

THE AGRICULTURAL SECTOR MARKETING POLICY IN TANZANIA: THE VALUE ADDED TO ECONOMIC GROWTH

Emilia BAMWENDA

emilia.bamwenda@gmail.com, ORCID: 0000-0002-9635-4334

Purpose: The aim of the article is to analyze the existing marketing policies of the agricultural sector and their impact on economic growth. The author will attempt to answer the following questions: What marketing strategies have been used in the Tanzanian agricultural sector? Can effective marketing strategies create greater added value for agricultural products? And are the developed marketing strategies for trade in agricultural products able to accelerate economic growth?

Design/methodology/approach: The author bases this article on the institutional and legal method. Analysis of selected government documents and existing studies will allow to obtain answers to the research questions and to describe descriptively the initiatives taken by the government. The above method is complemented by direct and indirect observations in the public sector and non-governmental centers in the regions of Bukoba, Kilimanjaro, Arusha, Mwanza, Dar es Salaam and Iringa, which the author conducted during two study trips in 2016 and 2017. The analysis of literature in this paper reveals that Tanzania has an extensive set of policies, strategies and programs designed to support agricultural marketing.

Findings: Public policy aimed at strengthening agricultural marketing can have a positive impact on farmers' activities by creating opportunities to develop a system for efficient sourcing of inputs, high yielding production, harvesting and warehousing and trade of agricultural products, or developing "instructions" for the marketing process. The study shows that political declarations and goals contained in national development frameworks are compatible with each other. The problem arises during the implementation of developed policies and resourcing the implementation process, which in its assumptions are aimed at improving society's quality of life and wellbeing of people in rural areas.

Practical implications: There is also a potential risk that the developed policy may have a negative impact and create impediments to the functioning of trade in agricultural products shaping various types of restrictions for farmers in the sphere of freedom to sell their goods in the form that customers expect from them (e.g. stunting of local food crops market activities, flexibility of a farmer where to sell his goods).

Keywords: marketing, economics, economic growth, development.

Category of the paper: Research paper.

1. Introduction

Tanzania is pursuing structural economic transformation with the aim of increasing productivity and output in strategic productive sectors, raising opportunities for employment and income generation, increasing public sector revenue and GDP growth to above 7% annually, and transforming the country into a strong and competitive middle income economy by 2025 (URT.2000. Tanzania Development Vision; National Five-Year Development Plans 2010/11-2015/16, and 2016/17-2020/21). During these first five year development plans I and II, the Government is working to address infrastructure needs with the country's transportation and energy sectors, improved productivity in the agricultural sector, increase in number of skilled labor, and enhanced business and investment environment. Selected Tanzania's economic and business indicators are summarized below in Table 1.

Table 1.
Tanzania Economic and Business Indicators

Indicator	Value	Reference
GDP Annual growth rate, (%)	7.2	Jun-19
Unemployment rate, (%)	9.7	Dec-19
Inflation rate, (%)	3.6	Oct-19
Interest rate, (%)	7	Sep-19
Balance of trade, (USD million)	-756	Sep-19
Current account (USD million)	-109	Sep-19
National debt (USD million)	23,770	Nov. 2019
- External debt (USD million)	17,500	Nov. 2019
- Domestic debt (USD million)	6,250	Nov. 2019
Competitive Index	48.19	Dec-19
Tanzania population (million)	57.3	Dec-19
Agriculture growth rate	5.2	Dec-19
Crops subsector growth rate	5.8	Dec-19
Contribution of the agricultural sector to GDP	28.2	Dec-19
Contribution of manufacturing sector to GDP	8.5	Dec-19

One of the biggest challenges facing countries in the period of economic transformation is the system of selling their agricultural products, both on the domestic and export markets. Professional agricultural marketing is seen as a way to overcome seasonal agricultural surpluses and shortages in food supply, by affecting food prices, and as a means to generate more income for producers. Trade in agricultural products in Tanzania presents unique challenges and requires special attention due to the bulk and impermanence of crops. Most of these products are basic food products whose prices and distribution are considered by governments as strategic for the implementation of development policy (URT. 2016. Agriculture Sector Development Programme Phase II, May 2016). Therefore, establishing resourced and effective institutions that will steer and oversee the marketing system of agricultural products is a prerequisite for changing the status quo in agricultural production (URT, 2011).

Successful agricultural marketing depends on many factors, i.e. effective sector institutions, quality infrastructure, appropriate technologies and production methodologies, efficient transportation, efficient value addition and processing, packaging, business and retail services and a robust information system. Marketing of food products can be seen in macro terms as a business activity related to the transfer of food products on the value chain from farms to consumers, or in micro terms related to business activity, directly affecting the flow of both services and products to consumers while strengthening the objectives of farmers or enterprises (Mutayoba, and Ngaruko, 2015). In the literature on the subject, there are also concepts such as agribusiness and food marketing. Robert E. Branson and Douglass G. Norvell attempted to combine these concepts and introduced to the discourse the concept of agro-marketing regarding all activities related to agricultural production, purchase of agricultural products, processing and distribution to final buyers (Szwacka-Mokrzycka, 2016). For the purposes of the article, the author assumes that agricultural marketing is a study of all activities of entities and policies related to the purchase of agricultural inputs, agricultural production as well as the process of processing and moving agricultural products from the producer to the consumer.

