The United Republic of Tanzania
Agriculture Sector Lead Ministries

4TH ANNUAL AGRICULTURAL POLICY CONFERENCE [AAPC]

Integrating Food and Nutrition Security into Economic Transformation and Industrialization Agenda:

How can agriculture be the driver rather than follower of economic transformation in Tanzania?

New Dodoma Hotel, Dodoma

14th - 16th February, 2018

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Key Constraints Inhibiting Competitiveness in the Dairy and Poultry Sectors

HANS SHRADER, SENIOR PRIVATE SECTOR SPECTIALIST
WORLD BANK GROUP

AGENDA

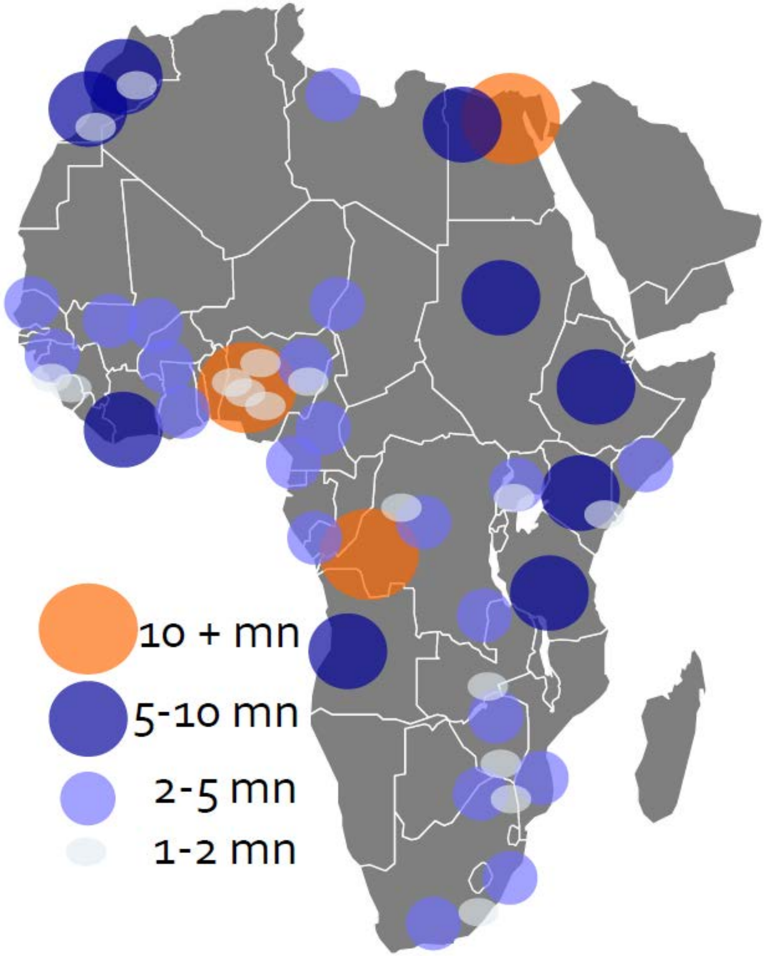
- Livestock is an important sector
- Key binding constraints in Tanzania Livestock sector
- L–MIRA: Part of a solution

