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# SERA POLICY PROJECT YEAR 2 Q3 QUARTERLY REPORT

## TANZANIA ENABLING POLICY ENVIRONMENT FOR AGRICULTURAL SECTOR GROWTH

**APRIL –JUNE 2013**

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# SERA POLICY PROJECT

## YEAR 2 Q3 QUARTERLY REPORT

Contract No. 621-C-00-11-00003-00  
USAID Feed the Future SERA Policy Project  
Tanzania Enabling Policy Environment for Agricultural Sector Growth

Implemented by Booz Allen Hamilton

### **DISCLAIMER**

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## ABBREVIATIONS AND ACRONYMS

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ACT	Agricultural Council of Tanzania
AGRA	Alliance for a Green Revolution in Africa
AIRD	Associates for International Resources and Development
ANSAF	Agriculture Non-State Actors Forum
APM	Agricultural production monitoring
BMGF	Bill & Melinda Gates Foundation
BoT	Bank of Tanzania
CIMMYT	International Maize and Wheat Improvement Center
CPI	Consumer Price Index
DFS	Department of Food Security
DMT	District Management Team
DPPR	Department of Planning, Policy and Research
EAGC	East Africa Grain Council
EFG	Emergency Food Reserve
ERS	Economic and Research Service
FAO	Food and Agriculture Organization
FSN	Food Security and Nutrition
FtF	Feed the Future
G8	Group of Eight High Income Countries
GoT	Government of the Republic of Tanzania
HBS	Household budget survey
iAGRI	Research and Education, an FtF Implementing Partner
ICCS	Inter-Sectoral Steering Committee
IR	Intermediate Result
KPL	Kilombero Plantations Limited
MAFC	Ministry of Agriculture, Food Security and Cooperatives
MANR	Ministry of Agriculture and Natural Resources
MIS	Monitoring and information system
MIT	Ministry of Industry and Trade
MIVARF	Marketing Infrastructure, Value Addition and Rural Finance
MKUZA	Zanzibar's Strategy for Growth and the Reduction of Poverty
MLEEC	Ministry of Labor, Economic Empowerment and Cooperatives
MoF	Ministry of Finance
MoH	Ministry of Health
MOSWCD	Ministry of Social Welfare and Child Development
MSME	Micro, small and medium enterprise
MTIM	Ministry of Trade, Industry and Marketing

M&E	Monitoring and Evaluation
NAFAKA	Staples Value Chain, an FtF Implementing Partner
NBS	National Bureau of Statistics
NFRA	National Food Reserve Agency
OPV	Open pollinated variety
PMO	Prime Minister's Office
REPOA	Research on Poverty Alleviation
RGoZ	Revolutionary Government of Zanzibar
SACAU	Southern African Confederation of Agricultural Unions
SAGCOT	Southern Agriculture Growth Corridor of Tanzania
SME	Small- and medium-scale enterprise
STTA	Short-Term Technical Assistance
TANEXA	Tanzania Exporters Association
TASAF	Tanzania Social Action Fund
TASTA	Tanzania Seed Traders Association
TMG	The Mitchell Group
TSh	Tanzanian Shilling
UNICEF	United Nations Children Fund
USAID	United States Agency for International Development
USDA	United States Department of Agriculture
USG	United State Government
US\$	United States dollars
VAT	Value added tax
ZFDCB	Zanzibar Food, Drug and Cosmetics Board
ZIC	Zanzibar Insurance Cooperation
ZNCCIA	Zanzibar National Chamber of Commerce Industry and Agriculture
ZNFSC	Zanzibar National Food Security Council

## EXECUTIVE SUMMARY

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The SERA Policy Project saw several significant accomplishments in the third quarter, but also delays in completing major activities due to scheduling conflicts with important counterparts, delays in getting approval for activities, and the need to focus efforts on new policy challenges that emerged. Despite these delays, there were major accomplishments in policy analysis, capacity building, and communications and advocacy. Major accomplishments in policy analysis included: preparation of a policy paper on duty-free rice imports, jointly supporting a team from Associates for International Resources and Development (AIRD) with the Staples Value Chain Project (NAFAKA) to study the contribution of the National Food Reserve Agency (NFRA) to food security and the impact of export and import permits on food crops trade, submission of a request to the Government of Tanzania (GoT) for more favorable tax treatment of agricultural seeds, fielding a team from Landesa to investigate land compensation and benefits sharing schemes, and preparation of a research proposal on rice demand and competitiveness to the World Bank for funding. However, the rice market study for Zanzibar was not completed due to work on other activities and the Food Security Workshop was delayed until Q4. The presentation of policy research sponsored under the Policy Seminar Series at Sokoine University has been delayed due to slow progress by researchers.

Our capacity building activities included continued support to the Zanzibar Food Security and Nutrition Department (FSND) of the Zanzibar Ministry of Agriculture and Natural Resources, the Agricultural Council of Tanzania (ACT), and the mainland's Department of Food Security of the Ministry of Agriculture, Food Security and Cooperatives (MAFC). Activities with the Zanzibar Food Security and Nutrition Department included completing *Phase One - Review of the Food Security and Nutrition Program* and facilitating the drafting of *Phase Two - Strategic Prioritization Plan*, initiating a review of the Tanzania Social Action Fund (TASAF) – Zanzibar branch, and outlining a strategy for FSND's Program Monitoring and Performance Plan. A two-day workshop for 16 members of the FSND team and representatives from the Food and Agriculture Organization (FAO) was held to present the findings of *Phase One - Review of Food Security and Nutrition Program*, engage participants in a stakeholders mapping exercise, review relevant legislation, and identify key priorities for *Phase Two*. Support to ACT was provided enabling 40 members to attend the Southern African Confederation of Agricultural Unions (SACAU) 2013 Annual Conference in Dar es Salaam on May 13-14, 2013. A staff member from ACT also participated in the NFRA review conducted by the AIRD team in order to increase linkages with ACT and to develop the staff member's individual capacity. The capacity building support to ACT is now largely complete and future capacity building efforts will be directed towards other organizations and individuals. Our capacity building activities with the mainland's Department of Food Security included continued support for the development of the food basket approach to estimating food requirements and support for a staff member from the Department of Food Security to participate in the NFRA review. Support to the Department will continue through collaboration with the United States Department of Agriculture (USDA) team developing the food basket methodology and training staff on the estimation procedures. Individual capacity building through support to the Policy Seminar Series at Sokoine University has not progressed as planned due to the slow delivery of research papers by the four teams

selected in the competitive grants process that was conducted in Q1. Renewed efforts to encourage the researchers to complete their work will be undertaken in Q4.

The SERA website was completed, but was not launched as planned in this quarter as we await United States Agency for International Development (USAID) approval. However, the Branding and Marking Plan was approved, which constitutes an essential milestone before the website could be submitted for approval. Our focus on developing a comprehensive database continued and a comparison of rice prices from the GoT, the private sector, and the East Africa Grain Council (EAGC) was completed as part of a policy review of rice imports. We expect to complete the database of monthly wholesale and retail food crop prices for 20 regions before the end of the current project year. The database will include data from 2000. New office furniture and equipment were purchased during the quarter following the renewal of our office lease for another two year. Collaboration with government and development partners continued and SERA has achieved an excellent reputation for quality analysis and responsiveness to client needs. Finally, approval from the Bank of Tanzania (BoT) to develop the Secured Transaction (Collateral Registry) was received after almost two years of discussion, and is a major development in our efforts to provide greater access to credit at affordable rates.

Challenges to the SERA project have been primarily with counterpart delays and scheduling conflicts that have slowed the delivery of activities. The Food Security Workshops for GoT and all stakeholders was planned for Q3 but has been delayed until Q4; this has required rescheduling venues and services. However past challenges, such as obtaining timely data, has improved due to the close working relationship developed with the Ministry of Industry and Trade (MIT), and the National Bureau of Statistics (NBS).

The SERA Project has collaborated with other FtF implementing partners and other stakeholders to improve policy and build capacity in the agricultural sector, including: jointly sponsoring the Policy Seminar Series at Sokoine University with FtF implementing partner iAGRI; working with FtF implementing partner NAFKA in supporting the AIRD team to review NFRA's contributions to the national food security system; co-sponsoring the Policy Seminar Series with iAGRI; engaging MWANZA BORA project to develop a capacity building activity for the Zanzibar FSND; and planning capacity building support for institutional performance monitoring with FtF implementing partner The Mitchell Group (TMG). The SERA Project has also developed a closer working relationship with SAGCOT following the appointment of a new Executive Director and has recently assisted them with activities related to rice imports and seed policy. The SERA Project continues to collaborate with the Tanzania Seed Traders Association (TASTA), the Prime Minister's Office (PMO), Alliance for a Green Revolution in Africa (AGRA), Agriculture Non-State Actors Forum (ANSAF), and EAGC and FAO; these working relationships continue on important policy issues and capacity building activities. Collaboration with FAO included discussion of the Strategic Grain Reserve on Zanzibar and discussions on food security on the mainland. Discussions are also underway with the FAO's Southern Highlands Food Systems Program on improving marketing of agricultural commodities. In addition, the SERA Project continued to work closely with the USDA's Economic and Research Service (ERS) to support the MAFC's Department of Food Security. The SERA Policy team also

met with and supported a team from Fintrac that was reviewing the policies of the seed sector. A joint research proposal on rice demand and competitiveness was prepared with the World Bank.

## INTRODUCTION

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The Tanzania SERA Project assists both the Government of the Republic of Tanzania and the private sector to enable a broad-based, sustainable transformation of the agricultural sector through policy reform. The vision for this project is twofold: to improve the policy and regulatory environment for agriculture growth and to build a group of public sector institutions, advocacy organizations, and individuals capable of performing rigorous policy analysis and advocating for policy reform. The SERA Project is part of United States Agency for International Development Tanzania Feed the Future Initiative and works closely with other implementing partners and USAID.

Improving agricultural policies will be accomplished by working with the GoT and other stakeholders to identify important policy constraints to growth in the agricultural sector and helping to alleviate these constraints through policy reform. The SERA Project will conduct and commission evidence-based policy research to inform the GoT and other stakeholders of the impacts of existing policies and the potential benefits of improved policies. In addition, the SERA Project will develop the capacity of individuals and organizations to engage in policy analysis and advocate for policy change. At the conclusion of the project, we expect USAID will leave behind an improved policy environment and a legacy of enabling the GoT and other stakeholders to initiate, develop, and utilize evidence-based research in policy decisions and implementation. The project will also empower local researchers and private sector advocacy groups to more effectively use analysis and strategic communications to lobby for change, to build national partnerships that create consensus around agriculture policy, and to monitor the impacts of policy. The SERA Project will focus its activities around priorities identified in collaboration with the Southern Agriculture Growth Corridor of Tanzania initiative.

## IMPLEMENTATION PROGRESS

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### COMPONENT I: POLICY AND RESEARCH

The SERA Project undertakes research on important policy issues in an effort to provide evidence-based analysis of policy impacts and provide policy options to government. Some of this research is conducted by SERA staff, such as the study of rice imports, and some is contracted to consultants. In all cases, high standards are maintained.

#### 1. Intermediate Result 1: Improved Agriculture Productivity

##### A. Seed Policy

Access to high quality seeds is essential to raising productivity and improving competitiveness of the agricultural sector, and to the success of investments in SAGCOT. However the use of improved seeds in Tanzania is less than 15 percent of total seeds planted and is among the

lowest in the region. This situation is reportedly due to weak enforcement of existing regulations and strong GoT controls on certain aspects of the seed industry. The SERA Project endeavors to improve access to high quality seeds at internationally competitive prices and to stimulate investment in the seed sector by creating an enabling economic environment for the private sector. Taxes on seeds have been identified as one of the constraints for expanded local production and sale of seeds; the SERA Project is working with the seed industry and TASTA to improve the tax treatment imposed on seeds.

An opportunity to support the GoT and TASTA in their efforts to reduce taxes on seeds and seed packaging materials came during the quarter because of the Group of Eight (G8) commitments. The justification and supporting documentation were prepared (Annex 1) in collaboration with TASTA and coordinated with the SAGCOT Center, the MAFC, and PMO. The Prime Minister supported the effort and “reducing taxes on seed and seed packaging materials” was an item included in Tanzania’s commitments to the G8 as part of the New Alliance on Food Security. However, the effort was not successful in getting the policy change included in the GoT Budget Speech; this will be taken up again in Year 3 of the SERA Policy Project.

**Tasks Completed in Q3:**

- Completed and submitted the analysis of seed tax issues to MAFC and PMO for their discussions with Ministry of Finance (MoF).

**Tasks Planned for Q4:**

- Continue to support the seed industry and develop the case for seed tax reform.

