POOR FARMERS' BARRIERS TO MARKETS FOR ORGANIC TRADE:
DOCUMENTATION AND ANALYSIS OF POLICY BARRIERS TO POVERTY REDUCTION THROUGH TRADE IN ORGANIC PRODUCTS IN TANZANIA
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SUMMARY

Across the globe, organic farming is considered a poverty alleviation instrument. However, this fact has yet to be fully incorporated into existing policies. Organic farming still receives inadequate attention at local and central government levels.

The purpose of the research study was to analyse barriers to trade for organic farmers in Tanzania. The study also aimed at demonstrating the impact of these barriers by showing the loss in trade that such barriers cause. In addition, the study evaluated previous attempts to improve the national policy environment for organic markets and the levels of their success. The outputs of this study are significant for policy advocacy.

To achieve this, the study made use of a working group, composed of experts with varied specializations and experience, in reviewing the policies. In undertaking this assignment the Working Group selected a number of policies which have an impact on organic agriculture, ranked such policy barriers and developed potential mitigation strategies. This report is organised into five main sections – study methodology, a discussion of policy barriers, impact of such barriers, policy processes and recommendations. The study looked at the Warehouse Receipt system, re-introduction of the use of DDT under the National Health Policy and weaknesses of the Agriculture Sector development Policy (2012), Agriculture Marketing Policy, National Transportation Policy (1997), Local Government Finance Act (2004), Kilimo Kwanza (2009) and Weight and Measure Act (2002).

FINDINGS

POLICY ARCHITECTURE

Tanzania has many policies that impact upon agriculture sector development. While there are policies that tend to limit access to markets, there are several others which, if effectively implemented, are likely to enhance access to the markets of organic produce. At the moment, the major setback is weak and poor implementation, insufficient stakeholder participation and a lack of review of such policies to make them respond to the emerging local, regional and global market trends.

The policy making process is an elaborate circle of agenda setting, policy formulation, legitimization, implementation, evaluation, policy maintenance, and succession or termination. It is established through experience however that the weakest parts of the circle are policy enforcement and evaluation. Several studies have proposed that a market should be conceived as a systems, consisting of an enabling environment, rules of the game, a set of support functions (including market infrastructure, information and complementary markets) and the structure of participation and capabilities (of the core actors, producers
and consumers) rather than selling and purchasing goods and services. By its nature the process is therefore lengthy and resource demanding.

There are policy barriers and non-policy barriers that hinder organic producers from reaching markets and overcoming poverty.

**POLICY BARRIERS THAT RESTRICT ORGANIC FARMERS FROM ACCESSING THE MARKETS**

A number of constraints identified in the organic value chain emanate from the policy barriers. Table 1 below has a list of those barriers that have high impact and their corresponding policies.

Table 1: Summary of policy barriers to organic trade

<table>
<thead>
<tr>
<th>Policy</th>
<th>Barriers</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Agricultural Sector Development Policy (2012)</td>
<td>Weak, ineffective implementation</td>
</tr>
<tr>
<td>National Transportation Policy (1997)</td>
<td>Ineffective implementation</td>
</tr>
<tr>
<td>Local Government Finance Act (2004)</td>
<td>Multiple taxes and cumbersome agriculture taxation system</td>
</tr>
<tr>
<td>Weight and Measures Act (2002)</td>
<td>Poor enforcement at local levels, unfair to farmers</td>
</tr>
<tr>
<td>National Health Policy – re introduction of DDT</td>
<td>Spraying of DDT threatens organic certification</td>
</tr>
<tr>
<td>Agriculture Marketing Policy (2008)</td>
<td>Policy not put into practice</td>
</tr>
<tr>
<td>One village, One Crop</td>
<td>Not implemented. With multiple systems in the same villages, it is possible to attract side selling.</td>
</tr>
</tbody>
</table>

Policies such as Warehouse Receipt System, Local Government Finance Act (1982), Weight and Measures Act (2002) and Agriculture Marketing policies have a significant negative impact on access to organic markets. The Agriculture Market development strategy (2012) falls short of addressing constraints such as certification, over-taxation of small-scale rural organic producers and protection of production areas and consumers, and access of financing, extension and research services.
At the regional level, tariffs and non-tariff barriers affect the region’s trade potential, particularly for organic produce. Policies of the partner states are largely associated with the existing barriers and, with this, regionalization of policies remains a distant reality. Like policies and institutional framework, several legislations that would have facilitated access to markets have become redundant. Apart from tariff related barriers, cross-border anti-competitive practices remain unchecked despite existence of the EAC Competition Act (2006).

NON-POLICY BARRIERS THAT RESTRICT POOR FARMERS FROM ACCESSING ORGANIC MARKETS

Non-policy issues that affect access to markets include: -

- Low-level awareness and misconceptions about organic farming and produce. For example, organic produce is perceived by some as being food for the wealthy.
- Weak coordination mechanisms between different policy level initiatives hence high incidence of duplication of efforts.
- Over regulation of business environment in Tanzania. Some policies contradict others or make it difficult to implement others.
- Duplication of efforts due to poor coordination between CSOs, PSOs, LGAs and other key stakeholders
- Expensive certification, standardization and enforcement system. Existing system excludes large group of potential organic farmers.
- Ineffective policy implementation: several policies are not implemented, ineffectively implemented or outdated, constituting market access barriers.
- Inadequate management and mismanagement of funds allocated to local governments. Inadequate resources also leads to ineffective policy implementation. Maputo Protocol, for example, demands African governments allocate at least 10% of their annual GDP for development of agriculture sector for countries to overcome poverty. Most countries, including Tanzania, are unable to honour this call. Even the meagre resources allocated to the sector are prone to mismanagement.
- Many multinational companies lobbying behind development aid mechanisms.

IMPACTS OF POLICY BARRIERS

1 Business Environment Support in Tanzania (BEST) Project
Implementation of the Warehouse Receipt System interferes with organic certification requirements. Mixing crops in the same warehouse puts organic farmers at risk of revocation of their organic certification. It can take up to three years and an estimated TZS 20 million for the certification to be reinstated.

Inadequate policy coordination and a lack of by-laws have also contributed to the revocation of organic certification. For example, the supply of maize subsidies in Karagwe and Kilimanjaro regions and the spraying of DDT to counter the spread of malaria have led to revocation of organic certification of small-scale producers. The impact of revocation of organic certification is significant in revenue loss at household, local and national levels and forms a direct barrier to organic farmers marketing produce as organic.

The reviewed policies are also associated with duplication of efforts, high demand for resources and high cost of doing business in Tanzania. High costs mean that agricultural produce from Tanzania is sold at uncompetitive, high prices.

If these policies fail to respond to the current local and regional poverty goals, their chances of success remain slim. It is important to also note that harmonisation of regional policies and standards is a strategic move in this case. Barriers have a significant socio-economic impact not only on the rural, poor, organic farmers but also at the local and central government levels. Tariff and non-tariff revenue collected between Tanzania and Kenya alone equates to more than US$ 48 million.

It is also worth commenting that on-going policy constraints could be minimised if effective policy redress measures were undertaken. This is possible even within existing policies, by-laws, strategies and plans to address them.

