



TANZANIA NATIONAL BUSINESS COUNCIL

PRESENTATION ON KILIMO KWANZA

**Mlimani City Conference Centre
Dar es Salaam**

16th October 2009

Reflection



“Because of the importance of agriculture in our development, one would expect that agriculture and the needs of the agricultural producers would be the beginning and the central reference point of all our economic planning. Instead, we have treated agriculture as if it was something peripheral, or just another activity in the country, to be treated at par with all the others, and used by the others without having any special claim upon them.....We are neglecting Agriculture. If we are not, every ministry without exception, and every parastatal and every party meeting would be working on the direct and indirect needs of the agricultural producers.....We must now stop this neglect of agriculture. We must now give it the central place in all our development planning. For, agriculture is indeed the foundation of all our progress”



*Baba wa Taifa, the late Mwalimu Julius K. Nyerere
in 1982*



“For the socio-economic development of Tanzania, agriculture is almost everything”

Jakaya Mrisho Kikwete

President of the United Republic of Tanzania
at the launching of KILIMO KWANZA

3rd August 2009

Dodoma - Tanzania

PRESENTATION OUTLINE



- Introduction
- Importance of Agriculture
- Past Agriculture Initiatives
- Genesis of KILIMO KWANZA
 - ✓ Why KILIMO KWANZA
 - ✓ Evolution of KILIMO KWANZA
- Ten Pillars of KILIMO KWANZA
 - ✓ ASDP linkage with KILIMO KWANZA
- Development Partners Support for KILIMO KWANZA

INTRODUCTION



- KILIMO KWANZA is a National resolve to accelerate agricultural transformation. It comprises a holistic set of policy instruments and strategic interventions towards addressing the various sectoral challenges and taking advantage of the numerous opportunities to modernise and commercialise agriculture in Tanzania.
- H.E. Jakaya Mrisho Kikwete, President of the United Republic of Tanzania, launched KILIMO KWANZA in Dodoma on 3rd August 2009, as a central pillar in achieving the country's Vision 2025 and a force to propel the realisation of the Nation's socio-economic development goals.
- Agriculture in the context of KILIMO KWANZA conforms to the FAO definition which includes crops, livestock, fisheries, forestry and bee-keeping.

Introduction Cont..



- KILIMO KWANZA was formulated under the auspices of Tanzania National Business Council (TNBC). TNBC was established through a Presidential Circular as forum for public/private dialogue with a view to reaching consensus and mutual understanding on strategic issues relating to efficient management of resources in the promotion of socio-economic development of Tanzania.
- TNBC is made up of 40 members, 20 from the private sector and 20 from the public sector. All the 40 members are appointed by the President of the United Republic of Tanzania who is also the TNBC's Chairman. Private Sector representatives in the Council are appointed on the basis of recommendations by the Tanzania Private Sector Foundation (TPSF), which is the focal organization for private sector associations in Tanzania.



Introduction Cont..

- An Executive Committee of 12 members, 6 from private sector representatives and 6 from public sector, oversees the functions of the Council. The Committee is chaired by the Chief Secretary and Co-Chaired by the Chairperson of the Tanzania Private Sector Foundation. The day-to-day functions of the Council are undertaken by a Secretariat headed by an Executive Secretary.

Introduction Cont..



- TNBC dialogue is conducted through Council Meetings; Local and International Investors' Round Tables (LIRT & IIRT); and through Regional and District Business Councils which have structures similar to TNBC. Moreover, Working Groups, constituting professionals and practitioners from the public and private sectors, provide informed opinions and recommendations on the relevant sectors to the TNBC dialogue process.

IMPORTANCE OF AGRICULTURE



- No country has achieved a significant measure of socio-economic and structural transformation without first modernising its agriculture:
- No country has significantly reduced the poverty of its population without achieving a high level of productivity in agriculture.
- The transformation of Tanzania's agriculture must be the foundation of the country's socio-economic development, considering the following factors:
 - ✓ 80% of Tanzanians depend on agriculture for their livelihood.
 - ✓ The country must achieve food self sufficiency for its continued stability and development. Currently agriculture contributes 95% of the food consumed in the country while the required level for food self sufficiency is 120%.
 - ✓ Agriculture contributes 26.7% of the Country's GDP; 30% of total exports; and 65% of raw materials for Tanzanian industries
 - ✓ Increased food production will significantly reduce the level of inflation, since food contributes 55.9% of the inflation basket.
 - ✓ The agricultural sector has the highest multiplier effect in the economy.