**Resources:**

- Don Mitchell, Alex Mkindi, Aneth Kayombo.

**Key Partners:**

- MAFC, TASTA, Fintrac, AGRA, SAGOT, G8 Implementing Team.

**Milestones:**

- Not applicable.

**Contribute to:**

- Intermediate Result (IR) 8.1.1 Number of policies/regulations/administrative procedures in each stage of development.

## **2. Intermediate Result 2: Expanding Markets and Trade**

### **A. Trade Policy**

Permits are required from the Ministry of Agriculture, Food Security and Cooperative to export or import food crops to/from Tanzania. The confusing, lengthy, and costly procedure for obtaining permits has led to widespread efforts to circumvent the system. Research conducted by the SERA Project in Year 1 showed that export permits do not provide accurate information

on export levels nor do they control the flow of exports. Imports are similarly controlled by permits and traders report that food crops are often imported without appropriate permits. A more transparent policy would be for the GoT to enforce existing tariffs and allow the private sector to import and export freely based on market conditions. However, the GoT allowed duty-free rice imports in Q2 that led to market disruptions and protests by the private sector rice producers. The SERA Project was approached to investigate the GoT decision and the data on which the decision was based. The resulting paper on rice imports (Annex 2) was widely circulated and has focused attention on the importance of GoT following a more transparent food crops trade policy.

#### **Tasks Completed in Q3:**

- Completed Rice Import Study.
- Held discussions with MAFC about rice import policy.
- AIRD consulting team studied NFRA objective and operations.
- AIRD consulting team studied export/import permit impacts.

#### **Tasks Planned for Q4:**

- Present results to GoT and stakeholders at the Food Security Workshop.

#### **Resources:**

- Don Mitchell, Alex Mkindi, Aneth Kayombo.
- AIRD Consultants.

#### **Key Partners:**

- SAGCOT Centre, ACT, Tanzania Exporters Association (TANEXA), Research on Poverty Alleviation (REPOA), ANSAF, AGRA.

#### **Milestones:**

- Study of export/import permits completed and presented to GoT and other stakeholders. (Q4)

#### **Contribute to:**

- IR 8.1.1 Number of policies/regulations/administrative procedures in each stage of development.

### **B. Credit to smallholders and SMEs**

Credit is essential to investments and delivering credit to small- and medium-scale enterprises (SMEs) and small farmers has been a challenge in Tanzania because of the lack of assets that can be used as collateral. Land cannot generally be used as collateral because most land is owned by the government and held in common by local communities. Other assets such as machinery have been used as collateral in other countries, but not extensively in Tanzania due to the weak legal structure and undeveloped registry to record liens against such assets. The SERA Project is working to improve this situation by completing the legal requirements and

registry for a collateral registry system. Capacity to use this system will then be developed through trainings and capacity building activities. This will primarily help SMEs who own moveable assets that can be used as collateral.

The Secured Transactions (or Collateral Registry) activity of the SERA Project received approval from the Bank of Tanzania following direct discussions between the BoT Governor and SERA Project Chief of Party. The approval follows two years of effort by the SERA Project to support the development of the Collateral Registry and is a major accomplishment. The Collateral Registry would provide the legal framework and computerized registry to make moveable property more easily used by financial institutions as collateral. Once completed, it will benefit medium-scale enterprises to access credit at reduced rates. The process of developing the registry is expected to take two years and will include stakeholder workshops, legislation, installation of the registry, and capacity building for financial institutions, the judiciary, and enterprises that will benefit from the increased access to credit.

**Tasks Completed in Q3:**

- Met with BoT to re-engage work on the collateral registry system.

**Tasks Planned for Q4:**

- Support the BoT in developing the collateral registry system.

**Resources:**

- Don Mitchell, Alex Mkindi, Aneth Kayombo.
- Expat short-term technical assistance (STTA).

**Key Partners:**

- MoF, BoT, Ministry of Justice.

**Milestones:**

- Necessary legislation to establish the legal structure drafted. (Q4)
- Legislation for the collateral registry approved. (Y3)

**Contribute to:**

- IR 3.1.1 Number of micro, small and medium enterprises (MSMEs), including farmers, receiving United States Government (USG) assistance to access loans.

### **3. Intermediate Result 8: Improved Enabling Policy Environment for both Agriculture and Nutrition**

#### **A. Food Security**

The SERA Project is addressing food security concerns on both the mainland and Zanzibar with separate activities focused on the priority policy issues in each area. A major activity of the SERA Project for the past two years has been collaborating with the GoT to develop a more comprehensive food security program to replace the use of export bans to depress prices in

order to protect consumers and contain inflation. This follows the GoT agreeing to end the use of export bans last year citing the “clear and convincing evidence” provided by SERA Project research and that has resulted in improved prices for farmers, especially those in the Southern Highlands. This major activity, jointly sponsored with the FtF NAFKA Staples Value Chain Project, included bringing a consultant to Tanzania for two weeks in May to examine the operation and mandate of the National Food Reserve Agency. A second activity was identified during the consultant’s investigation and research was supported by the SERA Project to investigate the impact of the use of export and import permits on food crops trade and food security. A third activity, within the SERA Project’s efforts to provide the GoT with alternatives to the use of export bans for food security, was to partner with USDA to develop a methodology to estimate the cost of a typical food basket for selected regions. These three analytical activities were scheduled to be presented to GoT and all stakeholders in Q3 at a day-long workshop that the Prime Minister’s Office offered to host for GoT. However, the workshop was delayed by the Prime Minister’s Office because of other pressing commitments. Subsequently these workshops are now rescheduled for Q4 and will be followed by a Policy Options Paper to GoT early in Year 3 that incorporates all of the research undertaken by the SERA Project and partners over the past two years. This Policy Options Paper should conclude our research efforts to provide Tanzania with a more comprehensive food security program except for new challenges that may develop and require analysis.

**Tasks Completed in Q3:**

- AIRD consulting team undertook a study of NFRA and export/import permits.

**Tasks Planned for Q4:**

- Undertake field trip to TASAF programs.
- Support rice import workshop hosted by PMO.
- Present workshop on Food Security to GoT and stakeholders.

**Resources:**

- Don Mitchell, Alex Mkindi, Aneth Kayombo.
- Expat STTA.

**Key Partners:**

- USDA, REPOA, USAID FtF NAFKA Project.

**Milestones:**

- NFRA Assessment completed. (Q4)
- TASAF field study completed. (Q4)

**Contribute to:**

- IR 8.1.1 Number of policies/regulations/administrative procedures in each stage of development.

## **B. Cereals and Other Produce Act of 2009**

The Cereals and Other Produce Act of 2009 granted broad authority to the GoT to engage in commercial activities in cereals and other produce, and to regulate these same activities. This could reverse the liberalization of food crops undertaken during the 1990s and threaten private sector activities. It is also inconsistent with the recent liberalization of exports announced by the GoT in September 2012. The Cereals and Other Produce Act of 2009 also created a regulatory authority for cereals and other produce. However, this authority would have a conflict of interest because GoT would regulate the sector where it also engages in commercial activities. It is important to encourage the GoT to engage in public sector activities that do not directly compete with the private sector, and to involve the private sector in regulating the industry for the benefit of the sector and Tanzania. The SERA Project policy team met with the Executive Director of the Cereals Board to discuss the Cereals Board's objectives and operations. Capacity to implement and resources of the Board are weak and no support is planned by the SERA Project.

### **Tasks Completed in Q3:**

- Met with the Executive Director of Cereals Board.

### **Tasks Planned for Q4:**

- Meet with leadership of MAFC and PMO.
- Coordinate meeting with stakeholders.
- Present alternative activities for Cereal and Other Produce Board.

### **Resources:**

- Don Mitchell, Alex Mkindi, Aneth Kayombo.

### **Key Partners:**

- ACT, TANEXA, REPOA, ANSAF, AGRA.

### **Milestones:**

- Meeting with leadership of MAFC and PMO to express concern held. (Q4)
- Coordinating meeting with stakeholders held. (Q4)
- Alternative activities for Cereals and Other Produce Board presented. (Q4)

### **Contribute to:**

- IR 8.1.1 Number of policies/regulations/administrative procedures in each stage of development.

## **C. Land Policy**

Only one-quarter of the land suitable for cropping in Tanzania is actually used to grow crops, which suggests that there is substantial land available to expand agricultural production by investors and farmers. However, much of the land that is not used for crops is used for other livelihood activities by people with informal use rights. When investors are allocated land, these

current users are displaced. That has made land use and land policies very controversial and the GoT has requested donors to withhold their involvement until a clear approach to land allocation has been developed by GoT. In support of the GoT's changes to land policy, the SERA Project brought a team of consultants from Landesa, an international non-governmental organization (NGO) focusing on land policy, to Tanzania in Q3 to undertake a study of Land Compensation and Benefits Sharing. The team spent two weeks in country, including a field trip to the Arusha area, to meet with communities engaged in joint ventures with investors. The study followed two previous studies funded by development partners that identified opportunities for local communities to engage directly with local or foreign investors rather than the more common practices of villages transferring their land to the central government before the land is made available to an investor. This issue is critical to the future of SAGCOT and the ability of Tanzania to provide land to investors. Preliminary indications are that there is legal authority and actual experiences of villages engaging directly with investors while still retaining ownership of the land. This study has the potential to unlock village land for investment while protecting the rights of villagers.

**Tasks Completed in Q3:**

- Initiated land study in Tanzania by Landesa team.

**Tasks Planned for Q4:**

- Complete and present the Land Compensation and Benefits Sharing Study to GoT and stakeholders.

**Resources:**

- Don Mitchell, Alex Mkindi , Aneth Kayombo.
- Landesa.

**Key Partners:**

- USAID, World Bank, United Kingdom Department for International Development.

**Milestones:**

- Land Compensation and Benefits Sharing Study completed. (Q4)
- Results of the study presented to GoT and other stakeholders. (Q4)

**Contribute to:**

- IR 8.1.1 Number of policies/regulations/administrative procedures in each stage of development.

**COMPONENT II: INDIVIDUAL AND INSTITUTIONAL CAPACITY BUILDING**

The SERA Project's approach to capacity building is twofold The first approach focuses on institutional capacity building activities of selected organizations and activities that can provide the greatest impact to support development of an enabling policy environment. The second

approach addresses increasing capacity for research and evidenced-based policy analysis of individuals through training and support for research and policy analysis.

Engagement with primary beneficiary institution identified in the Rapid Institutional Assessment has been challenging. Many key stakeholders are engaged with multiple donors for institutional and capacity building support. As a result the SERA Project is transitioning from primary to secondary support roles for selected institutions and will identify new institutions and organization in Year 3.

## **1. Intermediate Result 8: Improving Enabling Policy Environment for both Agriculture and Nutrition**

In Q3, the SERA Project made significant progress in the implementation of Organizational Capacity Building Action Plans for key partners, including ACT, MAFC Department of Food Security (DFS), and Zanzibar Department of Food Security and Nutrition (see section Activities Implemented in Zanzibar).

### **A. Implementation of Capacity Building Action Plans**

#### **i. Agricultural Council of Tanzania**

The SERA Project continued to engage with ACT in Q3 by sponsoring 40 of its members to attend the SACAU 2013 Annual Conference in Dar es Salaam from May 13-14, 2013. This support is consistent with SERA Project institutional capacity building objectives for ACT and supports the ACT secretariat and membership.

ACT also participated in the National Food Reserve Agency Assessment as part of SERA Project's ongoing efforts to increase linkages with ACT and offer opportunities for individual capacity building.

SERA Project's ACT Institutional Capacity Building Action Plan is now largely complete. ACT is a recipient of technical assistance from a variety of donor organization. In Q4, SERA will review the Capacity Building Action Plan with a view toward transitioning support toward targeted activities working in collaboration with other donors.

#### **Tasks Completed in Q3:**

- Participated in the NFRA assessment.

#### **Tasked Planned for Q4:**

- Review of the Institutional Capacity Building Action Plan.
- Identify follow-on activities for continued support.

#### **Resources:**

- Marialyce Mutchler
- Local STTA.

**Key Partners:**

- BEST-AC Project.

**Milestones:**

- Targeted implementation follow-up and support activities identified. (Q4)

**Contribute to:**

- IR 8.2.2 Number of Institutions Receiving USG Assistance.

**ii. Ministry of Agriculture, Food Security and Cooperatives, Department of Food Security**

The SERA Project is continuing its support of the MAFC Department of Food Security. Current activities are primarily related to the development of the food basket approach to estimating food requirements as an alternative to the current approach of using a maize-equivalent approach. This work is led by a team from the Economic Research Service of the U.S. Department of Agriculture and work was completed on estimates for the Mara and Mbeya regions in Q3. The results will be presented to the Department prior to the Food Security Workshop in September. If the Department accepts the new methodology, a capacity building program will be developed to expand the estimates to other regions. It is anticipated that the capacity building strategy developed in Q3 will be adopted and implemented in Year 3. Other activities with the Department of Food Security during Q3 included the participation of a senior staff in the NFRA assessment.