Livestock sector is important

Favorable conditions for increased livestock demand

Social Factors

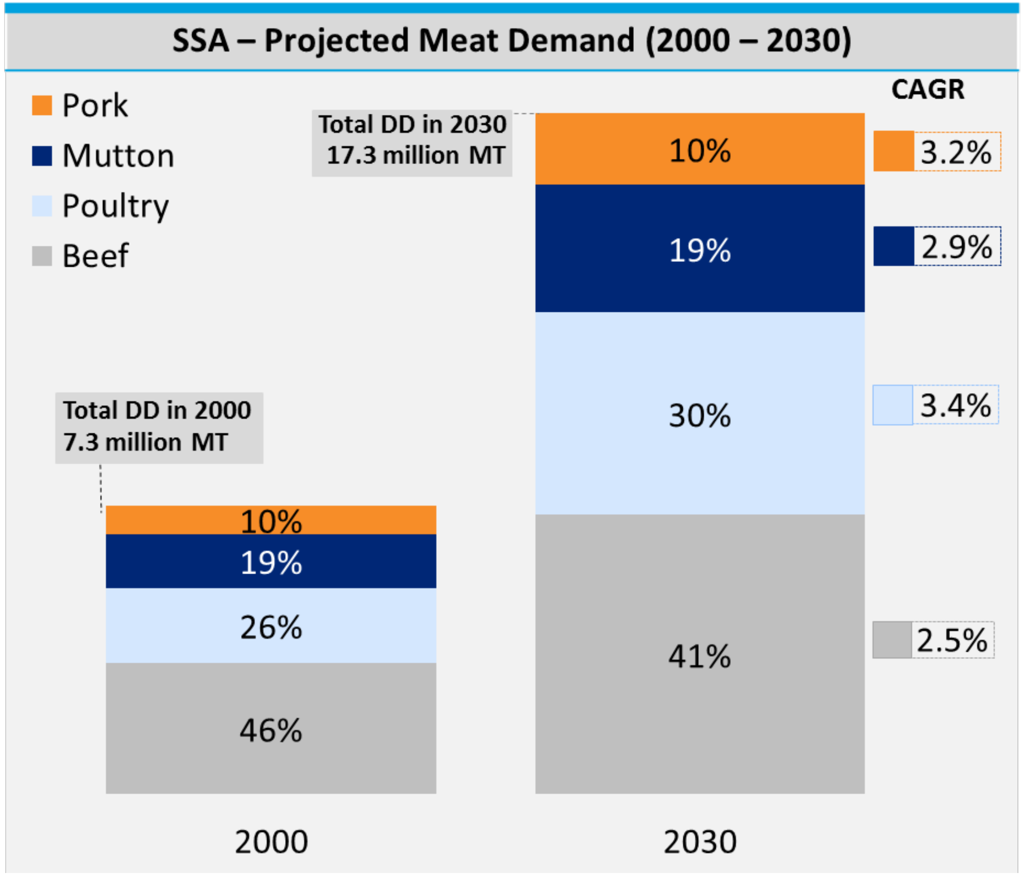
- Rapid population growth in SSA
- Increased urbanization in SSA
- TZ is urbanizing at ~5.2% p.a.