Policy gaps

There are several policy related gaps worth mentioning:

- Mismatching priorities between central and local governments.
- Weak coordination of policy level pro-organic farming initiatives. There are multiple actors dealing with multiple policy initiatives. Duplication of efforts remains at the highest levels between public, private and civil society sectors communicating inefficiencies and ineffective resources use.
- Policy Inadequacy. Existing policy largely falls short of addressing the main concerns of organic farmers such as climate change, the high taxes, levies and fees placed on organic value chain actors. There is no strategy and national action plan in operational in the existing Agriculture Sector Development Policy (2013). Current policy also has no policy level incentives to attract more investments, research, innovation and development in organic agriculture. Similarly, there is ‘policy-collision’ i.e. effective implementation of one policy contradicts with that of another. Furthermore, existing policy has no targets relating to organic farming.
Inadequate resources to mainstream policies into local government by-laws. Ineffective policy implementation is largely attributed by a mismatch between demanded and allocated resources between central and local governments.

Difficult to construct an informed lobbying and advocacy undertaking. Existence of multiple databases makes informed and constructive policy undertakings more complicated. At the moment, there are multiple policy stakeholders who own and run databases which are separate from national databases (TSED). Agencies such as LGAs, NBS, TRA, NECTA, BRELLA, NIDA, FAO and governmental organisations and development partners like FAO operate their own databases. An in-depth study on the possibility to harmonize such databases is needed.

Low awareness and misconceptions surrounding organic farming benefits.

Weak visualization of policy implications. This suggests the need to raise awareness about the costs and benefits of organic farming using simple and easy to understand cases that are user-friendly to policy makers at both local and central governments.

It is worth noting that Tanzania has in place a large number of policies. While having policies was thought to be a good starting point for intervention, there are still several policy level barriers that directly affect the sector. Policy barriers are the main reason behind weak agriculture sector growth. A number of studies have shown that policy statements are not put into practice hence the country has not been able to adequately translate its policies into change. Besides, trade and agricultural policies are fragmented and prone to political interference. As the government moves on to develop an organic strategy, organic farming policy should now be a priority.

MAIN RECOMMENDATIONS

- Promote significance of organic research and development through linkages between farmers, universities and research institutes.
- Explore and exploit possibility of establishing Organic Farming Research Basket Fund to support research and development of the industry. Experiences from Pastoral Basket Funds, HIV/TB Basket Funds could be explored to gain experiences.
- Uphold constructive and empirical lobbying and advocacy initiatives.
- Explore and exploit avenues that promote high level dialogue between stakeholders and policy makers such as PMO-RALG Office (Policy Coordination), Parliamentary Committees, ministerial level dialogue or broader consultations within EAC framework. This should not exclude efforts of local government to undertake lobbying and advocacy work.
- Put in place innovative policy level incentive system, aimed at key stakeholders such as local governments, government agencies and businesses involved in crop value chains. This is, for example, for local governments to enact by-laws that support organic
farming, enforcing weight and measures by-laws and reducing burden of taxes to agriculture sector, especially to rural poor. More resources should be allocated to support organic farming research, farming systems, extension services, market infrastructure, among others. CSOs and companies that facilitate access to fair organic markets should also be supported with resources.

- Explore possibility of mobilising stakeholders towards development of a joint organic database. Experiences from the Open Government Partnership (Open Data Government) could shed some more light on this.
- Develop strategic partnerships between research institutions and policy makers at local, ministerial and parliamentary levels.
- Explore the possibility of establishing an organic farming Basket Fund to support research, publications and dissemination of research findings. There is a substantial amount of research work and experiences that remain unpublished.
- Facilitate frequent multi-stakeholder dialogue within district settings to discuss various policy and non-policy level issues.
- Develop a good communication strategy to inform, educate and influence policy stakeholders about organic farming and its significance to poverty alleviation goals.
- Develop innovative system for rewarding individuals, institutions and public or private sector networks that facilitate organic farming and trade. Among other possibilities is to establish Organic Farming Challenge Fund and Presidential Award on organic farming in a bid to support organic farming research, development and market development initiatives.
1.0 BACKGROUND

1.1 INTRODUCTION

This policy study is part of a regional initiative targeting Tanzania, Kenya and Uganda. Tanzania Organic Agriculture Movement (TOAM) in collaboration with the Kenya Organic Agriculture Network (KOAN) and National Organic Agriculture Movement of Uganda (NOGAMU) wish to create a joint lobbying and advocacy mechanism to tackle policy barriers to trade in organic products.

To this end, there was a need to undertake research to gather data on the policy gaps, and issues that hinder or facilitate national, regional and international trade in organic products; raise consumer awareness; lobby governments on key policy barriers and create three national and one regional organic policy platforms. In this regard, studies have been proposed in each of the three participating East African countries (Tanzania, Kenya, Uganda) to better understand the barriers, and to inform accordingly the policy advocacy work designed to bring about policy change.

The main target groups for these study findings are policy makers in each of the three countries, along with other stakeholders of organic farming and trade: farmers, civil society, farmers’ organisations, and experts who will share research findings and advocate for policy change.

1.2 METHODOLOGY

The study was organised into four phases: preparatory, working group consultations, literature review and report development.

As part of the process to capture policy barriers, several policies were enlisted and selected after two panel sessions reviews. Such policies include Vision 2025 and National Strategy for Growth and Reduction of Poverty (NSGRP)\(^2\) popularly known as MKUKUTA II. Others include Poverty Reduction Strategy Paper (PRSP), Agricultural Sector Development Policy (2012); Five Year Development Plan and the Tanzania Mini-Tiger Plan\(^3\), which advocates One district One crop and One Village One Crop strategies. Rural Development policy (RDS), National Transport Policy, the Agriculture and Livestock Policy (ALP) of 1997; Cooperative Development Policy (2002); National Food Security Policy (2004); National Trade Policy (2003) were also reviewed.

In the list are also Kilimo Kwanza\(^4\) national plan; National Livestock Policy (2006); Agricultural Marketing Policy (AMP) of 2008\(^5\), Local Government Finance Act; MKURABITA\(^6\),

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2 MKUKUTA is

3 Objective of the Plan was

4 Kilimo Kwanza ‘Agriculture First’, a public-private plan launched in 2009 by TNBC aimed at achieving a green revolution and boost productivity in agriculture sector by increasing concessionary lending to agriculture, empowering agricultural cooperatives, creating commodity exchanges, removing market
and National Export Policy. Recently, there has been the One Border Post Act (2015) and policy improvement initiatives commissioned to research bodies such as REPOA, ESRF, EABC and EAC framework.

The study also involved discussions with officials from different ministries, CSOs and PSOs. Key ministries to this study were the Ministry of Agriculture and Cooperatives, the Ministry of East African Community and the Ministry of Industry, Trade and Marketing.
2.0 POLICY BARRIERS THAT LIMIT SMALL-SCALE ORGANIC FARMERS’ ACCESS TO MARKETS

2.1 POLICY RELATED BARRIERS

Several policy and non-policy barriers deny organic farmers access to the markets. Major issues revealed in the study include an inconsistent understanding of the policies in question together with the implied barriers. Another challenge is the existence of multiple approaches that stakeholders adopt in overcoming such barriers. Based on its context, this study treated the market as a system. According to the *Making Markets Work for Poor* framework, the market is referred to as a system consisting of enabling environment, rules of the game and a set of supportive functions including market infrastructure, information and complementary markets. It has in addition the structure of participation and capabilities of the core actors, producers and consumers.