This definition highlights the fact that the provision of infrastructure, technology or transport is not a sufficient condition to ensure a smooth flow of agricultural goods. It is also necessary to create a favorable policy environment that gives freedom to key players to take advantage of emerging marketing opportunities in the country and beyond. Since the mid-1980s, the Tanzanian economy has undergone a fundamental transformation that has redefined the role and function of government and the private sector in the economy. Agricultural marketing has evolved through three major phases, i.e., the post-independence unregulated marketing system (1961-1967), the centrally controlled marketing system by the public sector during Arusha declaration era (1967-1989), and the current liberalized marketing system. During the transition from the socialist system to the free market system in 1980s, most of the production, processing and marketing functions were transferred to the private sector, while the government retained regulatory functions and public support. Decentralization of prices was done; monopolies of agricultural cooperatives and commodity boards were eliminated. In addition, new marketing policies and strategies were formulated and rolled out to address an uneven growth of national food crops markets, large falls in production of traditional export crops, and an increase in subsistence agriculture and rural poverty. Recently, it emerged that the adopted agricultural marketing strategies have not been successful, mainly due to the fragmented policy and lack of a structured marketing system that would guarantee producers reliable markets for selling their crops. In addition, the low ability of agribusiness entities to conduct market activities and influence increased access to agricultural inputs was the result of limited skills in the field of entrepreneurship of suppliers, producers and underdeveloped infrastructure, unfavorable legal and institutional framework, and insufficient competition. This necessitated a return to government intervention that plays a proactive role, particularly in the event of market failures to oversee private sector development and create favorable conditions for private sector participation in agricultural marketing (URT, 2008).

2. Agricultural sector and trend in agricultural production

Agriculture has been at the heart of Tanzania's political strategies since independence in 1961. The development process and economic growth were pursued through market interventions as the main instrument of policy implementation. The structure of agriculture was based on cereals, roots and tubers, whose previous harvest was too limited to be able to feed the growing population. The post-colonial economic system meant that industrialized countries were buying crops from former colonies, such as Tanzania (by then Tanganyika) for processing and re-selling ready finished goods again to the buying point, which made the Tanzanian economy increasingly dependent on external trade partners. During the first and second phase Government, with the increasingly strong position of the national party TANU, which later was transformed into CCM, and its leader Julius K. Nyerere, Tanzania underwent a political reform towards socialism created for the needs of Tanzanians. In 1967, the development policy under the Arusha Declaration took a number of initiatives to improve rural and agricultural landscapes, introduce municipal systems, price control mechanisms, and establishment of grants and marketing promotion of agricultural goods. Agriculture was the main sector to which Nyerere wanted to achieve real national independence and reduce dependence on foreign aid. The Arusha Declaration enriched the agricultural structure with the cultivation of cereals and legumes and increased the production of other goods (Mhando, 2011).

At the beginning of 1980, Tanzania could easily feed a rapidly growing population based on basic food production at 23-33% above WHO minimum rates. In the composition of the basic food basket, cereals have become a more important product for cultivation than roots and tubers. The structure of products consumed by an average Tanzanian also changed. In 1961, 35% of all basic energy obtained from food came from cassava and other roots and tubers, and 54% from cereals mainly from corn. In 1980s, basic calorie intake came in 63% from cereals, and only 27% from cassava and other roots and tubers. It is also important to emphasize the change in structure in the consumption of cereals. The importance of maize slowly decreased as rice consumption increased. The reason was urbanization in large industrial centers and slow development of the middle class. Production of cereals as well as tubers and roots at the turn of the 70s and 80s gained the greatest value in history (Leliveld et al., 2013).

Droughts, the war with Uganda, the oil crisis, the drastic decline in exports of major commodities such as coffee and sisal, and too rapid a desire for institutional and social changes caused the assumptions of the Arusha Declaration to fail and the country fell into an economic crisis in 1980s. In order to save the economy, the Tanzanian government had to turn to international financial institutions for help. Negotiations on loans from the International Monetary Fund (IMF) took a long time, mainly due to Nyerere's reluctance to give up the socialist regime and way of life (Ujamaa). In 1985, structural reforms aimed at the market were introduced with the great involvement of the IMF and the World Bank. Lack of state

intervention in economic matters had to create an environment in which prices will be shaped by the market, and the removal of subsidies for farmers will trigger measures to stimulate productivity and specialization of production. The rationale was that it was necessary to introduce institutional changes to increase the efficiency and effectiveness of agricultural production by changing the structures of production and marketing incentives. In the agricultural sector, structural adjustments were sought to increase producer prices and more effective marketing (Boulay, 2007). However, these changes turned out to be unfavorable for the economy of Tanzania, like in other economies in which the structural adjustment programs were introduced by the World Bank and the IMF.

The liberalization phase was favorable for the production and export of coffee and cotton, but the results of the export sector were still much lower than those in the 1960s. However, the most important part for the agricultural sector was that the harvest of cereals, tubers and roots products deteriorated. Cassava harvest level fell by about 50%. The removal of the subsidy also impacted the production of maize, whose yields fell by 22.5% per capita (McKay et al., 1997). In addition, the spatial structure of cereal crops changed due to increasing input and transport costs, which resulted in production moving closer to urban areas. Another important aspect of the failure of structural adjustment reforms was the liberalization in other countries on the basis of the same assumptions, which led to increased supply in global markets and at the same time resulted in reduced prices. Consequently, liberalization policies overlooked important factors related to the successful transformation of economies and their recovery from the crisis.

The government's monopoly on export crops was completely abolished, and in 1994 the Government began to allow private companies to buy half of the cotton production. At that time, the producer's share in the cotton export price was about 40% in 1989-1994 and increased to around 50% in 1995-2000 (Baffes, 2004). Despite the improvement in marketing efficiency and a slight increase in production in the mid-90s, the limitation of access to loans for financing production components was the main constraint for the poor farmers. It is also worth paying attention to the production of coffee. Although the coffee was entirely produced by small farmers, the Tanzania Coffee Board (TCB) had a monopoly on marketing, processing and export until the mid-90s. Private entrepreneurs had the opportunity to market and process coffee, even though exports were still carried out at TCB auctions. In 1997, there were already five fully vertically integrated exporters on the market (branches of multinational coffee companies) who dealt with domestic trade, processing, and export of coffee. During this period, marketing margins were drastically reduced, and the producer price as a share of the export price increased from 50% to over 90% (Morrissey, and Vincent, 2007).