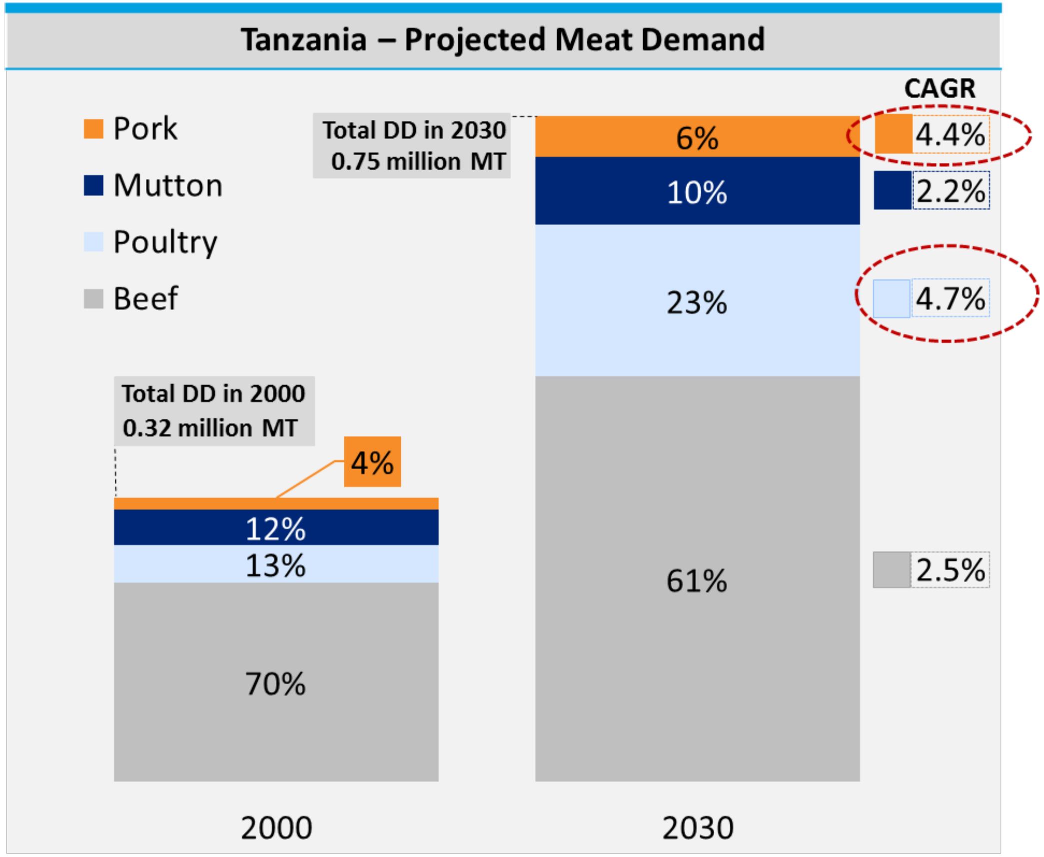


Economic Factors

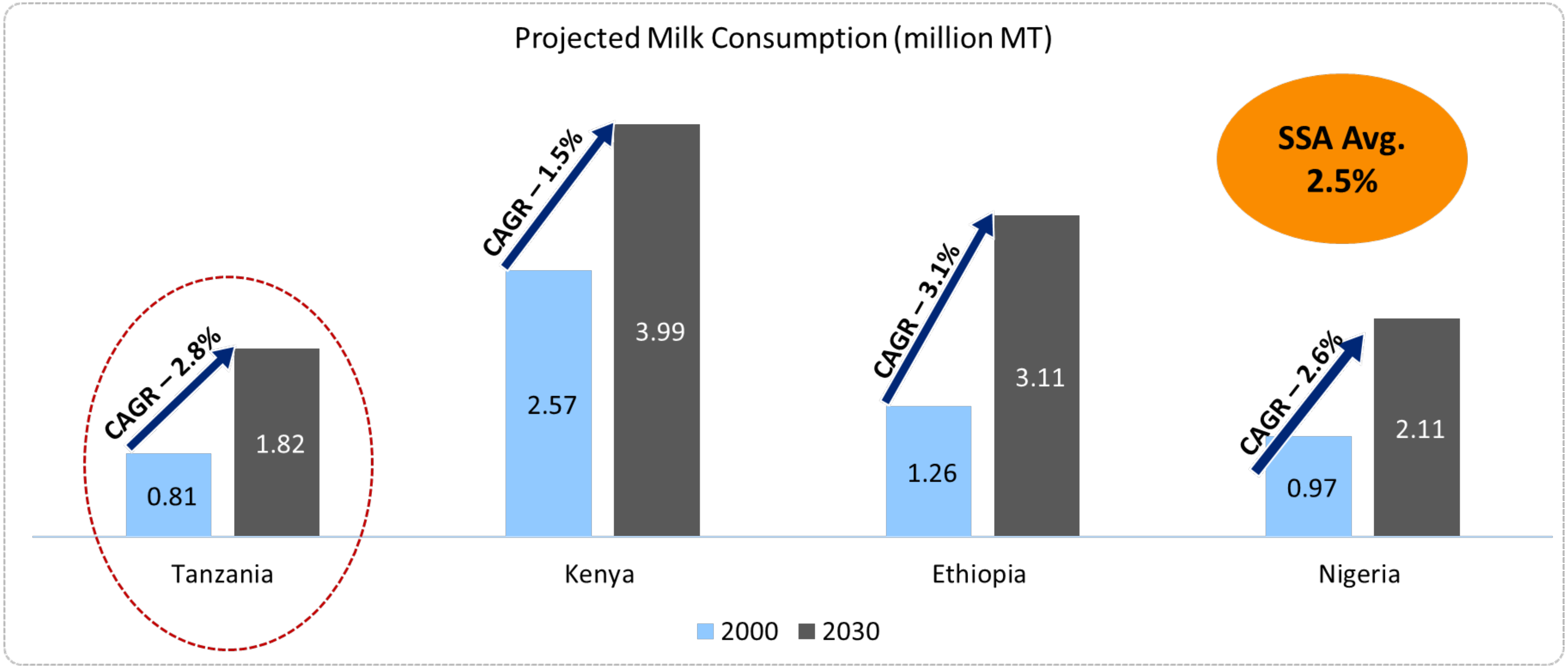
- Consistent economic growth and rising daily income in SSA
- Tanzania GDP growth averaged 6.5 in the last decade
- Growing middle class in SSA