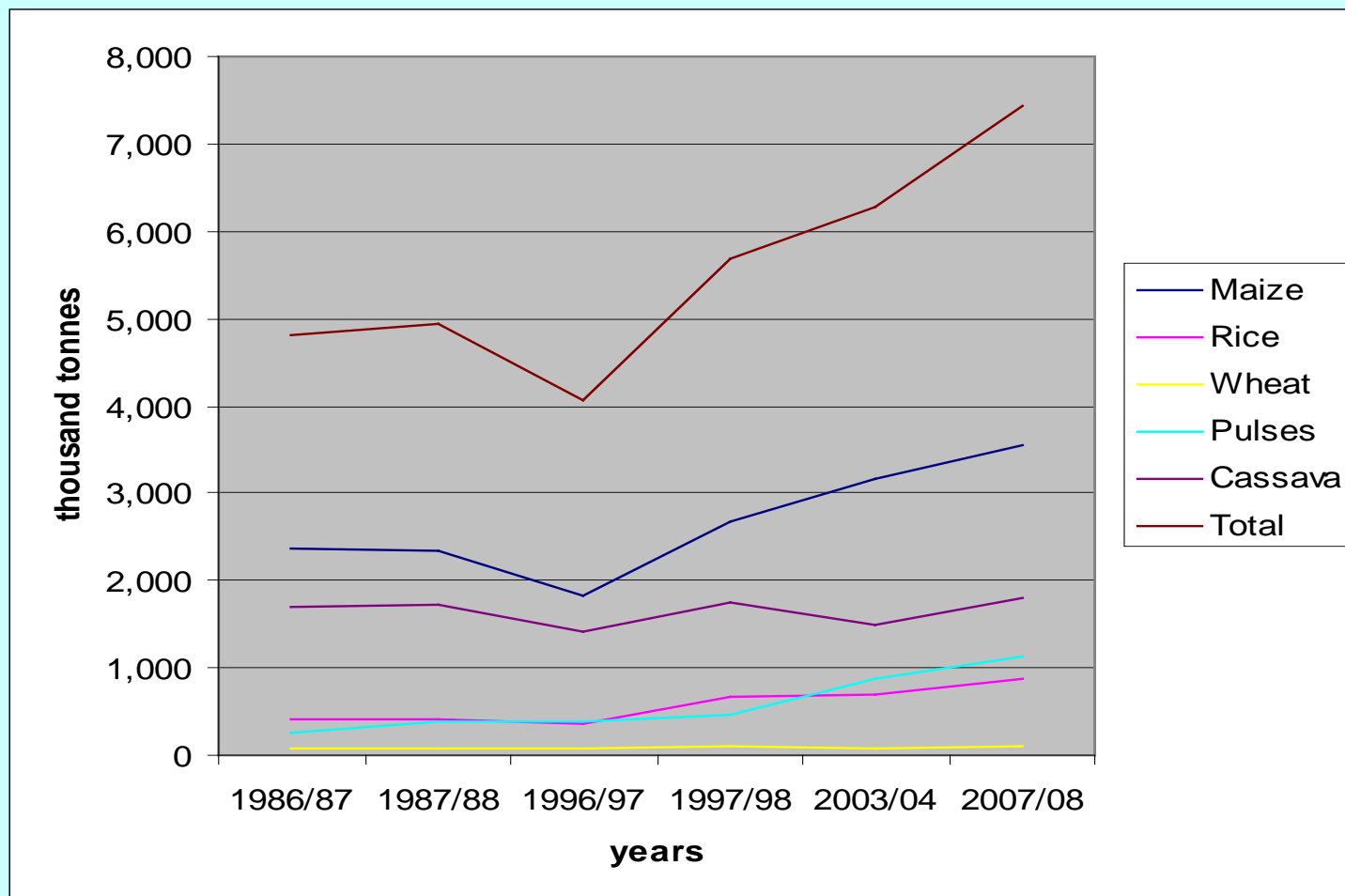
PAST INITIATIVES TO DEVELOP AGRICULTURE



- Tanzania has in the past implemented a number of initiatives in an effort to unlock its agricultural potential. These include: “*Ukulima wa Kisasa; Vijiji vya Ujamaa; Siasa ni Kilimo; Chakula ni Uhai; Kilimo cha Kufa na Kuponu*”. Tanzania has also been implementing various economic reforms for over twenty years which had started as part of its Structural Adjustment Programme. Notable achievements were realised, but we have not attained the anticipated modernized and highly productive agriculture.
- The growth rate in the country’s production with respect to food and cash crops is as shown in the following graphs;

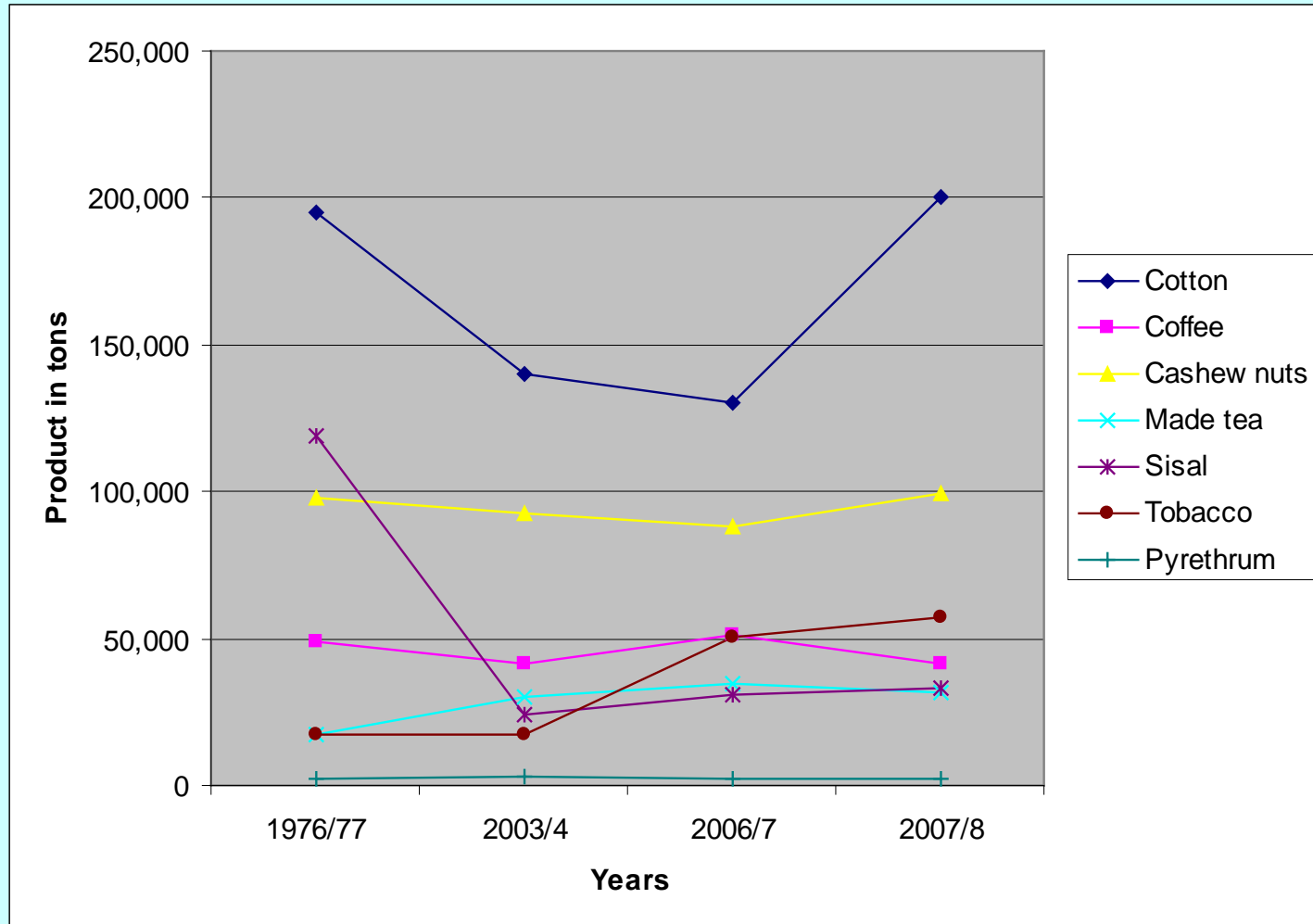


Table II: Time Series Production of Major Food Crops in Tanzania, 1986/87 - 2006/07



SOURCE: Ministry of Agriculture, Food and Cooperatives

PAST PERFORMANCE OF AGRICULTURE IN TANZANIA...



SOURCE: Annual Reports of Ministry of Agriculture, Food and Cooperatives



Past Initiatives Cont...

- In measuring the impact of the low growth rates shown in the above graphs, it needs to be recognised that under the MDG targets, in order for Tanzania to reduce by half the number of people below the poverty line by 2015, agriculture must grow by at least 10% annually compared to the present growth rate of 3.3%. In the present conditions, such a growth must significantly increase for Tanzanians to meet its MDG targets.
- KILIMO KWANZA differs from the past initiatives in the following aspects:
 - ✓ Past initiatives were centrally planned and largely implemented by the Government or its institutions. To the contrary, KILIMO KWANZA is an initiative that actually originated from the private sector and became a PPP. Thus, private sector is expected to be the lead implementing agent of KILIMO KWANZA.

Past Initiatives Cont...