It is the Government that should be responsible for providing an enabling environment so that markets can grow and are able to function efficiently through competition. Within this framework, policies act as axes of the enabling environment. It is apparent from the study that there is a good number of policies which are either not implemented, ineffectively implemented or overlapping. Undue political influence, lack of resources for implementation, poor coordination and outdated policies are also among key challenges observed.

This study also reviewed National Agriculture Development Policy (2013), Weight and Measures Act (2002), the Warehouse Receipt System (2009), Local Government Finance Act (1982), Kilimo Kwanza Initiative (2010) and National Transport Act (1997). Others are the National Health Policy and Agriculture Marketing Policy (2008). All of which have significant impacts on access to organic markets.

**NATIONAL AGRICULTURAL SECTOR DEVELOPMENT POLICY (2013)**

Agriculture Sector Development Policy of 2013 is one of the most recent policies in the sector in the region. Among the major goals of this policy is to mainstream agriculture issues. To achieve this, the policy makes key statements on organic farming and recognises the significance of organic farming to the development of the agricultural sector. The statement further asserts that the commercial value of organic products depends upon a well-established marketing channel and reliable certification mechanism for organic production. Despite such useful statements, the policy falls short of linking organic farming, smallholders and market access to the wider issue of poverty alleviation strategy. This is largely due to weak analysis of organic farming issues. The policy identifies yet other challenges such as inadequate coordination of stakeholders, high certification cost, weak

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8 Understanding the Market system – the components that make markets work
regulation and certification of organic products, and inadequate organic inputs such as pesticides and fertilizers, which are also not readily available.

The existing policy however lacks a national organic farming strategy and plan, which would have acted as its implementation tools. Furthermore, Stakeholders were of the opinion that the policy is ineffectively implemented. Establishment of a strong stakeholder dialogue, financing mechanism, transport and certification system are still too far-fetched.

AGRICULTURE MARKETING POLICY (2008)

The policy makes mention of markets constraints and provides good policy statements. It specifically acknowledges the main marketing constraints to be i) inadequate value addition in agricultural produce; ii) inadequate adherence to grades, standards and quality in agricultural products marketing; iii) weak legal and regulatory framework on agricultural marketing; iv) weak institutional set-up dealing with agricultural marketing; v) underdeveloped and improperly managed agricultural marketing infrastructure; vi) inadequate marketing research and intelligence which inhibits timely availability of data and information necessary for decision making; vii) limited use of marketing risk management approaches; viii) inadequate access to financial services for agricultural marketing activities; ix) inadequate marketing linkage; x) inadequate capacities to utilize opportunities emerging in the domestic, regional and international markets, including preferential markets; and, xi) environmental degradation, gender imbalances and costs caused.

This is indeed one of the policies that are well-stated but inadequately implemented. Without clear strategies, plans, adequate resource allocation and monitoring, the policy remains incapable of delivering its promises.

WEIGHT AND MEASURE ACT NUMBER 20 OF 1982 AND CAP 340

There is widespread use of non-calibrated measuring appliances in the market which go unabated. These weighing scales deny farmers their rightfully earned income. The use of the so-called Lumbesa (a bag usually made of cotton fibre material which is supposed to take 100kg but is sewed with an extension on top so that it now take considerable additional material sometimes up to half the intended volume), Kosovo and Debes which drastically deny rural poor farmers almost half their income. Famers lose up to 43% and 48% for maize and paddy respectively9. This implies that organic farmers are selling their produce at a loss, which makes it difficult for them to afford any level of modernization such as the use of better farm inputs, processing machines, etc. While these offences are so much reported and known to authorities, penalties to convicted offenders are still too low to be sufficiently deterrent.

9 AGRA et al (2013) study
The policy empowers Councils to raise their own resources through local taxes, fees, levies and contributions. Such would be considered by many to be a positive measure by the Government towards improving services to the people particularly those living away from the urban areas which are already better served by services and infrastructure. It is for this reason that Councils will set high crop Cess in some places as a way to mobilise the much-needed resources. However, the power that every Council has of setting its own Cess percentage complicates the process of setting prices in the market. There is, as a result, very high variation in Cess percentage (between 1% and 5%). Levies, taxes and contributions also vary from place to place.

Overall, there is strong resistance, among smallholder farmers, to paying taxes. This may also be fuelled by the fact that taxpayers in local authorities in Tanzania see few tangible benefits in return. The deterioration, and in some cases non-existence, of services that are supposed to be receiving public funds, raise taxpayers’ perceptions that taxes are rather used as a tool for exploitation (Semboja and Therkildsen, 1995).

Again this policy is loaded with good policy statements but has rather a weak framework for implementation. It is this policy that is responsible for numerous road-blocks, low prices for products, poor rural feeder-roads and poor transport network in rural areas. Poorly designed and maintained infrastructure significantly increases the cost of doing business. Where infrastructure doesn’t facilitate movement and communication, rural organic producers are unable to reach their markets in time.

Multiple studies have also observed that as transaction costs increase, trade and welfare decrease proportionally. This preposition is best substantiated by the fact that market imperfections caused by barriers to trade increase restrictions on the movement of goods across markets thereby limiting the ability of farmers to get the best prices for their products.

Weather conditions pose threats to the increase of tropical diseases on farms which in turn necessitates high use of insecticides. Re-introduction of DDT in the country has, for example, perpetuated health threats on human and plants. While the strategy of spraying DDT is well supported, the re-introduction of DDT as part of the anti-Malaria campaign, has threatened organic farming and organic certification. In most high organic production areas, including Simiyu, Kagera and Kilimanjaro regions, there are visible threats to organic farming that are a result of the use of DDT.
KILIMO KWANZA (2009)

Kilimo Kwanza is a policy that aimed at modernising agriculture through partnership of public and private sectors. For some reasons the policy has excluded smallholder farmers and has addressed productivity outside the market perspectives. Similarly, the policy advocates for access to industrial farm inputs, which threatens organic farming\(^\text{10}\).

Apart from policies discussed above, there are several non-policy related issues which constitute barriers limiting organic producers’ access to markets.

TARIFF AND NON-TARIFF BARRIERS

Regional trade barriers are prominent in Tanzania as in other countries in the EAC block. At the regional level, for example, there are still barriers that deny access to potential organic markets. Despite existence of Anti-Competitive Act in EAC, tariff and none tariff barriers continue to contribute to noticeable setbacks. Lengthy and bureaucratic procedures at border posts are upheld on the cover of national security and sovereignty. As such free movement of goods and services across borders is restricted. According to East Africa Business Council, for example, there are still more than 55 non-tariff barriers and a wave of new barriers cropping-up.

Several non-policy related barriers that affect access to organic markets are shown in table 2:

Table 2: Other policy-related barriers

<table>
<thead>
<tr>
<th>Issues</th>
<th>Barrier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multiple plans, strategies and duplication of efforts</td>
<td>Multiple interventions increase inefficiency and spread the already scarce resources over many government initiatives. A recent study on Efficiency and Effectiveness of Decentralisation and LGCD systems in Tanzania shows the much publicized ‘Big Results Now’ (BRN) initiative to have an effect on the Local Government Capital Development Grant (LGCDG) projects in that funds used to implement BRN were initially meant for LGCDG projects(^\text{11}).</td>
</tr>
<tr>
<td>Low level awareness and misconceptions</td>
<td>A large section of the population is not aware of policies, rights and institutions responsible for assisting them. Very few producers,</td>
</tr>
</tbody>
</table>

\(^\text{10}\) The SAGCOT was initiated at the World Economic Forum Africa Summit 2010 with the vision to improve agricultural productivity, food security and livelihoods in Tanzania.

