

# ESRF POLICY BRIEF

ECONOMIC AND SOCIAL RESEARCH FOUNDATION

## Tanzania's Legal Framework and the Participation of Private Sector in Staple Food Seed Production and Marketing

By Charity Mugabi

### ABSTRACT

The importance of agriculture cannot be overemphasized. It is the mainstay of the economy in Tanzania and the main source of food accounting for over 95 percent of the total supplies. However the sector still suffers underproduction and a number of other challenges. The challenges include low supply of high yield seeds and fertilizer necessary for increased production. The government's monopoly set up in the supply of the seeds and other agricultural inputs has partly been responsible for scarcity of seeds and has proved ineffective. The involvement of other stakeholders in the sector is therefore imperative. This can only be possible when the policy and legal framework for staple food seeds production and supply in the country favors partnership between the public and the private sector in a farmer-friendly manner. Based on the findings of a recent study, this policy brief indicates what needs to be reformed in the current framework so that there can be wide use of relevant agricultural inputs for the sake of maximum agricultural productivity.

### Introduction

Agriculture is the mainstay of the economy in Tanzania. It is a sector that supports the livelihoods of about 80 percent of the Tanzanians. The sector plays a critical role in combating hunger and ascertaining people's health. The agricultural sector is the main source of food accounting for over 95 percent of the total supplies. Agriculture contributes a large share to the GDP and generates significant amount of the nation's foreign exchange earnings. It accounts for about 26.4 percent of the GDP annually (Kayandabila, 2013). The sector is therefore, regarded as key to the gate for unleashing the country's economic growth potentials, enhancing household incomes and eliminating abject poverty.

Over 75 percent of Tanzanians live in rural areas where agriculture is the main economic activity (World Bank, 2002). However, approximately 3.5 million farm families cultivate only about 4.5 million hectares of arable land. Crop yields are only 20 percent to

40 percent of their potential. Meanwhile, for the vast majority of rural dwellers, more profitable and sustainable agricultural production, and the rational use of natural resources such as soil, water and forests, offers the only possible way to reduce poverty and improve food security over the medium term. (World Bank, 2009).

In recognition of the contribution and importance of the sector to nation's social and economic development, the United Republic of Tanzania has put in place policies and strategies that will allow the sector to grow by at least 6 percent annually in the near future and 10 percent in the long run. This rate of growth is expected to contribute to the realization of the targets of the National Strategy for Growth and Reduction of Poverty (NSGRP) and the Millennium Development Goals (MDGs) of halving poverty and food insecurity by 2015.

However, Tanzania has in previous years experienced

a monopolized input supply regime for distributing farm inputs. The regime has failed to deliver the inputs to farmers efficiently. This partly ushered in the participation of the private sector in the supply of agricultural inputs. This move has proved helpful in for instance, the current voucher programme appears to be promising in encouraging farmers, particularly the poor to use the inputs that are supplied. However still, agricultural inputs market liberalization in the country has not yet generated expected results. Hence, the need to establish what still holds back the anticipated effectiveness and efficiency of inviting in the private sector and or collaboration between the government and the private sector in agriculture. (Kelly *et al*, 2003)

This policy brief is essentially focusing on possible hindrances inherent in the framework within which the government and private sector collaboration works for the agricultural sector. The policy brief therefore, specifically shades light on the legal framework within which the private sector participates in staple food seed production and marketing. It then discusses possible solutions of the problems emanating from unfriendly framework and presents an agenda for reforms.

### **The Seed production Problem in the Country**

According to (Mbunda 2013) there is almost persistent poor staple food seed production and marketing. Thus, whatever the farmers manage to produce from their activities meets a drawback of marketing unavailability and or inaccessibly exuberated by lack of information amongst farmers on markets available.

Another related critical problem is the current low adoption rate of improved seeds and fertilizer. Agricultural studies have managed to come up with seeds that can yield better harvests, but due to lack of appropriate findings dissemination seeds are not taken up by the majority of the farmers in the country.

