

Progress in Agriculture Policy Reforms

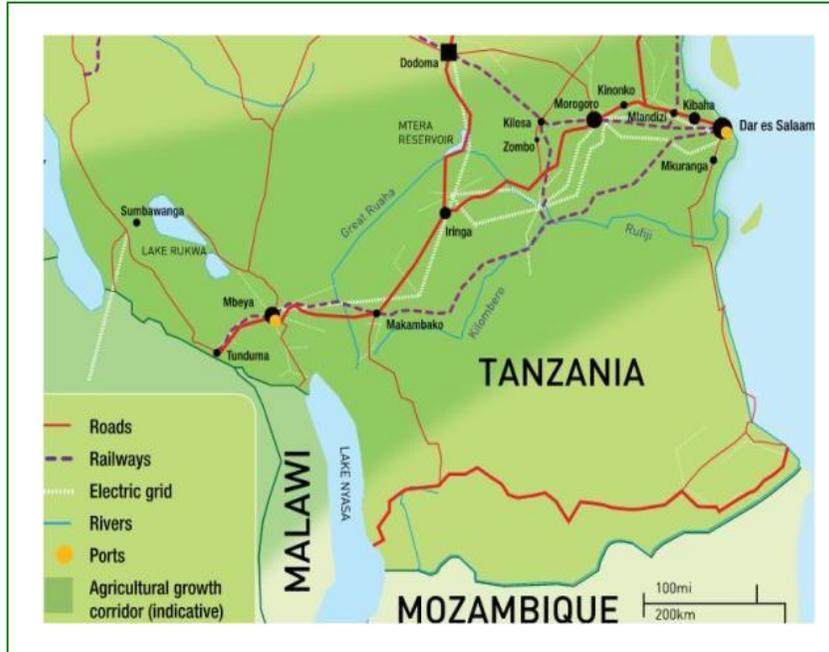


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Brief Introduction to SAGCOT

The SAGCOT Initiative is a public-private collaboration in Tanzania that aims to mobilize USD 3.5 Billion of investments in agriculture by 2030



Background

The Southern Agricultural Growth Corridor of Tanzania (SAGCOT) initiative is a joint innovation by the Government of Tanzania, the private sector and international donors to **accelerate public-private partnership aimed at spurring agricultural growth in Tanzania's southern highlands**



Main goals:

Through **coordinated multi-stakeholder** effort the partnership hopes to:

- Transform Agriculture in the Southern Corridor
- Promote sustainable resource management
- Leverage public and private investments to spur growth
- Promote smallholder engagement models that enable inclusivity

Key concentration areas:

- (1) Value chain approach to allow for scale
- (2) Strategic partnerships to create synergies
- (3) Innovative financing
- (4) Address enabling environment constraints
- (5) Leverage infrastructure investments
- (6) Realise Green Growth

The cluster approach aggregates different value chains and nucleus farms in a supportive eco-system

Clusters of agricultural projects are centred around logistical and infrastructure hubs, maximising efficiencies and promoting economies of scale.

These projects includes:

- Production
- Transportation
- Storage
- Processing
- Research
- Service providers



Clusters allow small-, medium- and large-scale farmers to share benefits

SAGCOT Prioritised Value Chains in Ihemi Cluster (Iringa & Njombe)



Potato



Tomato



Dairy



Soya



Tea

**Policy Asks by the Private Sector in Tanzania
(2011)**

Policy Asks by the Private Sector in Tanzania's Agriculture Sector (2011)

Key Policy Issue	Progress Status
(1) Policy alternatives to export bans	Export bans was lifted for almost 4 years (2011 to 2015) and currently looking for alternative sustainable policy options
(2) Pre-profit tax at farm gate “cess” on crops reduced or lifted	Local Government Finance Act is under review
(3) VAT on spare parts for farm machinery or equipment to be reduced or lifted	<p>The Finance Act 2016 included additional machinery and agro-inputs in the VAT-exempt category, proposals by NSAs to include other key agricultural machinery is yet to be considered e.g. plant protection substance, storage, packaging materials for dairy products, packaging materials for horticultural products, poultry feed (soya bean seed), etc.</p> <p>Livestock and fisheries sub sectors need to be considered for tax exemptions</p>
(4) Secure certificate of land rights (granted or customary) for small holder farmers and investors	The government is strengthening the capacity of the Ministry of Lands and at the same time championing a number of projects in the SAGCOT Corridor – Morogoro (Kilombero) and Iringa (all districts)
(5) Instrument developed to clarify roles of land implementing agencies and to responsibly and transparently allocated for investors in the SAGCOT Region	There is more clarity on institutions dealing with land compared to the situation in 2010