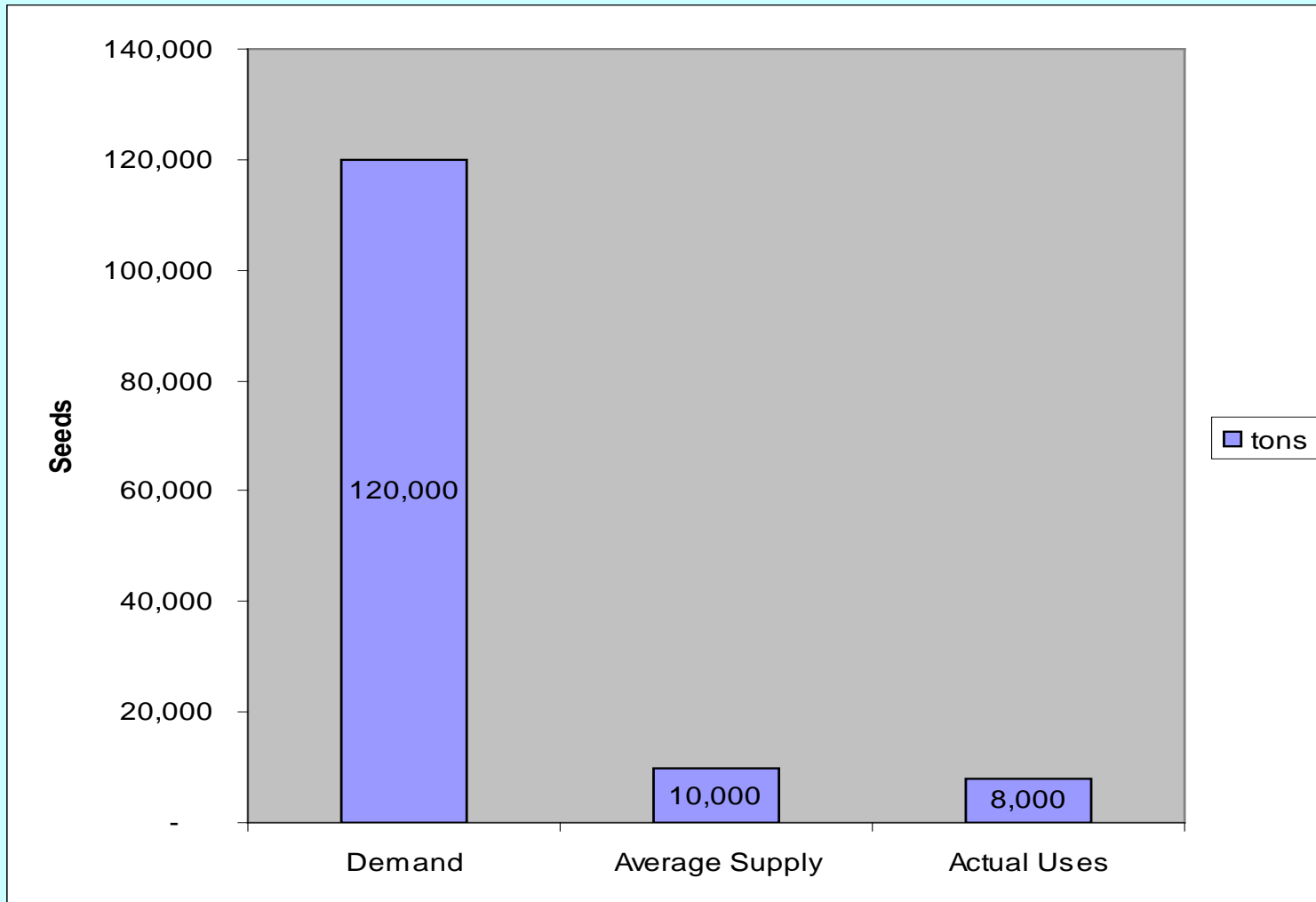
- ✓ Unlike past initiatives KILIMO KWANZA is a holistic approach to address the challenges in the agricultural sector.
- ✓ The lessons learned from past initiatives have been considered in the preparation of KILIMO KWANZA.



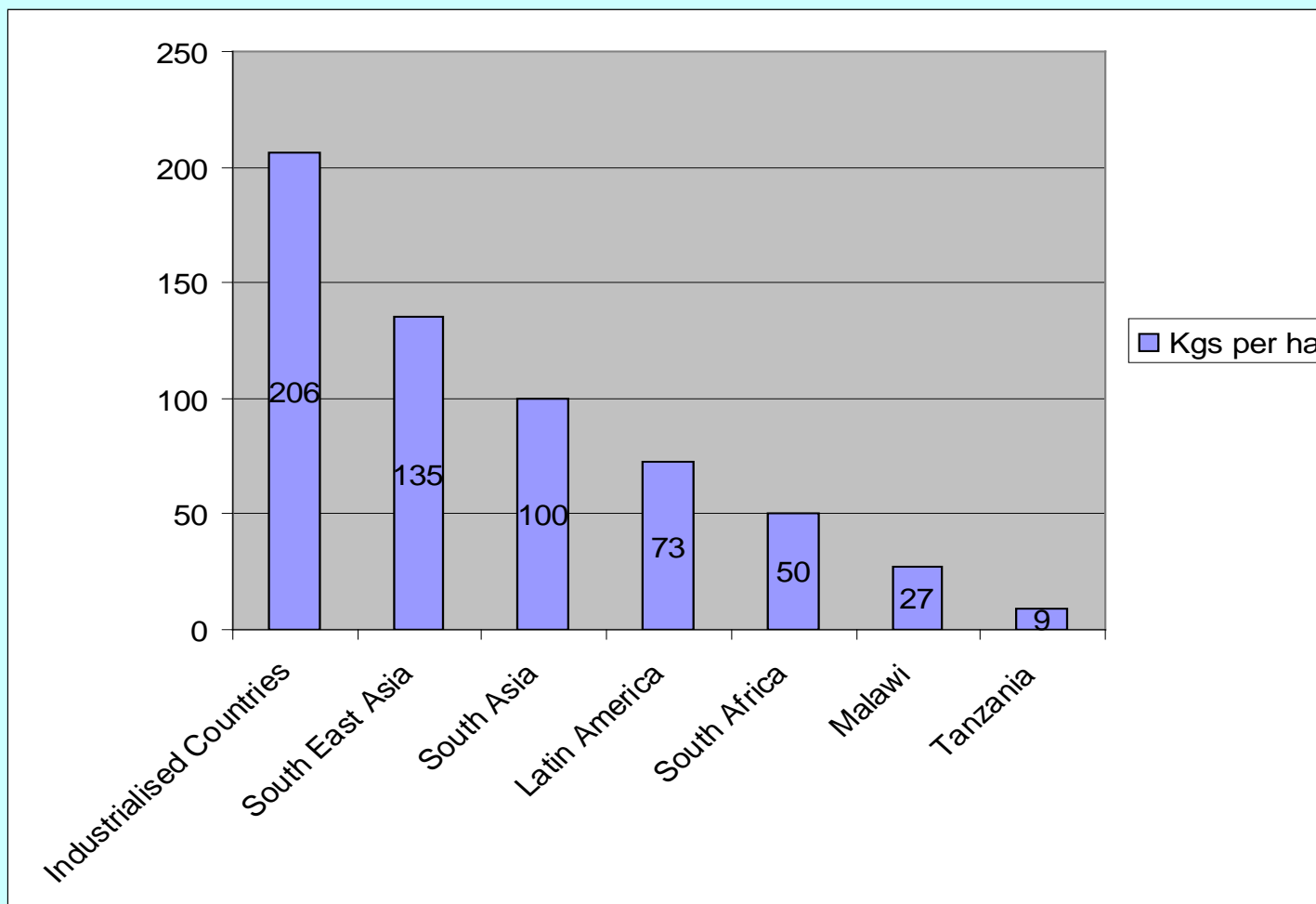
Past Initiatives Cont...

