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SERA POLICY PROJECT YEAR 5 QUARTER I REPORT

TANZANIA ENABLING POLICY ENVIRONMENT FOR AGRICULTURAL SECTOR GROWTH

OCTOBER 1, 2015 – DECEMBER 31, 2015

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SERA POLICY PROJECT

YEAR 5 QUARTER I 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

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

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ABBREVIATIONS AND ACRONYMS

AIRD	Associates for International Resources and Development
AIRF	Agricultural Innovation Research Foundation
BOD	Board of Directors
BOT	Bank of Tanzania
CI	Custom Indicator
CN	Concept Note
COP	Chief of Party
CSO	Civil Society Organization
DAEA	Department of Agricultural Economics and Agribusiness
DFSN	Department of Food Security and Nutrition
DPP	Department of Policy and Planning
ERS	Economic Research Service
FBM	Food Basket Methodology
FtF	Feed the Future
GOT	Government of the United Republic of Tanzania
iAGRI	USAID Feed the Future Research and Education Project
IR	Intermediate Result
MAFC	Ministry of Agriculture, Food Security and Cooperatives
MANR	Ministry of Agriculture and Natural Resources
MIT	Ministry of Industry and Trade
MIU	Market Intelligence Unit
MLFD	Ministry of Livestock and Fisheries Development
MLHSD	Ministry of Lands, Housing and Human Settlements Development
MOF	Ministry of Finance
MSU	Michigan State University
MT	Metric Tons
MUCHALI	Mfumo wa Uchambuzi wa Uhakika wa Chakula na Lishe (Tanzanian Food Security and Nutrition Analysis System)
NA	Not applicable
NAFAKA	USAID Feed the Future Staples Value Chain Project
NFRA	National Food Reserve Agency
NFSD	National Food Security Department
NPS	National Panel Survey
OECD	Organization for Economic Co-operation and Development
PAPAC	Platform for Agricultural Policy Analysis and Coordination
PDB	President's Delivery Bureau
PMO	Prime Minister's Office

PRU	Policy Research Unit
PS	Permanent Secretary
RCT	Rice Council of Tanzania
RGoZ	Revolutionary Government of Zanzibar
SAGCOT	Southern Agricultural Growth Corridor of Tanzania
SERA	USAID Feed the Future Policy Project
SME	Small and Medium Enterprise
SOW	Statement of Work
SUA	Sokoine University
TANTRADE	Tanzania Trade Development Authority
TASTA	Tanzania Seed Trade Association
TIC	Tanzania Investment Centre
TOR	Term of Reference
UPOV	International Union for the Protection of New Varieties of Plants
USAID	United States Agency for International Development
USDA	United States Department of Agriculture
USG	United States Government
WB	World Bank

EXECUTIVE SUMMARY

The Tanzania SERA Policy Project (SERA) of the United States Agency for International Development (USAID) Feed the Future (FtF) Initiative is implemented by Booz Allen Hamilton. The SERA Project is focused on improving the policy environment for agriculture, and developing individual and institutional capacity to undertake policy analysis and advocate effectively for policy reforms. SERA began in April 2011, and completed the fourth full year of operation on September 30, 2015. This Quarterly Report, Quarter 1 (Q1) of Project Year 5 (Y5), covers the period from October 1, 2015 to December 31, 2015. SERA is scheduled to conclude in March 2016, and discussions are underway with USAID for a no-cost extension.

Tanzania elected a new President in October 2015, and the preparation for the election and establishment of a new Government following the election have impacted SERA activities as the focus of Government was on the election. The Bank of Tanzania (BOT), for example, was not able to maintain momentum on establishing the collateral registry and little progress was made on that activity. However, the preparation for the new Government also created opportunities such as the preparation of a Policy Note for the new Government, led by SERA and jointly authored with the World Bank, and the appointment of new actors into critical leadership positions, including a new Minister and Permanent Secretary (PS) of Agriculture and the consolidation of the Ministry to include agriculture, livestock and fisheries under a single Ministry called the Ministry of Agriculture, Livestock and Fisheries. The new PS for Agriculture was previously the PS in the Prime Minister's Office (PMO) and worked closely with SERA while in the PMO. With the focus of Government on the election, SERA undertook activities that did not require direct interaction with Government officials, including a study tour to Zambia, completion of a survey of maize farmers, preparation for the Agricultural Policy Conference scheduled for February 2016, continued work on the food demand study, and continued support to the Zanzibar Department of Food Security and Nutrition (ZDFSN) to implement the Food Basket Methodology (FBM) to measure food basket costs.

The study tour to Zambia was very informative as it compared the agricultural business environment with Tanzania. The results are expected to be of great interest to the new Government which appears to be very focused on improving the business environment. The study tour, undertaken from November 15-21, allowed a comparison of the corporate agricultural business environment between Tanzania and Zambia. The study team was led by the SERA Senior Advisor, Don Mitchell, and included Edith Lazaro (SERA), Daktari Hango from the Ministry of Agriculture, Food Security and Cooperatives (MAFC), and Emmanuel Lyimo from Southern Agricultural Growth Corridor of Tanzania (SAGCOT). Two other participants (Martin Masalu from Tanzania Investment Centre (TIC), and James Ngwira from the President's Delivery Bureau (PDB)) were not allowed to travel by their management due to uncertainty about who was included in the new President's ban on foreign travel by Government officials. These staff will participate in the study tour to Mozambique scheduled for January 2016. The trip report (Annex 1) provides the findings of the study tour.

The Maize Gender Study field work was completed in October 2015 by TNS East Africa Ltd and a preliminary report was received November 2015 (Annex 2). The study surveyed 300 men and 300 women maize farmers in Iringa and Ruvuma Regions. A prior companion study was undertaken by the World Bank/International Finance Corporation in July 2015 for the Mbeya and Rukwa regions using the same consultants, an almost identical questionnaire, and a similar sized survey of men and women maize farmers. The two surveys will be combined to obtain a survey of 1,200 farmers, equally divided among men and women farmers, to quantify the differences between men and women maize farmers. The results were expected to show that women maize farmers had access to fewer resources and had lower production, and would provide a basis for policy recommendations on how to narrow the gender gap—such as the recommendation to hire more female extension agents to focus on women maize farmers. The surveys data sets are being combined by TNS. The preliminary reports of both surveys confirm expectations and showed that women maize farmers are disadvantaged compared to men maize farmers in almost all areas. They have less education, smaller land holdings, use less inorganic fertilizers, less improved seeds, and have lower maize yields. Women maize farmers also receive about 70 percent of the maize prices received by men maize farmers when they market their maize. The findings are expected to be relevant to other sectors where women farmers may have similar characteristics compared to men farmers.

An Agricultural Policy Note for the new Government (Annex 3) was prepared by SERA at the request of the World Bank. The Policy Note went through extensive revisions and World Bank reviews, and was finally sent to the new Government in December along with Policy Notes on nine other sectors. The Policy Note was sent to the USAID Feed the Future team in Tanzania for concurrence but due to lack of time, a thorough approval review was not completed. Consequently, the views presented in the Policy Note were attributed to a USAID consultant and World Bank staff, and not to USAID. The Policy Note is broader in scope than SERA policy work and includes greater coverage of non-food crops, smallholders, marketing, irrigation, and extension. Several World Bank staff, including the former and current senior agricultural economists, made substantive contributions to the Policy Note.

There were important personnel changes in Q1 as the Chief of Party, Marialyce Mutchler, was on extended leave. The former Chief of Party and currently the Senior Advisor, Don Mitchell, returned to lead the project.

INTRODUCTION

The Tanzania SERA Policy Project assists both the Government of the United 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 agricultural 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. Improving agricultural policies is accomplished by working with the GOT and other stakeholders to identify important policy constraints to growth in the agricultural sector and by helping to alleviate these constraints through policy and regulatory reforms.

The SERA Project conducts and commissions 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 develops the capacity of individuals, institutions, 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 SERA Project focuses its activities around priorities identified in collaboration with the Southern Agricultural Growth Corridor of Tanzania initiative.

OVERVIEW

The SERA Policy Project has three primary components: Policy Research and Reform, Capacity Building, and Advocacy and Communications. Other important activity areas include collaboration, leadership, monitoring and evaluation.

Policy Research and Reform

The SERA Project's approach to policy reform is to provide evidence-based research on important policy issues to inform GOT and other stakeholders on policy impacts and options. This has proven to be an effective method of encouraging policy debate and achieving policy reforms.

Capacity Building

The SERA Project is engaged in both institutional and individual capacity building in support of policy reform. This includes institutional evaluations and support for strategic planning as well as formal training for GOT staff. Support to individuals includes financial assistance for research on important policy issues and training for selected individuals.

Advocacy and Communications

The approach to advocacy and communication is to provide information and disseminate research findings rather than to publicly advocate for policy reform. This is consistent with SERA's approach to policy reform which is focused on GOT counterparts rather than grass roots organizations or other stakeholders.

IMPLEMENTATION PROGRESS

COMPONENT I: POLICY RESEARCH AND REFORM

The SERA Project undertakes analysis and 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, and some is contracted to consultants. In all cases, high standards are sought. Increasingly, the SERA team is invited to join policy discussions at an early stage to provide input on important policy issues and this is an effective way to influence policies in the early development stages.

1. Intermediate Result 1: Improved Agriculture Productivity

The SERA Project did not have any activities on Improved Agriculture Productivity in Q1.

2. Intermediate Result 2: Expanding Markets and Trade

The SERA Project works to expand markets through improved trade policies, improved market performance, and increased access to credit. Trade policy is an important component of economic policy and the economic environment. The SERA Project has previously focused on two important trade policy issues, the requirement of the MAFC that traders obtain export and import permits from the GOT before undertaking trade, and the ad hoc approach of GOT to emergency food imports that can disrupt markets and are vulnerable to rent seeking. Both of these efforts are on-going and will continue in Y5. The SERA Project is also conducting research on the performance of maize and rice markets, and the impact of gender on maize marketing and production to provide deeper understanding of these issues and provide support for policy reform recommendations. The proposal for a Transparent Rules-Based System for Emergency Food Imports, first proposed by SERA to the GOT in 2012, has gained strong support within the Government and will be the main policy activity of SERA to Expand Markets and Trade during the remainder of the project. This effort will be combined with activities that support the proposed Market Intelligence Unit (MIU) in the Ministry of Agriculture, Livestock and Fisheries that was proposed by SERA Project in February 2015 as part of the Policy Options Workshop. Improved credit to smallholders and SMEs has been a SERA priority since inception, but progress has been slow and it is unlikely that this effort will be completed in the time remaining. However, the activity will be transitioned to the World Bank, and will continue as part of their support for financial sector reforms.

A. Export Permits

Permits are required from Government to import or export food crops despite the lifting of the food crops export ban in September 2012. This confusing, lengthy, and costly procedure for obtaining permits has led to widespread efforts to circumvent the system. Research conducted by the SERA Project 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. In October 2014, the GOT announced the temporary decentralization of the export permit system and granted authority to the Regional Administration Secretaries to issue export permits for staple crops--mainly maize. The impact of this change has not been analysed, but SERA continues to encourage the Government to eliminate export and import permits and enforce agreed tariffs. Because of the Government's focus on the election during Q4 of Y4, no activities were conducted in support of reform of the export/import permit system and none were planned for Q1 of Y5. SERA will continue to monitor the use of permits and engage with policy makers as opportunities arise.

Policy Action Status:

- Stage 2: Stakeholder consultation/public debate.
SERA Project presented recommendations for eliminating the permit systems in the Policy Options Paper. Since then there has not been any progress in the status of the export permit policy. No further action has been requested or indicated by the GOT.

Tasks completed in Q1 of Y5: None.

Tasks planned for Q2 of Y5: None.

Contribute to:

- IR 4.5.1-24 Number of agricultural and nutritional enabling environment policies completing the following process/steps of development as a result of USG assistance in each case: 1: Analysis -- 2: Stakeholder consultation/public debate -- 3: Drafting or revision -- 4: Approval (legislative or regulatory) -- 5: Full and effective implementation.
- CI 4.1.1 Number of research outputs.

B. Transparent and Rules-Based Import Policy

Emergency food imports are allowed on a case-by-case basis and often unduly disrupt markets as was the case when GOT allowed duty-free rice imports from January to March 2013. SERA analysis showed that those informal rice imports continued in 2014. A more transparent and less disruptive policy would be for the GOT to enforce existing tariffs and allow the private sector to import and export freely based on market conditions. The SERA Project presented a series of recommendations and options in the Food Security Policy Options Paper and is ready to assist the GOT in designing and implementing a Rules-Based and Transparent System for Emergency Food Imports. It is anticipated that follow up action will be combined with activities that support recommendations to remove barriers to trade, such as the export permit system and the creation of a Market Intelligence Unit.

Policy Action Status:

- Stage 2: Stakeholder consultation/public debate.
SERA Project policy actions target for Year 5 is *Stage 4, Approval (legislative or regulatory)*. The GOT did not make any formal or direct follow-ups with SERA regarding this activity, however, SERA has been informed that several internal proposals are under discussion at the GOT.

Tasks completed in Q1 of Y5: None.