\(^\text{11}\) As a result implementation of most of the BRN projects has become less effective – that is 20 to 25 percentages only.
traders and consumers are aware that through the Weights and Measures Act (2002) they are protected. There are also deep-seated misconceptions about the organic industry i.e. that organic food is for the rich and as a result highly taxed because the rich are able to pay more.

<table>
<thead>
<tr>
<th>Political influence</th>
<th>District Commissioners, for example, have the power in their hands to impose bans on crop trade at any time. This makes small-scale producers vulnerable to illegal markets, which pay unfair prices.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corruption within local government decision-making organs</td>
<td>The lack of expert-knowledge of Councillors makes them unable to adequately promote enabling environments or challenge existing policies, or by-laws. This leads to the development of unfavourable environment, out of which corruption and pursuit of personal interests emerges. Many prominent traders seem to join politics so that they are in a better position to benefit from the existing political system. On the other hand, many Councils are still reluctant to enact pro-organic by-laws that would better regulate organic farming and business.</td>
</tr>
<tr>
<td>Weak accountability</td>
<td>The lack of accountability is most prominent within lower levels of local government systems.</td>
</tr>
<tr>
<td>Non-existence of local certification and standardization system</td>
<td>The country is yet to implement local certification system – Kilimohai brand, for example. Smallholder farmers depend entirely on international certification system, which is quite expensive. Again, the system excludes large number of organic farmers.</td>
</tr>
<tr>
<td>Inadequate management and mismanagement of allocated funds</td>
<td>Policies are developed centrally to be implemented at the local level. To implement these policies, the local government requires adequate resources – expertise as well as by-laws. The Control and Auditor General reports identified a large-scale mismanagement of DADPS funds12.</td>
</tr>
<tr>
<td>Weak industrial base</td>
<td>Strong local industries should be in place to cut down the high level of post-harvest losses. This would contribute to value addition and increased earnings.</td>
</tr>
</tbody>
</table>

12 About 14.5bi mismanaged between2001-0612 and such practices have huge implications in the sector growth.
3.0 EFFECTS OF POLICY BARRIERS

Across the globe, organic agriculture is accredited for its potential in poverty reduction, increased health benefits and improvement of social services. While it would be more desirable for this study to produce hard data on trade and income loss, this proved difficult due to lack of reliable/readily retrievable data regarding the organic industry in the study areas. It is for this reason that the study relied more upon qualitative sources. The case presented below depicts the magnitude of potential trade loss and loss of income due to policy-related barriers.

POTENTIAL TRADE AND INCOME LOST, THE CASE OF KCU IN KAGERA REGION

It is estimated that there are more than 28,000 organic farmers in Kagera region\textsuperscript{13}, of which 17,900 are under the Kagera Cooperative Union (KCU). This translates into 63% of all organic farmers in the region. Meanwhile, every season, it is estimated that 20,000 to 30,000 tons of coffee are harvested. Each household is estimated to harvest about 50Kg per season. This implies that a household is able to obtain TZS 116,000 ($). Compared to other sources of income it is certain that organic farming is the leading income earner in rural settings. Households use this income to cover costs of school fees, medication, farm inputs (which are minimal for organic farmers) and other amenities throughout the year. Hence, the overall impact of organic farming is significant across many actors in the value chain.

Table 03: potential income and trade lost in Kagera region\textsuperscript{14}

<table>
<thead>
<tr>
<th>Number of normal coffee producers in the region</th>
<th>Number of organic coffee producers in the region</th>
<th>Average income per organic coffee producer</th>
<th>Premium contribution from annual organic sales</th>
<th>Production 2014/15 season</th>
</tr>
</thead>
<tbody>
<tr>
<td>66,000</td>
<td>17,900</td>
<td>TZS 116,000</td>
<td>TZS 120</td>
<td>101,633MT</td>
</tr>
</tbody>
</table>

If in the 2014/15 season, about 101,633MT of coffee was produced, then collectively, farmers would have earned about TZS 1,414,731,360. Only if all farmers would have sold their produce as organic produce. Under the current situation, only 28,000 organic farmers are benefiting from organic farming program. Under the current situation, average annual income from organic produce program produce about TZS 168,000,000 (11%).

With the fourth largest number of organic farmers in the world, Tanzania is likely to improve its socio-economic status and accelerate its speed towards realization of global sustainable development goals.

\textsuperscript{13} Fair Trade estimates more than 12,000
\textsuperscript{14} Statistics from KDC
THREAT TO ORGANIC CERTIFICATION, THE CASE OF MAIZE SUPPLIES IN KILIMANJARO REGION

Most policies are implemented at a local government level. The fact that there is weak coordination of policies, enforcement and regulation at local government level means that policies can be overlooked. Weaknesses are largely attributed to inadequate budgetary allocation, corruption and mismanagement.

Distribution of conventional maize subsidies in Kilimanjaro region led to the banning of some organic farmers from selling their produce for three years. The cost of certification from IMO stands at US$ 20,000. This cost is usually deducted from small producers. The loss of certification affected more than 100 organic farmers in Moshi rural district. Farmers had to wait up to three years to be recruited back into program for organic marketing.

UNDERPAID FARMERS DUE INEFFICIENT TRADING SYSTEMS AND POOR REGULATION OF WEIGHING SCALES, THE CASE OF FARMERS IN ITEEERA VILLAGE IN KARAGWE DISTRICT

Liberalization has brought crop traders into the market system. While there are positive outcomes to liberalisation, it has to be managed with strong rules. Crop traders are associated with quick profit-making, dodging taxes and poor trade practices. Farmers of Iteera village in the Karagwe district largely depend on cooperatives to sell their produce. Since cooperatives have delayed their payments, small producers have found themselves without cash to attend their other needs. Having experienced this for some years, small producers sell their produce to crop traders who pay them promptly. Despite using ‘Buture’ (farm selling) system to purchase crops, unscrupulous crop traders use unauthorized measures, such as over-sized sacks (popularly known as ‘Lumbesa’ in Kiswahili language), to con farmers. Apart from inadequate enforcements, corresponding by-laws and fines remaining too low to effect change in practices. Traders are fined just TZS 20,000-30,000 for committing such offences.

Weights and Measures Agency (WMA) under the WMA Act (2002) is responsible for protecting producers, traders and consumers and collecting revenue for the government. Studies indicate that small producers lose more than half of their income. It makes them unable to have adequate cash returns from farming. Low returns affects interest to increase investment in agriculture, eventually leading to low productivity and increased poverty among small producers in rural areas.

HIGH COSTS OF ORGANIC PRODUCE DUE TO MULTIPLE TAXES, FEES, LEVIES AND CONTRIBUTIONS, THE CASE OF THE COOPERATIVES

There are several taxes, fees and contributions that small producers face. This constitutes a barrier to access to markets. A study by PELUM Association and Ford Foundation found that under Local Government Finance Act (1982), Councils had authority to tax up to 5% of the value of crop. Experience indicates that different councils charged different percentages. Some councils, for example charged between 0-10% and a good number charged 5-10%. As such, there were no uniform rates across the country which councils are advised to charge.
In many circumstances, councils charged more than 5% as crop cess. Apart from cess, village governments and cooperatives charged several fees, charges and contributions.