**Tasks Completed in Q3:**

- Completed pilot study of food basket methodology for the two regions.

**Tasks Planned for Q4:**

- Present feasibility finding for review/revision and adoption by the Department of Food Security and MAFC.
- Develop capacity building program to transition to the new methodology.

**Resources:**

- Marialyce Mutchler.
- Nancy Cochrane, Cheryl Christensen, USDA ERS.

**Key Partners:**

- DFS, USDA, FAO.

**Milestones:**

- New Food Basket Methodology adopted. (Q4)
- Transition and capacity building plan drafted. (Q4)

**Contribute to:**

- IR 8.2.1 Number of individuals who have participated in USG support training activities.

- IR 8.2.2 Number of Institutions Receiving USG Assistance.

## **B. Institutional Assessments and Capacity Building Action Plans**

### **i. Ministry of Agriculture, Food Security and Cooperatives, Department of Policy and Planning**

At this time, SERA Project has no plans to directly engage the Department of Policy and Planning; SERA will monitor activities and seek to identify opportunities for collaboration.

### **ii. Tanzania Seed Traders Association**

TASTA is receiving capacity building support from the Bill & Melinda Gates Foundation (BMGF). SERA Project participated in the presentation of the TASTA Strategic Plan Workshop held on June 14, 2013 in Arusha. TASTA and BMGF are developing a capacity building plan. SERA Project will seek to identify activities to support capacity building and implementation of the strategic plan.

#### **Tasks Completed in Q3:**

- Participated in the presentation of the TASTA Strategic Plan Workshop on June 14, 2013.

#### **Tasked Planned for Q4:**

- Follow-up with TASTA regarding support activities.

#### **Resources:**

- Not applicable.

#### **Key Partners:**

- BMGF

#### **Milestones:**

- Not applicable.

#### **Contribute to:**

- IR 8.2.2 Number of institutions receiving USG assistance.

## **C. Institutional Readiness and Absorptive Capacity Enhanced**

The SERA and iAGRI Projects continued to meet and discuss possible activities to support the institutional readiness of key policy institutions. No activities have been identified at this time. SERA and iAGRI will continue to meet and review potential areas of collaboration in this regard.

#### **Tasks Completed in Q3:**

- Not applicable.

#### **Tasked Planned for Q4:**

- Develop concept note to identify institutions and individuals needing support.

**Resources:**

- Marialyce Mutchler, Don Mitchell, Alex Mkindi.
- David Kraybill, iAGRI.

**Key Partners:**

- iAGRI, Uongozi Institute.

**Milestones:**

- Concept note developed, institutions and individuals identified. (Q4)

**Contribute to:**

- IR 8.2.2 Number of Institutions Receiving USG Assistance.
- IR 8.2.1 Number of individuals who have participated in USG support training activities.

**D. Policy Seminar Series at Sokoine University**

The four research teams receiving support from SERA and iAGRI are preparing their research papers for presentation at the policy seminar series at Sokoine University. The presentations were not completed in Q3 as planned and are now set for Q4.

**Tasks Completed in Q3:**

- Presentation of policy seminars were not completed due to delays in research by the teams.

**Tasks Planned for Q4:**

- Presentation of policy seminars.

**Resources:**

- Don Mitchell, Andy Temu.

**Key Partners:**

- iAGRI, Sokoine University.

**Milestones:**

- Seminar papers presented. (Q4)

**Contribute to:**

- IR 8.2.3 Number of Policy Seminars Conducted.

**COMPONENT III: ADVOCACY AND COMMUNICATIONS**

Communication and advocacy lie at the heart of SERA's activities and contribute to a variety of important goals. While advocacy is intended to stimulate and support agricultural policy reforms through framing of essential issues, identifying potential supporters, and developing persuasive messages, communication plays a key role in translating advocacy into action. The

primary target audiences of the communications efforts are government and policy-makers at all levels. The project's advocacy and communication strategy is aligned with the FtF's objectives in Tanzania.

## **1. Intermediate Result 8: Improving Enabling Policy Environment for both Agriculture and Nutrition**

### **A. Project Website**

A request for approval of the SERA website has been submitted. Information included the strategic purpose and primary audience of the website. The case was vigorously made that the SERA Project needs the website primarily to support advocacy of the key policy reform issues being addressed through the project. As these activities are done in close collaboration with stakeholders and the GoT, it was critical for the long-term success of policy reform efforts that local partners remain engaged and lead advocacy efforts. SERA's Branding Implementation and Marking Plan was endorsed by USAID and is now in full effect and will be incorporated formally in the next contract modification.

#### **Tasks Completed in Q3:**

- Received approval for SERA's Branding Implementation and Marking Plan
- Followed-up with FtF on the website approval process.

#### **Tasks Planned for Q4:**

- Launch website.

#### **Resources:**

- Nicodemus Odhiambo Marcus.
- Opt Media Information Solutions.
- Media Temple.

#### **Key Partners:**

- USAID FtF personnel.

#### **Milestones:**

- Website launched.
- Website maintained.

#### **Contribute to:**

- IR 8.2.5 Number of hits/visits to the SERA website.

### **B. Policy Briefs**

A series of policy briefs are being prepared as part of the advocacy activities of the project. The briefs are short papers that convey urgent policy problems and outline courses of action to resolve them. They specifically target policy-makers, aiming to give them access to the latest

thinking on pertinent policy issues. Each brief begins with an assessment of a current issue, then critiques existing policies, and concludes with policy recommendations.

**Tasks Completed in Q3:**

- Reviewed Kiswahili translation of Export Ban Policy Brief.

**Tasks Planned for Q4:**

- Print Kiswahili translation of Export Ban Policy Brief.
- Compile Land Compensation Policy Brief

**Resources:**

- Nicodemus Odhiambo Marcus, Don Mitchell.
- Graphic designer.
- Translator.

**Key Partners:**

- USAID FtF personnel, public relation firm.

**Milestones:**

- Publication of Land Compensation Policy Brief. (Q4)

**Contribute to:**

- IR 8.2.4 Number of communications products produced and disseminated.

**C. Electronic Newsletter**

The SERA Project intends to consolidate its advocacy activities in the form of an electronic newsletter to inform stakeholders of what is happening at the forefront of the project. The first newsletter will be distributed in Q4 to coincide with the Food Security Workshop planned for September.

**Tasks Completed in Q3:**

- Compiled stories and features.

**Tasks Planned for Q4:**

- Circulate newsletter electronically.

**Resources:**

- Nicodemus Odhiambo Marcus.

**Key Partners:**

- USAID FtF personnel.

**Milestones:**

- Newsletter circulated and published.

**Contribute to:**

- IR 8.2.4 Number of Communications Products produced and disseminated,
- IR 8.2.5 Number of hits/visits to the SERA website.

**D. Media Relations**

The postponement of the Food Security Workshop offered the opportunity to review our initial media relations plan in a bid to ensure effective communication of our message during the forthcoming event. Beyond the assembling of a media list, which provides a list of targeted media outlets that will be used to distribute our information, the proposal will document the event planning, prepare a press release and a fact sheet, both of which are invaluable assets for reporters, thus saving them considerable legwork.

**Tasks Completed in Q3:**

- Reviewed media relations plan for forthcoming workshop

**Tasks Planned for Q4:**

- Create SERA Media Package.

**Resources:**

- Nicodemus Odhiambo Marcus.

**Key Partners:**

- Tanzania Editors Forum, IPP Media.

**Milestones:**

- SERA Media Package created. (Q4)

**Contribute to:**

- IR 8.2.4 Number of communications products produced and disseminated,
- IR 8.2.6 Number of instances SERA is mentioned in the press and social media.

**E. Media Capacity Building**

SERA visited four media organizations during the second quarter for face-to-face interviews and to assess relevant personnel. A report will be finalized in Q4 and will include detailed recommendations for a skills' development seminar during the year. The overall aim of the seminar is to create a more balanced, reliable, and in-depth coverage of agricultural policy issues on mainstream TV and radio, in printed and online newspapers and magazines, reaching decision-makers, influencers, and the wider public. A needs assessment for training and to identify potential beneficiaries is ongoing.

**Tasks Completed in Q3:**

- Not applicable.

**Tasks Planned for Q4:**

- Finalize summary report of interview findings.
- Conduct a needs assessment for the training, identifying parameters and intended beneficiaries.
- Identify potential beneficiaries.

**Resources:**

- Nicodemus Odhiambo Marcus.
- Partner organizations.

**Key Partners:**

- MAFC, Media Council of Tanzania, Tanzania Media Fund, REPOA.

**Milestones:**

- Needs assessment conducted. (Q4)
- Training seminar implemented. (Q4)

**Contribute to:**

- IR 8.2.4 Number of communications products produced and disseminated,
- IR 8.2.6 Number of instances SERA is mentioned in the press and social media.

## ACTIVITIES IMPLEMENTED IN ZANZIBAR

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### 1. Intermediate Result 2: Expanding Markets and Trade

#### A. Rice Import Policy

The SERA Project is studying the rice market in Zanzibar with special focus on imports. Rice is the main food staple in Zanzibar where 85 percent of the consumption is imported. The study examines the marketing margins between imported, whole-sale, and retail rice prices and compares them with the margins in other African countries. Data on rice import prices was collected and compared between common and high quality rice in Zanzibar and the mainland. Recent efforts have also examined consumption and the apparent smuggling of rice from Zanzibar to the mainland in response to higher prices on the mainland, and the development of the Strategic Rice Reserve being planned by the government.

**Tasks Completed in Q3:**

- Initiated study of rice imports and marketing margins in Zanzibar. Study was not completed due to difficulties encountered in obtaining data.

**Tasks Planned in Q4:**

- Complete study of rice imports in Zanzibar.

**Resources:**

- Don Mitchell, Alex Mkindi, Aneth Kayombo.

**Key Partners:**

- Zanzibar Ministry of Agriculture.

**Milestones:**

- Study on the rice market in Zanzibar completed and presented to Revolutionary Government of Zanzibar (RGoZ). (Q4)

**Contribute to:**

- IR 8.1.1 Number of policies/regulations/administrative procedures in each stage of development.

## **2. Intermediate Result 8: Improving Enabling Policy Environment for both Agriculture and Nutrition**

### **A. Zanzibar Department of Food Security and Nutrition**

In Q3 of Year 2, the SERA Project continued to work with the Food Security and Nutrition Department. Activities include the presentation of the *Phase One - Review of the Zanzibar Food Security and Nutrition Program*; facilitating the drafting of *Phase Two – Strategic Prioritization Plan*; initiating a review of FSND-TASAF supported activities; and outlining a strategy for FSND Program Monitoring and Performance Plan. These activities directly contribute toward meeting Capacity Building Action Plan Objective 1: *Improved organizational systems and internal management structure to respond to internal and external needs.*

The SERA Project conducted a two-day workshop on April 22 – 23, 2013 for 16 members of the FSND team. The workshop presented the results of the *Phase One - Review of the Zanzibar Food Security and Nutrition Program*, engaged participants in a stakeholder mapping exercise, reviewed relevant legislations, and identified key priorities for Phase Two. Participants received skills development in strategic planning and organizational prioritization. Follow-up activities and primary stakeholders were identified. The SERA Project will continue to provide primary support specifically with the Assessment of FSND-TASAF activities and in the creation of the FSND Performance Monitoring Plan.

The FAO is the leading agency providing support in four areas of the FSND Draft Strategic Prioritization Plans: the Early Warning Information System, program coordination, national and sub-national technical assistance, and the establishment of the National Grain Reserve. In Q3, SERA Project met with the FAO and discussed collaboration regarding FSND activities. SERA Project is committed to provide support on an as-needed basis. In Q4 the SERA Project will meet with the FAO representative providing support for the establishment of the National Grain Reserve to discuss areas of collaboration.

In Q3, the SERA Project began the review of FSND-TASAF supported activities. In November 2011, the newly established FSND provided TASAF with 864,147,549 Tanzanian Shillings (TSh) to support food security activities at the community level under the TASAF II Program. TASAF worked with 41 shehias<sup>1</sup> in five districts in Unguja. Subprojects included irrigation schemes, food processing, poultry keeping, and other income-generating activities. Two activities were reviewed in Q3, Food Processing in Magapwani, North B District, and Fish Processing Cooperative in Pinta na Zako A and B. Additional shehias will be targeted and reviewed in Q4, with a focus on shehias that have also received FSND capacity building support for the development of shehia food security and nutrition plans.