Tasks planned for Q2 of Y5:

- Design and test a Rules-Based Emergency Food Import System in preparation for training of the proposed Market Intelligence Unit in the Ministry of Agriculture, Livestock and Fisheries.

Contribute to:

- IR 4.5.1-24 Number of agricultural and nutritional enabling environment policies completing the following process/steps of development as a result of USG assistance in each case: 1: Analysis -- 2: Stakeholder consultation/public debate -- 3: Drafting or revision -- 4: Approval (legislative or regulatory) -- 5: Full and effective implementation.
- CI 4.1.1 Number of research outputs.

C. Credit to Smallholders and SMEs /Collateral Registry

Credit is essential to investments and delivering credit to small and medium 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 supporting the Bank of Tanzania to adopt and implement a modern collateral registry. The SERA Project has agreed to collaborate with the World Bank on this important activity, with the World Bank providing financial support for the necessary computer equipment and software, and SERA providing policy support. Capacity to use this system will then be developed through trainings and capacity building activities. So far, progress has been limited in this activity because the Bank of Tanzania has not devoted the resources needed to develop this activity nor accepted the support offered by SERA. Our final effort on this activity will be to bring our international short-term technical assistance (STTA) consultant to make a presentation at the Policy Conference in February and to meet with the Bank of Tanzania once again to gauge interest.

Policy Action Status:

- Stage 1: Analysis.

The target policy action for Year 5 is *Stage 4, Approval (legislative or regulatory)*. In Year 3, SERA Project reported delays in attaining targets for this activity and the same delays remained in Year 4. Lack of progress on the draft, presentation, and adoption of the legislations has a direct impact on meeting *IR 4.5.2-30 Number of MSMEs including farmers, receiving USG assistance to access loans*.

Tasks completed in Q1 of Y5: None.

Tasks planned for Q2 of Y5:

- STTA Dale Furnish to present the Collateral Registry Policy Brief at the Policy Conference in February.

Contribute to:

- IR 4.5.1-24 Number of agricultural and nutritional enabling environment policies completing the following process/steps of development as a result of USG assistance in each case: 1: Analysis -- 2: Stakeholder consultation/public debate -- 3: Drafting or revision -- 4: Approval (legislative or regulatory) -- 5: Full and effective implementation.
- IR 4.5.2-30 Number of MSMEs, including farmers, receiving USG assistance to access loans.

D. Drivers of Maize and Rice Market Prices

The SERA Project's research on maize and rice markets efficiency is comprised of two components. The first, looked at the domestic and external drivers of maize prices and the draft report was completed in 2014. That study resulted in a Policy Brief that was disseminated in December 2014 at the National Agricultural Policy Conference in Tanzania, and a research paper that was presented at the International Conference of Agricultural Economists in Milan, Italy in August 2015. The paper has been submitted for publication in an academic journal. The second component of the study will look at the domestic and external drivers of rice prices using the same methodology as the maize study. The rice study will contrast its results with the findings of the maize study. It is anticipated that the rice study will result in a Policy Brief and research paper in 2016.

Policy Action Status:

- Stage 2: Stakeholder consultation/public debate.

Task completed in Q1 of Y4:

- SOW completed and consultant engaged (Annex 4)

Tasks planned for Q2 of Y5:

- Completed study of domestic and external driver of rice prices.

Contribute to:

- IR 4.5.1-24 Number of agricultural and nutritional enabling environment policies completing the following process/steps of development as a result of USG assistance in each case: 1: Analysis -- 2: Stakeholder consultation/public debate -- 3: Drafting or revision -- 4: Approval (legislative or regulatory) -- 5: Full and effective implementation.
- CI 4.1.1 Number of research outputs.

3. Sub-Intermediate Result 1.3: Improved Agriculture Policy Environment

An enabling environment is essential to a competitive agricultural sector led by the private-sector. The SERA Project has had several activities designed to improve the enabling environment, including reviewing food security policies, reviewing operations of the National Food Reserve Agency (NFRA), improving land policies, and improving the business environment. The review of food security policies and the NFRA are complete, the analysis of the agricultural business environment is ongoing, while the study of land is completed but has not been disseminated to stakeholders.

A. Food Security (Concluded)

The SERA project began a study of food security in Year 1 and concluded this activity in Year 4. No further activity is planned on the overall food security situation, but additional work on specific policy recommendations of that analysis are continuing. The primary output of the SERA work on food security was the presentation to the Government of the Policy Options for Food Security, Agricultural Growth and Poverty Reduction in Tanzania on 27 February 2015 in a workshop hosted by the Prime Minister's Office. The Policy Options Paper provided mainland Tanzania with 24 specific recommendations across five different policy areas. The Government accepted all of the recommendations and identified six for further analysis or implementation, including:

- Establishing a modern Collateral Registry System*,
- Adopting a Rules-Based System for Emergency Food Imports*,
- Limiting the use of export permits*,
- Strengthening the monitoring of food imports and enforcement of tariffs*,
- Creating a Market Intelligence Unit within MAFC,
- Adopting the Food Basket Methodology to estimate food costs and guide policy*.

*Policy actions marked with an * are tracked and reported individually.*

Follow-up activity have included a request from the MAFC to conduct a feasibility study to establish a MIU (Annex 5). An Inception report was completed and Diligent Consulting Ltd will

lead this activity. Discussions indicate that the MIU will be used to implement a Rules-Based Transparent System for emergency food imports and exports, and monitor food basket costs.

Policy Action Status:

- Stage 2: Stakeholder consultation/public debate.
SERA Project policy actions target for Year 5 is *Stage 4, Approval (legislative or regulatory)*. The GOT did not make any formal or direct follow-ups with SERA regarding this activity, however, SERA has been informed that several internal proposals are under discussion at the GOT.

Tasks completed in Q1 of Y5: None.

Tasks planned for Q2 of Y5: None.

Contribute to:

- IR 4.5.1-24 Number of agricultural and nutritional enabling environment policies completing the following process/steps of development as a result of USG assistance in each case: 1: Analysis -- 2: Stakeholder consultation/public debate -- 3: Drafting or revision -- 4: Approval (legislative or regulatory) -- 5: Full and effective implementation.
- CI 4.1.1 Number of research outputs.

B. Agriculture Business Environment Study

The business environment facing agriculture in Tanzania is poor and that largely accounts for the low level of foreign direct investment in the sector. A number of studies have identified factors contributing to the poor business environment and they include: an unreliable and costly power supply, poor infrastructure, lengthy and uncertain procedures for foreign investors to acquire land, and high taxes. In response to requests from GOT, the SERA Project began a study of the business environment in Tanzanian agriculture and a comparison with those of neighboring countries. This study is being conducted in collaboration with the MAFC, SAGCOT, PDB and TIC and is focused on investment incentives that can partially offset the poor business environment.

Policy Action Status:

- Stage 1: Analysis (*in progress*).
This activity includes a large number of partners and required extensive desk research. Delays are due to detailed review and assessment of similar activities currently underway by other stakeholders and donors. The policy activity is expected to reach *Stage 2, Stakeholder consultation/public debate* in Q2.

Tasks completed in Q1 of Y5:

- Completed a study tour to Zambia with staff from MAFC and SAGCOT.

Tasks planned for Q2 of Y5:

- Complete a study tour to Mozambique with staff from PDB and TIC.
- Present findings to stakeholders at Policy Conference in February.

Contribute to:

- IR 4.5.1-24 Number of agricultural and nutritional enabling environment policies completing the following process/steps of development as a result of USG assistance in

each case: 1: Analysis -- 2: Stakeholder consultation/public debate -- 3: Drafting or revision -- 4: Approval (legislative or regulatory) -- 5: Full and effective implementation.

- CI 4.1.1 Number of research outputs.

C. Land Policy

Land policy is very controversial in Tanzania amid concerns that investors will grab land and displace those with informal or insecure land rights. The SERA Project was invited by the Minister of Lands, Housing and Human Settlements Development (MLHSD) to undertake a study on Compensation and Benefits Sharing approaches used in the region. The study was completed and presented to MLHSD for comments. MLHSD staff expressed concern regarding the implications of the legal opinions of the powers of local communities to engage directly with investors, but expressed willingness to utilize information from the study in their current efforts to review and revise the Land Act of 1999. SERA Project has received no further communication from the MLHSD or follow-up for the Commissioner of Lands. A final effort will be made to engage with the Ministry and get support to release the land study in a more limited form.

Policy Action Status:

- Stage 2: Stakeholder consultation/public debate.
The policy action status of this activity remains unchanged. SERA Project presented the draft report and findings to the Commission of Lands, however, no further action has been requested by the GOT.

Tasks completed in Q1 of Y5: None.

Tasks planned for Q2 of Y5:

- Publish a Policy Brief on land policy.
- Present the study to stakeholders at Policy Conference in February.

Contribute to:

- IR 4.5.1-24 Number of agricultural and nutritional enabling environment policies completing the following process/steps of development as a result of USG assistance in each case: 1: Analysis -- 2: Stakeholder consultation/public debate -- 3: Drafting or revision -- 4: Approval (legislative or regulatory) -- 5: Full and effective implementation.
- CI 4.1.1 Number of research outputs.

E. Food Demand

The SERA Project began research on food demand in Year 4 and plans to complete it in Year 5. This study will contribute to a better understanding of the current situation and future trends in food demand, and will in turn be useful in directing resources, such as extension, and marketing into rapidly growing segments of food demand. Such information is essential to evidence-based policy decisions and strategic planning. The study will use data from the most recent household budget survey, and an academic expert has been identified to provide guidance on the methodology to use and on interpreting subsequent results obtained. Among the expected outcomes of the study are:

- Estimates of price, income, and expenditure elasticities for different food groups in Tanzania using current household survey data and a theoretically consistent micro-econometric demand model;
- Comparisons of food demand patterns between rural and urban households; and
- Identification of socio-economic characteristics that affect consumer food demand.

Policy Action Status: NA.

Tasks completed in Q1 of Y5:

- Household Budget Survey Data obtained and organized in preparation for demand estimation.

Tasks planned for Q2 of Y5:

- Estimation of food demand.
- Consultant to assist with the estimation and travel to Tanzania in March to complete the estimation.

Contribute to:

- IR 4.5.1-24 Number of agricultural and nutritional enabling environment policies completing the following process/steps of development as a result of USG assistance in each case: 1: Analysis -- 2: Stakeholder consultation/public debate -- 3: Drafting or revision -- 4: Approval (legislative or regulatory) -- 5: Full and effective implementation.
- CI 4.1.1 Number of research outputs.

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 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.

The SERA Project continues to focus its support on public sector institutions, providing institutional and individual capacity building to support the implementation of policy reforms. Public sector support in Year 4 was extended to include institutional training with the MAFC Department of Policy and Planning (DPP). Policy research activities have expanded opportunities to provide capacity building to individuals representing various GOT institutions through the development of local policy research teams. In addition, SERA Project provided strategic support to the Tanzania Agricultural Seed Traders Association (TASTA) and the Rice Council of Tanzania (RCT).

1. Intermediate Result 4: Improved Agriculture Policy Environment

A. Ministry of Agriculture, Food Security and Cooperatives

SERA Project continued to work with the United States Department of Agriculture (USDA) Economic Research Service (ERS) to support the adoption of the Food Basket Methodology by the MAFC National Food Security Department (NFSD). The focus of activities was on the development and implementation of a Food Basket pilot program that would help ensure

stakeholder ownership and long-term sustainability. There was no substantive progress made for the implementation of the pilot activity. Due to the lack of progress implementing a pilot, plans to conduct a training-of-trainers were postponed. However, the Department of Policy and Planning in MAFC expressed strong interest in the FBM and the implementation of recommendations from the Policy Options Paper. This led to the DPP submitting a proposal for a feasibility study for a Market Intelligence Unit, and training by SERA of the Platform for Agricultural Policy Analysis and Coordination (PAPAC) unit on the FBM.

i. Food Basket Methodology - NFSD

SERA Project and ERS of the USDA have provided support to the MAFC National Food Security Department for the development of a pilot activity that would address questions and concerns of the NFSD regarding data sources and income calculation for measuring access. A draft proposal was received from NFSD in Year 4, but it did not adequately address SERA concerns about the deliverables of the activity. A stakeholder's discussion was held to solicit input and comments on the pilot and a revised proposal was discussed but never finalized. Discussions have continued with the NFSD on a pilot that would provide SERA support for the implementation of the FBM.

Policy Action Status:

- Stage 2: Stakeholder consultation/public debate.
The target policy status for Year 5 is *Stage 5: Full and effective implementation*. Despite efforts by local and international FBM experts, the technical concerns raised were not resolved to the satisfaction of all parties involved. Overall, access to appointed activity leaders was limited, where request for support and comments on activities were slow and did not adequately address conflicts in a way that SERA Project could support. This activity remains in Stage 2.

Tasks completed in Q1 Year 5: None.

Tasks planned for Q2 of Y5:

- Pilot activity to support implementation of FBM.