- Accordingly, the whole structure of transformation of agriculture must radically change. This is both with respect to backward and forward linkages. The present situation is as shown in the following graphs:

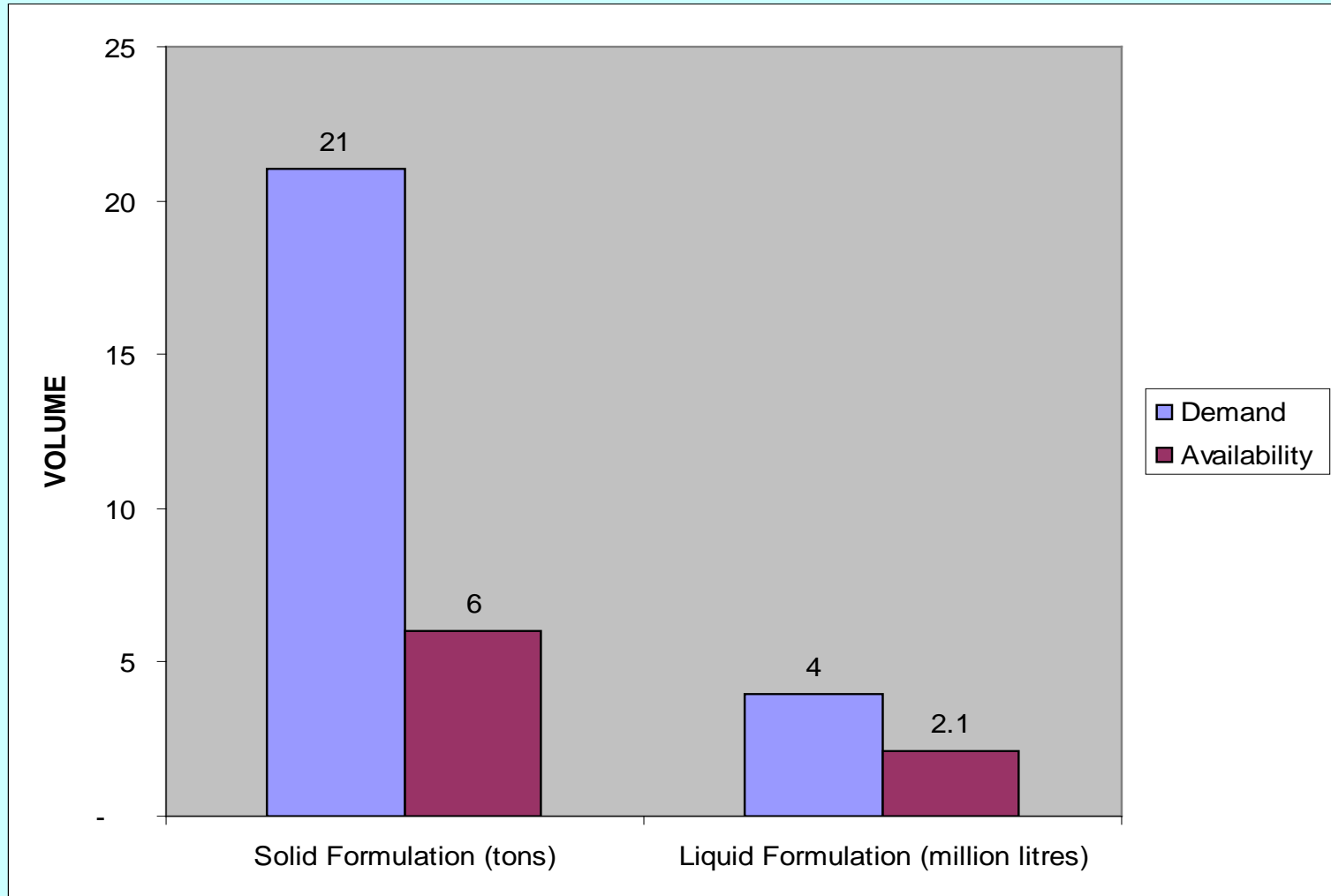
IMPROVED SEEDS...