#### **Tasks Completed in Q3:**

- Finalized the Food Security and Nutrition Program Assessment.
- Organized and facilitated the Strategic Implementation Planning Workshop 1.
- Finalized collaboration with the FAO regarding the support for the implementation of the Draft FSND Strategic Prioritization Plan.

#### **Tasks Planned for Q4:**

- Complete FSND-TASAF activity review.
- Hold Performance Monitoring Plan Workshop in collaboration with the FtF Monitoring and Evaluation (M&E) Project.

#### **Resources:**

- Marialyce Mutchler.
- Expat STTA.
- Local STTA.

#### **Key Partners:**

- FtF M&E Project, FtF MWANZA BORA Project, Zanzibar DFSN, FAO.

#### **Milestones:**

- Strategic Prioritization Plan approved. (Q4)

#### **Contribute to:**

- IR 8.2.2 Number of institutions receiving USG assistance.
- IR 8.2.1 Number of individuals who have participated in USG support training activities.

## **PROBLEMS / CHALLENGES**

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Scheduling conflicts with key counterparts have resulted in major delays in activities. The Food Security Workshop planned for May 2013 has been delayed and will now take place at the end of the fourth quarter in September 2013.

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<sup>1</sup> Shehia is a village unit in Zanzibar.

In Q3, the SERA Project was asked to engage in several emerging policy issues presenting challenges to limited human and financial resources. As a result SERA Project will develop engagement criteria in Q4 to assist in the review and selection process of new policy opportunities.

While gains were achieved in the data accessibility, data quality and timeliness continue to be a challenge both on the mainland and in Zanzibar. This is of particular importance in reporting impact and results. In Q3, the SERA team worked closely with the FtF M&E Project to identify alternative methods for data collection and reporting.

## PLANNED ACTIVITIES

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All SERA Project components have major activities planned in Q4.

The following activities will contribute to the Food Security Workshop planned for September 2013:

- Analyze the mainland's rice import policy,
- Workshop on Food Security presented to GoT and stakeholders,
- Field trip to TASAF programs,
- Presentation of TASAF activities at the Food Security Workshop,
- Present review of NFRA at Food Security Workshop,
- Present food basket cost estimation for two regions.

Additional activities include:

- Component I: Policy and Research
  - Continue to support the seed industry and develop the case for seed tax reform,
  - Support the BoT in developing the collateral registry system,
  - Support rice import workshop hosted by PMO,
  - Complete and present the Land Compensation and Benefits Sharing Study to GoT and stakeholders,
  - Complete study of rice imports in Zanzibar.
- Component II: Individual and Institutional Capacity Building
  - Develop capacity building program for DFS,
  - Continue FSND-TASAF Activity Review,
  - Hold Performance Monitoring Plan Workshop in collaboration with the FtF M&E Project.
- Component III: Advocacy and Communications
  - Launch SERA Project website,
  - Compile Land Compensation Policy Brief,
  - Create SERA Media Package,
  - Conduct a needs assessment for the training, identifying parameters and intended beneficiaries.

## SPECIAL ISSUES

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Not applicable.

## CROSS-CUTTING ISSUES

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### 1. Gender

In Q3, the SERA Project met with the USAID Innovations in Gender Equality to Promote Household Food Security to identify possible opportunities to assess the impact of the lifting of export ban on women in the SAGCOT region. The SERA Project is developing a concept note in collaboration with the Innovation in Gender Project to identify possible partners and resources.

## FINANCIAL SUMMARY

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QUARTERLY REPORT	SERA YEAR 2 - QTR 3				Project Cumulative
	Apr-13	May-13	Jun-13	Quarter Total	
Reimbursable Costs	\$141,720	\$187,275	\$266,750	\$595,745	\$2,787,468
Fee	\$11,335	\$14,124	\$20,825	\$46,284	\$204,164
<b>Reimbursable Costs plus Fixed Fee</b>	<b>\$153,055</b>	<b>\$201,400</b>	<b>\$287,575</b>	<b>\$642,029</b>	<b>\$2,991,632</b>
<b>Contract Cumulative</b>	<b>\$2,502,658</b>	<b>\$2,704,057</b>	<b>\$2,991,632</b>		

## PERFORMANCE MANAGEMENT PLAN

**Table 1. USAID Standard Indicators and Common Indicators Targets for Life of Contract**

Indicator		FY13 Target	Quarter 1 Actual	Quarter 2 Actual	Quarter 3 Actual	Quarter 4 Actual	% Achieved
IR 4.5.2-36 Value of exports of targeted agricultural commodities as a result of USG assistance.	Maize			N/A			
	Rice			N/A			
IR 4.5.2-30 IR 3.1.1. Number of MSMEs, including farmers, receiving USG assistance to access loans.	Medium	0					
	Small	0					
	Micro	0					
IR 4.5.1-24 IR 8.1.1. Number of policies/regulations/administrative procedures in each of the following stages of development							
	• Stage 1: Analyzed	1		1	3		400%
	• Stage 2: Drafted and presented for public/stakeholder consultation	2			1		
	• Stage 3: Presented for legislation decree	3			1		
	• Stage 4: Passed/ approved	4					
	• Stage 5: Passes for which implementation had begun	3					

**Table 2. Project/Custom Level Indicators Targets for Life of Contract**

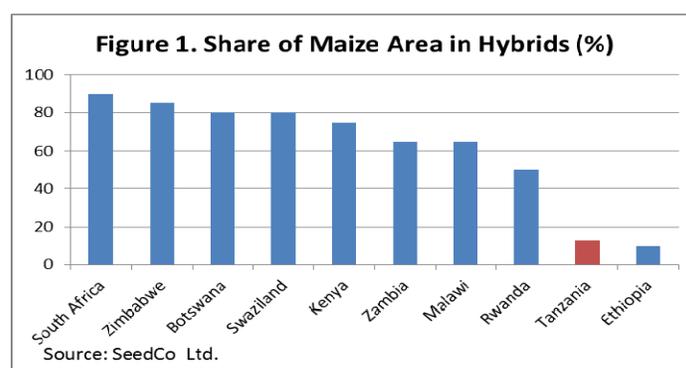
Indicator		FY13 Target	Quarter 1 Actual	Quarter 2 Actual	Quarter 3 Actual	Quarter 4 Actual	% Achieved
IR 8.2.1. Number of individuals who have participated in USG support training activities	Continued	400	1	1	2		5.25%
	New			1	16		
IR 8.2.2. Number of institutions receiving USG assistance	Continued	3	2		1		366%
	New		6	1	1		
IR. 8.2.3. Number of Policy Seminars conducted		3	0	0	0		
IR. 8.2.4. Number of Communications Products		3	1	1	0		67%
IR. 8.2.5. Number of hits/visits to the SERA website.		2,000	NA	NA	NA		
IR. 8.2.6. Total number of SERA mentions in the press and social media.		12	0	0	0		
IR 8.1.1.1. Number of research outputs		2	1	0	0		50%
IR. 8.1.3.2. Volume of improved seed available in domestic market		0	*	*	*	*	

\*Data tracked annually

**ANNEX 1: REPORT – PROPOSED SEED TAX REFORMS IN TANZANIA, MAY 8, 2013<sup>2</sup>**

The Government of Tanzania and the Group of 8 (G8) member countries committed to the “New Alliance for Food Security and Nutrition” in Washington DC in May 2011,<sup>3</sup> and agreed to work together to generate greater private investments in Tanzanian agriculture. The G8 members committed to provide support within the agricultural sector on high-priority investments to address the underlying causes of food insecurity, and the Government of Tanzania committed to key policy changes including reducing or lifting taxes on seeds and seed packaging material by July 2013. This commitment is also reflected in the draft National Agricultural Policy of February 2013 which identifies the low use of quality seeds as one of the main challenges facing the development of agriculture and calls for reforms of taxation in order to increase profitability and investment in the sector.<sup>4</sup> President Kikwete affirmed his commitment to the sector at the G8 meetings, saying that he wanted to modernize Tanzania’s agricultural sector to lift millions of his countrymen out of poverty.<sup>5</sup> Improved seeds are a vital part of that modernization.

Farming starts with seeds and Tanzania has a shortage of improved seeds. Only 15 percent of cropland in Tanzania is planted with improved seeds according to the Ministry of Agriculture, Food Security and Cooperatives<sup>6</sup>, while the rest is planted with seeds retained by farmers from their previous harvest. This percentage of improved seeds is among the lowest in the region (Figure 1) and partly accounts for Tanzania’s low maize yields which averaged 1.2 tons per hectare from 2005 to 2010, compared to 2.2 tons per hectare in Zambia and 4.0 tons in South Africa according to the Food and Agriculture Organization (FAO) (2013).<sup>7</sup> When improved seeds are not available or affordable, farmers plant seeds from their previous harvest, but such seeds have lower germination rates and lower genetic potential than seeds of improved varieties produced in accordance with best seed production practices.



<sup>2</sup> Prepared by the USAID Feed the Future SERA Policy Project; report dated May 8, 2013.

<sup>3</sup> G8 Cooperation Framework to Support The “New Alliance for Food Security and Nutrition” in Tanzania.

<sup>4</sup> United Republic of Tanzania, Ministry of Agriculture Food Security and Cooperatives, National Agricultural Policy, Draft, February 2013.

<sup>5</sup> The Citizen on Sunday, *JK: Assist Africa’s agro-transformation*, 3 June 2012.

<sup>6</sup> Ministry of Agriculture, Food Security and Cooperatives, *Development of Viable and Sustainable Agricultural Input Delivery System in Tanzania*, 6-7 September, 2012, Conference on Accelerating Agricultural Transformation in Tanzania through Partnership.

<sup>7</sup> FAOSTAT online database, accessed on May 3, 2013 at [www.fao.org](http://www.fao.org)

Reducing taxes on seeds and seed packaging materials will reduce the cost of producing and delivering quality seeds to Tanzanian farmers. That will contribute to the modernization of agriculture and support the Government's objectives of supporting Kilimo Kwanza and encouraging investments in the Southern Agricultural Growth Corridor (SAGCOT). Tanzania has an ideal climate for seed production in the Kilimanjaro area due to the high mountain altitude, cool nights, and warm sunny days and that has attracted world-class companies such as Rijk Zwaan, Kibo Seeds, Rotian, Pannar, and others. Yet, half of the improved seeds in Tanzania are imported. More favorable tax treatment of seeds and seed packaging materials will encourage more rapid development of a local seed industry to meet national demand and increase exports within the region. The dairy industry has already received such favorable tax treatment on packaging imported for dairy products and the essential nature of improved seeds to all crop production makes similar favorable treatment essential. Many other countries in the region also have more favorable tax treatment of seeds and agriculture and that has been reflected in more rapid production increases and expanded use of improved seeds. For example, Zambia, which has more than 60 percent of maize cropland planted to hybrids, has exempted seeds from value added taxes (VAT) under the First Schedule under Food and Agriculture and there is no local crop produce cess in Zambia. The corporate income tax for agriculture is also more favorable at ten (10) percent compared to 30 percent in Tanzania.

Maize is the basic staple food crop in Tanzania, and it accounts for 40 percent of calories in the typical diet. Higher maize yields would raise farmers' incomes and increase marketed surpluses for both the domestic and export market. Evidence of the yield gains from improved seeds are readily available from local farmers and local and international researchers. According to farmers in Arusha, a hybrid maize seed produced by Kibo Seed Company produced 25-30 bags per hectare compared to the national average of 12 bags per hectare.<sup>8</sup> Research conducted by the International Maize and Wheat Improvement Center (CIMMYT) concluded that planting of improved open pollinated varieties (OPVs) of maize seed in Tanzania would increase yields by as much as 20 percent compared to farmer-held seeds, while planting of hybrid maize seeds would increase yields by more than 30 percent compared to farmer-held seeds even without an increase in other inputs. Additional gains are possible with recently developed drought tolerant varieties of maize which are expected to increase yields by an additional 20-30 percent compared to hybrids seeds that are not selected for drought tolerance.<sup>9</sup> Improved seeds can also be bred with insect and pest resistance to reduce field and storage losses. Such improved seeds could transform agriculture and help lift Tanzanians out of poverty.

Vegetables are an important part of the diet in Tanzania, adding vital nutrients as well as diversity. They are also an important source of cash income for many smallholders, and they have become an important export for Tanzania.<sup>10</sup> According to the Tanzania Horticultural Association, exports have been growing by eight (8) to eleven (11) percent per year and have foreign income earnings of United States dollars (US\$) 350 million annually.<sup>11</sup> Most of the seeds

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<sup>8</sup> The Citizen, *Farmers impressed by improved maize seeds*, 1 October 2012.