Africa is shifting towards white meat





Milk consumption rising in African & Tanzania



Tanzania has livestock resources that can help meet demand

50% of Tanzanian HH depend on Livestock (~62% in rural areas).

86% keep chicken (~36 million chickens).

48% keep goats (~16 million goats).

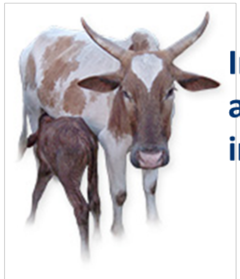
35% keep cattle (~25 million cattle, third largest population after Ethiopia and S. Sudan).

9% keep pigs (~2.4 million pigs).

Key binding constraints for Tanzania Livestock Sector

Livestock sector experiences low productivity and slow growth

97%



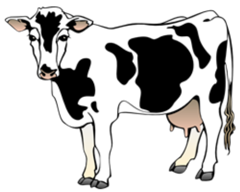
In Tanzania are indigenous

Producing

0.5-3L/ DAY

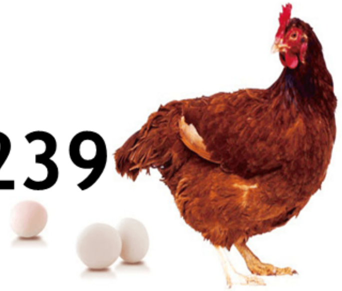
VS.

Improved / pure breed



15 - 30L/ DAY

Avg. # of Eggs / Hen / Year (Days)



239

Accepted target **300**

Avg. Time to Market Weight (Days)