Policy Asks by the Private Sector in Tanzania's Agriculture Sector (2011)

Key Policy Issue	Progress Status
(6) Taxes (cess, VAT) on seeds and seed packaging materials to be reduced or lifted	<p>The packaging materials are still subjected to an excise duty of 50% and VAT of 18%.</p> <p>Some district authorities are still charging cess on seeds whilst there is no cess on seed packaging</p>
(7) Revised legislation that aligns plant breeders rights with the International Union for the Protection of New Varieties of Plant Systems (UPOV)	November 2015, Tanzania was officially accepted as a member to UPOV Convention → there is now a need to convene seeds stakeholders and raise awareness of importance of this registration
(8) Time required for approval to release new varieties of imported seeds from outside the region to be reviewed and benchmarked with international best practices	Tanzania is legislation is now benchmarked with that of the Region (EAC and SADC)
(9) ISTA and OECD seed testing accreditations achieved to enable regional and international seed sales	Tanzania has been admitted to OECD schemes whilst ISTA accreditations in on the final stages

Policy Asks by the Private Sector in Tanzania's Agriculture Sector (2011)

Key Policy Issue	Progress Status
(10) Qualified private sector companies authorized to produce foundation seed under proper supervision and testing	It is now possible for private sector to acquire public varieties through authorisations (licensing) as per the Plant Breeders Rights Acts 2012
(11) Time required to register imported agrochemicals outside the region to be reviewed and benchmarked with international best practices	The Review of the Fertilisers Regulations 2011 is in the final stages and thereafter implementation of the updated Regulations will commence
(12) Update and align the National Food and Nutrition Policy with the National Nutrition Strategy	<ul style="list-style-type: none"> • National Food and Nutrition Policy of 1992 is currently under review • 2011 to 2016 Implementation Plan of the National Nutrition Strategy expired in June 2016 and has been replaced with National Multi-Sectoral Nutrition Action Plan which will run from July 2016 to June 2021

Policy Asks by the Private Sector in Tanzania's Agriculture Sector (2011)

Country Progress in Meeting Policy Asks by the Private Sector in Tanzania's Agriculture Sector (2011)

Below is Tanzania's country progress made by the Government of Tanzania on the Policy Asks as of July 2016:

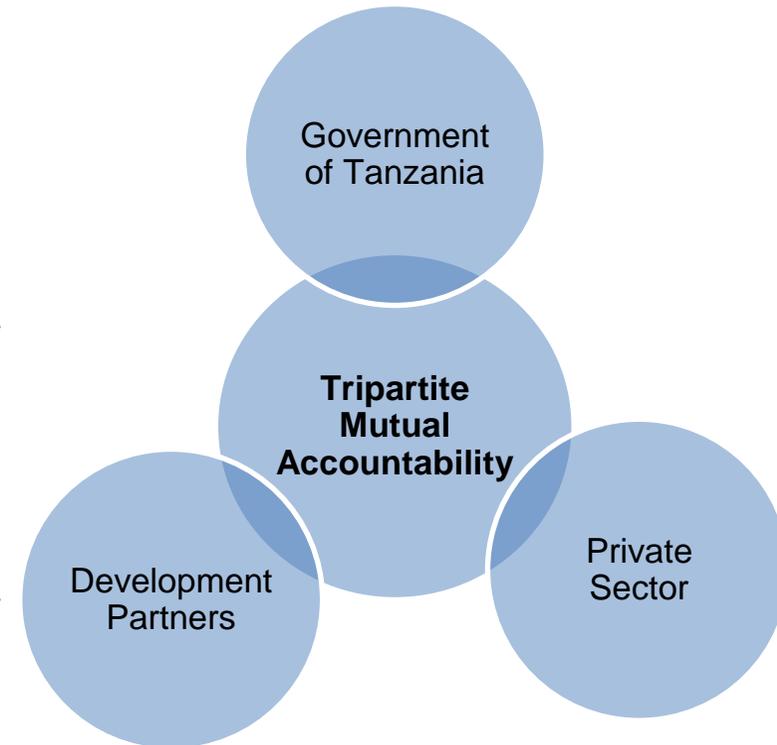
- 4 commitments (33%)
- 8 commitments (67%)