QUANTITIES OF FERTILIZERS CONSUMPTIONS IN SOME SELECTED COUNTRIES COMPARED WITH TANZANIA

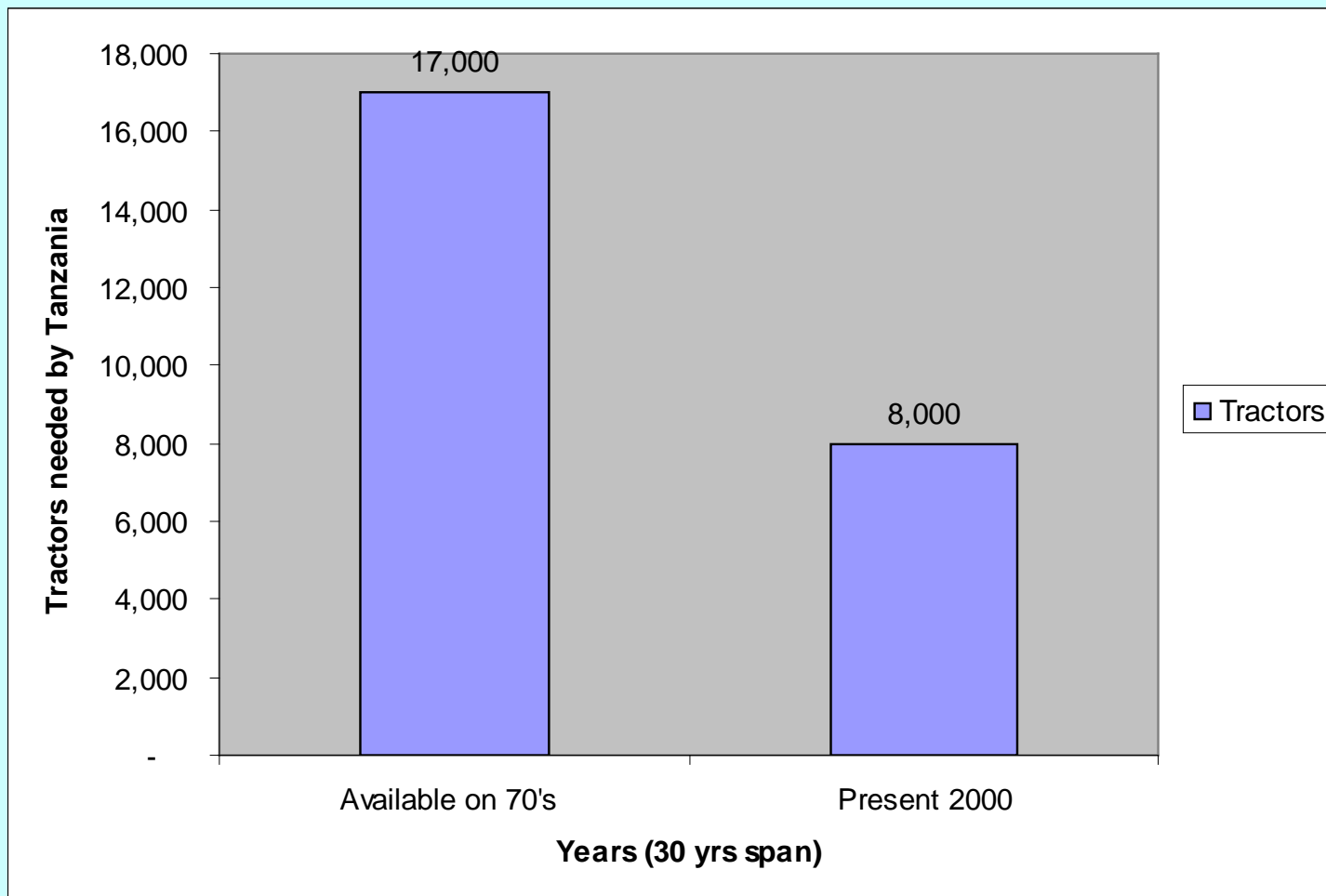


POSITION OF AGRICULTURAL CHEMICALS IN TANZANIA



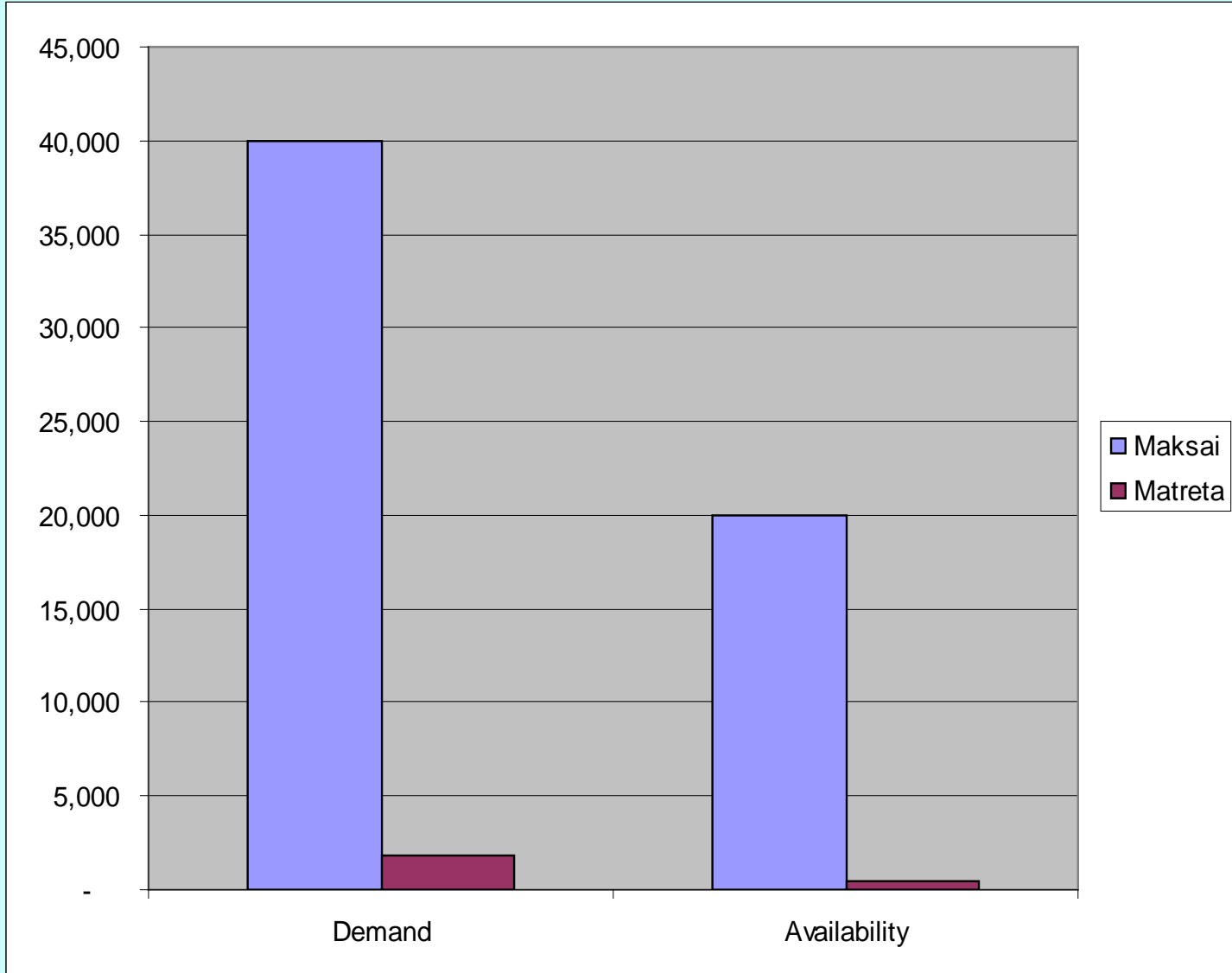


DECLINE IN THE STOCK OF TRACTORS



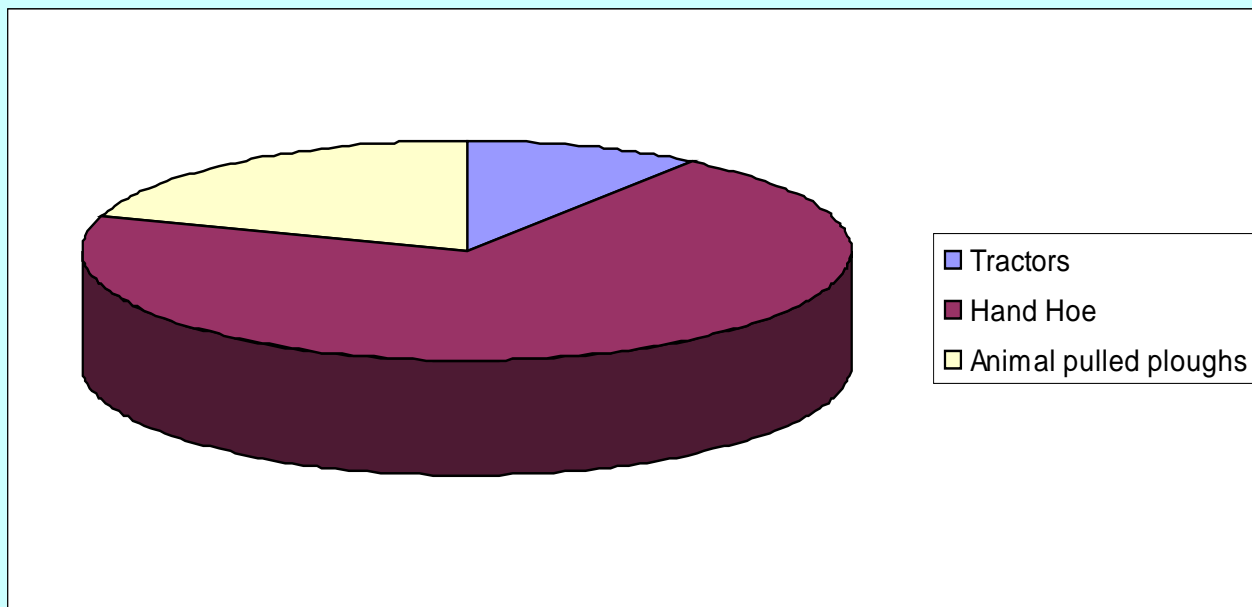


AVAILABILITY OF TRACTORS AND IMPLEMENTS



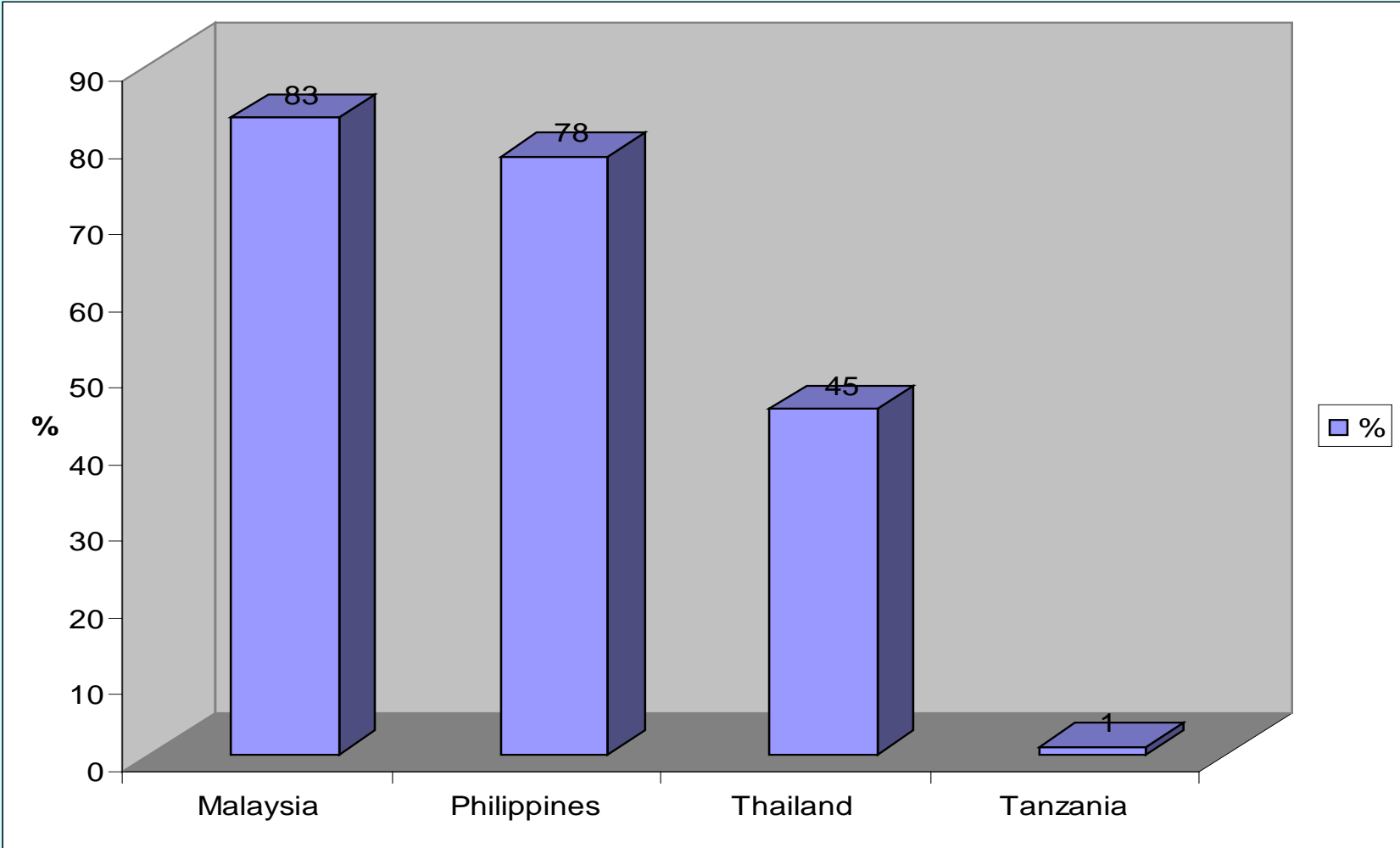


DISTRIBUTION OF EQUIPMENT USED IN AGRICULTURE IN TANZANIA



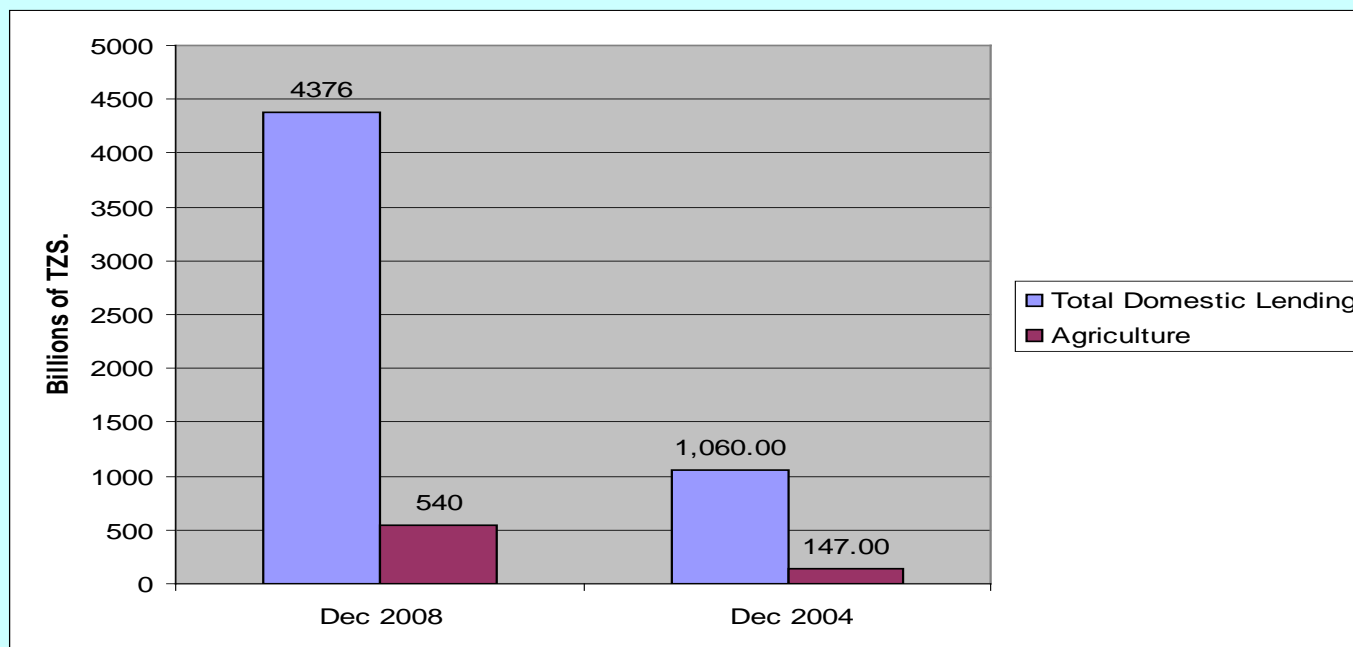


AGRO-PROCESS INDUSTRY IN SELECTED COUNTRIES





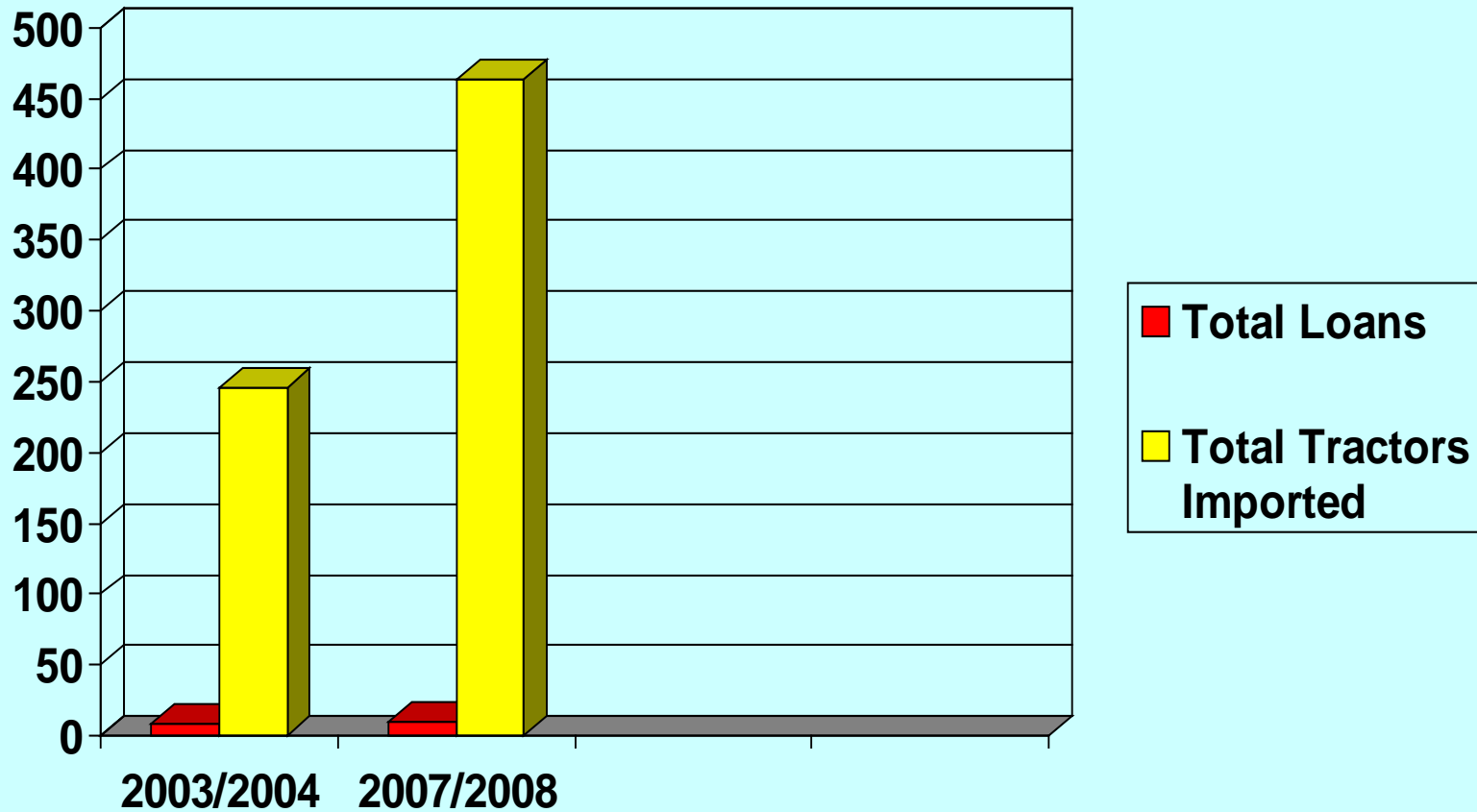
BANKS – DOMESTIC LENDING FROM DEC 2004 - 2008 (BILLIONS OF TZS)



Total lending increased by 413%. Lending to agriculture increased by 367%



SIGNIFICANCE OF LOAN FACILITIES (TRACTOR LOAN FACILITY FROM AGRICULTURE SUPPORT FUND)



WHY KILIMO KWANZA



The potential to accelerate economic development and eradicate poverty in Tanzania must anchor in agricultural transformation. This is underscored by the following factors:-

A. AGRICULTURE AS AN ECONOMIC PRIORITY BY TANZANIANS

- ✓ A National Economic Empowerment Dialogue that was conducted jointly by TNBC and National Economic Empowerment Council countrywide involved all stakeholders from the District level in 2008. It overwhelmingly endorsed agriculture as most effective empowerment tool whose success would transform the economic wellbeing of the majority of Tanzanians



