA as one of the tools of promoting horticultural investment in Tanzania.

- Private sector coordination and participation so as to build a strong unity and voice is critical for industry development.

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