Table 1: Agricultural Levies and Own Source Revenues

<table>
<thead>
<tr>
<th>Districts (2008/09)</th>
<th>Total own source (TZS Mn)</th>
<th>Market fee (TZS Mn)</th>
<th>%</th>
<th>Agri Cesses</th>
<th>%</th>
<th>Lend rent (TZS Mn)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arumeru (2008/9)</td>
<td>291</td>
<td>54</td>
<td>19</td>
<td>101.1</td>
<td>35</td>
<td>6</td>
<td>2</td>
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<tr>
<td>Hai (2007/8)</td>
<td>321.6</td>
<td>25.5</td>
<td>8</td>
<td>18.1</td>
<td>6</td>
<td>0.7</td>
<td>3</td>
</tr>
<tr>
<td>Monduli (2006/07)</td>
<td>201</td>
<td>32.8</td>
<td>16</td>
<td>6.1</td>
<td>3</td>
<td>0.8</td>
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<tr>
<td>Masasi</td>
<td>564.1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>511.6</td>
<td>91</td>
</tr>
<tr>
<td>Ruangwa</td>
<td>299.9</td>
<td>1.9</td>
<td>&lt;1</td>
<td>283.4</td>
<td>91</td>
<td>2.3</td>
<td>&lt;1</td>
</tr>
<tr>
<td>Lind rural (2007/8)</td>
<td>247.5</td>
<td></td>
<td></td>
<td>221.9</td>
<td>90</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Magu (2007/8)</td>
<td>740.1</td>
<td>1</td>
<td>1</td>
<td>596.6</td>
<td>81</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sumbawanga</td>
<td>784.4</td>
<td>10.3</td>
<td>1</td>
<td>183.5</td>
<td>23</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Tanzania - A study of the burden of Local Taxes on the Agricultural sector, 2009

There are several other taxes, levies, fees and contributions that farmers pay to authorities and cooperatives. Of much significance are levies imposed at ward level, regardless of amount. Taxes, levies, fees and contributions constituted a burden with immediate effects including increased costs of doing business from one side while decreased profitability (return on investment) in the agriculture sector, on the other. The two have significant impacts on socio-economic development of smallholders and the country as a whole.

Significantly, there were incidents of Councils imposing high export crop taxes which are inconsistent with the national government’s policy encouraging exports production and markets. High taxes, and inefficiencies of policy administration within local government administration, compound corruption within the public sector. The most celebrated case was when taxation was related to the restriction of free movement of goods. A typical example is when agricultural produce is transported out of districts, traders have to deal

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15 Cashew nut levy, Simsim, Coconut, Mixed crop, Forest produce fees, sea product levy
with road-blocks and police check points as well as prohibitions from selling agricultural produce outside the district.\textsuperscript{16}

\section*{EFFECTS OF TARIFFS AND NON-TARIFF BARRIERS ON THE EAC ECONOMY}

Tariffs and Non-Tariff Barriers (NTBs) have significant impacts on EAC partner economies. Non-Tariff barriers (i.e. trade-restricting measures and trade-promoting measures- e.g. export subsidies -are increasingly raising market concerns at both global and regional levels. Despite the existence of the EAC Customs Union, which commits states to eliminate NTBs, they have gained prominence as alternatives to market protections. A study conducted by RATES in 2003 indicated that a 50% reduction of NTBs within maize and beef sub sectors yields a 0.8%, 1.5% and 0.2% increase in social welfare in Kenya, Uganda and Tanzania respectively. A study on SMEs engaged in cross-border trade indicated that NTBs contributed to a rise of 25.98% in transport costs alone. According to BBC, more than $48m is lost due to customs delays.

Overall, NTBs increase costs of doing business within Tanzania and in the East Africa region, increase corruption among public officials, decimate efforts to overcome poverty and pose insecurity threats resulting from poverty. The elimination of NTBs has positive implications to all partner states.

\textsuperscript{16} Ibid p14
PAST INITIATIVES TO CREATE AN ENABLING ENVIRONMENT

There have been various attempts to create an enabling environment as far as organic farming is concerned. Such initiatives have been undertaken by POs, PSOs, CSO networks and Development Partners. Despite their existence, stakeholders have indicated however that such initiatives are fragmented and there is high duplication of efforts. There are cases where Development Partners bypass the initiatives in place to work directly with the networks, private sector organisations or commercial farmers in European markets.

The decision by the government to develop an organic policy strategy and establish an organic desk at the ministry is worthy of praise. There have also been positive developments in agriculture sector development including organic market development whose main focus is to improve market access by farmers. The government has also enacted the One Border Post Act (2015), Commodity Market Exchange Act (2015) and Agricultural Development Bank all of which aim at improving the enabling environment for organic farming. To that same effect, Weights and Measures Agency is now reviewing fines (and other penalties) imposed on the use of illegal measures to weigh agricultural products.

The government of Tanzania is also implementing Business Environment Strengthening (BEST) project, Big Result Now (BRN)\(^\text{17}\) and is subscribed to Open Government Partnership (OGP)\(^\text{18}\), which commit governments to more accountability, transparency and to monitoring progress in development indicators. Private sector organisations such Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA), Confederation of Industries (CTI) and Tanzania National Business Council (TNBC) are all outcomes of development interventions by the government.

Despite all these initiatives, stakeholders still remain less informed of the timeline attached to many public commitments and there is a feeling that most of these interventions are not customized to address the organic farming industry.

EMPOWERING RESEARCHERS, PRACTITIONERS AND FARMERS IN THE NATIONAL POLICY MAKING PROCESS.

The country has an elaborate policy-making architecture, of which most policies are ascribed by. There is a clear process in place at each stage of the process and participation of stakeholders is emphasized. Studies suggest however that experience and perceptions of

\(^{17}\) A study conducted by ESRF has indicated that BRN projects had negative effect on local government funding mechanisms and effectiveness

\(^{18}\) http://www.opengovpartnership.org/country/tanzania
different stakeholder groups varies considerably and they themselves still remain fragmented.

Most CSOs, PSOs and LGAs have been consulted through academic research, business or projects yet these players have little knowledge about linkages between them. Universities such as Sokoine Agriculture University and other agriculture research institutes are conducting various policy-level research initiatives including organic production. Due to a lack of funding, most research findings remain unpublished. Sokoine University of Agriculture has a national library on agriculture although availability of references (hard copy and on-line database) can not be verified for certain.

Despite the current lack of mainstreaming, the role of research organisations in multi-stakeholder partnerships remains necessary. Research is key in capacity building.

Academia has a critical role in strengthening the participation of local stakeholders and incorporating local knowledge into the decision-making process. The role of these institutions and individuals is an objective scenario analysis and modelling policy. They are also responsible for development of solutions, undertaking feasibility studies and implementation of innovative activities for enhancing food security and local markets.

They also have the role of building capacity and knowledge transfer through disseminating local knowledge, fostering science in organisational, methodological and technical innovations in the policy, social, environmental and technological dimensions of research. Universities are also expected to be training competent professionals. What is also important is the fostering and improvement of interdisciplinary research that is capable of concrete actions – organic policies nexus.