From the mid-90s, sweet potatoes began to play a large role in the structure of agricultural production, but grains still accounted for more than half of agricultural production. Their production after economic liberalization began to decline sharply, mainly due to poor productivity and production conditions, which had significantly lower rates than during the economic crisis in the early 1980s (Figures 1 and 2). Efforts were made to address farm productivity challenges through technological progress and improved production methodologies. This includes increase the intensification of land use to raise production per hectare on an average farm (Skarstein, 2005). However, the intensification of land productivity at that time was associated with land degradation and a decrease in the land-to-work ratio, which forced small producers to intensify their crops.¹ Low real prices and limited marketing possibilities meant that the production was intended for own consumption and not for sale.

The growth dynamics in the agricultural sector in the 1990s was variable and relatively weak compared to the rest of the economy. The policy changes at that time led to a gradual withdrawal of government support. The agricultural sector was de-mechanized by declining investment and deregulation. However, the structural adjustment program strengthened the role of markets and led to price stability and higher levels of overall macroeconomic growth, but this did not impact the agricultural sector according to expectations. Therefore, most of the programs developed since the mid-90s on the development of the state were based on enhancing the dynamism of the agricultural sector.

Thanks to the agricultural development programs, a change in the structure of agricultural cereal production was increasingly visible. The production of maize, which is the basic component of consumption among Tanzanian people, did not keep up with the rapid increase in population and developed at a much slower rate than the production of rice or wheat. However, it is worth indicating that the cultivation of these two products, in addition to small holder farmers, was increasingly carried out by commercial enterprises using modern means of production. Despite the rapid increase in rice and wheat production and overall favorable agro-ecological conditions, Tanzania remained a net importer of cereals because production could not keep up with the growing consumer demand. Root crops, with an annual growth of over 4% in 2000-2007, began to be important in the structure of agricultural production and accounted for almost 15% of harvested crops. In contrast, legumes with greater added value fell by more than 4% per year. These production losses were replaced by a rapid increase in oilseed crops that could easily be processed and sold as the final product. The fastest growth rates in the first decade of the 21st century concerned export-oriented crops, which was consistent with the assumptions of long, medium, and short-term development policies. Traditional export crops such as cotton, sugar cane and tobacco grew at a rate of 10% per year. In total, these three crops generated 17.4% of total commodity exports in 2007.

¹ It should be added that this situation was influenced by the increase in the population in rural areas, which resulted in the cultivation of less and less fertile land, without the possibility of obtaining funds for its harvest.

In the late 1990s, animal husbandry and fishing emerged to be key subsectors, accounting for almost a third of agriculture's contribution to GDP. Fisheries developed at a similar pace as agricultural production, increasing by 5.15%. However, the breeding lagged with only 3.3% annual growth. Income generated from cattle and poultry farming was the only reliable source of income in many parts of the country, and their slow growth had a significant impact on poverty rates (Pauw, and Thurlow, 2010).

An analysis of production trends indicates that the source of growth in 2000-2007 were mainly cotton, tobacco and sugar (which, as previously indicated, were mainly produced by commercial large agricultural enterprises). As a result, agriculture alone did not have staggering effects in the fight against poverty. Lessons from unsuccessful structural adjustment reforms as well as growth-based policies forced the government to apply not only pro-growth but also development-oriented policies in development strategies.

Today, the agricultural sector is still based on the cultivation of corn, cassava, rice, sorghum and millet, which are used to meet basic caloric demand, while the main export crops are still sugar, coffee, cotton, tobacco and tea. Favorable climatic conditions in many regions of Tanzania provide an opportunity for the development of the agricultural sector on a large scale. The country has a well-equipped potential base for the development of agriculture itself, but productivity is still low. Agriculture is characterized by the fact that farms are usually between 0.9 and 3 hectares, and production is dominated by subsistence, family farms, which largely feed on their crops, and only a quarter of their production, or even less, is sold at fairs for the local community. Buying products at a good market price is therefore still crucial for farmers.

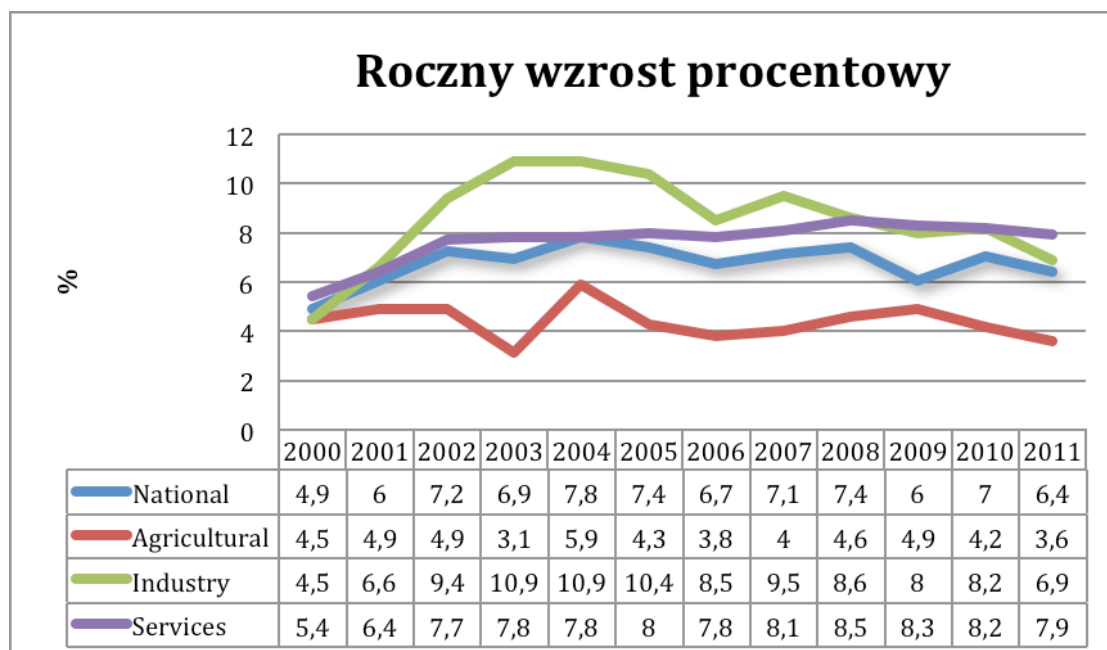


Figure 1. Annual economic growth by sector. Source: Ministry of Finance Tanzania, 2011.