82

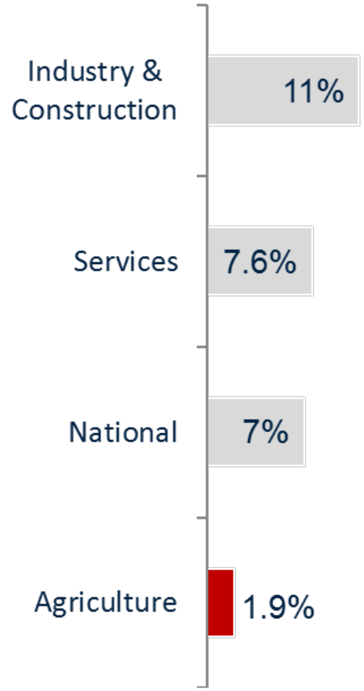
Accepted target

Feed Conversion Ratio 3.5

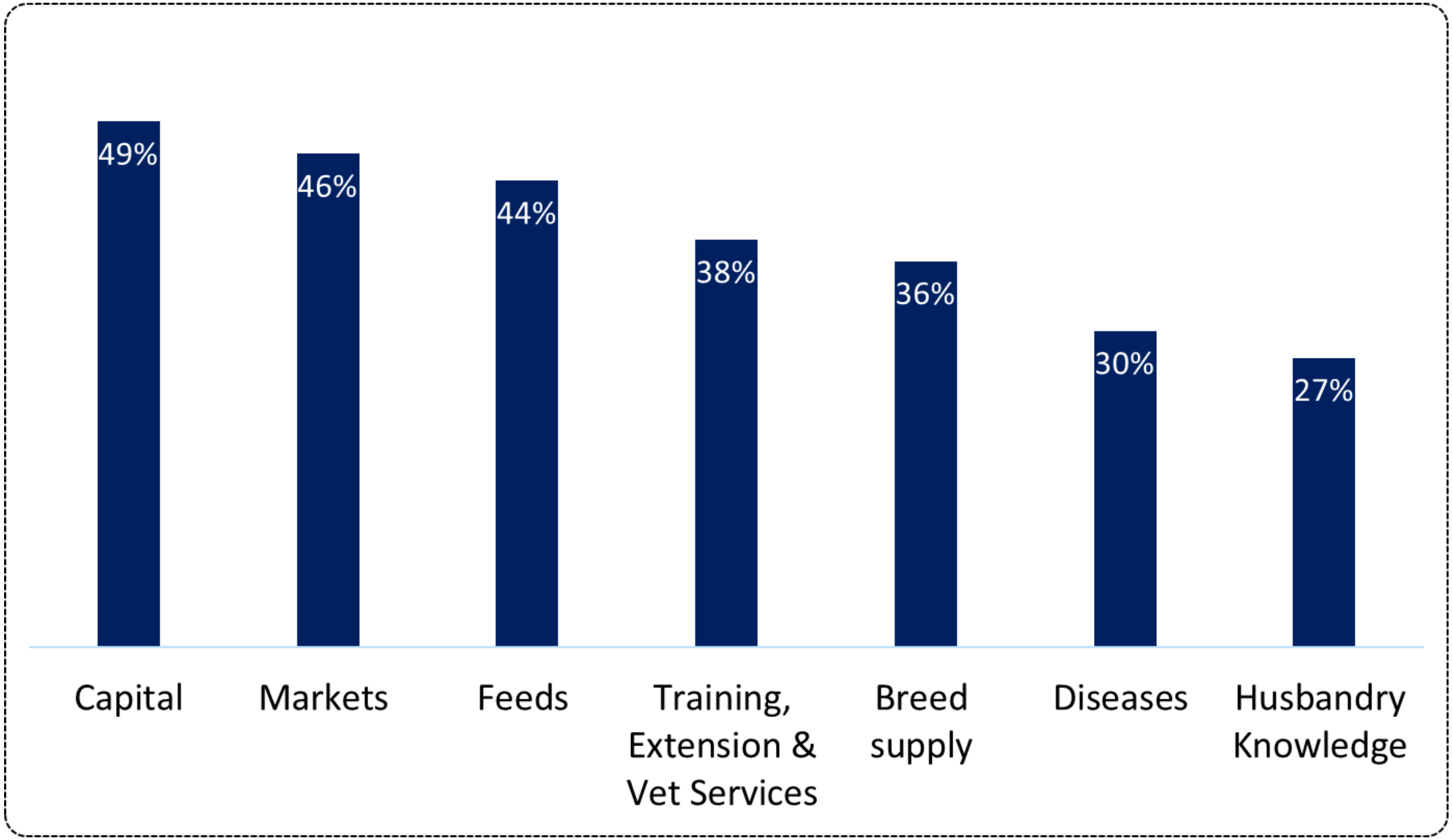
VS.