Why Kilimo Kwanza Cont..

- ✓ The Agricultural Council of Tanzania (ACT) conducted 7 Zonal workshops countrywide in 2006/7 on prerequisites for agricultural development. All workshops recommended that Tanzania's economic development efforts should be anchored in agricultural transformation.

Why Kilimo Kwanza Cont..



B. TANZANIA'S UNIQUE POTENTIALS

- ✓ Existence of 44 million hectares of arable land but only 23% is currently under cultivation.
- ✓ 62,000 sq. kms of the fresh water resources available for crops, livestock and fish farming which is grossly under utilised.
- ✓ 29 million hectares of irrigable land but only 1% is currently under irrigation
- ✓ 19 million cattle, 17 million sheep and goats, 30 million chicken which are not commercially exploited.
- ✓ 1424 kms of coastline and 223,000 sq. kms of Tanzania's Exclusive Economic Zone of the Indian Ocean which is not being effectively exploited.



COMPARATIVE DATA ON PRODUCTION AND PRODUCTIVITY OF SELECTED CROPS FOR YEAR 2007

		Productivity MT/Ha	Production (MT)	
Cotton	China	4.2	15,248,000	
	USA	2.44	6,163,000	
	Brazil	2.3	2,589,820	
	India	1.4	8,805,600	