<sup>9</sup> La Rovere, Roberto, et al., *Potential impact of investments in drought tolerant maize in Africa*, CIMMYT, Addis Ababa, Ethiopia, 2010.

<sup>10</sup> Porter, Michael, *High-Value Vegetables in Tanzania – The Seeds of a Competitive Cluster*, 2010.

<sup>11</sup> The Citizen, *Why TZ needs to embrace horticulture, allied industries*, 10 January 2013.

used by smallholders are produced locally while most of the seed for horticulture grown for export are imported from Kenya, South Africa, and Europe. Improved seeds in high quality packaging (aluminum foil or cans) are imported by a number of local companies, and when seeds are imported already packaged there are no duties or VAT on the packaging. However, when the seeds are grown and packaged locally, the packaging material is charged duties and VAT. This gives a substantial advantage to imported seeds already packaged and creates a significant disadvantage to local companies producing and packaging improved seeds in Tanzania since the packaging material often comprises as much as half of the final selling price of vegetable seeds.

Fake seeds are a huge problem in Tanzania<sup>12</sup> and account for an estimated 25 percent of all seeds sold.<sup>13</sup> They deprive farmers of the higher yields expected when they purchase improved seeds, and they discourage farmers from investing in new technologies. The problem was especially acute in the Southern Highlands of Tanzania in the 2011/12 season when counterfeit maize seeds were widely sold.<sup>14</sup> The counterfeit seeds are often packaged in “look-alike” bags of reputable seed companies. Improved packaging would make it more difficult for counterfeit seeds to be sold in “look-alike” bags, and lower taxes and duties on imported seed packaging materials would also make it less costly for reputable companies to use higher quality packaging materials.

### **Seed Taxes and Duties**

The low use of improved seeds in Tanzania is partly due to high taxes and duties on packaging materials which raises seed prices and discourages investment in seed production. These taxes and duties include a 25 percent import duty and an 18 percent VAT on most packaging material, and an additional 50 percent excise duty on jute bags used for maize seed packaging and handling. Locally produced seeds also incur the municipal crop produce cess of three (3) to five (5) percent when they are transported from growing areas to central locations for certification, preparation, and packaging even though they are agricultural inputs rather than produce and should be exempt from the crop produce cess. Imported seeds transported from the port to seed company facilities are also often taxed a local crop cess even though they are not locally produced.

Eliminating duties and taxes on seed packaging material, exempting seed from the crop produce cess, and clarifying regulations on the VAT on seeds would encourage local production and greater use of improved seeds. That would also allow Tanzania to meet the commitment made at the G8 meeting in Washington DC in 2011, the commitment to reduce or lift taxes on seeds and seed packaging materials. This would require three changes to existing regulations. First, seed packaging materials used for domestic use or export should be imported duty-free, VAT exempt, and free of any excise duty. Second, seeds should be exempt from the crop produce cess when accompanied by the seed movement permit (as specified in the Seed Act of

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<sup>12</sup> Guardian, May 3, 2013, Expert cries foul over advent of fake seeds.

<sup>13</sup> Fintrac, May 10, 2013, based on interviews with TOSCI and MAFC.

<sup>14</sup> SERA Policy Project Field Trip Report to the Southern Highlands, November 5-10, 2012.

2003) and the Local Government Finance Act, 1982 as amended in 2003 should specifically state that seeds for sowing are exempt from the local crop produce cess. Third, the VAT treatment of seeds should be clarified by exempting seeds specifically prepared for sowing from VAT because they are an agricultural input.

**ITEM 1: Exempt seed packaging materials from import duty, VAT and excise duty.**

Documentation of Taxes, Duties and Fees Charged on Seed Packaging Materials:

- Invoice 1: 18 percent VAT and 50 percent Excise Duty on Imported Bags from Zambia by PANNAR SEEDS TANZANIA, 30 January 2012.

*Note: Invoice sample originally provided in the report has been removed in the quarterly report due to file size constraints*

- Invoice 2: 25 percent Import Duty on bags imported by POP VRIEND (T) Ltd from POP VRIEND NETHERLANDS 19 January 2012.

*Note: Invoice sample originally provided in the report has been removed in the quarterly report due to file size constraints*

**ITEM 2: Request change to THE LOCAL GOVERNMENT FINANCES ACT, 1982 (the Principal Act) as amended No. 15 of 2003, PART X Amendment of the Local Government Finances Act, 1982.**

Since seeds for sowing are an input used for agricultural production and not an agricultural produce for consumption, they should not be charged the produced cess. Therefore, we request a change to Part X of Amendment No. 15 of 2003 of the Local Government Finances Act, 1982 to add the wording for “cess on seeds for sowing” under item 37.

- No. 15 of 2003, PART X Amendment of the Local Government Finances Act, 1982

37. The Principal Act is amended by adding Schedule immediately after section 67 as follow

	Service, Matter or Act	Areas, services, matters or acts which a local government authority shall not impose rate charges, levies, fees or duties
1.	Produce Cess on buyers: (a) Crop cess– cap 5% of farm gate price	<ul style="list-style-type: none"> <li>• a cess in excess of 5%</li> <li>• cess on sellers</li> <li>• cess on timber products, e.g. furniture and the like</li> </ul>

**Proposed Revision to (in red):**

No. 15 of 2003, PART X Amendment of the Local Government Finances Act, 1982

37. The Principal Act is amended by adding Schedule immediately after section 67 as follow

	Service, Matter or Act	Areas, services, matters or acts which a local government authority shall not impose rate charges, levies, fees or duties
1.	Produce Cess on buyers: (b) Crop cess– cap 5% of farm gate price	<ul style="list-style-type: none"> <li>• a cess in excess of 5%</li> <li>• cess on sellers</li> <li>• <i>cess on seeds for sowing when accompanied by the seed movement permit</i></li> <li>• cess on timber products, e.g. furniture and the like</li> </ul>

**ITEM 3: Request change to the SECOND SCHEDULE (Section 10) EXEMPT SUPPLIES AND IMPORTS of THE VALUE ADDED TAX ACT, REVISED EDITION 2006.**

Seeds are VAT exempt under item 1 of the SECOND SCHEDULE as an unprocessed agricultural product. However, they are an agricultural input and should be exempt under item 2 as a product which is necessary for use in agricultural purposes. Therefore we request a change to the VALUE ADDED TAX ACT to clarify that seeds are exempt as an agricultural input under section 2.

- THE VALUE ADDED TAX ACT, REVISED EDITION 2006, page 32:

1. Food, crops and livestock supplies

(5) Unprocessed agricultural products – edible vegetables, fruits, nuts, bulbs and tubers, maize, wheat and other cereals, meal flour, tobacco, cashews nuts, coffee, tea, pyrethrum, cotton, sisal, sugarcane, seeds and plants thereof.

2. Pesticides, fertilizers, etc.

The supply of fertilizers, pesticides, insecticides, fungicides, rodenticides, herbicides, anti-sprouting products, and plant growth regulations, and similar products which are necessary for use in agricultural purposes.

**Proposed Revision to (in red):**

THE VALUE ADDED TAX ACT, REVISED EDITION 2006, page 32:

2. Pesticides, fertilizers, **seeds**, etc.

The supply of fertilizers, **seeds**, pesticides, insecticides, fungicides, rodenticides, herbicides, anti-sprouting products, and plant growth regulations, and similar products which are necessary for use in agricultural purposes.

## **ANNEX 2: TANZANIA RICE PRICES AND IMPORT POLICY ANALYSIS, April 12, 2013**

### **Conclusions**

The rice price data collected by the Ministry of Industry and Trade (MIT), National Bureau of Statistics (NBS), and East Africa Grains Council (EAGC) appears to accurately reflect market conditions. It is internally consistent and highly correlated with prices collected by the private sector. However, this data lacks details on rice variety, quality, and volumes sold at various prices.

The decision of the government to invite rice import appears justified based on reported shortages in ten (10) regions, and sustained high prices during 2012. The private sector was not consulted in the import decision, and doing so may have resulted in their withholding of stocks to drive up prices and then selling just prior to the announcement or arrival of imports. However, the government's decision to allow imports duty-free does not appear justified based on potential import profitability.

Rice prices declined sharply following the government's notice of intention to import, but this likely reflected selling by domestic stockholders rather than the impact of the 29,200 tons of actual imports in a market with an estimated production of 1.35 million tons per year. Seasonal prices historically peak in March-April and the notice to import caused them to peak in January, and the arrival of imports in March will accelerate the seasonal decline in prices.

In the future, the government could avoid disrupting the market by following a rules-based system such as announcing intentions to encourage imports if the price differential between domestic and international prices reaches a certain level, or simply by making import permits freely available and allowing the private sector to decide when to import given market prices and the import tariff.

### **Recommendations**

While prices collected by the government appear to accurately reflect overall conditions in the mainland rice market, they do not capture quality or variety differences and such additional information would be useful to the government and private sector. It is recommended that the collection of rice prices include additional details on these factors and the volumes of rice traded at different prices.

The government's decision to allow imports at zero-duty disrupted the rice market and caused rice prices to fall sharply. A smaller reduction in the import tariff would have probably resulted in increased imports without such a market disruption and price decline. A more transparent policy, such as a rules-based system, that targeted rice prices in the domestic and international markets should be developed by the Ministry of Agriculture, Food Security and Cooperatives (MAFC) and communicated to the private sector in order to prevent such disruptions in the future.

The private sector was critical of the government's decision to allow rice imports and argued that the prices used by the government did not reflect actual market conditions. This does not appear to be the case, but the private sector could provide a useful service to the government and all market participants by regularly publishing their price survey on their website.

### **Analysis**

The Ministry of Agriculture, Food Security and Cooperatives (MAFC) released a public notice on December 27, 2012 inviting the private sector to apply to import 60,000 metric tons (Mt) of rice by March 30, 2013 to address food shortages and rising prices. Price restrictions required the importers to distribute the rice at a wholesale price not exceeding 1,300 Tanzanian Shillings (TSh) per kilogram, a sub-wholesale price not exceeding 1,400 TSh per kilogram and a retail price not exceeding 1,700 TSh per kilogram. Nearly 70 firms applied for permits to import rice at the zero-duty and nine (9) were selected. By March 30, 29,200 metric tons of rice had been imported according to the MAFC<sup>15</sup>. Rice prices dropped sharply in response to the notice and subsequent imports, but the decline was probably due more to the increased sales of stored domestic rice in anticipation of price declines rather than to the imports.

The decision to import followed a steady increase in rice prices over the previous year and average prices in 2012 that were 40-50 percent higher than in 2011 according to government and private sector data. The MAFC's decision to import led to protests from the private sector and questions about both the policy decision process and the quality of the rice price data used in making the import decision. The SERA Project was therefore asked to examine the rice market and rice prices collected by the various government agencies, regional organizations, and the private sector in an effort to verify the validity of rice price data from various sources and the price impact of the import decision. This analysis will also examine the import decision, its timeline and impact on the rice market, and policy alternatives that would have been more transparent and less disruptive to the market. The analysis begins with a description of the rice sector followed by a review of domestic and international rice prices.

### **Tanzania Rice Sector**

Rice is the third most important food crop in mainland Tanzania, after maize and cassava, and accounts for about 20 percent of total cereal consumption. Rice is consumed primarily by the higher income groups and accounted for 17 percent of calories among the highest income quintile compared to only three (3) percent among the lowest income quintile according to the 2007 National Panel Survey. Production grew by 7.3 percent per annum from 2001 to 2011, and totals about 1.35 million tons according to official estimates. Imports face a 75 percent tariff on the mainland<sup>16</sup> as well as an import permit requirement, and thus legal imports are limited. In Zanzibar, rice is the main food staple, with only 15 percent domestically produced while the rest is imported. The tariff on imports in Zanzibar is 12.5 percent, but because of the method of calculation, the effective tariff is about three (3) percent. This tariff differential reportedly leads to significant smuggling of rice from Zanzibar to the mainland on dhows, and imported rice

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<sup>15</sup> Personal communications with Director of Food Security, MAFC on April 5, 2013.

<sup>16</sup> The 75 percent import tariff is the Common External Tariff of the East Africa Community.