Contribute to:

- IR 4.5.1-24 Number of agricultural and nutritional enabling environment policies completing the following process/steps of development as a result of USG assistance in each case: 1: Analysis -- 2: Stakeholder consultation/public debate -- 3: Drafting or revision -- 4: Approval (legislative or regulatory) -- 5: Full and effective implementation.
- IR 4.5.2-7 Number of individuals who have received USG supported short-term agricultural sector productivity or food security training.
- CI 4.2.1. Number of institutions receiving USG assistance.

ii. Training of Trainers - NFSD

The first draft of the training materials for the FBM Training of Trainers was completed in Year 4. These materials include, slide presentations, a participant workbook, and the lead trainer manual. Further work on this activity is contingent upon the implementation and success of the pilot activity. There are no plans to offer the Training of Trainers at this time.

Policy Action Status: NA.

Tasks completed in Q1 of Y5: None.

Tasks planned for Q2 of Y5: None.

Contribute to:

- IR 4.5.2-7 Number of individuals who have received USG supported short-term agricultural sector productivity or food security training.
- CI 4.2.1. Number of institutions receiving USG assistance.

iii. Data Harmonization Workshop

The issue of quality data for policy decision-making was discussed throughout Year 3, but a series of planning meetings and draft agendas did not result in agreed upon objectives and timing for this activity. In Year 4 this activity was combined with other recommendations in the Policy Options Paper and is now part of the MIU activity.

Policy Action Status: NA.

Tasks completed in Q1 of Y5: None.

Tasks planned for Q2 of Y5:

- Integrate this activity into support and training for the Market Intelligence Unit.

Contribute to:

- IR 4.5.2-7 Number of individuals who have received USG supported short-term agricultural sector productivity or food security training.
- CI 4.2.1. Number of institutions receiving USG assistance.

iv. Food Basket Methodology – DPP

SERA Project worked in collaboration with the PAPAC in the Department of Policy and Planning to provide training and capacity building for the development and application of the FBM to inform policy decisions and long-term planning. Training participants were selected from previous PAPAC training activities to build on their existing skills sets. The training was anchored in the application of the FBM for policy analysis completed in the *SERA Policy Brief Food Basket Costs in Tanzania*. The training was well received and follow-up activities will be explored in Year 5.

Policy Action Status:

- Stage 4: Approval (legislative or regulatory).
SERA Project introduced the FBM to the DPP at the request of the PAPAC. Members of the PAPAC have been trained, however, implementation has not taken place. It is expected that this activity will achieve *Stage 5, Full and effective implementation*, by the end of the project.

Tasks completed in Q1 of Y5: None.

Tasks planned for Q2 of Y5: None.

Contribute to:

- IR 4.5.1-24 Number of agricultural and nutritional enabling environment policies completing the following process/steps of development as a result of USG assistance in

each case: 1: Analysis -- 2: Stakeholder consultation/public debate -- 3: Drafting or revision -- 4: Approval (legislative or regulatory) -- 5: Full and effective implementation.

- IR 4.5.2-7 Number of individuals who have received USG supported short-term agricultural sector productivity or food security training.
- CI 4.2.1. Number of institutions receiving USG assistance.

v. Market Intelligence Unit - DPP

The Policy Options Paper recommended the establishment of a Market Intelligence Unit to monitor domestic and international markets of key agricultural commodities to support policy decisions. A MIU could improve the performance of Tanzanian food markets by informing traders and farmers of the current market situation and future prospects, support a Transparent Rules-Based Emergency Food Import System, and act as a catalyst for improving data systems as market intelligence becomes integrated into policy decision making.

In Y4, the SERA Project received a request to support a feasibility study for the establishment of a MIU within MAFC with staff participation from the MAFC and Ministry of Industry and Trade (MIT). This activity is being led by SERA local partner and subcontractor Diligent Consulting Ltd. An inception report and budget, including proposed personnel have been submitted for review and approval.

Policy Action Status: NA.

- The MIU is not tracked in the SERA Performance Management Plan, however this activity will provide support to the following policy actions:
 - Rules-Based Transparent Emergency Food Import System
 - Use of Export and Import Permits
 - Food Basket Methodology.

Tasks completed in Q1 of Y5:

- SOW completed and subcontractor engaged.

Tasks planned for Q2 of Y5:

- Approve inception report and workplan for implementation.

Contribute to:

- IR 4.5.1-24 Number of agricultural and nutritional enabling environment policies completing the following process/steps of development as a result of USG assistance in each case: 1: Analysis -- 2: Stakeholder consultation/public debate -- 3: Drafting or revision -- 4: Approval (legislative or regulatory) -- 5: Full and effective implementation.
- IR 4.5.2-7 Number of individuals who have received USG supported short-term agricultural sector productivity or food security training.
- CI 4.2.1. Number of institutions receiving USG assistance.

B. Strategic Support – Advocacy Organizations

In previous years, SERA has provided strategic support to two private sector organization, TASTA and the RCT. TASTA is the Tanzania Seed Traders Association which represents the private sector on issues relating to the seed industry and the RTC is the Rice Council of Tanzania which

represents the private sector on issues related to rice. SERA plans to continue support to both organizations.

i. TASTA

Support to TASTA has spanned the entire life of the SERA Project and that support has greatly facilitated the improved dialogue and policy environment in the seed sector. In Year 4, SERA supported two stakeholder engagements:

- National Seed Industry Stakeholders' workshop on Plant Breeders' Rights and Licensing of Public Varieties (June 2015).
- Biotechnology Stakeholders Workshop (September 2015).

SERA plans to support a final stakeholder's workshop in Q2 or Q3 of Year 5 with available funds that were previously committed to a cancelled workshop.

Policy Action Status: NA.

Tasks completed in Q1 of Year 5: None.

Tasks planned for Q2 of Year 5:

- Stakeholder's workshop.

Contribute to:

- IR 4.5.2-7 Number of individuals who have received USG supported short-term agricultural sector productivity or food security training.
- CI 4.2.1 Number of institutions receiving USG assistance.

ii. Rice Council of Tanzania

SERA began collaboration with the Rice Council of Tanzania in Year 4, by providing support to the development of an organizational and strategic plan, a rapid assessment of the rice sector, and support for a RCT staff.

a. Strategic Plan Development (Concluded)

SERA Project engaged a local consulting firm, Agricultural Innovation Research Foundation (AIRF) to facilitate and draft the first Strategic Plan. The strategic planning process included a detailed environmental analysis, a stakeholder workshop, and feedback from the RCT Board of Directors. The final draft was presented to the RCT Board of Directors on 26 May 2015, and the RCT then developed an internal work plan for implementation. The Strategic Plan was subsequently adopted by the RCT Board of Directors.

Policy Action Status: NA.

Tasks completed in Q1 of Y5: None.

Tasks planned for Q2 of Y5: None.

Contribute to:

- IR 4.5.2-7 Number of individuals who have received USG supported short-term agricultural sector productivity or food security training.
- CI 4.2.1 Number of institutions receiving USG assistance.

b. Rapid Rice Sector Assessment (Concluded)

The SERA Project assisted the RCT to complete a rapid assessment of private sector rice stocks in Tanzania. The rapid assessment provided a snapshot of the location and quantities of stocks available in the Mbeya, Morogoro, and Shinyanga regions. The final report and presentation of findings was made on 8 May 2015 to the RCT Chairman of the Board, and representatives of NAFKA, SERA, and USAID. The report provided findings from the field visits to Morogoro, Iringa, Mbeya, Shinyanga, Mwana, Arusha, Kilimanjaro, and the Dar rice markets.

The RCT held a stakeholder's discussion on 22 June 2015 and released their position paper entitled *Tanzania's Rice Industry is Under Threat*. Findings from the Rapid Assessment of the Rice Sector were also presented at this meeting. The event was attended by 75 participants and 35 media houses. No further support is planned for a Rapid Rice Sector Assessment.

Policy Action Status: NA.

Tasks completed in Q1 of Y5: None.

Tasks planned for Q2 of Y5: None.

Contribute to:

- IR 4.5.2-7 Number of individuals who have received USG supported short-term agricultural sector productivity or food security training.
- CI 4.2.1 Number of institutions receiving USG assistance.

c. Personnel Support

The SERA Project is providing long-term personnel support for a policy analyst position for RCT. The recruitment process was completed in Year 4 and the selected candidate was hired through Diligent Consulting Ltd. and support is expected to continue.

Policy Action Status: NA.

Tasks completed in Q1 of Y5:

- Support to Policy Analyst for RCT.

Tasks planned for Q2 of Y5:

- Support to Policy Analyst for RCT.

Contribute to:

- IR 4.5.2-7 Number of individuals who have received USG supported short-term agricultural sector productivity or food security training.
- CI 4.2.1 Number of institutions receiving USG assistance.

C. Sokoine University

The SERA and iAGRI Projects are collaborating on two activities with Sokoine University (SUA), including the Policy Seminar Series, which began in Year 1, and support for a Policy Research Unit (PRU) in the Department of Agricultural Economics and Agribusiness (DAEA).

i. Policy Seminar Series.

The SERA and iAGRI Projects have jointly sponsored a Policy Seminar Series for faculty and graduate students at Sokoine University since Year 1 to encourage agricultural policy research. The results of the first Policy Seminar Series did not meet expectations, and the design was changed for the second Policy Seminar Series which began in Year 4. A more structured and targeted approach is being used in the second Series with research focused on land issues. Michigan State University (MSU) has recently joined in this collaboration.

SERA Project sponsored the stakeholders/kick-off meeting on 25 August 2015. The purpose of the meeting was to present initial findings and solicit input and comments on the research study *“Implications to Agriculture Sector Transformation and Smallholder Farmers”*. Forty-seven stakeholders attended the event, including representatives from MAFC, GOT, private-sector organizations, academia, civil society organizations (CSOs) and businesses. Based on this activity, research teams are developing concept paper.

Policy Action Status: NA.

Tasks completed in Q1 of Y5: None.

Tasks planned for Q2 of Y5: None.

Contribute to:

- IR 4.5.2-7 Number of individuals who have received USG supported short-term agricultural sector productivity or food security training.
- CI 4.2.1 Number of institutions receiving USG assistance.

ii. Policy Research Unit.

The SERA and iAGRI Projects have also supported the development of a Policy Research Unit in the Department of Agricultural Economics and Agribusiness at Sokoine University, and MSU has joined in this collaboration. The vision is for the Policy Research Unit (PRU) to conduct demand driven evidence-based policy analysis for internal and external clients. The SERA Project received a final revised proposal from the director of the DAEA in June. Discussions resulted in an agreement that a feasibility study should be conducted to ensure institutional readiness and demand for services. In addition, there is interest in supporting this activity from other development partners. A TOR is being developed for this activity.

Policy Action Status: NA.

Tasks completed in Q1 of Y5:

- Ongoing discussions with DAEA, iAGRI and MSU.

Tasks planned for Q2 of Y5

- Completion of feasibility study of institutional readiness and demand for services.

Contribute to:

- IR 4.5.2-7 Number of individuals who have received USG supported short-term agricultural sector productivity or food security training.
- CI 4.2.1 Number of institutions receiving USG assistance.

COMPONENT III: ADVOCACY AND COMMUNICATIONS

The SERA Project focuses on communication activities that support the policy research agenda and targets public sector institution. The primary communication instruments are the SERA Project website, policy briefs, and public events such as conferences and stakeholder workshops.

1. Intermediate Result 4: Improved Agriculture Policy Environment

A. SERA Website

The website is the main communications tool for SERA, making available evidence-based research and other key policy information. In addition, SERA continues to explore ways to engage more directly with target audience of the website. There were 734 visits to the SERA website in Q1.

Policy Action Status: NA.

Tasks completed in Q1 of Y5:

- Updated content and monitored usage.

Tasks planned for Q2 of Y5

- Update content.

Contribute to:

- CI 4.1.3 Number of hits/visits to the SERA website.

B. Policy and Research Briefs

The SERA Project published one Policy Brief and one Research Brief, and developed two draft Policy Briefs in Year 4 in support of policy analysis and research. The Policy and Research Briefs summarized specific policy research and recommendations on key issues affecting the agriculture sector environment and are meant to inform decision makers and stakeholders.

Policy Action Status: NA.

Tasks completed in Q1 of Y5: None.

Tasks planned for Q2 of Y5

- Policy Brief on Maize Gender

Contribute to:

- CI 4.1.2 Total number of SERA mentions in the press and social media.

C. Success Stories

In Year 4, SERA Project prepared two USAID Success Stories: the Lifting of the Export Ban and the Food Basket Methodology. Publication of the success stories will follow USAID branding and marking requirements.

Policy Action Status: NA.

Tasks completed in Q1 of Y5:

- Preparation of two draft Success Stories.

Tasks planned for Q2 of Y5

- Finalization of two Success Stories and posting on SERA website.

Contribute to:

- CI 4.1.2 Total number of SERA mentions in the press and social media.

D. Policy Conferences and Workshops

The SERA Project did not have any presentation at policy conference or workshops in Q1.

Policy Action Status: NA.

Tasks completed in Q1 of Y5: None.

Tasks planned for Q2 of Y5

- Presentation of the Agriculture Business Environment Study at the Agricultural Policy Conference scheduled for February

ACTIVITIES IMPLEMENTED IN ZANZIBAR

1. Intermediate Result 2: Expanding Markets and Trade

The SERA Project did not have any activities in Zanzibar on Expanding markets and Trade in Q1 and no activities are planned for Y5.