Accepted target **1.8**

Real Growth (2016)



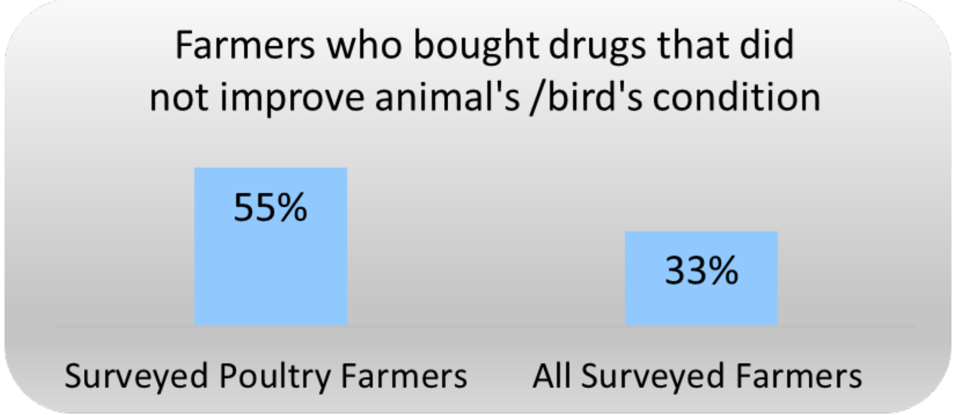
Major constraints inhibiting dairy and poultry farmers' productivity

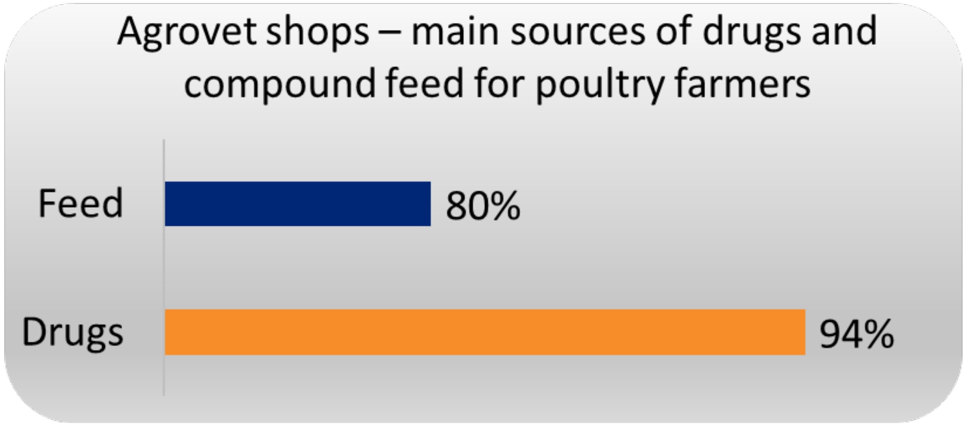


Issues

- Quality
- Cost
- Access

For example – Drug quality may be linked to lack of regulation





- They are virtually unregulated
- Serve a dual purpose (sell vet products and agro inputs)
- Sub standard practices:
  - Poor storage – mix vet drugs/vaccines with fertilizers.
  - Adulteration of compound feed (with sand, red clay soil, etc.).

Cost and time to bring veterinary drugs and vaccines to market an issue

Country	Total Cost (US$)
South Africa	1,082
Zambia	2,000
Sudan	2,300
Morocco	4,235
Cameroon	4,300
UEMOA member countries	5,000
Ethiopia	5,000
Kenya	5,000
Uganda	5,700
Nigeria	7,750
Tanzania	7,750
Zimbabwe	8,150
Ghana	21,800

- It is relatively expensive to register vet drugs / vaccines in TZ.
- At least 75% of cost relates to GMP inspection.
- It takes at least 12 months (sometimes 3 years) to register a vet drug or vaccines
- Some important vaccines are not registered