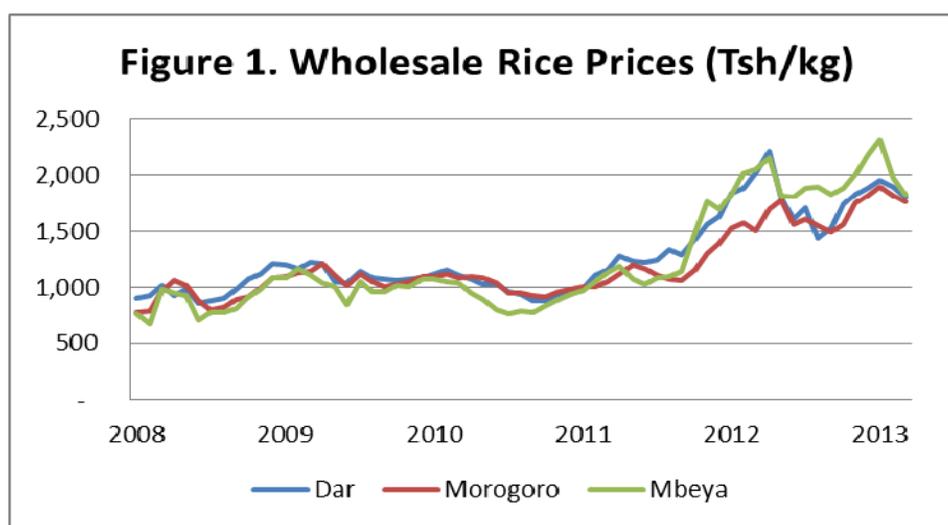
from Pakistan and other origins, is readily available in Dar es Salaam markets. Prices of imported rice are much lower in Zanzibar than in Dar es Salaam, with Pakistan rice selling for 1,000 TSh/kg during October-December 2012 in Zanzibar and 1,600 TSh/kg in Dar es Salaam based on a SERA market reviews at that time. Tanzania’s rice imports totaled 67,945 tons in 2011 according to major rice exporters, while Tanzanian customs reported imports of 32,884 tons according to data from COMTRADE. However, imports into Zanzibar and the mainland are not individually reported.

### Domestic Rice Prices

There are several sources of rice price data for mainland Tanzania and Zanzibar, including:

- Ministry of Industry and Trade: monthly wholesale prices for 21 regional markets.
- National Bureau of Statistics: monthly retail rice prices for 21 regional markets.
- East Africa Grains Council: monthly wholesale rice prices for about 10 markets.
- Zanzibar Office of Chief Government Statistician: monthly retail rice prices for Zanzibar.
- Private sector: weekly and monthly wholesale rice prices for selected markets.

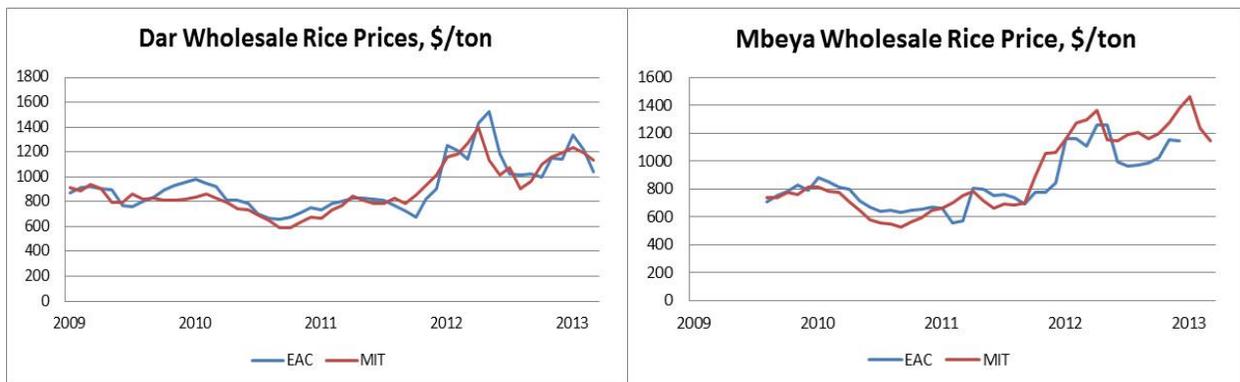
The Ministry of Industry and Trade (MIT) collects average monthly wholesale rice prices at the regional level using agricultural extension officers, livestock extension officers, or other local government officers to collect prices from local markets.<sup>17</sup> Wholesale prices are collected three times per week (Monday, Wednesday, and Friday) for 21 regions and sent by mobile phone to the Ministry in Dar es Salaam for computer entry. The Ministry also collects retail prices twice per month, but the data is often incomplete and not included in this review of prices. Figure 1 shows the monthly MIT wholesale rice prices (TSh/kg) for selected markets (Dar es Salaam, Morogoro, and Mbeya) from January 2008 to March 2013. The data is largely complete with few gaps, and appears internally consistent based on the expected movement of prices between various regions. According to this data, the Dar es Salaam wholesale price peaked in January 2013 at 1,954 TSh/kg and declined by about seven (7) percent to 1,810 TSh/kg in March.



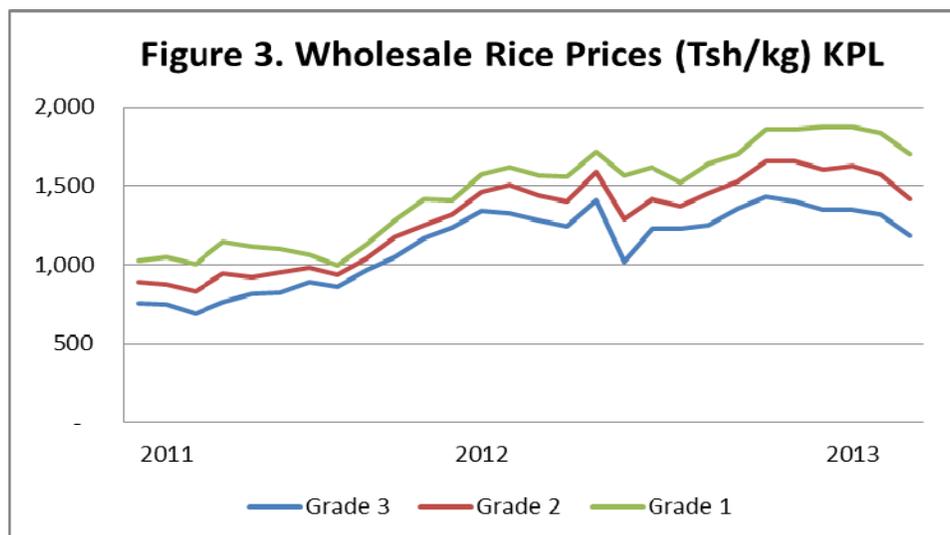
<sup>17</sup> Based on interview with Odilo Majengo, Director Trade Promotion & Marketing, Ministry of Industry and Trade.

The East Africa Grains Council also collects monthly average wholesale rice prices using paid numerators from about ten (10) markets and reports prices in both TSh and US\$.<sup>18</sup> The EAGC's prices are compared to MIT's prices in Figure 2 for Dar es Salaam and Mbeya in US\$ per ton. The comparison shows general correspondence and no consistent difference in average prices, with the EAGC prices an average of three (3) percent higher than MIT prices in Dar es Salaam and four (4) percent lower in Mbeya. The MIT data is more complete with data for more regions and fewer gaps. According to the EAGC data, wholesale prices in Dar es Salaam peaked in January 2013 at US\$1,337 per ton and declined 22 percent by March to \$1,042 ton.

**Figure 2. Comparison of EAGC and MIT wholesale rice prices, \$/ton, 2009-2013**

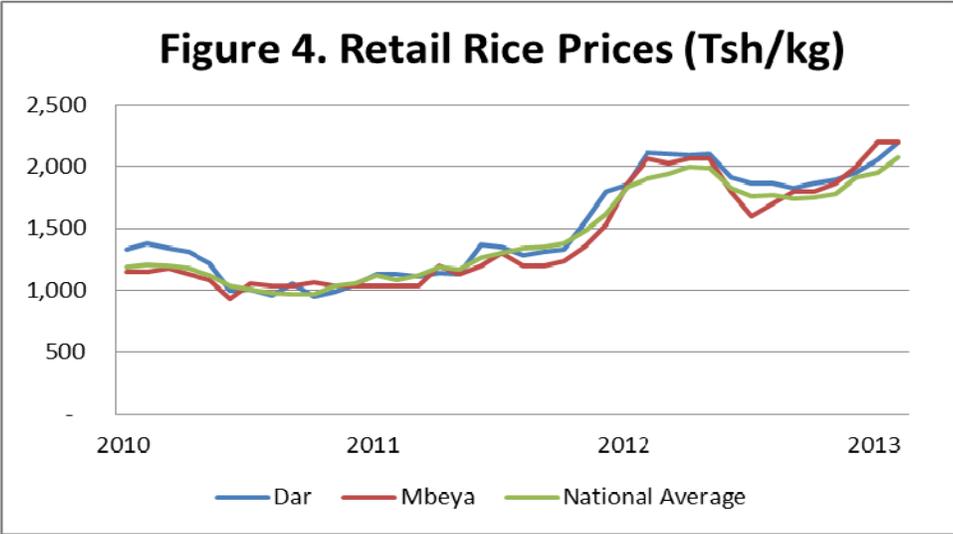


Wholesale prices are also collected by private sector rice producer Kilombero Plantations Limited (KPL) for grades 1, 2, and 3 for selected markets and are shown in Figure 3 for Dar es Salaam. According to KPL, prices peaked between October and December and declined by nine (9) percent, 14 percent, and 17 percent respectively for grades 1, 2 and 3 by March 2013.



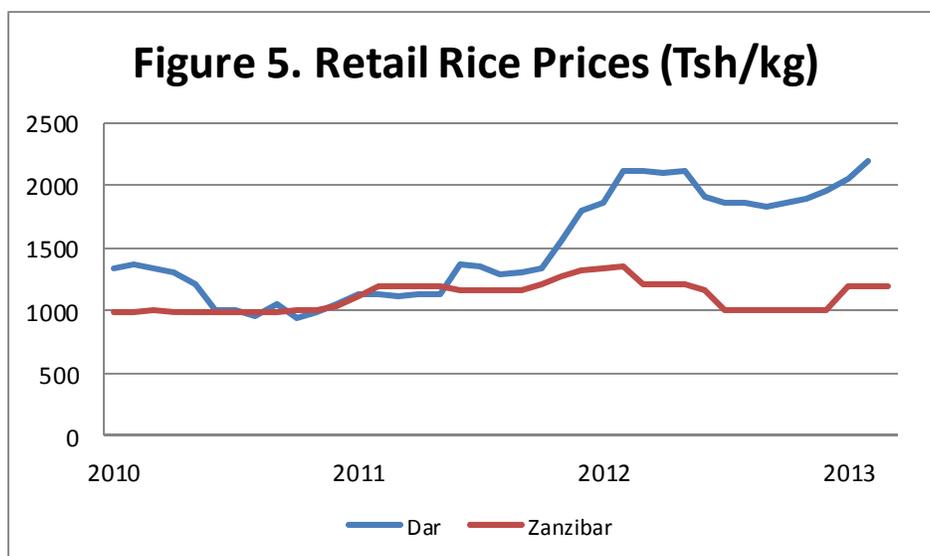
<sup>18</sup> Based on discussions with former EAGC official.

Retail rice prices are collected by the National Bureau of Statistics on a monthly basis for 21 regions by NBS staff in each region.<sup>19</sup> The prices are collected only in the regional headquarters city and not in rural areas or smaller cities. Prices are collected in the first two weeks of the month from three different shops/markets and target the most common variety of rice in each region. The data is submitted to NBS offices in Dar es Salaam and is used to calculate the monthly consumer price index. Figure 4 shows retail rice prices for Dar es Salaam, Mbeya, and the National Average from December 2010 to February 2013. The retail prices appear to lag wholesale prices by at least a month, and according to NBS data, retail rice prices were still rising through March 2013.



Monthly retail rice prices are collected by the Zanzibar Office of Chief Government Statistician and are shown in Figure 5 compared to retail prices in Dar es Salaam. They provide a useful comparator for mainland prices because the private sector is allowed to import freely at near-zero import duties in Zanzibar and their imports better reflect world market conditions. The retail price in Zanzibar was confirmed by SERA to be 1,000 TSh/kg during October-December 2012 for imported (mapende) rice from Pakistan. The fob price of imported rice from Pakistan five (5) percent broken averaged \$430/ton during that period. The freight, port, and three (3) percent duty charges totaled about \$95/ton for a landed warehouse wholesale price of \$525/ton. The retail price of 1,000/kg was equivalent to \$625/ton and the wholesale landed to retail margin of \$100/ton. The comparable calculation for Dar es Salaam would give an imported price of \$936/ton after an import duty of 75 percent while the retail price was 1,600/kg (\$1,000/ton) which gives a wholesale landed to retail margin of \$64/ton—not large enough to encourage significant imports.

<sup>19</sup> Based on interview with Ruth Minja of NBS on April 3, 2013.