2. Intermediate Result 4: Improved Agriculture Policy Environment**A. Zanzibar Department of Food Security and Nutrition**

The SERA Project and the USDA's Economic Research Service is working with the Zanzibar Department of Food Security and Nutrition (DFSN) to support the application of the Food Basket Methodology in the Zanzibar Food Security early warning system. The development of the Food Basket Methodology and training of DFSN staff were completed in Y4, and the DFSN will use the FBM in quarterly presentation of early warning information to the Food Security and Nutrition Committee. The SERA Project plans to continue working with DFSN to develop the healthy and nutritious food basket in collaboration with the ERS. The SERA Project will also provide support for DFSN communications activities, including a presentation by the Director of DFSN at the Policy Conference in February.

Policy Action Status: NA.

Tasks completed in Q1 of Y5: None.

Tasks planned for Q2 of Y5

- Support the DFSN to develop a healthy and nutritious food basket.
- Support the Director of DFSN to report on the application of FBM in Zanzibar at the Policy Conference.

Contribute to:

- IR 4.5.2-7 Number of individuals who have received USG supported short-term agricultural sector productivity or food security training.
- CI 4.2.1 Number of institutions receiving USG assistance.

PROJECT MANAGEMENT AND PERFORMANCE

1. Management

There were important personnel changes in Q1 as the Chief of Party, Marialyce Mutchler, was on extended leave. The former Chief of Party and currently the Senior Advisor, Don Mitchell, returned to lead the project as Acting Chief of Party.

2. Performance

Below is a summary of SERA Year 5 Performance Management Plan.

USAID Standard and Required if Applicable Indicators.

IR 4.5.2-7 Number of individuals who have received USG supported short-term agricultural sector productivity or food security training (RiA) (WOG)

The target for Y5 is 80 individuals, 60 men and 30 women, and is based on FBM trainings in the Department of Food Security on the mainland, and Department of Food Security and Nutrition on Zanzibar. These activities have moved into *Stage 4, Approval (legislative or regulatory)*, and *Stage 5, Full and effective implementation* respectively.

IR 4.5.2-30 Number of MSMEs, including farmers, receiving USG assistance to access loans (S)

This indicator is directly linked to progress in policy action stages for the *Credit to Small Shareholders and SMEs/Collateral Registry* activity. This activity is currently in *Stage 1, Analysis*, due to other priorities and demands of key Tanzanian Stakeholders, and there will not be USG assistance to access loans because the collateral registry has not been implemented. See Problems/Challenges section for more details.

IR 4.5.2-36 Value of exports of targeted agricultural commodities as a result of USG assistance (S)

The data required to calculate this indicator will not be available until Q2 of Year 5. SERA Project will update this indicator in Q2.

IR 4.5.1-24 Number of agricultural and nutritional enabling environment policies completing the following process/steps of development as a result of USG assistance in each case: 1: Analysis -- 2: Stakeholder consultation/public debate -- 3: Drafting or revision -- 4: Approval (legislative or regulatory) -- 5: Full and effective implementation (S)

The SERA Project is tracking eight (8) policy actions in Year 5 as described in the following summary of the targets, actuals, and deviations for each activity.

a. Export Permits.

New Alliance for Agriculture and Nutrition policy objectives:

- Implement policy alternatives to export ban identified in the Comprehensive Food Security Study.

Life of project policy goal:

- Stage 4, Approval (legislative or regulatory).

Current policy status:

- Stage 2, Stakeholder consultation/public debate.
The policy action was presented as part of the Policy Options Paper and it is anticipated that in Year 5, it will be combined with the Transparent and Rules-Based Systems for Emergency Imports.

b. Food Security

New Alliance for Agriculture and Nutrition policy objectives:

- Not directly linked; however, many of the recommendations made are part of the SERA Project policy alternatives to the Export Ban.

Life of project policy goal:

- Stage 4, Approval (legislative or regulatory).

Current policy status:

- Stage 2, Stakeholder consultation/public debate.
This policy action was presented as part of the Policy Options Paper, and since the GOT has not demonstrated interest in pursuing the policy recommendations related to reforming the NFRA, no further action is anticipated on this policy action.

c. Food Basket

New Alliance for Agriculture and Nutrition policy objectives:

- Not directly linked; however, many of the recommendations made are part of the SERA Project policy alternatives to the Export Ban.

Life of project policy goal:

- Stage 5, Full and effective implementation.

Current policy status: This policy action is implemented and tracked for Tanzania MAFC and Zanzibar MANR.

- Tanzania MAFC. Stage 4, Approval (legislative or regulatory).
This policy action was presented as part of the Policy Options Paper. The MAFC Department of Food Security has now shown willingness to implement, but discussions continue. The MAFC DPP has shown much greater interest in using the FBM for policy analysis and further training is planned on developing a healthy and nutritious food basket.
- Zanzibar MANR. Stage 5, Full and effective implementation.

d. Seed Policy

New Alliance for Agriculture and Nutrition policy objectives:

- Revised legislation that aligns plant breeder's rights with UPOV System. *Target November 2012.*
- Time required to release new varieties of imported seeds from outside the region to be reviewed and benchmarked with International best practices. *Target December 2013.*
- ISTA and OECD seed testing accreditations achieved to enable regional and international seed sales. *Target December 2013.*

- Qualified private sector companies authorized to produce foundation seed under proper supervision and testing. *Target December 2013.*

Life of project policy goal:

- Stage 4, Approval (legislative or regulatory).

Current policy status:

- Stage 4, Approval (legislative or regulatory).

It is anticipated that this activity will continue with the leadership of TASTA and the MAFC Seed Registrar, with support from SERA for stakeholder's workshops and that *Stage 5* will be attained in Year 5.

e. Seed Taxes

New Alliance for Agriculture and Nutrition policy objectives:

- Taxes (Cess, VAT) on seeds and seed packaging to be reduced or lifted. *Target July 2013.*

Life of project policy goal:

- Stage 5, Full and effective implementation.

Current policy status:

- Stage 3, Drafting or revision.

In Years 2 and 3, SERA Project collaborated with TASTA and the MAFC to present revised policies for taxes on seeds and seed packaging for legislative degree. The GOT did not move the policy action forward due to budget consideration. In Year 4, SERA Project received no request for support and no further action was taken by the GOT. The GOT has all of the necessary information to move forward; no additional support is expected or required from SERA.

f. Credit to Small Shareholders and SMEs/Collateral Registry

New Alliance for Agriculture and Nutrition policy objectives:

- Not directly linked.

Life of project policy goal:

- Stage 5, Full and effective implementation.

Current policy status:

- Stage 2, Stakeholder consultation/public debate.

In Year 4, limited progress was made to establish a Collateral Registry system in Tanzania. The process for creating the necessary legislation and institutional infrastructure has been established with the Bank of Tanzania; however, progress to move forward with draft legislation has been slow. Further dissemination is planned at a stakeholder's event.

g. Zanzibar Rice Market Analysis

New Alliance for Agriculture and Nutrition policy objectives: NA.

Life of project policy goal:

- Stage 2, Stakeholder consultation/public debate.

Current policy status:

- Stage 2, Stakeholder consultation/public debate.

In 2012, the Revolutionary Government of Zanzibar (RGoZ) made a request to the SERA Project for an analysis of the rice market. SERA Project completed two research activities to support this policy action, namely i) Rice Import Policy Analysis, and ii) Irrigated and Rain-fed Rice Profitability Analysis. Both studies were presented to the RGoZ for *Stage 2, Stakeholder/consultation and debate*. This target for this policy action was attained. This activity is closed.

h. Land Compensation

New Alliance for Agriculture and Nutrition policy objectives:

- Not directly linked.

Life of project policy goal:

- Stage 2, Stakeholder consultation/public debate.

Current policy status:

- Stage 2, Stakeholder consultation/public debate.

SERA Project presented the Land Compensations and Benefits Sharing Report to the MLHSD in Year 4 and no follow-up comments or request for further actions have been received. A large public stakeholder event had been envisioned, however this is no longer a priority for the MLHSD. This activity is closed, unless action is taken by GOT.

i. Agriculture Business Environment Study

New Alliance for Agriculture and Nutrition policy objectives:

- Not directly linked.

Life of project policy goal:

- Stage 5, Full and effective implementation.

Current policy status:

- Stage 1, Analysis.

Analysis is ongoing and three study tours were scheduled and two completed (Tanzania and Zambia) in Y4. The final study tour to Mozambique is scheduled for Q2. The policy activity is expected to reach *Stage 2, Stakeholder consultation/public debate* in Q2.

j. Transparent and Rules-Based Import Policy (Emergency Food Import Policy)

New Alliance for Agriculture and Nutrition policy objectives:

- Not directly linked.

Life of project policy goal:

- Stage 5, Full and effective implementation.

Current policy status:

- Stage 2, Stakeholder consultation/public debate.

This activity was presented as part of the Policy Options Paper. It is anticipated that this policy action will be combined with the Export Permits Policy in Year 5.

k. Improving Performance of Maize and Rice Market

New Alliance for Agriculture and Nutrition policy objectives:

- Not directly linked.

Life of project policy goal:

- Stage 2, Stakeholder consultation/public debate.

Current policy status:

- Maize Market. Stage 2, Stakeholder consultation/public debate.

This study looked at the domestic and external drivers of maize prices and was presented to stakeholders achieving *Stage 2* status.

- Rice Market. Stage 1, Analysis.

The second component of the study will look at the domestic and external drivers of rice prices using the same methodology as the maize study and that study will contrast results with the findings of the maize study. The second component is in *Stage 1* and expected to reach *Stage 2* in Q3.

SERA Project Custom Level Indicators

1.1.1. Volume of improved seed available on the domestic market

Year 5 target: 5,000 tons.

Reported: TBD. Data not available for reporting until January 2016.

4.1.1 Number of research outputs

Year 5 target: 4.

Reported: 1.

4.1.2 Total number of SERA mentions in the press and social media

Year 5 target: 5.

Reported: 0. SERA Project did not conduct large public stakeholder events in Q1 as per guidance received to delay hosting any public events to after the elections.

This indicator attempts to track SERA Project impact.

4.1.3 Number of hits/visits to the SERA Website

Year 5 target: 1,800.

Reported: 734.

4.2.1 Number of institutions receiving USG assistance

Year 5 target: 4

Reported: 2.

PROBLEMS / CHALLENGES

While relationships with key government ministries and offices were stronger in Year 4, challenges remain with access and participation of GOT partners, specifically during parliamentary sessions and the recent national elections.

Seed Taxes

In Years 2 and 3, SERA Project, in collaboration with TASTA and the MAFC, presented revised policies for tax on seed and seed packaging for legislative degree. The GOT did not move the policy action forward due to budget consideration. The political climate was not supportive of decreased sources of tax revenue. In Year 4, SERA Project received no request for support and no further action was taken by the GOT. No further SERA support is planned on this activity.

Policy Options Paper

Planned follow-up sessions to the February GOT Presentation of the Policy Options Paper did not occur. Nor were formal acknowledgements or comments received. There is direct evidence that some key policy recommendations were discussed internally at the GOT and that several recommendations had been included in draft cabinet papers, but SERA Project has not been informed or invited to participate in these activities. The Policy Option Paper will be presented at the Policy Conference in February 2016.

Export Promotion

The Export Promotion activity was initiated at the end of Year 3. Attempts made by SERA Project to support the GOT in developing private sector solutions and support market access for farmers were not well received by all Ministries and the MAFC was interested in public sector solutions and did not approach SERA for support. No further action is planned on this activity.

Credit to Small Shareholders and SMEs/Collateral Registry

The Collateral Registry activity continued to suffer delays in action by local counterparts. Access to key leaders for this activity within the BOT has been very limited. While interest remains in the BOT and GOT, moving forward with this activity was not a priority action. One final presentation to stakeholders will be made at the Policy Conference in February 2016.

Land Policy

Protocols dictated interactions with the Ministry of Lands, Housing and Human Settlements after the change in Ministers. New leadership of the Ministry is pursuing different priorities to the issues addressed in the Land Compensation and Benefits Sharing Study completed by SERA and Landesa. SERA Project, with support from USAID and Dr. Ringo Tenga, was able to present the research findings, however, the MLHHS has expressed no interest in moving forward with the report or planned stakeholder activities. As a result, this activity is considered closed. We will present the results of the Land Policy and prepare a Policy Brief for distribution at the Policy Conference.

MAFC NFSD

In Year 4, SERA Project continued to work with the National Food Security Department on three activities, but overall access to appointed activity leaders was limited. Request for support and comments on activities were slow and did not adequately address conflicts in a way that SERA Project could support.

- MUCHALI. Several attempts were made to meet and discuss specific concerns in the final MUCHALI report. Several of these comments/concerns were in direct contradiction to

information collected in interviews. After meeting attempts failed, the SERA Project modified the language in the report to address these concerns and moved forward with publishing the report.

- FBM. After full and forthright discussion in Y4, SERA Project sought to address the NFSD technical concerns regarding the FBM through a pilot activity. Due to competing priorities, the NFSD was slow to prepare a request for support for a pilot activity. SERA and USDA worked with NFSD to clarify the questions to be addressed, including supporting a stakeholders' workshop to discuss concerns and possible solution. The best possible solutions to these issues were discussed and presented, however, no agreement was reached on how to move forward.
- Data Harmonization Workshop. This activity was planned for Y3, and an organizing committee was created and a proposal created by the MAFC NFSD. SERA Project could not match the commitments requested due to regulatory restrictions. MAFC NFSD chose not to move forward with the activity. Going forward this will now be addressed as part of the MIU.