Table 2.*Shares of the Agriculture sector (Forestry, Fishing and Crops) in GDP*

Economic activity	Shares of gross domestic product by kind of economic activity, at current prices, (%)						
	Year						
	2012	2013	2014	2015	2016	2017	2018
Agriculture, Forestry, Fishing and Crops	26.55	26.79	25.80	26.75	27.44	28.76	28.25
Crops	14.12	14.39	14.00	14.07	15.20	16.59	16.21
Livestock	7.43	7.65	6.76	7.59	7.57	7.46	7.61
Forestry	2.79	2.84	3.00	3.10	2.86	2.79	2.67
Fishing	2.17	1.89	2.01	1.95	1.78	1.89	1.72
Agriculture support services	0.04	0.04	0.04	0.03	0.03	0.03	0.03

Source: Tanzania National Bureau of Statistics.

Most agricultural products are sold at low market prices due to low quality resulting from low use of improved technologies and inputs such as fertilizers, improved seed varieties, the inadequate use of plant protection products, insufficient market demand, and low purchasing power of brokers and consumers. Thus, the low production output is mainly due to low investment per acre that result in poor productivity, limited and narrow range of cultivation of diversified crops, which also significantly affects the amount of the actual selling price of crops offered by farmers. Prices are also affected by a weak mechanism for accreditation, testing, quality monitoring and evaluation, and standards of agricultural products (Mashindano, and Kaino, 2009). In addition, the agricultural sector is characterized by traditional farming methods, with limited use of modern inputs and inefficient allocation of resources. In addition, this sector has weak linkages with other productive and support sectors, and has an underdeveloped marketing system as well as an underdeveloped infrastructure affecting access to both domestic and international markets. Figure 2 shows several productivity indicators over time. It can be seen that both the Food Production Index (FPI) adjusted for employment in the agricultural sector, as well as cereal yields measured in kilograms per hectare suggest that in 2007, the level of productivity in terms of production fell to the level of the 1980s. However, the value of production has been increasing steadily since 1990s, which shows the added value per employee in the agricultural sector (Kiratu et al., 2011).

Table 3.*The Trends of Major Food Crops Production (Tons ' 000)*

Crop/Year	2012	2013	2014	2015	2016	2017	2018
Maize	5,104	5,288	6,734	5,908	6,149	6,681	6,273
Rice	1,170	1,342	1,681	1,937	2,229	1,594	2,220
Wheat	109	102	167	72	76	50	57
Sorghum/Millet	1,052	1,074	1,246	1,007	1,003	1,064	988

Cont. table 3.

Cassava	1,821	1,878	1,664	1,962	2,205	1,342	2,791
Beans/Legumes	1,827	1,871	1,697	1,808	1,959	2,318	1,823
Bananas	842	1,317	1,064	1,195	1,061	845	1,132
Sweet potatoes	1,418	1,808	1,761	1,645	1,491	2,008	1,608

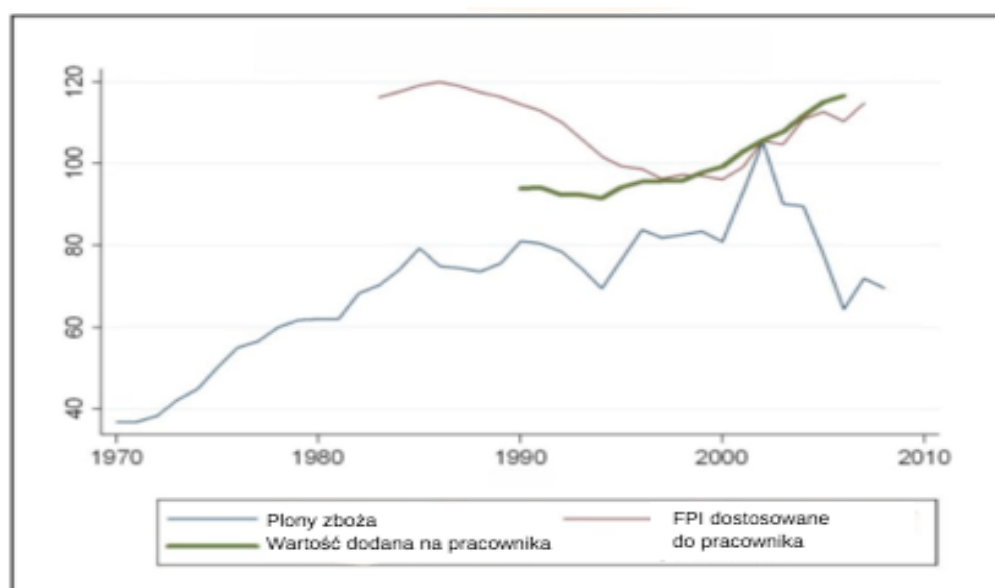
Table 4.*Trends of Major Cash Crops Production (Tons). Source: Ministry of Agriculture*

Crop	Year						
	2012	2013	2014	2015	2016	2017	2018
Cotton	225,938	357,130	246,767	203,312	149,455	132,934	222,039
Coffee	33,219	71,200	47,301	41,674	60,691	48,329	45,245
Tea	32,810	33,700	33,000	35,750	32,629	26,975	34,010
Pyrethrum	5,700	5,700	6,100	7,090	6,050	2,150	2,400
Tobacco	126,624	86,359	100,000	87,737	60,691	81,976	50,522
Cashewnut	160,000	127,947	123,449	197,933	155,416	265,238	313,826
Sisal	25,690	34,875	37,571	39,204	42,314	36,533	40,635
Sugar	262,880	296,697	294,421	304,007	293,075	326,447	303,752
Total	872,861	1,014,008	889,599	915,667	796,512	901,641	967,184

Table 5.*Horticultural Output (tons)*

Crop	2012	2013	2014	2015	2016	2017	2018
Fruits	3,938,730	4,096,280	4,416,690	4,574,240	4,711,000	5,243,343	3,703,124
Vegetables	901,680	937,750	1,005,305	1,041,375	1,189,000	1,298,388	1,595,489
Flowers	9,850	10,200	10,790	11,140	11,500	11,615	12,622
Spices	7,370	8,125	8,377	8,609	20,400	22,062	22,062

Source: Ministry of Agriculture.

