

**EXPORT AND POVERTY IN TANZANIA: LINKAGES AND  
IMPLICATIONS FOR STRATEGY MAKERS**

**A paper contributed by the  
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## **EXPORT AND POVERTY: LINKAGES AND IMPLICATIONS FOR STRATEGY MAKERS**

### **Background**

Tanzania is among the 10 poorest countries in the world. It has a population of 35 million people, 84% of these depend on agriculture, whose contribution to the GDP is 46% and 23% to export earnings. The life expectancy of a Tanzania is only 49 years, well below that of sub-Saharan Africa of 52 years; this figure is further threatened by HIV/AIDS, which is a menace to the Tanzanian community.

Poverty is widespread. About 50% of the population live below the poverty line. This is increasingly being transformed from being a rural phenomenon alone to an urban concern as well. Women, who account for 51% of the population, are the most disadvantaged group. In spite of their unique role as a productive force with 70% of agricultural activities undertaken by them, they are severely constrained by limitations in accessing key production assets like capital, education, skills and the share of the wealth produced.

The high incidence of unemployment is one feature of poverty. Currently, more than 30% of youths live without dependable jobs. This is a reflection of the inability of the economy to create sufficient employment opportunities for the growing population, and also the inability of the rural areas to create gainful employment opportunities and incentives to retain youths from migrating to urban areas after graduation from primary education.

The participation of the rural population in export business is limited to traditional crops like cashew nuts, coffee, cotton, and tobacco. Prices for these commodities are continuously declining while production costs escalate, thus further compounding to the poverty problem

### **Rationale**

Tanzania has excellent climatic conditions for the production of a wide range of horticultural products such as fruits that include pineapples, passion, citrus, mangoes, peaches, pears and bananas, etc; vegetables that include green beans and peas, baby corns, courgette, tomatoes, spinach, cabbages and okra; spices that include black, sweet and hot peppers, chillies, ginger, onion, coriander, vanilla, garlic, onion, cinnamon and cardamom. Despite this potential, there have not been substantial exports of the same.

Quite concerned with the increasing levels of poverty and unemployment, Tanzania embarked on strategic initiatives, which aimed at converting the existing comparative advantages the country enjoys to competitive advantages. Thus in 2003 a team of experts from both the public and private sector under the coordination of the Board of External Trade (BET), with the Financial and Technical Support from the International trade Centre UNCTAD/WTO (ITC), under the Joint Integrated Technical Assistance Programme (JITAP) formulated five sector development strategies. The covered sectors were Horticulture, Spices, Fish, Textile and Clothing and Leather. One of the objectives of these strategies was to increase direct and indirect employment opportunities upon their implementation thereby supporting the Government initiatives towards poverty reduction.

### **The Spice Sector**

The Spice sector was selected for development based on a number of socio-economic advantages it has over the other sectors. Some of these include: -

- Production of spices has a better opportunity cost and an excellent cost benefit ratio
- Spices have a greater potential in contributing to poverty reduction through job creation, as the production techniques employed are labour intensive, more unemployed groups who are mainly youths and women will have greater opportunity of being employed.

- Unlike traditional crops spices do not require massive land as repeated harvests during the year to ensure maximum use of land are possible.
- Tanzania has abundant places with excellent weather conditions for the sector which guarantees benefits to more rural people.
- Spices, apart from having export potential they do well on the local market.

### **Scope of the Strategic Initiative**

Implementation of this strategy stalled for quite sometime partly due to the absence of a strong Spice Sector Association that would have taken initiatives including marketing the strategy for financial support from the Government and other sources. However, in 2004, the Board of External Trade in partnership with the Ministry of Agriculture Food Security and Cooperatives and the Sokoine University of Agriculture secured some funds and agreed to use part of it for implementing the project on pilot basis.

Because of the diverse of the spices produced in the country, a min survey had to be conducted in order to identify spices in terms of varieties, quantities and production locations in the country. The survey covered 11 prominent regions reputed for spice production.

It was agreed for the programme to start in Morogoro region with cardamom, black pepper, and cinnamon as the most cultivated spices in this region.

### **The Stakeholders' Responsibilities**

The responsibilities were distributed among the three implementing partners mentioned above.

The Ministry of Agriculture, Food Security and Cooperatives was given responsibility to prepare product booklets for each of the three spices produces in Morogoro region. These booklets would guide farmers on Good Agriculture Practices (GAP).

The Sokoine University of Agriculture (SUA) was charged with the supply of disease free planting materials of improved genetic diversity adapted to the localities of project implementation. Furthermore SUA would provide technical training on suitable methods of cultivating, planting, harvesting, post harvest handling, storage and distribution of spices in a manner that would maintain the quality and safety of the products.