PSOs and PSOs networks have been involved, in their own right, in organic certification through global brands such as Fair Trade. Individual companies with organic certification benefits from the technical assistance that geared to improve production, processing and marketing. Private Sector Organisations (PSOs) such as Tanzania National Business Council, CEO Round Table, Tanzania Chamber of Commerce Industry and Agriculture (TCCIA) all advocate for an enabling environment in agriculture sector development.

Several CSOs are also actively involved in advocating for policy improvement to serve the rural poor better. Such CSOs include Policy Forum, Eastern and Southern Africa Small Scale Farmers Forum (ESAFF), Agriculture Non-State Actors (ANSAF), Participatory Ecological Land Management (PELUM), among others. The important question with regard to their involvement is: who’s agenda do these CSOs represent, is it their own or that of donors?

The work of policy research institutes such as ESRF, REPOA, ESARP, among others, provides an enormous contribution to policy development in the country. Making these policies work for the poor would certainly be an opportunity to steer change in the prevailing policy dynamics.
The importance of agriculture in bringing about development to poor countries like Tanzania can not be overemphasized. This is why key players such as Local Government Authorities spear-head improvements in the policies, by-laws and prioritization of the sector in development initiatives. The challenge however is in the implementation of Agricultural Development Programmes and Local Government Reform Programs. A number of policy improvement initiatives are not prioritised when compared with issues that directly touch peoples’ interests and material benefits such as salaries. Rural communities are, on the other hand, not sufficiently organised to demand their rights and so are left on the sidelines.

Small-scale producers, being isolated and lacking resources, are unable to engage local governments. Instead it is the CSOs that engage with local governments. But the fact that most CSOs are based in urban areas means that the main interests of CSOs will not necessarily align with those of the rural poor.
5.0 PRIORITY AREAS

UPSCALING ORGANIC RESEARCH, DEVELOPING A DATABASE AND INFORMATION DISSEMINATION

Initiatives are in place, particularly under the ambit of both public and private sector and CSOs, to collect and keep information. Hence, at the moment, different organisations own different databases on the organic industry. The government, for example, has established an agriculture statistics office at the regional secretariat. One feature of such databases is that information is not disaggregated to be more useful. Cooperatives also host databases but they are not linked to regional secretariat or the National Bureau of Statistics. Private companies and universities similarly keep a healthy volume of research reports and statistics but their structure and purposes are less known to other stakeholders.

It is therefore essential to ensure that all stakeholders – citizens, CSOs, PSOs and LGAs, agencies and development partners join hands to develop a single point of open database. The proposed Media Bill should act as an incentive to harmonise these information sources. To achieve the desired goals it is crucial that this information is credible and organised in a way so as to serve multiple uses.

CREATING A COHERENT AND BETTER UNDERSTANDING OF THE POTENTIAL OF ORGANIC FARMING

Inconsistencies in understanding organic farming including its challenges and opportunities have been observed. The fact that many Councils lack by-laws to deal with organic farming makes this a necessary requirement in creating an enabling environment. Similarly, varied interpretations of the term ‘organic’, together with the implications of policy barriers among stakeholders, also signals the need for awareness building.

STRATEGIC PARTNERSHIPS WITHIN PSO, CSOS AND LGAS PLATFORMS

Several policy and non-policy level consultations are on-going but it is also important to take stock of the progress and how this will feed into a potential partnership strategy. This will further limit duplication of efforts and wastage of resources.

The power of dialogue, networking and partnerships with PSOs, POs, LGAs, CSOs and corresponding networks cannot be understated.

THE IMPACT OF TAXES, FEES AND LEVIES ON FARMERS

Multiple taxes, fees, levies and other contributions are counterproductive and have prohibitive effects on production and rural income generation. While it is important for small producers to understand the need to pay taxes, fees, levies and other contributions, authorities also need to understand that neither the governments, producers nor consumers will benefit from an excessive burden of taxes. Also logical is the fact that local
government authorities are all aware on the fact that a 5% Cess is indeed a burden to farmers and all need to be done to review the way cess percentage is determined and collected. Study on Local government taxation proposed for the abolishment of cess and transforming it to a non distortionary tax. In the transition to a new system, the anticipated loss in LGA revenue (part which was raised from cess) could be covered though more efficient transferred of central government funds.

**ADVOCATING FOR ORGANIC FARMING STRATEGY AND NATIONAL ACTION PLANS**

The current ASDP (2013) requires further support with strategy and national action plans. These instruments are resourceful for interventions at policy level. They are important for constructive dialogue between players and promoting consultation, research and development. Effective participation in developing an organic farming strategy could reduce prevailing policy barriers.

**DEVELOPING AN INCLUSIVE ORGANIC CERTIFICATION, STANDARDIZATION AND ENFORCEMENT SYSTEM**

The country has a vast market of agricultural produce, and an abundance of organic products but the existing system excludes the majority of farmers from certification. Moreover, certification and standardization systems, as they currently operate, are both difficult to enforce and expensive on the side of users. For the set goals to be achieved, it is crucial therefore that an inclusive certification system is introduced. This needs to be a system which organic producers, processors and consumers can enforce.

**ENGAGE REGIONAL INSTITUTIONS TO DEVELOP AND FACILITATIVE REGIONAL TRADING POLICIES**

A study conducted by RATES across the EAC block identified the main trade constraints to be export bans, export restrictions, cumbersome import procedures, non-standardized and high import tariffs in the region and non-standardized quality standards. These challenges require regional level engagement mechanisms. Apart from inter-governmental and EAC Parliamentary mechanisms, involvement of POs, PSOs, CSOs and LGAs networks provides a firm footing to support advocacy work.
6.0 CONCLUSIONS AND RECOMMENDATIONS

6.1 CONCLUSIONS

NON POLICY-RELATED BARRIERS AFFECTING FARMERS’ ACCESS TO ORGANIC MARKETS

The mere meaning, significance and impact of barriers are still highly debated which in itself constitutes a barrier. For example, a joint study by AGRA under Rural Livelihood Development Company (RLDC), Economic and Social Research Foundation (ESRF), Sokoine University of Agriculture (SU), MRA-Management Associates, Ministry of Industries and Trade (MIT) and Research on Poverty Alleviation (REPOA) concluded that having laws and regulations alone is inadequate for effectively implementing a fair and efficient trade and marketing system. It was clear in these studies that the problem was not entirely a policy issue, but also weak implementation of the policies in question.

There are studies which associate ineffective policy implementation with poor resource allocation to implementation agencies including the sector ministry, local governments and agencies. It is more encouraging however that all stakeholders, even in the midst of disagreements over what constitutes a policy barrier, generally agree that the slow growth of the agriculture sector is already one of the main indicators of policy ineffectiveness. In a country like Tanzania where the sector employs more than 90% of the population, a good understanding of the meaning, causes and implications of barriers to the sector growth is paramount.

POLICY RELATED BARRIERS AFFECTING POOR FARMERS’ ACCESS TO ORGANIC MARKETS

There are several policies developed by Agriculture-led Ministries which assist in steering Agriculture Sector Development policy (2012). Existing policy capture issues related to agriculture i.e. given its significance to national and households income. There are however a number of challenges which remain important to addressing prevailing challenges as far as markets and marketing are concerned. A mere statement, with no corresponding strategy or plan, is unable to solve existing policy level needs. With no organic farming policy or its corresponding strategy and national plan in place, it is difficult to address various sector challenges, such as access to extension services, financial services, farm inputs and implements, certification system and local and regional organic markets. For instance, policy barriers emerging from Warehouse Receipt System, Kilimo Kwanza, Local Government Finance Act and National Transportation policies are hard to solve in the existing Agriculture Sector Development Policy (2012). Huge numbers of policies have ‘crowding effects’ at the local levels and is much aligned to complex coordination, resource demand and review
efforts. Sometimes, such a policy ‘cocktail’ constitutes a policy barrier larger than policy itself.