### **Importance of seed supply**

Quality seed is a key input for improving productivity and crop production and ensuring food security. Quality seed has a great bearing on the efficiency of

other inputs such as fertilizer, agro-chemicals, irrigation and labour. Adequate availability of quality seed, supplied timely and at the right place to the farming community is necessary for any agricultural development. However, unavailability of quality seeds of improved crop varieties is a constraint in the development of the agricultural sector, thus adversely affecting small-scale food production performance in the country. The supply of improved seeds has remained very low despite the existence of a substantial number of stakeholders in the formal seed sub sector (Minde and Waithaka, 2006).

Generally, inadequate production and supply of seeds in Tanzania's has been a result of a number of factors, which include the following.

- Limited farmers' access to credit,
- Under-resourced research and extension services.
- Inflexibility of the legal framework for production and supply of seeds

Specifically, in an attempt to trace why there is inadequate production and supply of seeds, this policy brief puts forward an argument that there is a need to review the current seed Act and regulations, with an aim of improving them such that they can support the increase in production and supply of seeds for the main staple food crops, namely, maize, paddy, sorghum and beans. The review is guided by the questions that; how relevant is the current seed act; any weaknesses in it; how can it be improved?

Low adoption rate of improved seeds in Tanzania is largely attributable to low supply of improved seeds as well as high cost of such seeds. Farmers would opt to continue using their traditionally stored seeds rather than attempting to buy high yielding seeds that they cannot afford buying. The question then rises regarding the extent to which Tanzania has a legal and business procedure framework that aims at helping farmers to afford using better seeds.

It is therefore one of the key concerns in this brief, regarding how low limited use of improved seeds and its adverse effects on food security can be eliminated.

### Possible Solutions to Problem of inadequate seed supply in Tanzania

There can be numerous possible solutions to seed production and supply inadequacy. For Tanzania, a conducive legal and regulatory framework is crucial for attracting private sector investments in the seed industry. Such framework could not only make plentiful availability of high yield seeds by allowing many suppliers, but it can also help to control the selling of the seeds including making the seeds affordable to many.

Moreover, for Tanzania to provide cheaper inputs there is a need of developing its own input industry. Currently subsidy seems to be the major solution. However, it is very possible to reduce price of farm inputs such as fertilizer even when fertilizer supply depends on import by reducing taxation on these inputs.

In order to improve agricultural productivity, agricultural development policies should be tuned towards reduction of the cost of the farming inputs.

Indeed the cost of inputs can also be lowered through reducing the cost of producing inputs or importing them in the following ways.

- Enhancing public and private partnership approach so that seed production cost can be shared, and thus the seed price can be affordable to farmers.
- Providing subsidy in seed production and distribution in a shared manner between the public and private firms would be more efficient than to provide subsidy directly to the farmer. This also applies to fertilizer, but in different terms.
- The government could provide incentives to attract private sector to form an investment package along the production and distribution chain of the inputs so that farmer's purchase price can be lowered.

Furthermore, increasing farm productivity will critically depend on smallholders' access to improved crop technologies, extension, and financial services, as well as improved human capital services and improved rural roads. Increased yields for food crops will primarily come from adoption of high-yielding varieties in tandem with the adoption of sound hus-

bandry practices, labor-serving technologies (especially mechanization), and, where economically viable, irrigation technology. Besides, a package approach embracing the adoption of improved seeds, fertilizers, and husbandry practices is absolutely necessary for increased yields.

The real problem lies in accessing improved seeds, since this requires cash outlay from the adopters. Lack of access to credit by smallholders accentuates the problem. This must be addressed as proposed below.

### An Agenda for reforms in the

The problems, causes and the possible solutions outlined above, suggest the need to improve public policies as well as related legal and regulatory frameworks that would enhance private sector participation in staple food seed production and marketing.