Overview of GoT Interventions aimed at creating an enabling environment in agriculture :

- Strengthening the Tanzania Agricultural Development Bank (TADB)
- Reduction of non-tariff trade barriers to trade and investment
- Undertaking reforms/ amending various acts and regulations to enhance their effectiveness in supporting agricultural development.
- Strengthening of Partnership Accountability Committee (PAC) under the Prime Minister's Office
- Strengthening of the agricultural joint sector reviews
- Fostering policy dialogue
- Supporting activities of Policy Analysis Group (PAG) → organisers of Annual Agricultural Policy Conference (AAPC)
- Participating in agriculture related initiatives at regional and continental level (CAADP + Malabo Declaration Agenda, Grow Africa)

Snapshot of Partnership Accountability Committee (PAC)

- **PAC** as a partnership that brings together diverse stakeholders, including the private sector, civil society, development partners, and others, such as research institutions, to address key constraints to inclusive, agriculture-led growth in Africa
- **The various partners in Tanzania are committed to facilitating responsible private investment in agriculture**
 - **Government of Tanzania** committed to reforming or developing new policies that would enable easier private sector investment and operations
 - **The private sector**, through Letters of Intent (LOIs), committed to pursuing responsible investment using business models that maximise benefits to smallholder farmers
 - **Development Partners** committed to predictable funding levels aligned with national plans
 - **Non State Actors**, are committed to ensure responsible investment - sustainability and inclusivity.
- **The Partnership and Accountability Committee (PAC), was then created to monitor and report on these commitments in 2013, as well as drive policy change to enable achievement of these commitments**



Three Working Groups under PAC (*Seeds left to SAGCOT*)



Taxation Policy

- Multiplicity of taxes/fees and agencies involved
- Misalignment on VAT exemptions
- ***Inconsistent application of produce cess***
- VAT on spare parts and unassembled machinery
- Taxes on imported seed, plant material and agromachinery



Trade Policy

- Cheap smuggled commodity imports
- Tariffs applied to Tanzania rice exports
- Trade policymaking could be made more evidence-based
- High burden and duplicity of export licensing



Land Policy

- Unclear land administration processes
- Long process for investors to obtain titles
- ***High potential for land conflicts***
- High and unequal land rents

Additional Key Progress on Policy Reforms

Policy Reforms for Seeds

Key Policy Issue	Progress Status
Benchmark Tanzania Seed Legislation with that of best practice in the region	<ul style="list-style-type: none"> Tanzania seed legislation and regulations is now full compliance to regional seed harmonization frameworks – EAC and SADC seed MOU
Review of Plant Breeders' Right legislation as a comply conditions of UPOV	<ul style="list-style-type: none"> Tanzania is now a full member of UPOV; Tanzania is already admitted to OECD seed scheme since January 2017; Tanzania is already a member of ISTA and awaiting accreditation of Morogoro TOSCI lab of which the Final Audit pending to take place in this year (2017).
Lack of recognition of EAC/SADC countries' seed registration processes	Adoption of new Seeds Regulation and Certification created harmonisation of Seeds to meet International Standards and procedures incl. that of EAC and SADC

Policy Reforms for Fertilizers

Key Policy Issue	Progress Status
Benchmark Tanzania's Fertilizer Legislation with the best practice in the EAC/SADC	Act of 2009 reviewed in 2014 some important changes Regulations of 2011 – have been amended and now we have of 2017. Major improvements include: <ul style="list-style-type: none">• Field tests reduced from 3 season to 1 season• Costs not to exceed \$10,000.00• Blending for registered product – no need for field tests only lab test• Fees have been reviewed and more clarity on import permits costs at 1.2% of CIF value
Current Fertilisers Act doesn't easily support specific formulations of fertilisers according to specific area needs and types	The Fertiliser Act has been reviewed to accommodate such needs (2014/15)

Policy Reforms for Agro-Chemicals

Key Policy Issue	Progress Status
Benchmark the Tanzania Plant Protection Legislation with the best practices in EAC/SADC	Currently the Plant Protection Act No. 13 of 1997 is under review
	Objective is provide clarity on the mandate of the National Plant Protection Organization (NPPO) of which its establishment will be done once the Plant Protection Act has been reviewed. The review of the Plant Protection Act will also lead to the Enactment of the Pesticide Management Act of 2016
	Pesticides Register of 2016 has been updated and MALF will upload on its website by end of Q1/early Q2 of 2017