There is still a considerable barrier resulting from the mismatch of policy priorities at both central and local government levels. This mismatch is considered to be the source of misallocation of resources, of expertise, and poor prioritization within local government organs. While top-down and bottom-up approaches are significant to the policy design cycle, bottom-up is people-centred and thus has huge potential for overcoming constraints observed. Using obstacles encountered and development opportunities identified provides substantial evidence that assists policy development and improvement at central government. It begins with the community and builds up. Recently, it is being realised that Councils have lost interest in engaging O&OD since it is expensive, subject to political interference and is ignored by central government in developing priorities and interventions.

Of much significance are barriers to organic markets which constitute gruelling effects at household, council and national levels. The impact of barriers for example are scarcely researched, documented and disseminated to stakeholders, especially policy makers at central and local government levels. The presence of incentives will fuel policy realignment measures. Similarly, without building-up management information systems and research, constructive dialogue remains weak and unproductive.

IMPACT OF BARRIERS

Across the globe, organic farming is associated with small producers and wealth-creation among poor rural farmers and corresponding actors in the value chain system. Policies are expected to provide a firm footing to achieve this goal. Barriers have different impacts across different value chain actors. At household, local and central government levels, policy barriers have back-peddling effects. Market policies should be drawn within an understanding of the market system. Any improvement in one part might stimulate other points in the market system. There are several market improvement initiatives in place. Slow growth of the agriculture sector and its overall contribution to GDP is a good example of the ineffectiveness of policies. As the nation implements poverty reduction strategies, organic farming for example provides a great opportunity to realize such a goal.

Measures seeking policy re-dress have to be driven from evidence-based research perspectives and policy makers’ convenience strategies and strategy options before engaging stakeholders, right-holders and beneficiaries throughout policy the re-alignment process. Local and central governments would be willing to respond to constructive engagement after understanding the impacts of barriers.

Data about revenues, incomes, expenditure and markets is quite sensitive. It is for this reason that it is quite difficult to obtaining required data
WEAK PARTICIPATION OF KEY STAKEHOLDERS, ESPECIALLY POOR FARMERS, IN THE POLICY-MAKING PROCESS

The country is endowed with a good level of stakeholder dialogue and a bottom-up policy making process. While most policies undergo the same policy development cycle, architecture of the policy-making remains highly inconsistent and vulnerable to political interference. Stakeholder participation for example remains weak across various policy making cycles. Scarce resources and the effects of multi-national lobbying aggravates progressive policy development, implementation and re-alignments. CSOs networks provide better mechanisms. Of late, central government has started implementing the Open Government Partnership (OGP) which advocates for public (citizenry) partnership i.e. CSOs take part in policy development or implementation rather than criticism alone.

GOVERNMENT INITIATIVES IN THE PAST

There have been several activities under ASDP and DADPS which aim at promoting the agriculture sector within the existing Agriculture Sector Development Policy (2012 as well as initiatives to support cooperatives within EAC framework but these interventions largely aim at supporting agriculture as a sector rather than organic industry.

In addition to the interventions mentioned, what has been observed so far is the government’s ambition to develop an organic farming strategy and, in ensuring that this is achieved, it has established an organic desk that is responsible for coordinating various policy and non-policy level issues. These efforts alone send a message that even within current policy settings, it is possible to enhance market access for organic producers. Regional agreements and policies can also go a long way to ensuring that member states are doing enough to boost organic farming and trade. There is a policy in place, for example, that commits member countries to allocate 1% of their GDP for research purposes, only to find that the policy is ineffectively implemented. Involvement of the Mixed Crop board remains resourceful and strategic towards improving access to organic crop markets and addressing inadequate policy.

Again, information about past policy and policy related interventions is widely spread, efforts highly being duplicated and better coordination has been thought than practiced.

It was learnt too that various universities implement agriculture projects, including organic farming. Such projects remain less popular as it is said that it is expensive to publish corresponding research work.

PRIORITY AREAS WHERE POLICY GAPS EXISTS

There are several gaps worth prioritizing in addressing policy and policy related barriers that affect access to organic markets for the poor. At the start, it is essential to develop short,
medium and long-term strategies and then explore a range of possibilities that facilitate linkages between policy makers, academia and farmers through research, networking and funding. Development of communication and lobbying and advocacy strategies is paramount. LGAs, academia and producer organisations are the axes of market development initiatives.

In South Africa, for example CSOs and LGAs work together to implement a common agenda\textsuperscript{19}. This is possible if constructive dialogue is driven from harmonised databases.

Developing incentives that promote the creation of an enabling environment such as policies, by-laws and regulations that are pro-organic industry, will improve the enabling environment. One way is to explore the possibility to establish an Organic Farming Basket Fund to steer research, development and innovations.

Effective use of existing structures, initiatives and programs is emerging from public, private and CSOs sectors. Big Result Now (BRN) and SAGCOT initiatives for example provide an opportunity to improve business environment.

### 6.2 RECOMMENDATIONS

Recommendations are organised into non-policy and policy barriers. Non-policy barriers are listed first, under Table 07 below.

**NON POLICY RECOMMENDATIONS**

Table 6: Non policy barriers

<table>
<thead>
<tr>
<th>Issues</th>
<th>Barrier</th>
<th>Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low level of awareness and misperceptions</td>
<td>Low level of local demand and consumption for organic produce. A large part of the population is not aware of policies, rights and corresponding institutions to assist them. Very few producers, traders and consumers are aware that through the Weights and Measures Act (2002) they are protected. Wrong perceptions that organic food is for the rich and can therefore be heavily taxed.</td>
<td>Develop an effective communication strategy.</td>
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\textsuperscript{19} Open Government Partnership
<table>
<thead>
<tr>
<th>Weak implementation of policies, by-laws and regulations</th>
<th>Increased use of oppressive measuring units such as <em>Lumbesa</em> requires that multiple ministries deal with the problem. Similarly, implementation of Agriculture Marketing Policy requires more than five ministries to deliver policy goals.</th>
<th>Implement a revenue share scheme (share penalty 30:70) to enforce by-laws and stakeholders awareness.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political influences</td>
<td>District Commissioners have discretionary powers to ban crop trade. This makes small producers vulnerable to trade in the black/illegal markets where they are severely exploited.</td>
<td>Develop a quota scheme where farmers will only have to produce a certain amount of food crops for consumption. Similarly, organise a regular event with political decision makers to explore the matter.</td>
</tr>
<tr>
<td>Corruption within local government decision-making mechanisms</td>
<td>Trade liberalization aimed at, among other things, taking fullest advantage of cross-broader trade which is significant to the market economy. This however has to be well managed. With the current multi-party politics, it is now politics rather than people’s development that is at the centre of political space. Councillors lack the necessary tools to create enabling environment or even challenge existing policies. The bureaucrats would use their superior knowledge on the matters to remain unchallenged by the former. The result of this is more corruption and pursuit of personal interests. There are incidences where these smallholder producers have to bribe the village road blocks agents to have their produce reach markets where they fetch decent prices. And at the same time it is difficult to change by-laws since established crop traders benefit from the existing system. On the other hand, many</td>
<td>Build capacity of Councillors to enforce accountability and good governance. Explore possibility of introducing organic farming steering committee that will lobby and advocate for promotion of the enabling environment. Regular PSO-LGA consultations</td>
</tr>
</tbody>
</table>
of these traders join the political system to benefit from their political position and power.

| Weak accountability | Weak position of CSOs within lower structures of the community has inversely affected accountability. The low level of education of those supposed to be controlling the more educated bureaucrats at the Councils complicates the matter further.