### Rice Price Correlations and Comparisons

In order to further examine the consistency of rice prices collected by various government agencies and the private sector, the correlation matrix of rice prices is shown in Table 1 and the levels of rice prices and increases over selected periods are compared in Table 2. Prices are seen to be highly correlated for MIT, NBS, EAGC and KPL, but those prices have low correlation with prices in Zanzibar. Table 2 compares average rice prices from the various sources as well as the increase in prices over calendar years. It shows that KPL prices are generally lower than MIT or EAGC prices, but the increases were similar. Retail prices from NBS showed an increase of 50 percent in 2012 compared to 2011, while KPL prices increased 43-46 percent, and MIT prices increased 39 percent. The consumer price index increased 16 percent in 2012 compared to 2011.

**Table 1. Correlation Matrix of Rice Prices, January 2011 – February 2013**

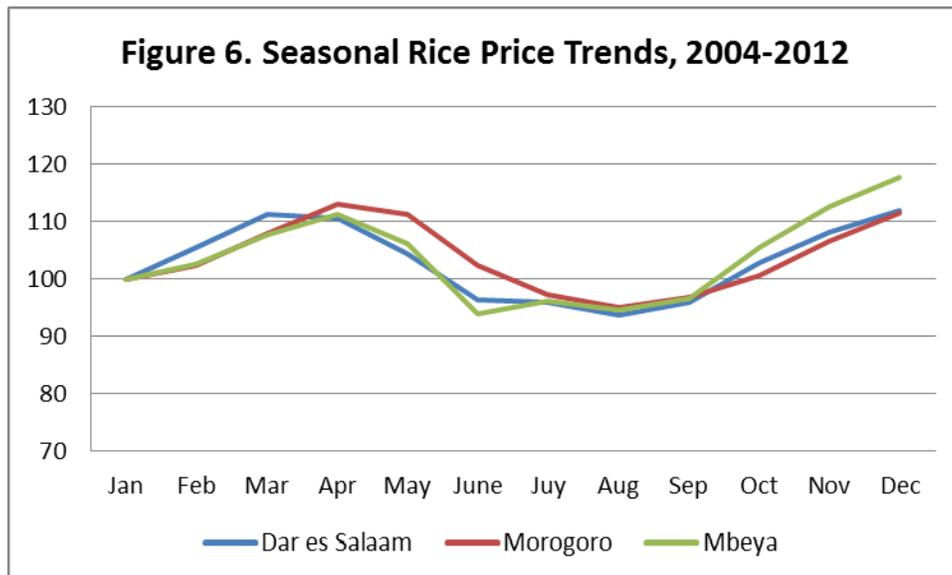
	MIT	NBS	EAGC	Zanzibar	KPL g1	KPL g2	KPL g3
MIT	1.00						
NBS	0.92	1.00					
EAGC	0.88	0.90	1.00				
Zanzibar	0.07	-0.05	0.07	1.00			
KPL g1	0.85	0.88	0.76	-0.26	1.00		
KPL g2	0.87	0.89	0.73	-0.21	0.98	1.00	
KPL g3	0.84	0.85	0.65	-0.16	0.93	0.98	1.00

**Table 2. Comparison of Rice Prices (TSh/kg)**

	Average Price			Increase (%)		
	2010	2011	2012	2011 vs. 2010	2012 vs. 2011	2012 vs. 2010
<b>Retail</b>						
Dar es Salaam NBS	1,131	1,304	1,956	15	50	73
Zanzibar	991	1,198	1,136	21	(5)	15
<b>Wholesale</b>						
MIT	1,010	1,288	1,789	28	39	77
EAGC	1,112	1,240	n.a.	12		
KPL Grade 1	n.a.	1,156	1,669		44	
KPL Grade 2	n.a.	1,020	1,490		46	
KPL Grade 3	n.a.	910	1,298		43	
KPL Avg. 1-3	n.a.	1,029	1,486		44	
Consumer Price Index (CPI)	150.8	169.9	197.1	13	16	31
Retail-Wholesale Margin (%)	12	1	9			
<b>Price Differences</b>						
EAGC vs. MIT	102	(48)	n.a.			
KPL 1 vs. MIT	n.a.	(132)	(120)			
KPL 2 vs. MIT	n.a.	(268)	(299)			
KPL 3 vs. MIT	n.a.	(378)	(491)			

**Seasonal Trends in Rice Prices**

An additional important dimension of rice prices is their seasonal trends. This reflects the cycle of prices from harvest lows to end-of-season highs. Wholesale rice prices have a seasonal trend with prices reaching a peak in March-April and then declining as harvest begins (Figure 6). Prices continue to fall until July-August, and then begin to rise in September and continuing to rise through March-April. The trend is nearly identical for Dar es Salaam and Mbeya, but lags by about one (1) month for Morogoro.

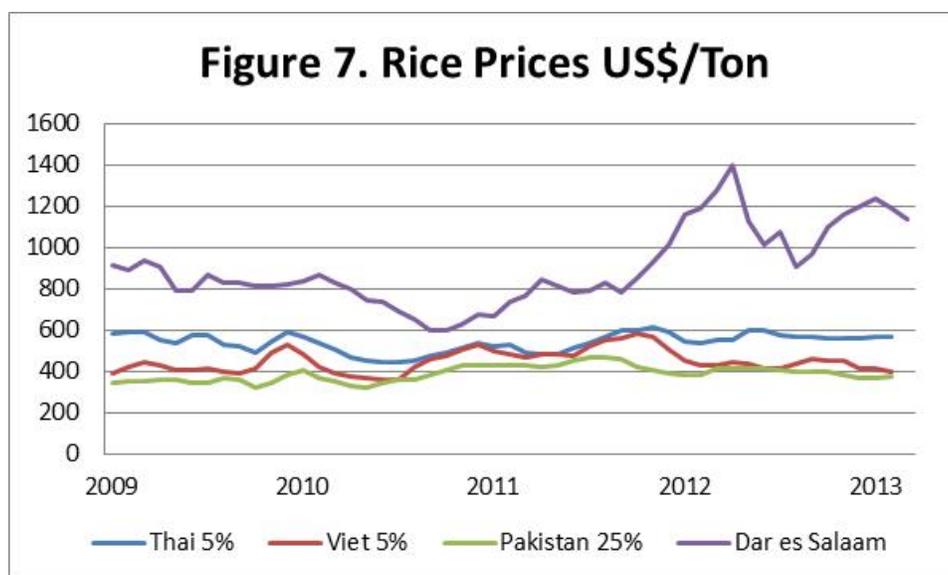


In conclusion, the analysis of Tanzanian rice prices show:

- There is a high correlation between rice prices from the various sources which suggest the data is being accurately collected and reported.
- Consistent differences in the level of prices are observed which suggest that different grades of rice are being collected.
- Mainland Tanzania rice prices increased by 39-50 percent during 2012 compared to 2011, while prices in Zanzibar fell by five (5) percent.
- Strong seasonal trends exist in mainland rice prices, with prices reaching a peak in March-April and a low in July-August.

### International Rice Prices

Thailand and Vietnam are the world's largest exporters, with 25 and 20 percent shares, respectively of world exports during 2009-2012, while Pakistan had a ten (10) percent share and is traditionally the lowest priced exporter of common rice. Figure 7 shows fob prices for major exporters versus the Dar es Salaam wholesale price expressed in US\$/ton. As shown, wholesale rice prices in Dar es Salaam are consistently higher than international prices and the margins widened substantially in 2012.



### Import Profit Potential

A differential is expected between international and domestic prices because of ocean freight, port charges, and the 75 percent import duty imposed by mainland Tanzania. The differential during October-December 2012 was apparently not large enough to encourage imports and partly explains why the government decided to invite the private sector to import duty free. However, the decision to allow imports at zero-duty does not appear to have been justified based on the market situation during October-December and led to sharp price declines. For example, the landed warehouse price of Pakistan rice was approximately US\$510/ton, and with the import duty of 75 percent would have had a landed warehouse price of US\$893/ton and a selling price of US\$1,000/ton for a profit margin of US\$108 dollars (Table 3). That compares

with a profit margin of US\$100/ton in Zanzibar, and should have been sufficient to encourage some imports. When the import tariff was reduced to zero, the expected profit from imports was US\$490/ton which seems excessive and may explain why almost 70 firms responded to the notice by the MAFC to import. A reduction of tariff to 50 percent as shown in Table 3 would probably have been sufficient to encourage imports based on prevailing market prices and been less disruptive to the market. However, market prices quickly fell following the notice to allow duty-free imports where prices in the Tandika market in Dar es Salaam fell to 1,060/kg (US\$660/ton) according to a SERA survey in early April which would have reduced the profit margin to near zero. It is difficult to know how much prices would have declined if the import duty had been reduced to 50 percent instead of zero.

**Table 3. Rice Import Profit Potential, October-December 2012 (\$/ton)**

Pakistan Fob Price	Landed Dar es Salaam Price	Import Tariff (%)	Price Warehouse	Retail Price	Profit Margin
430	510	75	893	1,000	108
430	510	50	765	1,000	235
430	510	25	638	1,000	363
430	510	0	510	1,000	490

### Government Import Decision

The decision to import rice was based on an analysis of rice prices from the Ministry of Industry and Trade, and the East Africa Grains Council, and on reports of rice shortages in ten (10) regions according to the Director of Food Security, MAFC. The decision has been questioned because the prices were thought to not reflect market conditions, but the SERA Project analysis did not find evidence to support that view. Further, the same conclusion would have been reached using any of the price series available because all prices were sharply higher in 2012. The Director of Food Security reported that the government applied for and received an exemption from the East Africa Community to lower the import duty, and government officials, including the Prime Minister's Office and the cabinet, were informed of the decision to import. The notice of imports and the subsequent imports was apparently not expected by the private sector and that may have been why prices dropped sharply after private stockholders decided to sell in anticipation of price declines. It is unlikely that the actual imports of 29,200 tons could have had a significant effect on market prices since it represents less than about two (2) percent of total annual sales.

The private sector should not expect the government to announce its decision to encourage imports of rice to producers or traders because that could encourage them to hold stocks in anticipation of price increases without concern that the government might encourage imports. And, that would lead to further price increases. The government decision to import would be less disruptive to the market if a more transparent rules based system was used. This could be easily done by announcing the conditions under which the government would encourage imports or by allowing the private sector to import freely without requiring an import permit. The government's decision to allow duty-free imports does not appear justified based on the profit potential that existed.

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UNCTAD, Comtrade Database, accessed April 2013.

**ANNEX 3: LIST OF PARTICIPANTS - ZANZIBAR FOOD SECURITY NUTRITION WORKSHOP, APRIL 22-23, 2013**

	Name
1	Mansura Kassim
2	Maimuna M. Makame
3	Ali M. Omar
4	Matthias Miti
5	Seime M. Seif
6	Tamina Abdalla Salim
7	Haji Mussa Haji
8	Hassan Nadlif
9	Suleiman Atik Suleiman
10	Hadaya Ali Abdalla
11	Salin A. Rashid
12	Mtoro Khamis Johari
13	Muhiddin Hgwali
14	Mohammed A. Abdalla
15	Mzee Rajab Khatib

## ANNEX 4: ZANZIBAR FOOD SECURITY AND NUTRITION DEPARTMENT - DRAFT STRATEGIC PRIORITIZATION PLAN

The USAID-Tanzania SERA Project assists both the Government of the Republic of Tanzania and the private sector in enabling a broad-based, sustainable transformation of the agricultural sector through policy reform. The project focuses on current policies and the regulatory environment for agriculture – from the transactional “hot” topics to the needed strategic foundational changes – building capacity of local institutions to lead informed dialogue on policy and regulatory issues in the agriculture sector and advocate for the necessary changes.

Working with the Revolutionary Government of Zanzibar (RGoZ), the USAID-Tanzania SERA Project assisted with reviewing the implementation of the Food Security and Nutrition Program (the Program). This program review included an assessment of the activities undertaken in the name of the program, a stakeholder analysis of the Food Security and Nutrition Department (FSND), and provided recommendations for the prioritization and implementation of Phase Two (2013-2018) under the mandate of the Food Security and Nutrition (FSN) Act of 2011 (the Act).

In April 2013, SERA Project facilitated a workshop in Zanzibar with FSND staff to present this program review and stakeholder analysis. After this review, workshop participants discussed these findings and through discussions identified key priorities and actions the Department can undertake in the future to accomplish these priorities. As a result, the Department has a plan moving forward that allows them to maximize the limited human and financial resources available to the Department to implement its mandate as outlined in the Act.