The Presidential elections were held on 25 October 2015, and the new President has moved quickly to cut spending and reduce corruption. A travel ban was imposed on government officials but the guidance provided was unclear whether the travel ban would impact travel funded by donor organizations. As such, two members of the Business Environment Study Tour were denied travel by their organizations and were not able to join in the study tour to Zambia.

CROSS-CUTTING ISSUES

1. Gender

Gender is an important cross cutting issue and the SERA Project is undertaking research to better understand women maize farmers' input use, yields, and price received compared to men maize farmers. The survey targeted 300 men and 300 women maize farmers in four districts in Iringa and Ruvuma regions in Q1.

A. Gender in Maize Marketing and Production

Women are actively engaged in farming, but little is known about their activities. Do they have access to similar levels of credit, inputs, and land? Do they receive similar prices for their output when they market? The SERA Project collaborated with the World Bank and International Finance Corporation in Year 4 to conduct surveys to answer these questions. The results and report will be completed in Year 5 and could identify areas of support for women farmers that would increase their incomes and contribute to their food security.

Policy Action Status: NA.

Tasks completed in Q1 of Y5:

- Survey completed.

Tasks planned for Q2 of Y5

- Complete final report.

- Complete Policy Brief.

Contribute to:

- IR 4.5.1-24 Number of agricultural and nutritional enabling environment policies completing the following process/steps of development as a result of USG assistance in each case: 1: Analysis -- 2: Stakeholder consultation/public debate -- 3: Drafting or revision -- 4: Approval (legislative or regulatory) -- 5: Full and effective implementation.
- CI 4.1.1 Number of research outputs.

B. Gender representation in SERA activities.

SERA Project training activities track the inclusion of women in policy analysis, advocacy, and dialogue. There were no trainings in Q1 based on guidance received to delay hosting any public events to after the elections.

In Year 4, the vacant SERA Chief of Party position was filled by a woman. In addition, SERA Project recruited two women for the Research Associate and the RCT Policy Analyst positions. SERA Project staff gender representation is 50% women and 50% men.

2. Poverty

Tanzania has made significant progress in reducing poverty in recent years, with rural poverty declining by 15% from 2007 to 2011 according to the National Bureau of Statistics. However, poverty remains high and an estimated 80% of the poor live in rural areas and depend directly or indirectly on the agricultural sector for their livelihoods. The SERA Policy Project has focused on improving agricultural policies through evidence-based research and policy reform that contributes to reducing poverty. An example of the contribution of the SERA Project's research on policy was the Government's decision to lift the maize export ban in 2012 based on SERA Policy research. That policy reform provides farmers greater access to foreign markets and the opportunity to receive higher prices for their marketed maize. It also provides greater employment opportunities for labor in rural areas to support expanded exports. The SERA Project has also been actively involved in improving access to high quality inputs that can raise productivity and reduce costs. Since an estimated 80% of Tanzanian farmers produce maize, the impact of improved access to markets and high quality inputs directly contributes to alleviating poverty.

3. Climate Change

Climate change is a serious concern for Tanzania because it could lead to increased variability in production and lower crop yields. One way to reduce the reliance on climate is to better utilize water resources and that should remain a long-term strategy. However, policies can also be used to offset the impacts of climate change and should be utilized as a low-cost approach to dealing with the impacts of climate change. The SERA Project research on Divers of Maize Prices showed that open border policies reduce maize price variability and can help alleviate the impact of increased production variability on prices due to climate change. Other research presented by SERA Project showed that Tanzania could also face improved export opportunities as neighboring countries increase food crop imports to offset lower and more variable production, and more

open trade policies would allow Tanzania to take advantage of these expanded export opportunities.

SERA Project’s work with the RGoZ on the potential to increase irrigate paddy areas on Zanzibar also contribute to work on Climate Change. The work was part of an effort to develop a strategy to reduce reliance on rain-fed rice due to concerns over climate change. The analysis also considered technologies that could raise irrigated paddy yield and better utilize limited ground water supplies.

FINANCIAL SUMMARY

QUARTERLY REPORT	SERA YEAR 5 - QTR 1				
	Oct-15	Nov-15	Dec-15	Quarter Total	Contract Cumulative
Labor	\$47,763	\$152,151	\$56,883	\$256,798	\$2,775,628
Travel	\$480	\$10,968	\$433	\$11,881	\$256,294
Other Direct Costs	\$42,676	\$67,714	\$57,342	\$167,732	\$2,004,688
Indirect Costs	\$31,182	\$36,832	\$17,208	\$85,222	\$1,815,419
TOTAL	\$122,101	\$267,665	\$131,866	\$521,632	\$6,852,029
Contract Cumulative	\$6,452,497	\$6,720,163	\$6,852,029		

PERFORMANCE MANAGEMENT PLAN

Table 1. USAID Standard Indicator and Required if Applicable Indicator Targets for Life of Contract

Indicator		Baseline	Y5 Target	Q1 Actual	Q2 Projected	Q3 Projected	Q4 NA	Y5 Total	LIFE OF CONTRACT TARGET
IR 4.5.2-7. Number of individuals who have received USG supported short-term agricultural sector productivity or food security training (RiA) (WOG).	New	0	80	0	40	40		80	1,700
	Continue	0	100	0	0	NA			
	Male	0	60	0	25	25		50	
	Female	0	30	0	15	15		30	
IR 4.5.2-36 Value of exports of targeted agricultural commodities as a result of USG assistance (\$).	Maize	\$20,820,000	\$34,990,000	NA	NA	NA		0	\$56,749,200
	Rice	\$37,050,000	\$38,500,000	NA	NA	NA		0	NA
IR 4.5.2-30 Number of MSMEs, including farmers, receiving USG assistance to access loans (\$).	Medium	0	0	0	0	0		0	2,400
	Small	0	0	0	0	0		0	350
	Micro	0	0	0	0	0		0	250
IR 4.5.1-24 Number of agricultural and nutritional enabling environment policies completing the following process/steps of development as a result of USG assistance in each case (\$):	NA								
	• Stage 1: Analysis	0	1	1	0	0		1	2
	• Stage 2: Stakeholder consultation/public debate;	0	0	0	3	3		6	3
	• Stage 3: Drafting or revision;	0	1	0	1	0		1	3
	• Stage 4: Approval (legislative or regulatory).	0	0	0	0	0		0	0
	• Stage 5: Full and effective implementation.	0	0	0	0	0		0	6

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

Indicator	Baseline	Y5 Target	Q1 Actual	Q2 Projected	Q3 Projected	Q4 NA	Y5 Total	LIFE OF CONTRACT TARGET
1.1.1 Volume of improved seed available in domestic market	26,545 tons	5,000 tons	NA	NA	NA		NA	36,000 tons
4.1.1. Number of research output	0	4	1	2	1		4	7
4.1.2 Total number of SERA mentions in the press and social media	0	5	0	0	0		0	40
4.1.3 Number of hits/visits to the SERA website	0	1,800	734*	800	800		2334	9,000
4.2.1 Number of institutions receiving USG assistance	0	4	2	3	3		8	15

**Google Analytics is used to track this indicator. Tracking began on 2 December 2014.*

Annex 1. Trip Report - Agriculture Business Environment, Zambia Study Tour

TRIP REPORT
Agriculture Business Environment
Zambia Study Tour
15-21 November 2015

The USAID Tanzania SERA Policy Project undertook a study tour to Zambia in collaboration with the SAGCOT Centre and MAFC Department of Policy and Planning to learn about the corporate agriculture business environment as part of the study of the agriculture business environment in Tanzania.

Team Members: Don Mitchell, Team Leader (SERA), Edith Lazaro (SERA), Emmanuel Lyimo (SAGCOT Centre), and Daktari Hango (MAFC DPP)

Interviews were conducted with: IAPRI (Indaba Agricultural Policy Research Institute), KPMG, ZANACO Bank, DFID, PWC, Ministry of Agriculture and Livestock, MSU Food Security Research Project, ZAMCE Grain Traders Association, NWK Agri-Services, Zambezi Ranching & Cropping Ltd, Zambia Development Agency, Center for Trade and Trade Policy, and AGCO Corporation

Conclusions:

The business environment for corporate agriculture is significantly better in Zambia than in Tanzania and Tanzania would need to provide special incentives to agriculture and easier access to land in order to become competitive. These special incentives would probably need to include a lower corporate tax rate to agriculture, reduced local taxes such as the crop produce cess, and perhaps relief from the skills development levy in exchange for qualified training programs. The lengthy and uncertain process of acquiring land for agriculture in Tanzania discourages investors, and the farm block approach used in Zambia may be a better alternative. That approach is similar to the SAGCOT Initiative; but is focused on specific blocks rather than an entire corridor as in Tanzania and, therefore, smaller in scope and more manageable. Under that program, the Government develops infrastructure and provides land to investors in the farm block in order to attract them to targeted rural areas.

Main Findings:

Zambia has been successful in attracting foreign investors into agriculture. Most have come from within the region, especially Zimbabwe and South Africa, but there are also investors from other countries and there is currently a large European investor who is interested in investing in agriculture. There are about 1,000 commercial farms with 1,000 hectares or more and about 10 with more than 40,000 hectares.

The business environment for corporate agriculture is significantly better than in Tanzania. Lower corporate income taxes, lower VAT, lower fuel and electricity rates, lower pension

contribution, and lower transfer taxes all contribute to the better corporate agricultural business environment in Zambia. The grain levy, which is the equivalent of the crop produce cess in Tanzania, is 0.3% compared to 5% in Tanzania. There is no comparable Zambian charge to the 5% skills development levy in Tanzania.

Land is available for investors and can be acquired quickly. There is an active land market and investors can buy long-term leases from current owners, or lease on short-term basis to acquire land in as little as one week without the need for Government approval. Investors can also receive land directly from the Government through the block farming program. Converting land that is under tribal control is a long and uncertain process as it is in Tanzania when village land is sought by investors. Prices for agricultural land near urban areas have been rising rapidly and are approximately USD 5,000 per hectare, while land in remote areas would be much cheaper.

Block farms have been established in each of Zambia's 10 provinces in an effort to attract agriculture investors into rural areas. Each block farm has 100,000 hectares available for corporate investors, commercial farmers, and smallholders. The program is intended to attract a large anchor farm of 10,000 hectares or more to produce, process, and market agricultural crops. Smaller commercial farms and outgrowers could then produce and sell to the anchor farm. The Government will provide infrastructure including power, roads, and services. Local residents will be incorporated into the block farm and not displaced. The program began 5 years ago but has had difficulty attracting anchor farms.

Specific Findings:

Agriculture Sector: The sector accounts for about 18% of GDP and about 80% of the population is engaged in agriculture in some form. Arable land (suitable for agriculture) is commonly reported to be 42 million hectares of which only 1.5 million hectares are reported to be farmed. However, much of the unfarmed land is in remote areas without adequate infrastructure or access to markets. Land near urban centers and major transport corridors is quickly becoming settled. Small holders in settled areas report being unable to acquire additional land for farming.

Economic Setting: The Zambian economy has had rapid growth over the past decade, but is currently suffering from a decline in copper prices which has caused economic growth to slow and the budget deficit to grow. This has led to a surge in Government borrowing and a rise in domestic interest rates to 23-25%. The currency has depreciated sharply and this will be beneficial to exporters in the long run, but is very disruptive in the short run due to higher borrowing costs and debt servicing problems.

Farm Structure: There are about 1.5 million smallholders with less than 20 hectares, and an estimated 83% of those have less than 2 hectares. There are reported to be about 3,000 farms with 20 hectares or more, and 1,000 farms with more than 1,000 hectares. There are 10 farms with more than 40,000 hectares and the largest is ZAMBEEF which has more than 80,000 hectares and is listed as a share company on the Lusaka stock exchange.

Farming Activities: Maize is produced primarily by smallholders and a few larger commercial farms, but most commercial farmers do not grow maize because of the heavy involvement of the Government in policy and marketing. Large commercial farmers are involved more in growing wheat, soybeans, and cattle, and often export directly to neighbouring countries in the region (Botswana, Congo, South Africa, and Zimbabwe). Zambia does not grow GMOs and that is an advantage for exporting food crops within the region.

Input Subsidy Program and eVouchers: The Government provides input subsidies to about 1.0 million smallholders. The program is primarily aimed at maize farmers since maize is the staple food crop and is produced by more than 80% of farmers. The program delivers hybrid maize seed and fertilizers sufficient to grow one acre of maize. The program has many of the same problems as similar programs in other countries: poor targeting, delays in deliveries of inputs, fraud, and crowding out of private sector input suppliers. The Government piloted an eVoucher system to 240,000 farmers in 2015 and it has reduced fraud and provided better delivery of services to farmers. The program issues a Visa credit card to beneficiaries and that Visa card can be used at approved input suppliers. The farmer can choose among inputs available rather than receive a pre-set package of seeds and fertilizer as is the case under the maize input subsidy program. The eVoucher program could be a model for Tanzania's input subsidy program.