SAGCOT's Four Policy Strategies for 2017

Strategy 2.1

Foster policy research, analysis and dissemination on the priority policy constraints from the Cluster

Strategy 2.2

Establish strategic policy partnerships with key stakeholders at regional and national levels

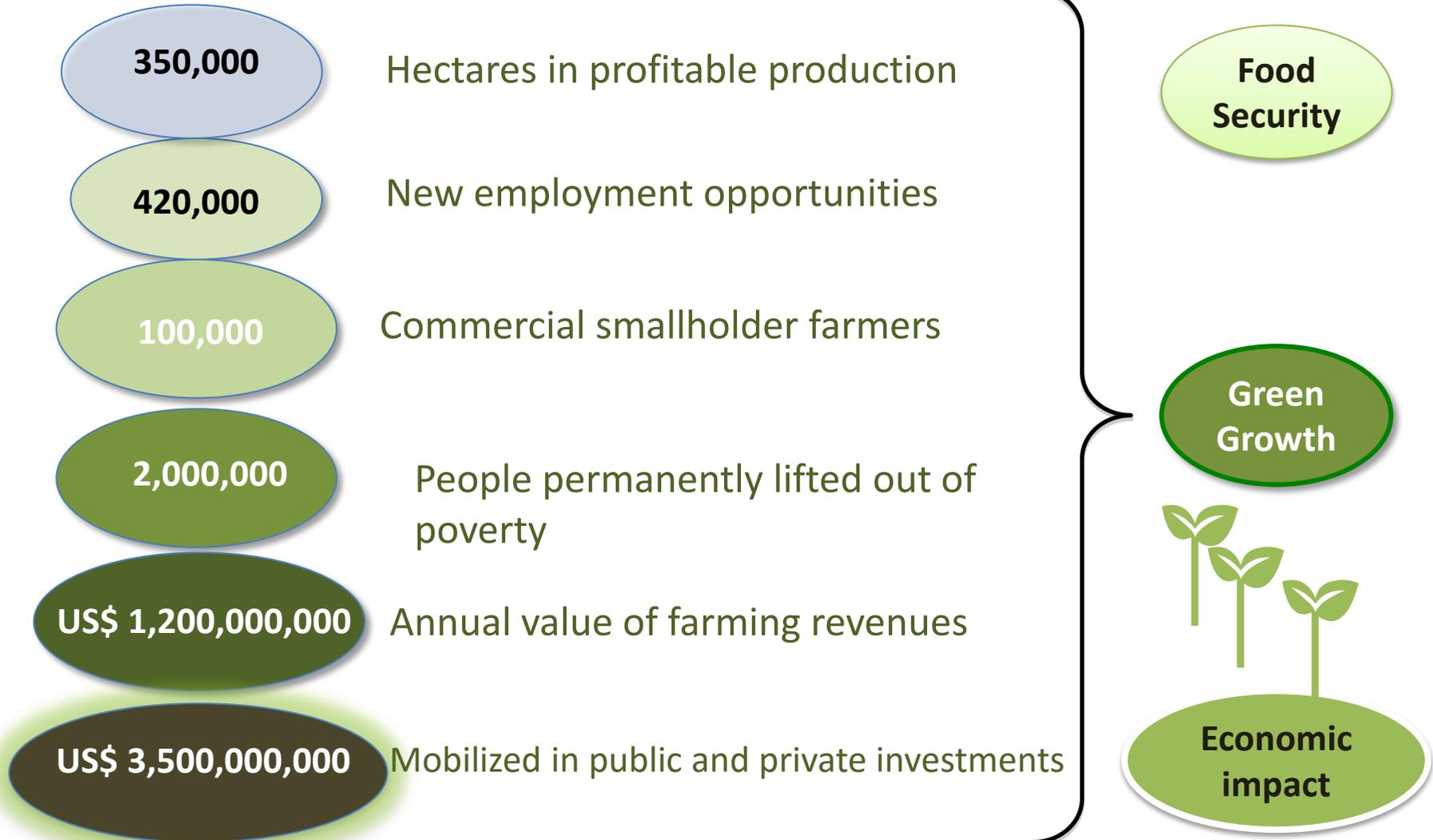
Strategy 2.3

Promote policy advocacy and dialogue with key stakeholders at regional and national levels

Strategy 2.4

Promote infrastructure development that supports agribusiness and smallholder farmers in the SAGCOT Region

Objectives we can achieve by 2030



Contacts

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THANK YOU