### Results from Program Review

In support of this program review, USAID SERA Project interviewed more than 25 RGoZ stakeholders and asked a variety of questions about their actions, level of knowledge of food security and nutrition, and level of knowledge of FSND. As a result, USAID SERA was able to present the findings to the FSND workshop participants and facilitate discussions about what this means for the Department moving forward.

As a result of these stakeholder interviews and review of data available, USAID SERA Project found these key findings as illustrated in the following table.

Component	Key Findings
Component 1: Community Interventions for FSND	<ul style="list-style-type: none"><li>• Outputs and activities not clearly defined.</li><li>• Capturing target beneficiaries.</li><li>• Lack of institutional support.</li><li>• Resources assumptions.</li></ul>
Component 2: Enhancement of Nutrition Security and Food Shocks Impact Mitigation	<ul style="list-style-type: none"><li>• Lack of coordination and overlapping mandates.</li><li>• Alignment of goals and targets between MKUZA and FSND.</li><li>• Resource realism.</li></ul>

Component	Key Findings
Component 3: Activities in Goal Area 5 - Harmonized FSN Related Policies Through Policy Dialogue, Advocacy and Action Planning	<ul style="list-style-type: none"> <li>• Alignment with MKUZA.</li> <li>• Clarifying the role of FSND to facilitate national policy.</li> <li>• Lack of resources and political support for programs.</li> </ul>
Component 3: Activities in Goal Area 6 - Enhanced Market Efficiency, Trade and Access to Credit	<ul style="list-style-type: none"> <li>• Achievements toward Goal 6 have largely been the result of work of the MIVARP Project and the Ministry of Labor, Economic Empowerment and Cooperatives (MLEEC).</li> </ul>
Component 3: Activities in Goal Area 7 - Strengthened Capacity of FSN Institutions	<ul style="list-style-type: none"> <li>• Similar to Goal 7 of Component 3, implementation of Component 4 was affected by the late adoption of the FSN Act.</li> <li>• Despite the delay, the FSND has made headway in establishing framework for operations.</li> </ul>
Component 4: Program Management and Coordination	<ul style="list-style-type: none"> <li>• Similar to Goal 7 of Component 3, implementation of Component 4 was affected by the late adoption of the FSN Act.</li> <li>• Despite the delay, the FSND has made headway in establishing framework for operations.</li> </ul>

Overall, based on this program review, three key challenges to the FSN Program implementation include:

- **Institutional Environment**
  - The required legislation and authorities were not established until 2011.
  - Level of knowledge of FSN issues within the institutions responsible for the Program. Given the multi-sectoral nature of FSN, this understanding is necessary for Program success.
- **Collaboration and Coordination**
  - In the absence of the FSND, the FSN Program would rely on collaboration, coordination, and monitoring and evaluation efforts of MKUZA, Zanzibar's Strategy for Growth and the Reduction of Poverty.
  - Many MKUZA II operational targets are different from the targets set forward within the FSN Program.
- **Human and Financial Capacity**
  - Given the limited oversight mechanism in the first phase of implementation, it was not possible to determine the allocation of these resources.
  - Employees and staff often lack the required education for the positions.

## Stakeholder Analysis

Based on the findings from USAID SERA during the program review, the following tables show the following:

- Level of awareness of FSND and knowledge of FSN related issues, and
- Level of support and influence over FSND programming.

Awareness and Understanding of FSND	Demonstrated Understanding of the Relationship Between Food Security and Nutrition		
	None/Limited	Fair	Advanced
<b>No/Limited Understanding of Mandate</b>	<ul style="list-style-type: none"> <li>Zanzibar National Chamber of Commerce Industry and Agriculture</li> </ul>		
<b>Fair Knowledge of FSND and Mandate</b>	<ul style="list-style-type: none"> <li>Office of Chief Government Statistician</li> </ul>	<ul style="list-style-type: none"> <li>Disaster Management Department</li> <li>Marketing Infrastructure, Value Addition and Rural Finance Support Program</li> </ul>	<ul style="list-style-type: none"> <li>United Nations Children Fund (UNICEF)</li> <li>MLEEC</li> <li>Ministry of Social Welfare and Child Development (MOSWCD)</li> <li>World Health Organization Sub-office Zanzibar</li> </ul>
<b>Participated in FSND Activities</b>	<ul style="list-style-type: none"> <li>Kizimkazi Dimbani Shehia South District</li> </ul>	<ul style="list-style-type: none"> <li>Ministry of Livestock and Fisheries</li> <li>Minister of Trade Industry and Marketing</li> </ul>	<ul style="list-style-type: none"> <li>Ministry of Agriculture and Natural Resources (MANR) – Policy and Planning, M&amp;E/Stats Unit</li> <li>Food and Agriculture Organization (FAO)</li> <li>Ministry of Health (MoH) Nutrition Unit</li> </ul>

Influence over FSND Programs and budget	Support of FSND	
	High	Low
<b>High</b>	<ul style="list-style-type: none"> <li>Office of the Chief Government Statistician</li> <li>MANR- Department of Planning, Policy and Research (DPPR)</li> <li>FAO</li> <li>UNDP (United Nations Development Programme)</li> <li>MoH Nutrition Unit</li> <li>International Labour Organisation (ILO)</li> <li>District Government</li> <li>Ministry of Trade, Industry and Marketing (MTIM) - Department of Industry</li> </ul>	<ul style="list-style-type: none"> <li>MKUZA Secretariat</li> <li>UNICEF</li> <li>Disaster Management Department</li> <li>Marketing Infrastructure, Value Addition and Rural Finance (MIVARF) Support Program</li> <li>WHO</li> <li>Zanzibar Insurance Cooperation (ZIC)</li> </ul>
<b>Low</b>	<ul style="list-style-type: none"> <li>Ministry of Livestock and Fisheries</li> <li>Ministry of Trade, Industry and Marketing</li> <li>Ministry of Labor, Economic Cooperation and Cooperatives</li> </ul>	<ul style="list-style-type: none"> <li>Zanzibar National Chamber of Commerce Industry and Agriculture (ZNCCIA)</li> <li>Ministry of Social Welfare</li> <li>Ministry of Land and Water</li> <li>Zanzibar Food, Drug and Cosmetics Board (ZFDCB)</li> </ul>

## Prioritization Plan

Based on the workshop, Zanzibar Food Security and Nutrition Department (FSND) participants identified the following priorities and actions to assist them moving forward.

## Early Warning Information Division

Identified Priority	Operationalize the FSN and Early Warning System (Information providers and users)
Actions	<ol style="list-style-type: none"> <li>1. Development of framework for FSN Information and Early Warning and operational plan to include data collection and develop reports.</li> <li>2. Capacity building on data collection, analysis, and report writing.</li> <li>3. Disseminations of information.</li> </ol> <p>There are sub-teams, these require sub-framework – agricultural production monitoring (APM), MVP, Monitoring and information systems for food security and nutrition (MIS FSN).</p>
Sub Actions:	<ol style="list-style-type: none"> <li>1. Conduct a meeting for the focal person from the key ministries to identify the key indicators for routine FSN early warning indicators.</li> <li>2. Collect, interpret, and analyze early warning routine FSN data from the key ministries and from demographic household budget survey (HBS).</li> <li>3. Disseminate FSN/early warning information outputs meeting, workshops, television, radio, website, etc.</li> </ol>

## Planning and Coordination Division

Identified Priority	Conduct joint collaborative and communication meetings with other institutions which have overlapping roles and responsibilities: Disaster Management Division, TASAF, Nutrition Unit and Management Steering Committees
Actions	<ol style="list-style-type: none"> <li>1. Identify stakeholders having overlapping roles and responsibilities.</li> <li>2. Design short-term communications strategy to address overlapping roles and institutions.</li> <li>3. Define agency roles and established inter-action protocols. <ul style="list-style-type: none"> <li>• Key ministries and agencies (FSN stakeholders)</li> <li>• Design and operationalize and communication strategy.</li> </ul> </li> </ol>
Sub Actions:	<ol style="list-style-type: none"> <li>1. Conducts meetings for: <ul style="list-style-type: none"> <li>• Focal persons</li> <li>• Inter-Sectoral Steering Committee (ICCS)</li> <li>• Zanzibar National Food Security Council (ZNFSC)</li> <li>• Non-governmental organisations</li> </ul> </li> <li>2. Conduct annual FSN stakeholder review meetings.</li> <li>3. Conduct round table FSN (television, radio forums).</li> </ol> <p>Other: Conduct, organize schools/college debates on FSN issues, and essay writings competitions.</p>

## National and Sub-National Technical Support Division

Identified Priority	Conduct training to District Management Teams (DMTs) NGOs on FSN concept and mainstreaming, district planning, and lobbying for allocations of funds/budget to implement FSN issues.  Building the capacity of 6 out of 10 districts and 23-31 shehias on FSN issues and drafting FSN action plans
Actions	<ol style="list-style-type: none"> <li>1. Design district and shehia capacity building plan: <ul style="list-style-type: none"> <li>• Establish criteria for targeted districts and shehia</li> <li>• Design communication/outreach tools</li> <li>• Identify possible partners</li> <li>• Design management tools for FSN committees.</li> </ul> </li> </ol>

<b>Identified Priority</b>	<b>Conduct training to District Management Teams (DMTs) NGOs on FSN concept and mainstreaming, district planning, and lobbying for allocations of funds/budget to implement FSN issues.</b>
<b>Sub Actions:</b>	<b>Building the capacity of 6 out of 10 districts and 23-31 shehias on FSN issues and drafting FSN action plans</b>
Sub Actions:	Develop FSN action plans at the district and shehia levels. <ol style="list-style-type: none"> <li>1. Pemba: <ul style="list-style-type: none"> <li>• Establishment of district (2) and shehia level committee (4)</li> <li>• Districts: Mkoani and Wete</li> </ul> </li> <li>2. Training on FSN concept Unguja: <ul style="list-style-type: none"> <li>• Shehia - Milimano, Kidoti, Kijini, Tazani</li> <li>• Pemba - Micheweni District</li> </ul> </li> </ol>

### Food Reserve Management Division

<b>Identified Priority</b>	<b>Develop comprehensive guidelines/procedures and systems for the flow of food aid from the Emergency Food Reserve to the target beneficiaries.</b>
Actions	<ol style="list-style-type: none"> <li>1. Develop comprehensive guidelines/procedures for the flow of food aid from the EFG Reserves to target beneficiaries: <ul style="list-style-type: none"> <li>• Rehabilitation of the food stores (buildings in Unguja and Pemba)</li> <li>• Procurement of necessary equipment and tools</li> <li>• Purchase of food stocks</li> <li>• Recruitment of staff for the EFG.</li> </ul> </li> </ol>
Sub Actions:	

### Implementation Strategy

In creating this Prioritization Plan, Zanzibar FSND aims to maximize the use of human and financial resources by prioritizing actions that achieve the most desired outcomes in Zanzibar. By identifying one key priority for each management division of FSND, the organization will be able to operate effectively and efficiently during Phase Two. The overall implementation of these priority areas is vested on the FSND leadership and staff. Working through the coordinating bodies outlined in the ACT, FSND will be able to inform key ministries of their actions as well as progress made against these identified areas. FSND staff will be responsible for day-to-day implementation as well as accountable for Zanzibar FSND resources.

A stronger FSND will emerge from this exercise and combined with effective performance measures help the organization improve the food security and nutrition situation in Zanzibar by using all available resources to them.

By identifying the necessary stakeholders and institutions, Zanzibar FSND began the process of identifying the key stakeholders that need to be engaged to make each priority a success. These stakeholders have the necessary institutional capacity, resources, and support to assist with implementing the priorities identified as part of this exercise.

One of the first steps that Zanzibar FSND will need to do, as part of this prioritization plan, is to establish a monitoring and evaluation system to support the implementation of these priorities.

USAID SERA Project has assisted the organization begin this process but it will require multiple iterations to develop a system that is flexible, agile, and not overbearing for staff. The key part of developing these measures is to select targeted measures that do not impact the operations of staff.

## **Conclusion**

By creating this prioritization plan, Zanzibar FSND understands the key priorities responsible for the organization's future success. Zanzibar FSND recognizes the number of challenges, both internal and external, that may impact the operating environment as it implements this prioritization plan. To continuously improve both the operations of the organization and its impact on the people of Zanzibar, Zanzibar FSND will continually monitor and revise plans and strategies accordingly to maximize the limited human and financial resources available to the organization.

The FSND Program review conducted by USAID SERA Project, allows Zanzibar FSND to understand the stakeholders which may impact the Department in the future. As Zanzibar FSND moves forward it will be important for the organization to constantly monitor stakeholders to look for areas of collaboration while addressing stakeholder concerns. The development and release of this prioritization plan is the first step in a long-term process designed to improve the impact of Zanzibar FSND programs and staff implementing these programs.