Investors Access to Land: Zambia has about 74 million hectares of land of which 42 million are arable. There are two categories of land: State Land, which comprises about 6% of all land, and Customary Land which comprises all remaining land including land in game management areas, national parks, wetlands, and forest reserves. When these uses are removed, about 54% of land remains as Customary Land under tribal control. The State Land was originally crown land or land in Government farms and much of it has been titled to individuals on long-term leases and those leases can be sold or leased without the Government's approval or involvement. Most foreign investors would buy the lease from land already titled since obtaining large tracts of Customary Land through the tribal system is a lengthy and uncertain process. Investors could also acquire land through the block farming program. Zambian nationals would typically acquire small parcels of land directly from tribal chiefs and then go through the process of getting title which requires, approval of the tribal chief, District Council, and Ministry of Lands followed by surveying and titling. However, tribal chiefs only have the authority to allocate 250 hectares of land, and when they allocate larger parcels the rights to that land are not secure. Foreigners are not allowed immediate direct ownership, but they can go through a process of acquiring a temporary local partner during purchase and then acquire sole ownership after titling. The President is required to approve titling of more than 250 hectares.

Block Farms: The block farming program began about 5 years ago to encourage investments in rural areas. The Government has established block farms of 100,000 hectares in each of Zambia's 10 provinces. The program seeks to attract a large anchor farm to produce, process, market, and provide opportunities to smaller farmers in the block farm. The Government provides infrastructure including roads, power, and social services. Local populations already living on the farm blocks are not to be displaced from their land. However, the program has been slow to develop and has had difficulty attracting the large anchor farms, reportedly because of

inadequate infrastructure and the remoteness of the block farms. The management structure is still evolving, but there seem to be advantages to a public-private partnership which keeps the Government involved in the management of the blocks.

Historical Perspective: Most of the large commercial farmers in Zambia came from Zimbabwe in the early 2000s when white-owned farms were nationalized. According to one of these farmers, as many as 300 farmers came to Zambia because the business environment was attractive, the language was English, and the proximity of the two countries. This is starting to be repeated as white South African farmers are relocating out of fear of nationalization. There have also been farmers/investors who came to Zambia from other countries, but the study team did not get information on the number or size.

Marketing is primarily by the private sector except for maize where the Government has a large involvement through the Food Reserve Agency (FRA) which is mandated to maintain a food reserve of 500,000 tons of maize. The FRA buys small quantities of other commodities, including wheat and soybeans. Total maize production in 2015 was 2.6 million tons of which FRA bought about 800,000 tons. Farmers were not always paid promptly and delays of as long as six months were reported. Small producers of non-maize crops sell directly to private traders who then sell to larger traders who may store for later sale. The operations and problems of FRA seem very similar to the problems of Tanzania's NFRA. FRA announces buying prices that are above market prices which raises expectations of farmers and disrupts marketing (FRA announced a buying price of 75 kwacha/50 kg bag in 2015 when market prices was 55-60 kwacha/50 kg bag according to the Grain Traders Association). A commodity exchange is being developed and supported by USAID, with beginning operation planned for 2016. Zambia has crop boards for coffee, cotton, and tobacco, but not food crops.

Trade Policy: The Government uses a combination of tariff, non-tariff barriers, and import bans or quantitative restrictions to protect maize, poultry, soybean, sugar, and wheat producers. Wheat, for example, has a 15% import tariff and imported sugar must be fortified with vitamin A which has the effect of a non-tariff barrier. Import permits are required for all crop imports and there are outright bans on imports of oilseeds and some other crops. Export permits are also required and the flow of formal exports can be controlled by delaying issuing of export permits. Informal exports occur both by small traders and larger commercial firms, especially for maize. Foreign traders wanting to import crops from Zambia would typically engage a local trader to bulk up the required quantities and then purchase from the trader and hire local transport back to their country.

Transport costs are high and that limits Zambia's competitiveness in the region. The cost of shipping a ton of maize to Dar es Salaam from Lusaka is USD180 and the cost to Nairobi is USD250 according to the Grain Traders Association of Zambia.

Zambia Development Agency (ZDA) is under the Ministry of Commerce and is tasked with facilitating investments in Zambia. It is the counterpart to the Tanzania Investment Center and was very willing to share information and anxious to learn about the SAGCOT Initiative.

Comparison of Zambia and Tanzania Agriculture Business Environment

Zambia provides special incentives to agriculture (table). The corporate income tax rate is reduced from the standard rate of 35% of profits to 10% for farming and agro-processing of crops, while Tanzania levies the same corporate income tax rate for both agriculture and non-agriculture companies of 30%. The VAT is 16% in Zambia compared to 18% in Tanzania and is applied to most imports, inputs, and services in both countries. The provision for carrying losses forward is unlimited in Tanzania but limited to 5 years in Zambia. Depreciation on land and farm improvements are similar, but depreciation of capital equipment is slightly more favourable in Zambia because the full amount can be deducted over two years compared to five in Tanzania. The withholding tax on dividends is 10% in Tanzania compared to 15% in Zambia. Neither country has a capital gains tax, but the transfer fee on land and buildings is more favourable in Zambia at 5% compared to 10% in Tanzania. The tax on the value of production (crop cess) in Tanzania is 5% of farmgate value compared to the grain levy of 0.03% in Zambia. Tanzania has a local tax (service levy) of .03 percent of turnover. The contribution to pension is 5% of wages in Zambia and 10% in Tanzania. There is a skills development levy in Tanzania of 5% of payroll, but the comparable payroll tax in Zambia is USD 1.0 per year per worker. Petrol and diesel prices were lower in Zambia than Tanzania during the study team visit, and electricity rates from the national grid were significantly lower in Zambia. Other taxes in Zambia include a land tax that goes to the Ministry of Lands, a road development levy included in fuel prices, and other local taxes that are generally low and vary by location and land values. In summary, the corporate taxes and local taxes are significantly lower in Zambia and inputs are cheaper than in Tanzania.

Agriculture Business Environment for Tanzanian and Zambian Compared (PRELIMINARY).

	Tanzania	Zambia	Mozambique
Corporate Income Tax Rate – standard rate	30%	35%	32%
Corporate Income Tax Rate – farming and processing ¹	30%	10%	
VAT	18%	16%	17%
Losses Carried Forward (years)	Unlimited	5	
Accelerated Depreciation – Land Improvements (per year)	100%	100%	
Accelerated Depreciation – Capital Equipment (per year) ²	Varies	50%	
Land Taxes			
Withholding Tax – Dividends	10%	15%	
Crop Produce Tax – on value of production ³	5%	0.03%	
Local Tax – Service Levy on turnover	0.03%	0%	
Capital Gains Tax	0%	0%	
Transfer Fee on Land and Buildings ⁴	10%	5%	
Employee Pension (Corporate Share of Wages)	10%	5%	

¹ Applies to both farming and processing of the crop (for example growing sugar cane and processing into sugar) as long as the company produces at least 50% of what is processed. This allows purchases from outgrowers of almost half of what is processed.

² Zambia allows implements, machinery, and plant used in agriculture to be deducted over two years at the rate of 50% per year. Tanzania allows 50% reduction in first year and normal depreciation rates in subsequent years.

³ For Tanzania, this is the crop produce levy and for Zambia it is the grain levy.

⁴ The Zambia transfer fee on land and buildings is currently 10% but will decline to 5% in 2016.

	Tanzania	Zambia	Mozambique
Skills Development Levy	5%	0%	
Electricity Rates from Grid (\$/KWH)	.24	.066	
Petrol Costs (\$/litre) ⁵	.93	.72	
Diesel Costs (\$/litre)	.87	.79	
Interest Rate in Local Currency		23-25%	
Time Required to Register Corporation (days)	26	8	
Corporate License Fee (USD per year)			

Source: KPMG and PWC documents and interviews.

Meetings of the Study Team:

IAPRI (Indaba Agricultural Policy Research Institute) Chance Kabaghe, Executive Director

KPMG, Michael Phiri, Director Tax and Mafipe Chunga, Senior Manager

ZANACO Bank, Bruce Dick, MD and CEO

DFID, Greg Chikwanka, Private Sector Development Advisor

PWC, Lydia Pwadura Associate Director and Tinenenji Mwvombo

Ministry of Agriculture and Livestock, Dingi Banda, Chief Economist

MSU, Chief of Party, Food Security Research Project, Zambia

ZAMCE, Executive Director, Grain Traders Association

NWK, CEO Agri-Services

Zambezi Ranching & Cropping Limited, Graham Rae, MD

Zambia Development Agency, Agness Chaila, Director of Investment Promotion

Center for Trade and Trade Policy

AGCO Corporation (Input supplier)

⁵ Pump prices in Lusaka and Dar es Salaam during study tour.

Annex 2. Executive Summary - Maize Gender Study

EXECUTIVE SUMMARY Maize Gender Study

Rural women in Tanzania play a crucial role in farming. However, their access to productive resources for farming is more limited than that of their male counterparts. Markets are not only inadequate, but also inefficient and far from communities, creating barriers for women's access. Nearly three-quarters of all landholders in Tanzania are men. Ownership of productive assets and resources is dominated by men due to long-held traditions and cultures that deny women access and control rights. Women tend to own smaller plots compared to men. They own less livestock than men and have more restricted access to new technologies, training, vocational education, extension advice, credit and other financial services (Wilson, T and Lewis, J. 2015). While a few studies have explored the possibility of different interventions such as using collective action to improve women's access to markets, there is a dearth of empirical backing on how such interventions can improve women's access to markets. The findings of this research provides a clear understanding of women's access to markets with a focus on issues such as price, input access and capital in the production and marketing of maize. This study not only gender disaggregated knowledge on markets and explore differentials between male and female maize producers in Tanzania.

This research used quantitative approach that involved face to face interviews at the household level and qualitative approached involving use of Focus Group Discussions (FGDs) with producers and key informant interviews with officials working under the ministry of agriculture in the regions. Data was collected on maize production in Iringa and Ruvuma regions. The objectives of this study was to (i) determine whether women participating in maize markets receive similar prices, have similar access to finance, produce similar quantities and qualities of maize compared to men; (ii) establish the level of participation of women in the production and marketing of maize; (iii) identify constraints to and opportunities for women's participation in the production and marketing of maize markets; (iv) examine the role of collective action (producer and marketing organizations) in enhancing participation by women in maize marketing, and (v) identify prospects for growth, such as institutional, technological, and financial and market innovations that can be harnessed to improve women's participation in maize and other crops. The household survey comprised 611 farmers from two study sites (306 from Iringa, 305 from Ruvuma) with a split of 53 per cent male and 47 per cent female farmers in Iringa and 50 per cent male and 50 per cent female in Ruvuma region.

The findings indicate that Female maize farmers lag behind men in educational attainment, with a lower proportion having gone beyond primary education. Female farmers are also slightly older than their male counterparts and this could explain why they lag behind in using technology in production and also resource ownership. Male headed households also tend to own more land than the female headed households. Majority of farmers in the two regions own land without title deeds, with a slightly higher proportion of female farmers not having title deeds.

Women farmers are less likely to use improved seeds with a more than ten per cent gender gap between male and female farmers. Women in both Iringa and Ruvuma seem to highly prefer the local variety which is disadvantageous as they end up producing less than the male farmers.

Use of fertilizer is lower among female farmers. Female headed households in Ruvuma are less likely than their male counterparts to use fertilizer. In terms of quantity, female farmers are likely to use less quantities of fertilizer per acre compared to male farmers. The low use of fertilizer by female-headed households seem to have contributed to lower yields.

Female headed households are more likely to use hand hoe technology for land preparation. In Iringa region, more female headed households use this technology as compared to their male counterparts.

Male headed households experienced higher yields than the female headed households. The productivity gap per acre between male and female farmers is higher in Iringa (185 Kgs) region than in Ruvuma (127 Kgs). This gap could be explained by the low usage of improved seeds, hand hoe technology and low fertilizer usage by female farmers. This has also resulted in female farmers selling less than their male counterparts.

In both regions female farmers received lower prices per Kg of maize than their male counterparts. Overall, male farmers received Tsh. 502 per Kg while female farmers received Tsh. 347 per Kg for their maize produce. Using these findings one would in principle accept the hypothesis that female farmers receive lower prices than male farmers. However this result could be attributed to other factors such as; the fact that male farmers harvest more than female farmers enabling them to sell in large volumes and therefore having the ability to negotiate for better prices.

While collective action through groups is critical in building women's social capital, it has worked only in some areas but with other agricultural commodities. Findings indicate that women in the two regions need to be encouraged to participate in production and marketing groups through building their confidence and motivation. In Iringa, results indicate that both male and female farmers understand the importance of collective action and belong to savings and credit group. The value of these groups can be enhanced if they add promotion of agricultural production as one of their roles.

Overall, the survey results indicate that in the two regions surveyed, Iringa and Ruvuma, the maize value chain is a bit organized when compared to other regions. A previous study carried out in Mbeya and Rukwa regions indicated that the maize value chain is weakly organized with no structured linkages. Study results demonstrate that both men and women farmers have limited access to capacity building (e.g. training and extension), and also have limited access to finance.

(Note: The remainder of the report is not included due to its length).