This agenda for reforms draws from the findings of a study (related to the matter) that was undertaken by ESRF. The broad objective of this study was to review the Seed Act, 2003 and its accompanied seed Regulations of 2007. The specific goals of the study were to:

- Improve national seed policy such that private sector participation in production and marketing of basic seed could be enhanced, and

Lead to better and sound seed Act and regulations which will push for the development of the seed industry enhance private sector participation in staple food seed production and marketing in Tanzania, protect and defend the interest of both the public and private sectors and respond to international and regional procedures for seed regulation (ISTA, OECD, SADC, and EAC).

The study noted that over the past decade, the government of Tanzania has adopted various policies and strategies to support the development of the agricultural sector and allow for more private sector investments. The Seed industry in Tanzania as a component of agricultural sector is guided by various policies, strategies, programme and legal frameworks. The main policy framework is the National Agricultural Policy, 1997 which is under review. Apart from this

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main policy, there are other relevant sectoral and cross-sectoral policies, strategies and programs providing for directives on development of the seed industry. It would have been important, given the crucial role seeds are playing in agriculture, if the sector had prepared a seed policy from which the legal framework would have drawn its legitimacy/strength. Perhaps it is time now that such a policy is formulated

The study also found out that;

There is very little involvement of private sector especially farmers in the established committees

The Seed Law does not allow the Inspectors to prosecute cases regarding the violation of the law

The term “variety” being defined Seed Act is not similar as to what is defined under the Plant Breeders Rights Act.

Tanzanian Seed Regulations the transporting order for seed is only needed where seed is on transit within Tanzania from farm to the processing plant.

The provisions of the Plant Protection Act are applicable only for seed subject for importation or exportation.

In the study the following are suggested:

Any seed importer, exporter, producer, processor, distributor or seller should, before start of his operation, has to be registered with the Director or any other person appointed by him in that behalf.

The procedure for test should involve only one distinctness, uniformity and stability (DUS) test to avoid delays in the release or commercialization of the variety.

Any seeds offered for sale shall be subjected to a test or tests after seven months from the date on which the last test was performed to determine the percentage of germination required to be shown on the label there

The law should provide further discretion to the Chief Seed Certification Office to authorize the tag for both

Tanzanian classified seeds and that under an inter-agency certification. This discretion by the CSCO is not subjected to any approval from the overseeing committee or Board.

Section 15(2) of the Seed Act it is provided that any owner or operator of a seed processing factory or seed testing laboratory shall be required to obtain registration of his factory or laboratory from the Director.

The seed law should give powers to Inspectors to detain or stop the sale of any seed lot, as opposed to other product laws like the Tanzania Food, Drugs and Cosmetics Act No. 1 of 2003.

There is a need to harmonize the two definitions and also to impose uniform conditions for the use of variety name or denomination under the Seed legislation when the protected variety is subjected for marketing, and that.

### Conclusion

Seed is an important input in agriculture. The use of good quality seeds of adapted and improved varieties along with other inputs and appropriate cultural practices is the most cost effective way to achieving advances in crop production and productivity. Therefore, the availability of sufficient quantities of quality seed of adequate genetic and physical quality, at the right time, year after year is necessary for any improved and profitable agricultural production enterprise. Farmers will increase farm productivity; production and profitability thereby attain enhanced food security and family incomes and hence alleviate poverty. For that matter, Tanzania can significantly benefit from policies, strategies and a legal framework that guide and the prosperity of the seed industry in the country.



### The Economic and Social Research Foundation (ESRF)

51 Uporoto Street, Ursino Estate. P.O Box 31226, Dar es Salaam, Tanzania

Tel: +255 22 2760260/2760758/2760751-52

Fax: + 255 22 2760062,

E-mail: [esrf@esrf.or.tz](mailto:esrf@esrf.or.tz)

Website: <http://www.esrf.or.tz>