**Figure 2.** Production indicators of Tanzania, 1970-2007. Source: based on data from the World Bank.

The main food products that are consumed by Tanzanians are rice, corn, and cassava, which constitute 43.9% of the daily calories, as well as sweet potatoes, bananas and sugar cane. In contrast, meat and fish consumption is only 6.6% (Derksen-Schrock et al., 2011). Figure 3 indicates that most food products are based on starch and low protein content. The growing prices of fertilizers, seeds, fuel, and mechanical agricultural equipment are affecting production, which can be seen in the decrease in cassava production and fluctuations in maize production. It is worth noting, however, that the growing population, which is estimated at around 1 million births a year, requires an increasing effort in the production of major products consumed by society. Many factors affect the selection of specific plants for cultivation, including physical factors such as soil quality and water availability, economic factors such as marketability and seed prices, individual household preferences, crop profiles and their resistance to pests, and resources of machine and fertilizer availability (Greig, 2009). Another key factor is the impact of climate change, which result in variability of precipitation in fertile agro-ecological zones (Bamwenda, 2012).

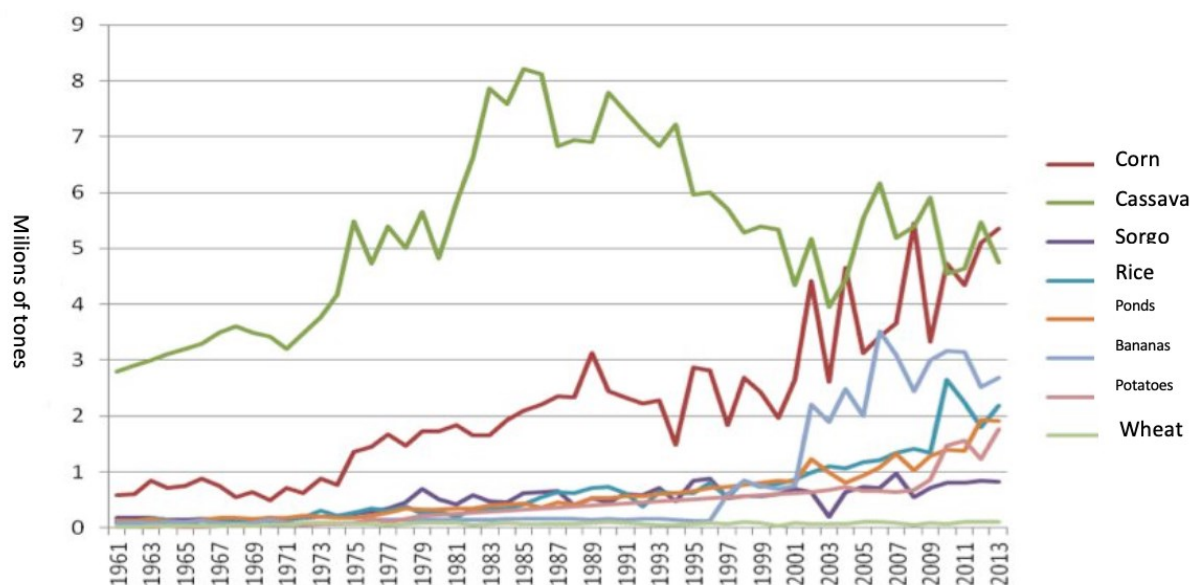


Figure 3. Agricultural production of Tanzania. Source: based on data from the World Bank.

Export, however, is mainly based on coffee, agave, cashew, and tobacco.

Table 6.

Export in billions of TZS

	2010	2011	2012	2013	2014	2015
Coffe	162,3	225,7	292,8	259,1	204,3	309,7
Cotton	133,1	103,9	164,9	137,7	558,4	79,7
Sisal	11,1	16,9	18,4	25,4	111,3	340,2
Cashew	173,2	189,6	222	301	647,9	497,3
Diamonds	14,2	17	41	63,4	80,3	65,6
Gold	1336,7	3463,8	3410,7	2768,5	2705,7	2717,2
Tabacco	178,8	437,9	348,1	159,5	319,3	428,0
Tea	68,1	73,5	87,5	87,8	72,8	91,0
Total	2077,5	4528,3	4585,4	3802,0	4700	4538,8

3. Agriculture development initiatives.

Agriculture plays a key role in the economy of Tanzania. In order to enable the sector to fully exploit the evolving opportunities a new policy framework, has been developed by revising old policies, strategies, and plans, but more improvements and adjustments to policies have been and are still needed to align to changing production, market and business environments.

In the last two decades, agriculture sector development initiatives were enhanced by the development of the Agricultural Sector Development Strategy (ASDS-I), which was an important guiding tool for the implementation of the sectoral policy. The aim of ASDS is primarily to streamline the process of transforming the agricultural sector into a more modern, commercialized, highly efficient, inclusive, resilient, and competitive sector in the domestic and international markets. Other objectives include achieving food security, reduce poverty, and contribute to the implementation of the Tanzania Development Vision 2025, which provides for raising the overall standard of living of Tanzanian people to the level of a low middle income economy by year 2025 (which was attained in July 20120) (URT, 2009).