Annex 3. Policy Note - Agriculture Policy Note for New Government

POLICY NOTE Tanzania Policy Note for the New Government No. 1

Agriculture

Key Message: Transform agriculture in Tanzania to achieve a more profitable, sustainable and climate-resilient sector that reduces poverty and boosts shared prosperity. The business environment for agriculture is poor, and poverty in rural areas remains high. Smallholders need to become more productive and large-scale agriculture more profitable in order to attract needed capital, technology and market linkages. Investments in small-scale and efficient irrigation and open borders trade policies offer the best hope for combating the impacts of climate change which will disproportionately impact smallholders.

Key Indicators

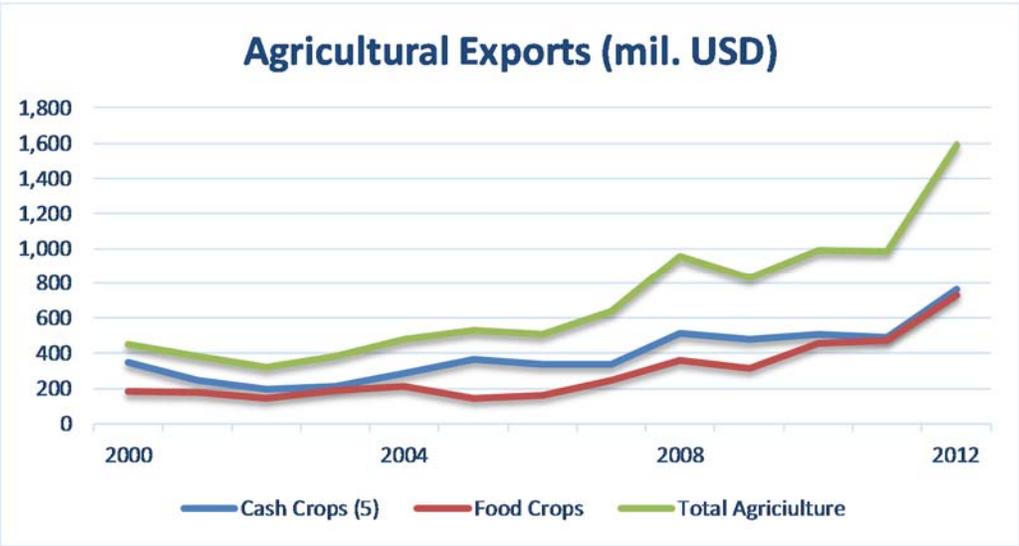
	2010	2015	2020 (target)
Share of farmers using improved seeds	15%	20%	40%
Share of farmers using inorganic fertilizers	15%	15%	30%
Share of farmers using irrigation		3%	6%
Annual increase in exports of food and cash crops		12% ; 7%	15%; 10%
Share of Foreign Direct Investment going into Agriculture	2%	2%	10%
Crop produce cess		5%	0%
Share of arable land cultivated		27%	35%

1. CONTEXT

More rapid growth in agriculture is essential to reducing poverty in rural areas. The agriculture sector accounts for three-quarters of employment but only one-quarter of GDP, and that results in one in three rural households living in poverty. Growth in the agriculture sector is essential to reducing rural and overall poverty and has been shown to have a greater impact on reducing poverty than overall economic growth because of the stronger economic linkages to the local economy. The 2011/12 Household Budget Survey concluded that 84 percent of the Tanzanian poor live in rural areas.

Agriculture in Tanzania has enormous potential for growth, particularly through exports. Food crop exports increased by an average of 12 percent per year between 2000 and 2012 (chart), and even more rapid growth is possible because the region is food deficit and expected to remain so for the foreseeable future. At the same time, only 25 percent of the arable land in Tanzania is

cultivated. Tanzania could triple its regional food crop exports and become the breadbasket of Eastern Africa, given a consistent commitment to expanding production and trade of maize, rice and horticultural crops. Exports of traditional cash crops (cashews, coffee, cotton, tea and tobacco) increased by almost 7 percent per year from 2000 to 2012, but Tanzania still lost market share for these crops (see chart from 1980-2012). Higher growth rates can be achieved by strengthening agribusiness partnerships, and pursuing an interlinked strategy of productivity and trade growth.



Domestic markets for food will also see rapid growth in the future as incomes rise and Tanzania becomes more urbanized. The population of urban areas, including Dar es Salaam, will more than double in the next 15 years, and along with continued rapid income growth this will translate into sharply higher demand for crops, fish, and livestock products, and a growing demand for more processed agricultural products. Urban markets will need substantial logistical and infrastructure reform in order to cope with this demand.

The productivity of Tanzania’s smallholder farmers is low by international standards. Crop and livestock yields are commonly less than 20 percent of their potential. This is because only 15 percent of smallholders use inorganic fertilizer, 12 percent use pesticides and 3 percent use irrigation. Only 6 percent of farmers use tractors while most rely on the hand hoe which limits the amount of land they can till with family labor. The adoption of new technologies is undermined by high transport and marketing costs, lack of access to finance, high taxes, and uncertainty about government policies. More importantly, prices offered for agricultural commodities at the farm gate are too low to make many improved technologies profitable. Markets must be strengthened in order to improve input access and agricultural finance, and raise farm gate prices. New extension strategies are needed, and broader experimentation with new agricultural finance strategies including cellphone based savings, credit and payment systems should be encouraged.

Agribusiness has been underinvested. While Tanzania has been extremely successful in attracting Foreign Direct Investment into the overall economy, only 2 percent of those investments, an average of USD 26 million per year from 2008-2011, went into agriculture. Higher rates of investment will bring new technologies, processing facilities and better trade links to international markets. Investments offering greater employment and trading opportunities to Tanzanians need to be especially encouraged.

Climate change is expected to have the greatest impact on the rural poor. The latest report from The World Bank Group concluded that the biggest impact of climate change will be on the poor and through agriculture. Increased irrigation, especially small-scale efficient irrigation, can partially offset the impacts of climate change and open border trade policies can reduce price volatility that accompanies increased variability in production.

2. KEY CHALLENGES

Key challenges for increasing smallholder productivity, increasing investments and expanding exports

- **Public extension remains weak in Tanzania.** National funding is inadequate to support an extension worker in every village. Current extension staff are underfunded for the task expected of them. These staff need to work more effectively with the private sector and non-governmental organizations to encourage farmers to become more innovative. Coordinated public and private financing can support the use of cellphones to provide information about new technologies and marketing opportunities.
- **Farmers do not have access to best technologies, keeping farmers' productivity low.** Access to best inputs remains constrained by the slow and costly approval process for release and registration of new seeds, fertilizers, and agro-chemical, even for those proven successful in similar environments in other countries. A greater risk than the suitability of these inputs for the Tanzanian environment, is the fake and poor quality inputs that are sold to farmers. Regulations and enforcement should focus more on input quality rather than input suitability.
- **Lack of access to finance also contributes to low farmer productivity.** High lending rates and limited access to finance by farmers slows the adoption of improved technologies and reduce productivity. However, now that over sixty percent of farmers have cellphones they can be used for more sophisticated payments, credit and savings systems which can help alleviate constraints to finance. The modern Collateral Registry System being developed by the Bank of Tanzania should be fast tracked to make moveable assets, such as equipment, more readily available for use as collateral for lending to agriculture.
- **Inadequate infrastructure is another major constraint to productivity.** Tanzania has huge potential for expanding irrigation, and thus reduce one of the main risks to agricultural production as well as coping with climate change. However, funding is

inadequate to exploit this opportunity through investments in larger-scale, capital intensive schemes and Tanzania should focus more on small-scale efficient irrigation systems. Agriculture is also constrained by poor transport infrastructure, particularly rural roads and priority should be given to rural roads in high potential areas for production and exports. Farmers located near rural roads have been shown to receive higher prices for their marketed output and use more fertilizer.

- **Producer prices for farmers are affected by lack of collective actions and declining functionality of urban wholesale markets.** Individual farmers are caught in a price squeeze between the high costs of obtaining small amounts of seed and fertilizer and the low prices received for their small quantities of sales at the farm gate. Weak collective action among farmers keeps this price wedge large. With rapid urbanization, urban wholesale markets are losing functionality in facilitating commodity flows, and securing sufficient trading and storage space. The quantities of produce moving through these markets will sharply increase as urban populations expand. Yet many of these markets are already highly congested and unhygienic. Physical losses are high, translating to higher prices to consumers and lower prices to farmers.
- **Agribusiness has been underinvested due to poor investment climate.** SAGCOT has encouraged agribusinesses around the world to invest in Tanzania, but the number and size of these investments continues to be stymied by land constraints, high taxes and uncertainty about national trade policies. Businesses, particularly processing firms, in the agricultural sector struggle with the incidence of multiple inspections from many different regulators. This problem is worsened by the fact that many regulators earn a share of their budgets through fines underlying the stricter enforcement of regulations. This raises the costs of doing business, and undermines incentives to expand trading and processing operations. The incidence of taxation in agriculture should be congruent with the rest of the economy. The agricultural sector is heavily taxed, with total taxes approaching 50 percent of profits by agriculture enterprises. Uniquely, smallholders (including many of the poorest households in the country) are subject to the crop produce cess of up to 5 percent of the *gross* value of their output.

Common issues that cut across constraints

- **The Government can play a more facilitative role to support private investment.** Public investments in research and extension need to encourage larger private investments in the distribution and sale of new technologies. Public investments in infrastructure, like rural roads and rail systems, need to encourage much larger private investments in the transport, warehousing and trading of agricultural commodities. Taxation, licensing and regulatory functions need to encourage the growth of agribusinesses—ranging from the commercializing of smallholders, to the seed and fertilizer retailer, to the modern dairy plant.
- **Improving rural markets is critical for agricultural growth.** Incentives to adopt new technologies are undermined by low farm gate prices and high input costs. A stronger public-private partnership is needed to coordinate the expansion of investments in input

markets, agricultural assembly and warehousing operations, agro-processing, wholesaling, retailing and the food service sector. These efforts should target the reduction of marketing costs and improvement of transparency and reliability. Sixty-five percent of farming households currently earn part of their income off their farms, and as the agricultural sector modernizes, the share of rural income and employment derived from marketing activities will rapidly increase.

3. IMMEDIATE ACTIONS FOR IMPACTS DURING THE FIRST YEAR

- ❖ **Action 1: Reduce taxes on corporate agriculture and remove the crop produce cess.** The overall tax burden, including the multiplicity of local taxes and other public charges on the sector, is among the highest in the region and discourages foreign investors and penalizes small producers.
- ❖ **Action 2: The Government should quickly register and release technologies with documented success in similar international environments to provide farmers with best technologies.** This would lift productivity of smallholders and reduce rural poverty while also increasing competitiveness of large-scale producers.
- ❖ **Action 3: Initiate the establishment of a rural land market.** Only one-quarter of arable land is used for crops, yet new investors face difficulty getting access to land. More intensive use of this valuable resources could be encouraged by clarifying the definitions of village land outlined in the Land Act 1999 and the Village Land Act 199, completing village land surveys, and establishing a transparent land registry.
- ❖ **Action 4: The Government should shift regulatory focus to reducing input counterfeiting and improving truth in labeling.** Regulatory systems should focus more on tracking the quality of seed, fertilizers, and agro-chemicals sold in the market. Larger public investments should be committed to ensuring truth in labeling, and random sampling of seed and agro-chemicals should be linked with the timely prosecution of companies selling counterfeit inputs. Public awareness of these programs can serve as a warning to both sellers and consumers.
- ❖ **Action 5: Import and export permits should be streamlined or eliminated.** Export permits are justified as a means to track the level of exports. But in practice, these licenses increase trading costs and discourage longer term investments in expanding production for regional and global markets. Import permits are meant to protect domestic producers, but more commonly reward the few traders with access to these licenses while raising consumer prices. Both sets of permits contribute to lowering farm gate prices. In addition, these encourage corruption as licenses are simply recycled. In order to stimulate larger investments in the expansion of agricultural exports, trade controls should be reduced, and phytosanitary documentation should be more easily available at one-stop border posts.

- ❖ **Action 6: Reform Agricultural Commodity Boards and parastatals to remove their marketing and production functions.** Commodity Boards and other parastatals are often engaged in marketing and production in competition with the private sector they regulate. This leads to conflicts of interests and often to unfair regulations that are detrimental to the sector.
- ❖ **Action 9: Rationalize agricultural regulations.** The regulatory inspection process should be rationalized to reduce the number of inspections by different agencies, and eliminate unnecessary requirements. All funds raised from regulatory enforcement should be allocated to the central Treasury, not the regulatory authority.