Develop accountability incentives, implement joint accountability schemes between CSOs, PSOs and LGAs. Implement joint accountability initiatives. Develop incentives that will enhance accountability within local government

| Lack of local certification and standardization system | The country is yet to implement a local certification system – Kilimo Hai brand. Stakeholders depend on international certification systems which are quite expensive. Despite its positive implications this system also excludes a large number of potential organic farmers. Councils have no by-laws and regulations to enforce organic certification systems.

Organise stakeholder dialogue, promote convenient standardization systems such as participatory guarantee system. Invest in research and development.

| Inadequate management and mismanagement of allocated funds | Policies are developed at central and implemented at local government levels. To implement these policies, local governments require adequate resources – expertise, by-laws and funds. Control and Auditor general reports indicate mismanagement of DADPS allocated funds. About 14.5bn was mismanaged between 2001 and 2006 \(^{20}\) and such practices have huge implications in the sector growth.

Strengthen stakeholder forums, learn from Open Government Partnership (OGP) – partnerships between local governments, CSOs and policy makers

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\(^{20}\) Damian Gabagambi; Empowering Smallholders in Eastern Africa to Access Agro-Markets and Agricultural Land (2011)
Table: Policy Barriers

<table>
<thead>
<tr>
<th>Policy</th>
<th>Barrier</th>
<th>Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic agriculture policy</td>
<td>The Agriculture Sector Development Policy (2012) makes a statement on organic farming. However, the policy lacks strategy and a national plan. Without these instruments of operation it is still difficult to implement organic farming issues of concern. On the other hand, policy objectives and statements largely fall short of the key issues on organic farming. Generally, the policy focuses on commercialization of agriculture and modernization of farming through crop intensification, diversification, technology advancement and infrastructure development. The barrier here is ineffective policy implementation.</td>
<td>Given its importance, it is now necessary to develop organic farming policy. Provide resources to MAFSC to support strategy development. Explore the possibility for establishing an organic research fund to research and publish research findings so as to enrich stakeholder dialogue.</td>
</tr>
<tr>
<td>Warehouse Receipt System Act (2005)</td>
<td>Warehouse Receipt System (WRS) aims at providing better access to markets, storage and financing facilities (using crops as collateral). But the problem with these facilities is that all crops are mixed together regardless of what storage and handling requirements are for each produce. Organic produce has specific requirements and loses differentiation and hence certification in the process. It is becoming evident that the current focus with WRS is on cash crops such as cotton, coffee and cashew than other crops.</td>
<td>Develop organic farming guidelines to assist local government, private sector and non-profit organisations in handling organic products. Similarly, explore possibilities to capitalise Commodity Exchange Market policy and Tanzania Agricultural Development Bank.</td>
</tr>
<tr>
<td>National Transport Policy</td>
<td>This has good policy statements but policy implementation is still poor. As a result it is this policy that has become a source of Team-up with transport stakeholders i.e. develop a Joint stakeholder strategy to</td>
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21 According to African Centre for Economic Transformation, Tanzania is classic case where GDP growth does not necessarily deliver poverty reduction. For example, over the last ten years, GDP per capital of Tanzania grew almost double from $306 to 547 in 2000 and 2011 (WDI)
multiple road blocks, low prices and poor rural infrastructure. Remember, poor infrastructure increases the cost of doing business. Without efficient infrastructure rural organic producers are unable or may not afford the means to reach the markets.

Certainly, the quality of organic produce will be affected once free movement of goods across district and region is restricted which also is limiting the ability of farmers to get the best price.

Kilimo Kwanza aims to modernise agriculture through Public and Private sector partnership. However, the policy excludes smallholder farmers as its pertinent feature and also fails to address productivity from the market perspective. Similarly, the policy advocates for access to industrial farm inputs which threaten organic farming.

Kilimo Kwanza initiatives will match organic agriculture requirements. Similarly, form partnerships with PSOs and CSOs such as TNBC, ANSAF and Pos to deal with the challenge at Local Government level.

Policy empowers Council to raise its own resources. It is for this reason that Councils

Local Government

Policy empowers Council to raise its own resources. It is for this reason that Councils

Build capacity of local government to expand their

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22 Ibid

23 The Southern Agricultural Growth Corridor of Tanzania (SAGCOT) was initiated at the World Economic Forum (WEF) Africa Summit 2010 with the vision to improve agricultural productivity, food security and livelihoods in Tanzania.
| Finance Act (2004) | set-up fees, contributions and taxes to meet their revenue collection targets. These are charged on/as land rent, crop cess, business licensing, etc. The law requires a maximum of 5% of the farm gate price but as each authority is allowed to set its own cess percentage this threshold is not respected. As a result we see resistance to paying taxes among smallholders. On the other hand, taxpayers in local authorities in Tanzania see few tangible benefits in return for the taxes they pay. In addition, the deterioration, and in some cases non existence, of public funds raises taxpayers perceptions of taxes being a tool for exploitation rather than promoting development (Semboja and Therkildsen, 1995). | revenue base Use research-based findings to demonstrate the effects of over-taxing the agriculture sector to development. Establish incentive system to officials, LGAs, institutions such as PSOs, CSOs that offer services which in one way will safeguard organic industry. In Uganda for example, there is a Presidential Award on organic farming. |
| Weights and Measures Act No. 20 of 1982 and cap 340 | Weak enforcement. Use of non-calibrated measuring tools is rampant. Use of unregulated weighing scales denies farmers their rightful income. Use of Lumbessa, Kosovo and Debes reduce overall income of the rural poor by almost half. Farmers lose up to 43% and 48% for maize and paddy, respectively. Organic farmers therefore sell their produce at a loss, making it difficult to finance farm inputs. | Awareness raising of stakeholders on their legal rights. Establishment of Sales Centres nation-wide to guarantee correct use of appropriate weighing scales and pricing of produce, including organic products. Explore and exploit possibilities to introduce penalty-sharing scheme. Partnerships with producer organisations and their networks will assist in effective policy implementation. |
| National Health Policy (2012) – | In most areas with high agricultural potential (e.g. Simiyu, Kagera and Kilimanjaro regions), | Establishment of by-laws supporting agro-ecological |

24 AGRA etal (2013) study
| Better Health for All | the effects of climate change pose threats to the increase in rates of tropical diseases, such as Malaria which in turn prompts the use of DDT as part of the Malaria-fighting campaign. In this regard organic certification is threatened. Similarly, supply of subsidized maize and spraying in organic zones threatens farmers with de-registration. | zones, provides more incentives to small-scale producers to adhere to organic farming requirements such as contract farming and producer-consumer contracts. |
7.0 REFERENCES