After launching the ASDS I strategy in 2001, its implementation was initiated by developing and rolling out the Agricultural Sector Development Program I (ASDP-I, 2006/2007-2013/2014). In practice, this programme addressed constraints that limit the efficiency of the agricultural sector and provide effective guidance for public sector resourcing of interventions that augment the development of the private sector to achieve the optimal development of strategic productive sectors by 2025 (URT, 2015). ASDP-I aimed to create additional opportunities for improving investments in the crops, livestock, and fisheries sectors, increase share of agriculture's in GDP, and its contribution to real GDP growth. This includes achieving basic food availability and access for the nation and improving national nutrition standards by increasing the quality and quantities of farm production. Other aims included improving living standards in rural areas as well as increasing income from value addition and processing of agricultural and animal products to enhance value capture, and to facilitate increased market access in domestic and regional markets. Furthermore, it was intended to raise foreign exchange earnings by encouraging the production and increased export of cash crops, cereals, animal products, by-products and residues, through the production and supply of quality and market-demanded products, including industrial crops, animal products and residues for local industries. Furthermore, it aimed at raising the standard of living of the rural population by developing, introducing, and adapting new technologies that increase labor productivity as well as crop productivity from arable land. The ASDP-I also promoted an integrated and sustainable use and management of natural resources to prevent environmental degradation. Finally, it intended to support the agricultural sector, in areas in which the private sector cannot invest, such as promotion women's and youth's access to land, low cost capital, knowledge and

competences development, and access to reliable and credible information and statistics, including market information (Survey 2, 2020).

More recently, Tanzania has developed and launched the ten-year Agricultural Sector Development Programme II, (ASDP-II) (URT, 2016). It was designed based on the lessons learnt during the implementation of ASDP-I. The programme strategy is mainly focusing on gradual transformation of subsistence smallholder farmers into commercial farmers by enhancing and activating sector drivers and supporting small holder farmers to increase productivity of targeted commodities within sustainable production systems and forge sustainable market linkages for competitive commercialization and value chain development. It will be implemented in two phases each divided into five years implementation period, starting with 2017/18-2022/23). Furthermore, ASDP II aims at transforming the agricultural sector (crops, livestock, and fisheries) towards higher productivity comparable to global levels, increased commercialization and mechanization of agricultural production, improving small holder farmer incomes and living standards, improving food and nutrition security, and increasing sector contribution to GDP.

ASDS and ASDP are implemented so as to achieve the objectives of the Tanzania Development Vision, the Long Term Perspective Plan 2011-2025, the National Strategy for Growth and Reduction of Poverty II, The Five Year Development Plans I, II, and III, and to able the country to eventually undertake a successful economic structural transformation by transferring key resources from low-productivity agriculture to more productive value addition and manufacturing industries.

All the above strategies and development plans are intended to undertake initiatives to: develop a strong linkages between agriculture and other sectors of the economy; create favorable business and investment conditions for the private sector to engage in, invest, and actively participate in farming and value addition activities in the sector; develop effective competences and research programs; and to engage in sustainable production by prudently and judiciously exploiting available natural resources, in particular land, water and forestry.

For Tanzania to reach middle income economic status by 2025, it was set that the agriculture must grow at above 6%, according to the assumptions in the First Five Development Plan and the National Strategy for Growth and Reduction Poverty II. In addition, these plans assume that high levels of productivity and growth in key sectors of the economy are essential factors for a strong and competitive economy. It should be added that agriculture, due to its comparative and competitive advantages, has a significant impact on poverty reduction and strong synergies with other key sectors in the development process (URT, 2016).

4. Agriculture Marketing Policy

Initiatives to improve the functioning of farmers and their participation in the economic life emphasizes the need for access to outlets for farm products and the possibility of obtaining added value to multiply income. In this situation, effective, flexible and fair access to an agricultural marketing system is important. This is one of the factor conditions for supporting market-oriented participation of agriculture in generating income, creating jobs, generating foreign earnings and ensuring an optimal balance between urban and rural areas, providing fair food prices and strengthening links with industry. The then Ministry of Industry, Trade and Marketing, in cooperation with key stakeholders, developed the This included the Agricultural Marketing Policy, 2008 (AMP 2008), which aimed to strategically facilitate the marketing of agricultural products, ensuring fair exchange for all stakeholders based on a competitive, efficient and equitable marketing system (URT, 2011).

This policy guides the marketing activities of agricultural systems, ensures the coherence, profitability, and sustainability of the activities of various market participants, and promotes effective marketing of agricultural products on the domestic, regional and international market. In addition, it recognizes the need to improve marketing capacity in the field of agriculture by facilitating funding, promoting cooperatives, associations and groups, improving marketing infrastructure, timely and appropriate services in the field of agricultural marketing information and intelligence, risk management, investing in agricultural processing as well as marketing research and development. The policy takes into account the main marketing constraints and opportunities in agriculture, including inadequate institutional, legal and regulatory frameworks, poorly developed and maintained marketing infrastructure, limited agricultural processing, the need to improve quality and standards, poor entrepreneurial skills, limited access to finance, as well as insufficient inter-institutional coordination. AMP is expected to properly address these restrictions and thus increase competitiveness of Tanzanian producers and traders on the domestic, regional, and international markets. The policy analyzes the limitations and challenges facing the agricultural marketing system, and then defines strategies and actions to resolve them. It was determined that in order to achieve the set policy objectives, it was necessary to return to state intervention in agricultural marketing. The active role of the government was recognized as a necessary condition in marketing policy for the sustainable development and growth of the agricultural sector. Variability and deterioration in the prices of agricultural commodities on world markets and restrictions on access to local importing markets are just some of the challenges that the government faces today in marketing and promotion of agricultural products. The share of traditional agricultural exports on world markets is decreasing, mainly due to the growing competition from other suppliers, subsidized exports and increasing consumption of substitutes (e.g. jute, nylon, polyester and other synthetics) and the use of non-tariff barriers for traditional exports. In addition, quality and traceability

requirements, ever changing farm and product standards, and requirement on working and social conditions are also constraining Tanzania's trade in agricultural products in the region and internationally (Mugenyi, 2012).

The main task during the implementation of AMP was to accelerate the potential of agricultural processing by adding value and extending the product shelf life. The implementation of this intention was based on the establishment of small agro-processing enterprises and rural sectors of the agricultural industry. The efficient management of commercial agro-industries was to respond to changing market requirements and improve economic growth in rural areas. The whole process has been developed on the basis of the value chain from good land management practices through production, harvesting, small- and medium-scale processing, transport, storage, which is essential in adding value to a given product. Government actions to improve the value added of products and their promotion relate to the promotion of basic agri-food processing, the introduction of special programs and incentives for investors in agro-processing enterprises, investment in research, development and promotion of local products (URT, 2011). The current strategic thrust is to prepare the basic conditions for stimulating rural industrialization.