4. ACTIONS FOR MEDIUM-TERM AGENDA (1-5 YEARS)

- ❖ **Action 1: Promote the expansion of SME investments in the agricultural sector through rapid licensing, business mentorship, and specialized financial support.** The largest non-farm employer in Tanzania is trading activities—most linked directly or indirectly with the agricultural sector. Correspondingly, the agricultural sector encompasses the largest number of SME firms including input suppliers, transporters, wholesale traders, agro-processors, and retail traders. The Tanzania Investment Centre (TIC) should collaborate with the Tanzania Investment Bank to promote greater lending to agricultural SME in coordination with licensing and advisory support.
- ❖ **Action 2: Investments in transport infrastructure should target the expansion of agricultural production and trade.** When prioritizing the construction and improvement of rural roads stronger consideration should be given to expected agricultural growth and expansion in agricultural trade. Feeder roads need to be linked with the national rail system, and rail service must be improved.
- ❖ **Action 3: Extension systems should be reoriented to facilitate experimentation with a wider range of technologies, greater use of ICT, greater collaboration with input suppliers and non-governmental organizations.** Farmers should be encouraged to experiment, rather than trained to apply one ‘best’ technology. These programs should target a doubling of technology adoption rates within the next five years.
- ❖ **Action 4: The expansion of irrigation can more efficiently be pursued through the promotion of a wider array of lower cost technologies such as small-scale motorized or treadle pumps, rainwater harvesting and on-farm conservations strategies.** Water use can be made fairer and more sustainable by charging users for water. Environmental losses can be reduced by tracking outflows as well as inflows.
- ❖ **Action 5: Encourage wider application of information and communications technologies (ICT) to modernize crop finance.** Cellphone based payments, savings and credit systems need to be rapidly expanded as a means to link the majority of farmers into national banking systems. Further experimentation with new financial products should be

encouraged with the establishment of transparent regulatory controls to ensure financial safety.

- ❖ **Action 6: *The national land bank and associated market must become truly functional.*** A transparent land bank offering land for sale or rent to qualified firms should be established. Investment incentives need to be more transparent while favoring employment generation. Tax policies need to encourage innovation. An expedited approval process should encourage the quicker licensing of new firms.
- ❖ **Action 7: *Continued efforts are needed for bulking of input purchases.*** The Big Results Now program is encouraging bulking of input purchases and crop sales linked with the development of warehouse operations. Such approaches should be expanded across a wider range of crops and communities.
- ❖ **Action 8: *Reduce urban food costs by modernizing urban wholesale markets with improved infrastructure and logistics.*** Rapid urbanization has overwhelmed urban wholesale markets leading to inefficient and unhygienic conditions. Urban markets need to be relocated to less congested locations and expanded to provide for current and future needs.

Annex 4. SOW - Rice Market Efficiency Study

STATEMENT OF WORK

Analysis of Rice Market in Tanzania and Comparison with Other Food Staples 15 December 2015 – 31 March 2016

I. Project Overview

Tanzania SERA Policy Project assists the Government of the Republic of Tanzania (GoT) and the private sector to enable broad-based, sustainable transformation of the agriculture sector through policy reforms. The project facilitates and supports partnerships such as SAGCOT, conducts policy analysis, research, advocacy, and legal work in support of policy reforms, and builds capacity of the private/public sectors and advocacy organizations.

II. Objective

The objective of the study is to deepen understanding and inform Tanzanian Government officials, decision makers, and stakeholders of the drivers of rice prices across 18 regional rice markets in Tanzania. This is expected to lead to better policy decisions through better understanding of price behavior in major staple food markets and their linkages to regional and global markets.

III. Tasks to be performed

The analysis will study 18 local rice, maize, and beans markets in Tanzania using monthly price time series data and estimate differences in market drivers and efficiency across the three commodities for all 18 markets. Further, these changes will be linked to trade policies. The analysis will build on an earlier study of the drivers of maize prices, using a similar estimation framework. The analysis will be generalized to include relevant cities in neighboring countries and global markets. For each commodity, the degree of market integration with relevant markets in Rwanda, Uganda, Kenya, Mozambique, and Zambia will be estimated using an error correction model. This is important because Nairobi is not the primary external market for rice and external shocks from southern neighboring countries may be relevant for Tanzania's southern and central zones. More generally, the study aims to engender an improved understanding of how (and where) external market price shocks affect domestic food staple markets.

The two supplementary improvements:

- a) If needed, seasonality will be modelled in a more flexible manner (with the possibility of unimodal, bimodal, and other forms of seasonality). This will allow for a more realistic description of the influence of harvest cycles, which vary more for rice production.
- b) Local weather disturbances will be estimated (and their impacts analyzed) both at the zonal scale (which was previously done) as well as at a smaller spatial scale (either at the district-level or the region-level). This is because rice production is more concentrated and relevant weather shocks may be more localized. This will also allow us to better understand the scope of domestic risk sharing, given improvements in transport infrastructure.

IV. Deliverables

Preliminary estimation results by January 31, 2016.

Final Deliverables by March 31, 2015:

- a) Working paper, of publishable quality, intended for peer-reviewed publication that provides a detailed analysis of the benefits associated with improving Tanzania's rice market efficiency (approx. 20 pages).
- b) An additional non-technical summary that provides a shorter expository treatment targeted at a broader audience.
- c) Policy recommendations on how to improve the rice market efficiency that follow from the research.

V. Reporting Responsibility

The consultant will report directly to the SERA Policy Project Chief of Party, or her designee.

VI. Level of Effort and Period of Performance

The study will be undertaken in Washington during the period from or about December 15, 2015 and ending on March 31, 2016.

VII. Budget

The estimated total direct cost for this activity is \$25,000, exclusive of any associated burdens.

Estimated Costs	Rate	Qty	Amt
Labor	\$500.00	50	\$25,000.00
			\$25,000.00

Annex 5. TOR – Market Intelligence Unit Feasibility Study

TERMS OF REFERENCE Market Intelligence Unit Feasibility Study

I. Project Overview

The Tanzania SERA Policy Project assists the Government of the Republic of Tanzania (GoT) and the private sector to enable broad-based, sustainable transformation of the agriculture sector through policy reform. The project facilitates and supports partnerships such as SAGCOT, conducts policy analysis, research, advocacy, and legal work in support of policy reform and builds capacity of the private/public sectors and advocacy organizations. SERA Project also provides institutional and individual capacity building support to public and private sector institutions. Support for private sector institutions and advocacy organizations targets critical stakeholders in the policy reform process.

II. Background

The Ministry of Agriculture Food Security and Cooperatives (MAFC) is facing challenges in making informed trade policies due to lack of reliable market information and inadequate market analysis. In 2009/10, the GoT imposed an export ban on staples in order to address the perceived food shortage. The situation was reverse in 2014/15 cropping season where the country had a surplus of 1.5 million tons of maize and 0.5 million tons of rice. The situation was aggravated by the issuance of permits for duty free importation of rice based on available information. To alleviate the situation, the government had to purchase part of crop stocks through the National Food Reserve Agency (NFRA).

In response to these challenges, USAID through its SERA Project conducted studies on food trade policies to inform MAFC in alternative policies for sustainable agriculture sector development. Among other things USAID SERA study recommended establishment of a Market Intelligence Unit (MIU) at MAFC. Furthermore, the Presidential Delivery Bureau (PDB) organized a two weeks “Business environment Lab” where stakeholders resolved to establish a MIU at the Ministry of Agriculture. MAFC asked the Directorate of Policy and Planning (DPP) to take leadership in establishing MIU. Michigan State University (MSU) and USAID SERA are providing technical support in helping DPP set up the MIU.

MAFC has placed highly the importance of linking farmers with markets in the second phase of the Agricultural Sector Development Program (ASDP II).

Agricultural Marketing Information System in Tanzania

Agricultural Marketing Information Systems (AMIS) in Tanzania dates back to 1971 when Food and Agriculture Organization (FAO) helped the GoT to establish Marketing Development Bureau (MDB) in the Ministry of Agriculture. At the time, Tanzania had a centrally planned economy and the government had direct interventions in the market to purchase, mill/process, distribute and export crops. The main functions of the MDB were to:

- Provide advice to the Government on marketing policy
- Organize marketing training for the staff that would be required by the Ministry, marketing authorities and cooperatives for their marketing activities,
- Establish a regular market news service
- Set consumer prices
- Carry out research on costs of crop production on behalf of the Cooperative Unions
- Recommend producer prices for staples and major cash crops (1973/74).

As the government embraced market liberalization and market economy, the organizational structure and the role of AMIS changed into marketing research, intelligence, regulation and promotion functions. In 1995, the GoT formed a stand-alone Ministry of Cooperatives and Marketing (MCM) based in Dodoma. With time, MDB relocated and was reorganized into the Division of Agricultural Market Information System (MIS) under MCM, with two sections as follows.

1. Marketing Research and Information Section
 - a. Marketing research unit
 - b. Marketing intelligence unit
2. Promotion and Regulation Section
 - a. Market promotion unit
 - b. Market regulation unit

In 2005, MCM was dissolved and cooperative functions were transferred back to MAFC, and marketing functions were transferred to the Ministry of Industry Trade and Marketing (MIT). Therefore, MIS was placed in the Marketing Division of MIT.

Though MIT continues to collect and disseminate agricultural market information, there have been challenges in coordinating such information in a timely manner. In addition, the lack of rigorous analysis limits MAFC in making informed decision. Market conditions (including prices and volumes) and the roles of crop boards are changing rapidly, therefore it is imperative to have MIU at MAFC.

Marketing Intelligence Unit

Marketing Intelligence Unit is only a part of Agricultural Marketing Information System. Market intelligence provides information about current marketing-environment and the changing conditions in the market. MIU role is to package synthesized information from various sources for decision makers. MIU is to provide information that would benefit various stakeholders in agricultural value chain including farmers, agribusiness, regulators and policy makers.

III. Scope of Work

The Ministry of Agriculture, Food Security and Cooperatives (MAFC), with support from USAID SERA and MSU, would like to engage a consultant to assess the feasibility of setting up the agriculture Marketing Intelligence Unit (MIU) in the ministry.

Specifically, the consultant will be responsible for the following tasks:

1. Review the institution and legal framework, and recommend the best option for operating an effective Market Intelligence Unit.
2. Review the previous and existing Agricultural Marketing Information Systems (MIS) with a view of setting up a new MIU under the ministry taking into consideration potential overlaps and synergies with MIS in the Ministry of Industry Trade and Marketing.
3. Layout alternative organizational options for MIU including setting up an executive agency.
4. Analyze the advantage and disadvantage of each option, including legal and institutional implication of each.
5. Identify the priority functions of MIU, e.g. price analysis, market information dissemination to key stakeholders, etc.
6. Demonstrate how MIU will leverage existing data and price collection systems, including capacity needs for MIT price collection system.
7. Explore the institutionalization of price and data collection in existing agencies (e.g. NBS, MIT) with a view of long term budgetary allocation for sustainability.
8. Consider the complementary role of the private sector in MIS.
9. Consult key stakeholders of the proposed MIU and lay out some options for MIU organizational structure in relation to MAFC and MIT. The illustrative list of key stakeholders (but not limited to it) include former MDB and MCM staff, MAFC, MIT, MLFD, PMO-RALG, and farmers associations (ACT, ANSAF, MVIWATA, TAHA, TCCIA, Cooperatives, traders, market masters, etc)
10. Proposed human resource needs, required capacity building and options for staffing MIU. This task includes defining roles and responsibility of each position, qualification requirements and whether MAFC needs to hire new staff.
11. Prepare an illustrative budget for MIU including initial capital investment, operations cost and financing options (e.g. sources of initial financing and financial sustainability).
12. Develop a detailed work plan for setting up and rolling out of MIU including deliverables e.g. website, market intelligence database, reports, etc. The proposed timeline for MIU include a 2 years pilot phase.
13. Organize a workshop of key MIS stakeholders to present the report, incorporate changes and submit the final report.

IV. Methodology

It is envisaged that the study team will adopt a two stage approach, where in the first stage the team will synthesize various national reports on agriculture MIS in Tanzania, USAID-SERA food security option paper, BRN business environment, etc. The team will also review literature and communicate with agriculture MIS of other countries in the region. In the second stage, the study team will conduct interviews with former MDB and MCM staff, and current staff in marketing and policy department of agriculture sector led ministries e.g. MAFC, MIT, MLFD, PMO-RALG, PDB, etc. The team will also interview other agriculture MIS stakeholders. Based on information gathered from the two stage, the study team will then prepare a feasibility study for setting up a

MIU at MAFC. The proposal would then be presented at the stakeholders meeting and later in the Agriculture Sector Consultative Meeting for validation.

V. Study Team

This study will be led by a national consultant working closely with staff from ASLM as follows:

- (a) National consultant:
 - a. Team leader responsible for overall consultancy
 - b. Masters or PhD in agricultural economics, economics, business management or related field
 - c. Experience of at least 5 years in agricultural marketing and organizational structuring.
- (b) Assistant consultant:
 - a. Assist the team leader in implementing the task
 - b. At least a masters in agricultural economics, business management and marketing.
- (c) Three staff, one from each of the key three ministries, namely MAFC, MLDF and MIT, with experience in MIS.

VI. Reporting and research partners

The consultant will report to the Director of Policy and Planning at MAFC on the technical report. MSU and PAPAC will provide technical backstopping and pick up the activity after SERA phases out around April 2016. On the contract and financial matters the consultant will be reporting to SERA Chief of Party. The consultants will be assisted by a team of 4 resource person from Agriculture Sector Lead Ministries.

VII. Deliverables

The deliverables from the consultancy are as follows:

1. *An inception report that describes the approach and methodology,*
2. *Data collection tools (questionnaires and check list for key informant interviews),*
3. *First draft report,*
4. *Stakeholders meeting,*
5. *Final report.*

VIII. Period of Performance

October – December 2015; TBC.

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