	Pakistan	1.3	3,965,000	
	Tanzania	0.67	300,000	
Rice/paddy	Egypt	9.5	N/A	
	Australia	8.2	N/A	
	USA	7.5	N/A	
	China	6.42	187,397,460	
	Vietnam	4.98	35,867,500	
	Indonesia	4.7	57,157,436	
	Bangladesh	4	43,057,000	
	India	3.3	144,570,000	
	Tanzania	1.8	1,341,835	

Comparative Data On Production And Productivity Of Selected Crops For Year 2007 Cont...



		Productivity MT/Ha	Production (MT)
Maize	Newsland	10	N/A
	USA	9.46	331,175,072
	Argentina	7.7	21,755,364
	China	5.15	151,948,870
	Brazil	3.79	52,112,200
	Mexico	3.2	23,512,752
	Tanzania	1.22	3,659,000
Wheat	UK	7.7	N/A
	Egypt	6.3	N/A
	France	6.25	32,769,900
	China	4.6	109,298,296
	India	2.7	75,800,000
	USA	2.7	55,822,700
	Russian Federation	2.1	49,389,860
	Tanzania	0.9	82,800

Source: Food and Agriculture Organisation /Ministry of Agriculture Food & Cooperatives



Why Kilimo Kwanza Cont..

C. CONDUCTIVE INTERNAL ENVIRONMENT

- ✓ Macro-economic conditions for investing in Tanzania have substantially improved, with increasing knowledge base of farmers for higher agriculture productivity
- ✓ The Agricultural Sector Development Programme (ASDP) which is under implementation
- ✓ A growing Private Sector which is geared to propel agricultural sector development.
- ✓ A stronger Public Private Partnership (PPP).