At sectoral level, the government has formulated a number of policies, including the Agricultural Policy 2013, which is being currently revised to incorporate new local, regional, and global changes in crop production and trade. In addition, the Government is revising the following key development frameworks to align them to current and future dynamics in the production, marketing and trade landscape: Sustainable Industrial Development Policy (SIDP), 1996-2020; Agriculture and animal production policy (ALP), 1997; Cooperative Development Policy (CDP), 2002; Rural development policy (RDP); National Trade Policy 2003; Small and medium-sized enterprise development policy (SMEDP), 2003; National livestock policy, 2006; Agricultural sector development strategy (ASDS) 2001; and the Agricultural Sector Development Program (ASDP), 2005. To date these policies did not effectively address the root causes that are impacting agricultural marketing and other related productive sectors. In addition, Tanzania's agricultural marketing is strongly affected by ongoing liberalization and globalization trends, and emerging pandemics such as the corona virus surges. The country is in the process on reflecting and designing appropriate responses.

The main challenges that the government identified under AMP were:

- a) Inadequate value added to agricultural products.
- b) Inadequate compliance with standards and quality in marketing of agricultural products.
- c) Poor legal and regulatory framework for agricultural marketing.
- d) Poor institutional development regarding agricultural marketing.
- e) Underdeveloped and poorly managed agricultural marketing infrastructure.
- f) Inadequate marketing research and intelligence that inhibits the timely availability of data and information necessary to make an evidence based decision.
- g) Limited use of marketing risk management methods.

- h) Insufficient access to financial services in the field of agricultural marketing.
- i) Inadequate marketing relationships and linkages.
- j) Inability to seize and take advantage of opportunities evolving in the country, region and international markets, including preferential market access.
- k) Environmental degradation, gender imbalance and caused costs by health concerns, including pandemics such as HIV/AIDS, and COVID-19 (URT, 2008).

All the above led to the call for the formulation of a more comprehensive marketing policy and strategies and an integrated approach to agricultural marketing for the future perspective.

While efforts are being undertaken to revise the development frameworks and to improve sector conditions, currently, the agricultural marketing policy is being implemented through the Cooperatives Societies Act 2003 which recognizes two structures: the primary society at the local level – the Agricultural Marketing Cooperative Societies and AMCOs, and the federation at national level (Tanzania Federation of Cooperatives, TFC). The AMCOs are the second common type of cooperatives, next to savings and credit cooperatives, SACCOS. There are more than 3,400 AMCOs in the country (TCDC, 2019). Oversight, regulation, and development of AMCOs is overseen by the Tanzania Cooperative Development Commission (TCDC). The AMCOs play a key role in marketing of crops and facilitating participation of smallholder farmers in the crop market. The primary societies in villages market their crops through AMCOs. In addition, the AMCOs, which are supposed to be business and market oriented, have a role in improving knowledge management and the productive capacity of members, managing business negotiations with buyers, enhancing access to extension services, and enhancing better access to information and communication to encourage better food and cash crop marketing. Very recently, the Ministry of Agriculture introduced Agriculture Trade and Marketing Information System (ATMIS) to ease access to marketing information. The buyers are supposed to fill the online forms with information including amount of buying posts applied in the district and corresponding AMCOs and then upload the file to the ATMIS system. A typical case is TIGO KOROSHO, an innovative mobile money transfer service, launched in 2017/2018 season and is available on Tigo Tanzania's mobile financial services platform Tigo Pesa. Farmers are first required to register and subscribe to receive the service through their AMCOs, upon which they are provided with information on collection, transportation, auctioning and purchase of their cashew nut produce through the AMCOs. Once the money from the sale is received into the accounts of the AMCOs, Tigo Pesa through Tigo Korosho service will transfer the payments directly to farmers who have registered to receive the service, with the farmers being alerted of the payments via an SMS message. The farmers are then afforded the convenience to withdraw, transfer or conduct other transactions as they wish via the Tigo pesa platform and wide network of agents.

In terms of cash crop marketing, AMCOs play more than a facilitation role. With cash crops, such as cotton, etc., private traders can only buy cash crops from AMCOs. Traders must receive permits from the District Executive Officer in a given local government authority (LGA) to buy and transport the cash crops out of a village. In the case of cashew nuts, a Warehouse Receipt System, which was introduced in 2008, is used. The system is overseen by the Warehouse Receipt Regulatory Board (WRRB). All the cashew nut produce is auctioned via cooperatives at an auction managed by the Cashew Board of Tanzania (CBT). Farmers deliver the crop to AMCOs and they receive payments in two installments. AMCOs pay the first installment before the cashew is sold, often using a bank loan, and the final payment is made after the cashew nuts are sold to traders at the auction. As a payment to their service, the AMCOs deduct a small commission from the total sales revenue. These funds are eventually distributed among members once all administration costs are covered. The aim of all this is to enhance the value capture for farmers and to prevent exploitation of farmers by unscrupulous traders and middlemen who capitalize on information asymmetry, and immediate needs of money by the farmers to cover the costs of living and education for their children (Anania, and Rwekaza, 2018).

Other efforts include using the information communication technology to facilitate marketing of crops. The public and private sector buyers in collaboration, banks (CRDB, NMB and NBC), and mobile telephone services providers and other private IT-based platforms are making payments to farmers through their bank accounts or mobile wallets. It is now emerging that the farmers are of the view that payment through mobile wallet is more convenient compared to bank account. Previously, farmers who had immediate cash needs and living in low production areas, had to wait up to a month to get their cash from sale of their crops.