Businesses have to navigate a highly complex regulatory compliance regime

Starting a company

1	Business license (MITI)
1	Company incorporation (BRELA)

Total 2 **Overlapping** 0

Premises registration

1	Business License (TFDA)
4	General inspection of plant layout (TFDA, TBS, TDB, OSHA)
1	Environmental impact assessment (NEMC)
1	Electrical inspection (OSHA)
5	Safety inspection of plant and equipment (LGA, TDB, OSHA, FRF, GCLA)
1	Inspection of scales (weights and measures)

Total 13 **Overlapping** 7

Import of raw materials

1	Batch Certificate
4	Import permits (TFDA, TDB, GCLA, TAEC)
2	Deport registration (TFDA, TDB)
4	Truck registration (TFDA, LGA, TDB, MLF)

Total 11 **Overlapping** 7

Export permit

4	Export permit (TFDA, TDB, DVS)

Total 3 **Overlapping** 3

Product registration

2	Food Product certificate (TFDA and TBS)

Total 2 **Overlapping** 1

Ongoing inspections

9	Product and premises inspections
3	Worker's health inspection

Total 12 **Overlapping** 10

Number of licenses

Grand Total 31

Overlapping ~~18~~

The experience of “Chuchu Milk Ltd.” – a small milk processor

Located in Dar es Salaam
Capacity of ~ 6,000 liters/day

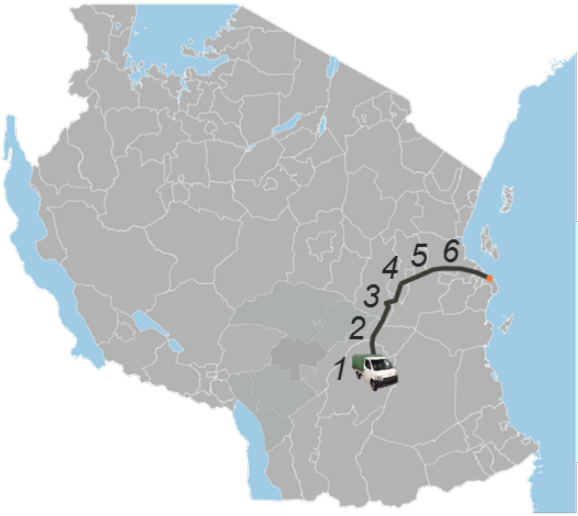
To legalize the business

11 **Licenses & permits**
Incl. TFDA's milk transport permit

\+ **$3,000** ***Renewed annually at ~4,500***

\+ **Multiple inspections**

\+ **1 Year**



Ongoing inspections Districts (LGAs), incl. during milk transportation

This was not the owner's biggest worry.

Delays caused by **ad hoc road inspections** of her milk truck by officials caused a few **spoilages of** all the milk **(a loss of ~$800 / consignment).** Inspectors (in the middle of nowhere), with **no equipment to test the milk**, would happily let the truck pass for **“a small fee”**.

Referred back to District Authorities & required to pay for 6 more transport permits.

Source: Goodluck Urassa

L-MIRA: Part of a solution

Objectives and Strategic Fit

Investment climate reforms needed

Rising Demand

Global, regional, & local demand for animal based products will steadily rise.

Smallholder Constraints

Small holder potential to meet this demand constrained by low productivity and poor market linkages

Role of private investment

Agribusinesses that could provide smallholders access to modern services and offtake opportunities are constrained by a poor business enabling environment.

Investment Climate Reforms

Therefore, the business enabling environment for agribusinesses operating in the domain of livestock must improve.