Why Kilimo Kwanza Cont..



D. EXTERNAL FACTORS

- ✓ The paradigm shift on World economy where increasing food demand and prices provides an opportunity for the agricultural sector to contribute significantly to the economic development of the country.
- ✓ The African Union Comprehensive Africa Agriculture Development Programme resolved that increased investment in agriculture is the best option for economic development of Africa countries like Tanzania.



Why Kilimo Kwanza Cont..

- ✓ The 2008 World Bank Report and the G20 countries' meeting both recommended that countries with agricultural comparative and competitive advantage like Tanzania should strategically invest in agriculture for enhanced economic development.
- ✓ “What can agriculture do for development? Agriculture has features that make it a unique instrument for development”
World Bank Statement: **The World Development Report 2008: Agriculture for Development** (page 2 of The Overview)
- ✓ The G20 of September 2009 further called on the World Bank to work with interested Donors and Organisations to develop a multilateral trust fund to scale-up agricultural assistance to low-income countries

GENESIS OF KILIMO KWANZA



I EVOLUTION OF KILIMO KWANZA

- ✓ The 6th IIRT meeting held in March 2007 under the theme “*Investment for Real Growth*” recommended the restructuring and refocusing of Working Groups to dwell extensively with sectoral issues. Eight Working Groups were reconstituted comprising Agriculture; Economic Empowerment; Lands; Infrastructure and Technology; Tourism and Image; Manufacturing, Agro processing and Export Development; Finance; and Human Capital Development.



Genesis of Kilimo Kwanza Cont..

- ✓ 5th TNBC Meeting of December 2008 received a report from the Economic Empowerment Working Group. The report was a result of dialogue conducted from the district level involving different stakeholders including government officials, crops and livestock farmers, fishing community, youth and women groups, business associations, FBOs and NGOs. The overwhelming consensus was that agricultural transformation is the most effective economic empowerment tool for the majority of Tanzanians.

Genesis of Kilimo Kwanza Cont..



- ✓ Agriculture Working Group (AWG) championed the process of extensively looking on how to revolutionise the agricultural sector so as to increase its contribution to growth and poverty eradication. It conducted various studies through the Sokoine University of Agriculture and other institutions.
- ✓ The March 2009 LIRT meeting received reports from all Working Groups and recommended that Tanzania should focus on agricultural transformation to accelerate economic growth. It was resolved that a special meeting on Agriculture be held before the end of June 2009. All Working Groups were directed to focus their work and deliberations towards agricultural revolution in a holistic manner.
- ✓ An IIRT held in Zanzibar in March 2009 endorsed the recommendation and resolution of LIRT.

Genesis of Kilimo Kwanza Cont..



- ✓ The 6th TNBC dialogue meeting in June 2-3, 2009 chaired by H.E. Jakaya M. Kikwete, the President of the United Republic of Tanzania and attended by the President of Zanzibar and Chairman the Revolutionary Council, the Prime Minister, Ministers, Members of Parliamentary Committees, Diplomatic Corps, Permanent Secretaries, Regional Commissioners, Regional Administrative Secretaries, Senior Government Officials, Business Support Organisations, Financial Institutions, Private Sector Associations Countrywide, Training and Research Institutions, Farmers, Academia, Agricultural Machinery and Input Suppliers, Agro processors, Development Partners, Local and International NGOs, Faith Based Organisations, Business Associations and the Media, resolved to implement KILIMO KWANZA in realizing the social economic development goals



Genesis of Kilimo Kwanza Cont..

II. THE LAUNCHING OF KILIMO KWANZA

- ✓ On 3rd August 2009 H.E. Jakaya Mrisho Kikwete, President of the United Republic of Tanzania launched KILIMO KWANZA in Dodoma to set in motion its effective implementation calling for collective commitment by all Tanzanians.

TEN PILLARS OF KILIMO KWANZA



The implementation of KILIMO KWANZA will be guided by Ten Pillars as outlined below:

1. **KILIMO KWANZA Resolution**

Instill political will and commitment of all Tanzanians to the KILIMO KWANZA Resolution for agricultural transformation to be undertaken by small, medium and large scale producers.

2. **Financing KILIMO KWANZA**

Mobilize financial resources from the private sector, financial institutions, government, development partners, financial and community based organisations to implement KILIMO KWANZA. Expeditious establishment of The Tanzania Agricultural Development Bank (TADB) is a major component of this pillar.

Ten Pillars Of Kilimo Kwanza Cont..



3. Institutional Re-organisation for Management of KILIMO KWANZA

Emphasize on good governance, better coordination, monitoring and evaluation. Involvement of the private sector is paramount.

4. Paradigm Shift to Strategic Framework of KILIMO KWANZA

Prioritize what we produce and market. Food crops given top priority.

Ten Pillars Of Kilimo Kwanza Cont..



5. Land for KILIMO KWANZA

Facilitate access to land for agriculture, enhance security of tenure, promote the harmonious and judicious exploitation of the land resource and create an enabling environment for using land to access credit.

6. Incentives for KILIMO KWANZA

Introduce and review incentive policies and regulations to attract and retain private sector investments in Agricultural sector.

7. Industrialization for KILIMO KWANZA

Establish industries to provide backward and forward linkages for the agricultural sector and increase access to local and foreign markets for value added products.

Ten Pillars Of Kilimo Kwanza Cont..



8. Science, Technology and Human Resources for KILIMO KWANZA

Promote the use of modern technologies by all producers; increase government expenditure on research and development to 1% of GDP; identify, train and effectively utilize agricultural expertise; and develop farm service centres.

9. Infrastructure Development for KILIMO KWANZA

Develop infrastructure for irrigation, rural electrification, storage, roads, railways, ports, airports, market centres and information technology to support KILIMO KWANZA.



Ten Pillars Of Kilimo Kwanza Cont..

10. Mobilization of Tanzanians for KILIMO KWANZA

Integrate KILIMO KWANZA in the Government Machinery and sensitize Tanzanians to support and implement KILIMO KWANZA. Monitor and evaluate implementation of KILIMO KWANZA.

KILIMO KWANZA LINKAGE WITH ASDP



KILIMO KWANZA:

- ✓ Catalyst for implementation of ASDP
- ✓ accelerates implementation and achievement of MDGs, MKUKUTA, CAADP and ASDP targets and objectives
- ✓ is a holistic approach for development of agricultural sector which involves all sectors in the economy.
- ✓ widens the scope of agricultural transformation to all sectors of the economy
- ✓ provides national coordination of resources, planning and accountability for implementation of agricultural transformation
- ✓ enhances private sector participation.
- ✓ focuses on strategic agricultural produce and the whole spectrum of small, medium and large scale farmers



DEVELOPMENT PARTNERS SUPPORT FOR KILIMO KWANZA

- ✓ Create a common understanding of the Development Partners on Tanzania's Resolve to implement KILIMO KWANZA.
- ✓ Increased support to the Agricultural Sector Development Programme
- ✓ Assist in sensitizing the private sector in respective countries and worldwide to seize the extensive investment opportunities in the implementation of KILIMO KWANZA



**“Everything else can wait, but not
agriculture”**

(Pronouncement by the late Prime Minister of India, Pandt
Jawaharlal Nehru at the launching of the Indian Green
Revolution)



Thank you!