The government also undertook marketing of goods on regional and international markets by increasing the export of agricultural products. Agricultural marketing entities were to receive support for negotiating and effective competition of agricultural products on regional and international markets. In addition, the government's task was to protect against unfair commercial practices, transparent application, and predictability of tariffs, and to ensure transparent trade policy rules and regulations in order to harmonize it with other markets. On a local level, the government's actions were based on raising awareness of the possibilities associated with bilateral and multilateral agreements, and producers were encouraged to enter the market directly without the help of intermediaries. Ponda's goal was to improve access to financial services in the field of agricultural marketing and to facilitate credit options, help in risk management, improvement and development of infrastructure or strengthening of entrepreneurial and marketing skills through the support and promotion of training and entrepreneurship programs in which he was to participate also the private sector (URT, 2008).

5. Summary

The agricultural sector development strategies mentioned in the article are an important guiding tool in implementing long-term development strategies. They aim to operationalize the transformation of the agricultural sector into modern, commercial, highly productive, resilient, and competitive on the domestic and international market. These goals are intended to achieve food security and reduce poverty, and to raise the standard of living of Tanzanian people to middle-income countries. All government initiatives have identified issues that limit agricultural sector performance as well as interventions that are consistent with the assumptions of other policies, strategies, and programs.

Tanzania has a very high potential for agricultural development but is still struggling with a change in its structure. There are still a small number of large commercial farms, and production is still dominated by small agricultural producers. They sell a quarter of their crop, while the remainder is used for their own food. Low market prices are still crucial, which is associated with poor crop quality. This relationship is due to the constant use of traditional farming methods and the inability to implement new technologies due to a lack of information and the possibility of obtaining funds for modernization. In addition, the price is affected by a weak mechanism for accreditation, testing, quality monitoring, evaluation, and standards of agricultural products. A continuous attempt to industrialize the country that fails results in the inability to obtain added value. The processing industries for agricultural products remained underdeveloped due to infrastructure. The problem can also be seen in the implementation and operationalization of the principles of government initiatives.

Agricultural marketing is the main tool with which you can achieve ambitious growth goals. However, without updating and effectively and adequately implementing other associated development policies in strategic productive sectors, such as logistics, processing/manufacturing, and policies related to delivery of affordable factor costs (Affordable credit at competitive rates; skilled workforce; reliable and competitively priced electricity; water, communications; transportation, and efficient ports and customs), it is challenging to successfully introduce efficient marketing activities. The elimination of constraints and improvement of business and investment climate in agricultural marketing is a must in conducting effective, competitive, inclusive and resilient marketing in the agricultural sector.

During the field visits the author identified key issues that need to be immediately addressed by the public sector to facilitate the development of a sustainable, efficient and cost effective crop marketing system. The Government is supposed to increase its commitment and allocate adequate public resources to:

1. Invest in physical infrastructure for efficient and cost-effective crop marketing: The Government through Tanzania Rural and Urban Road Agency (TARURA) to build all weather roads to facilitate fast transportation and distribution and export of agricultural products. In addition, the Government should expedite the distribution of electricity and water in all rural areas that are cultivating and marketing strategic and high value crops in abundance.
2. Improve the investment and business environment in crop marketing, including provision of sufficient incentive systems for investors who can undertake agricultural marketing and invest in running and managing the entire supply chain.
3. Strengthen the integrated information system for agriculture marketing.
4. The Government is supposed to invest in building the capacity and capabilities of AMCOs (management, organization, marketing and trade facilitation, and management skills of the workforce; technical infrastructure; transportation; warehousing; access to competitively priced finance for investment and operations).
5. Resource and strengthen the Tanzania Cooperative Development Commission (TCDC) and Crop Boards to sufficiently enforce agricultural marketing development, regulations and institutional coordination. In addition, streamline and update the legislation, mandates and functions of crop boards to cater for current and future agricultural marketing needs and demands locally and globally.
6. Significantly enhance dialogue and participation of the private sector in the formulation and implementation of policies, strategies, and plans to enable a ownership of a clear sector vision and strategy, and understanding and participation of the private enterprises in agricultural marketing and provision of business, extension, and industrial services.
7. Develop a robust Monitoring, Evaluation and Learning Framework for agricultural marketing at AMCOs level.
8. The Government to support AMCOs to increase access to inputs and markets through linkages to global supply chains and marketing channels embedded in investing multinational firms, and access to global markets through established e-commerce channels, and bilateral and multilateral agreements This includes, seizing opportunities in potential beneficial and ensured long-term trade and sustainable African Continental Free Trade Area market access schemes for intermediate and finished agricultural products in local and regional markets.
9. Significantly improve the capacity of sector institutions and associations and Local Government capacity to expedite changes in bureaucratic procedures, rules, processes, and to quickly design, promote, resource, and implement reforms in agricultural marketing with changing production and trade dynamics in the local and export markets.
10. The Government and development partners to support AMCOs to address business challenges and production and marketing disruptions among AMCOs members caused by pandemics, particularly COVID-19 surges, and related potential future waves.

11. Tanzania Cooperative Development Commission to undertake or commission research to get solutions on how the AMCOs can address emerging constraints and opportunities in crops seeds and production methodologies (best practices for increasing productivity and output, yield management, plant health, efficient technologies for harvesting and warehousing, supply chain management); assessment of feasibility of projects; agri-business of crop production; resource mobilization; irrigation development; value addition to crops and use of by-products; product and market development and diversification; addressing climate change effects and other externalities and environmental costs; and in addressing demand and price variability, unfair competition and negative effects of the trade wars.
12. From time to time, revise and update the policies, legislation, strategies and plans related to agricultural marketing to enable them to be in sync with stakeholder demands, market requirements, farmer and buyer/traders needs and country strategic priorities in the agricultural and associated sectors.

An effective and adequate implementation and resolution of the above issues will:

- a) enhance the performance of agricultural marketing;
- b) raise the competitiveness, inclusiveness, and resilience of the agricultural marketing system;
- c) increasing resources inflow and foreign and local investment in agricultural marketing that will boost rapid growth of productivity, sector value-add and output for export and local markets;
- d) increase the number of direct and indirect employment opportunities created and income generation in agricultural marketing and supporting industries/services providers;
- and e) sustainably increase the contribution of agriculture marketing activities to the public tax revenue and contribution to GDP.

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