The Board of External Trade on the other hand would coordinate the project; encourage formation of the association that will have a marketing role. BET's further responsibility was to link producers through their association with the market.

### **Marketing**

Farmers are encouraged to have product associations that will take care of their interest well beyond the life of the programme. Associations will be the fourth partners and the most important one. Among other things, the associations will have responsibility for marketing the produce in the local and export market. This will enable the association members to get better prices by avoiding the middlemen. The idea of having a middleman who would purchase from farmers and market the produce would only be considered as a second alternative.

### **Impact of Strategic Initiative**

The project is being implemented in two districts, Mvomero and Morogoro Rural in Morogoro region and aims at improving the supply base and production of the right varieties for the market.

Implementation of the project has adopted the concept of Export Production Villages (EPV) practiced in Sri Lanka.

Ten pilot villages with 20 contact farmers were identified from each district (**giving start up group of 400 farmers**). The contact farmers were nominated by villagers themselves. This approach aimed at first organising people to get them understand the (EPV) concept and secure their commitment.

### **Cardamom**

Mvomero district was selected for cardamom production, as already there were some farms for the same. After extensive sensitisation, all farmers in the 10 pilot villages and beyond agreed to participate in the project. Due to resource limitations, distribution of planting materials at subsidized prices was initially limited to contact farmers. As the cardamom plants require shade for their development, the Sokoine University of Agriculture introduced exportable banana plantations for this purpose. To the cardamom farmers, this is a second crop generating cash to them from the same farm.

Farmers have improved their existing farms and planted new seedlings. In about two years of the programme income per villager has more than doubled. The increase is mainly attributed to both quantity and quality of cardamom produced and sell of banana.

Post harvest handling and storage, which were one of the key constraints, have substantially been addressed. Interestingly to note is the similarity of quality of cardamom produces, even for two villagers who are 20 kilometres apart the quality is the same.

Sense of cooperation amongst farmers is growing and because of additional income, farmers have instituted organisational set ups within, which take the form of "cardamom growers associations". Through these set ups, farmers have succeeded to contain unscrupulous middlemen and in the process improving sale prices.

Furthermore this type of administration has worked quite excellently in improving the quality of product by policing those who harvest produce prematurely and dump substandard products into the market thus destroying the prices. Another area of cooperation already taking shape in these early days of the programme is the networking to consolidate the produce to satisfy customers should a single farmer fail to do it alone. As they do this quality is pretty much insisted upon.

In 2005 additional villages and same number of contact farmers as in the previous villages were included in the programme. **The impact of success stories for the first batch and the training from the old batch trainers will certainly increase last years harvest to three times.**

### **Cinnamon and Black Pepper**

The district of Morogoro Rural was selected for the production of cinnamon and, black pepper as already there were some farms for the same. The main objective of the project was to improve the supply base of cinnamon and black pepper in terms of quality, quantity and ensure uniform varieties were produced in all 20 villages.

The success stories recorded in this area are not the same as those Mvomero District. This is due to the gestation period of the selected products. The two products take longer time to have the first harvest than the programme can report now. Furthermore, the requirement for black pepper to have a supporting plant *Jatropha curcus* trees for that matter that has to be planted and grown first has delayed a little bit the early realisation of benefits. But what can be said with confidence is that quantities expected to be harvested in the first season of the programme will exceed by far the harvests realised before the project was started. The number of farmers after an assurance of the market has increased substantially. This will also add up to the amount of harvests in the near future.

### **Principal Challenges**

- The main challenges confronting the two projects are poor transportation mainly because of poor road network.
- Storage facilities are still rudimentary and poor something that compromises the quality of products, which has been achieved through struggle.
- Over expectations and ambitions. Farmers small as they are, think they may sell directly to importers. They are too ambitious because even the volumes they have cannot add up to sustain an export volume.

### **Key Lessons**

- The project is succeeding because there have been an involvement of the farmers right from the word go e.g. selection products for development, selection of their representatives (contact farmers), and the organisation setup that would efficiently manage the project.
- The Local government support has had a very positive influence on the success of the project.
- Improvement of feeder roads network in most production centre being a result of the support from village and Divisional authorities.
- Marketing may be improved, if villagers as they improve their yields 'decide' to sell their products through auctions.

### **Implications for the Export Strategy**

One of the notable implications in the two areas under study is increased production, which has gone in tandem with improved sales prices that have been translated into increased income. The increase in volumes has gone alongside the increase in number of producers of these crops, which means the number of beneficiaries.