Reform prioritization process

Issues recognized in OIE, FAO and WB research and consultation:

- Refining and clarifying the respective roles of public and private veterinarians.
- Increasing the availability of private sector para-veterinary support services.
- Streamlining and harmonizing SPS certificate issuance.
- Increasing the competitiveness of the feed industry.
- Opening vaccine markets.
- Meeting market standards
- Establishing clear lines of authority between ministries and bureaus.
- Promoting the investments

Potential Program Pillars

1. **Legislative and Regulatory Reforms**
2. **Institutional Reforms**
3. **Trade Reforms – imports, trade logistics**
4. **Market Reforms – Competition, Standards, Access to local export markets**
5. **Investment Promotion & Facilitation**

L-MIRA is designed to support improved productivity and market access

L-MIRA Objective

Improving competitiveness of dairy and poultry sectors by facilitating more stable, predictable income generating market opportunities.

Beneficiaries:

Input importers
Input distributors & Agents
Dairy / poultry processors
Pre-Commercial / Commercial Farmers

Value: 7M USD or about 2.3M/economy

Time: 4 years

Geographies: Ethiopia, Tanzania & Nigeria

Inclusive Transformation Requires Access to Markets

Improving productivity and access to markets via regulation

Productivity
- Quality & Affordable Inputs
- Technology
- Veterinary Services
- Knowledge / Extension Services
- Access to Finance (A2F)

+

Surpluses

+

Market Access
- Scale
- Quality/ Standards
- Consistency
- Linkages
- Cost / Price
- A2F

Benefits
- Income Growth
- Employment
- Lower Food Prices
- Health / Nutrition
- A2F

L-MIRA supports market access
- Regulatory overlaps, inspections, Govt. efficiency
- Quality of Drugs, Vaccines, Feed & Chicks
- Standards

Better quality and easier market access

We will deliver reforms in 5 key areas…

Reform area 1

Manufactured Animal Feeds

- New regulations / guidelines
- Standards
- Inspection capacity
- Self regulation

Reform area 2

Chicks Supply Chain

- Revised regulations / guidelines
- Inspection capacity
- Self regulation

Reform area 3

Animal Drug & Vaccine quality

- Capacity enhancement for PMS

Reform area 4

Animal Drug & Vaccine cost & access

- Simplified/ harmonized procedures for vaccines / drugs registration

Reform area 5

Regulatory burden in food safety control

- Reduce inspection burden through TBS and TFDA institutional collaboration

Public-public, public-private and private-private dialogues

1. Food Safety policy and coordinated legal framework;
2. Regulatory overlaps and multiplicity of licenses;
3. Animal Breeding legal framework;
4. MLF – PORALG coordination in delivery of animal health services.

Example of reforms – manufactured animal feed

Issues:

- Feed Act not implemented – lack of regulations and guidelines
- Low Govt. inspection capacity – manufacturers, retailers not regulated
- Limited knowledge of standards and GMP among feed manufacturers

Market Impact:

- Poor quality feed / Wide variation of standards
- Adulterated feed
- Little incentive to improve practices
- Low feed conversion ratios / longer time market weight

L-MIRA's engagement:

- Develop regulations and guidelines (incorporate PS input)
- Promote truth in labelling
- Support to improve feed inspection regime (incl. training inspectors)
- Partner with U.S. Grains Council and TAFMA to:
  - Train manufacturers on regulations, GMP and standards
  - Promote self regulation.

Results:

- Sound regulations adopted that incentivize production of better quality feed
- Improve regulatory compliance regime.
- Improved Feed Conversion ratio

Strategic fit with GoT's priorities and WBG strategies

Priorities of the Government of Tanzania

- **FYDPII:** Agriculture based industrialization (incl. transformation of dairy).
- **ASDPII / TLMP:** commercialization of dairy, beef, poultry, and pork VCs; better genetics, feed, health services as drivers of productivity; policy and regulatory environment as a key enabler.

WB Country Strategy and IFC Global Strategy

- **Structural transformation:** agriculture commercialization and market orientation / diversification in thigh value activities.
- **Institutional transformation:** Building strong institutions, improving multi-sectorial coordination.
- **Create, deepen and expand markets**: Investments and advisory services to Governments and pioneering firms.
- **Mobilize private capital**.

THANK YOU