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**Agriculture and Rural Development
in Tanzania: A Survey of the
1980-1995 Literature**

By Festus Limbu

ESRF Discussion Paper Series No. 007

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EXECUTIVE SUMMARY:

Since the majority of the people in Tanzania live in rural areas and depend on agriculture for their livelihood, the question of raising productivity in agricultural and non-farming activities in rural areas deserves priority in policy analysis. Focus is placed on raising productivity through technology adoption and innovations; land policy issues; and the making of institutional arrangements in order to ensure productivity and growth of farming and non-farming rural activities.

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LIST OF ABBREVIATIONS

ADB	-	African Development Bank
AIDS	-	Acquired Immunity Deficiency Syndrome
BOT	-	Bank of Tanzania
CRDB	-	Cooperative Rural Development Bank
EEC	-	European Economic Community
JKT	-	Jeshi la Kujenga Taifa (National Service)
NAFCO	-	National Food Corporation
R & D	-	Research and Development
SAD	-	Sustainable Agricultural Development
TRDB	-	Tanzania Rural Development Bank
URT	-	United Republic of Tanzania
WFP	-	World Food Programme

PREFACE

Rural areas continue to cater for the livelihood of a major part of the population. Yet poverty is most persistent among the rural population falling below the poverty line. If development means raising the living standards of the majority of the people of Tanzania, then the question of raising productivity in farm and off-farm activities in the rural areas deserves priority in policy analysis. In the past, the government has attempted to raise productivity in agriculture by putting a network of research institutions and extension services in place countrywide. Yet productivity in agriculture and other non-farm activities in the rural areas seems to have faltered. What has gone wrong?

The experience of implementing economic reforms shows that aggregate agricultural production has averaged about 4% in recent years (1990-1994) but investment and the productivity in rural activities remained low. There is need to revisit the problem of low investments and low productivity in rural-based activities. The challenge is how to raise productivity in rural farm and off-farm activities in order to substantially reduce rural poverty.

ESRF engaged Dr. Festus Limbu to review the literature and provide a bibliography on Agriculture and Rural Development in Tanzania. This ESRF Discussion Paper Series No. 7 presents the review.

The bibliography (not provided as part of this publication but is available from the ESRF upon request) serves as an aid to those interested in research on aspects related to agriculture and rural development policy in Tanzania. Sources of this bibliography include the University of Dar es Salaam's Library (East African section). The newly introduced CD-ROM facility at the library made this work much easier. Some information was obtained from documentation centres in Germany. The Economic Research Bureau and the Ministry of Finance, Economic Affairs and Planning has been listing publications on Tanzania in general in its quarterly Tanzania Economic Trends. Other sources of information included various conference papers and several other publications.

I. SUMMARY

The purpose of this paper is to review the status of policy-oriented research on Agriculture and Rural Development in Tanzania in the last ten years. The review is expected to identify some researchable issues which will provide the background information necessary for the preparation of a project proposal on Agriculture and Rural Development.

This paper is guided by the observation that if the majority of the people in Tanzania live in rural areas, and depend on agriculture for their livelihood, then the question of raising productivity in agriculture and non-farm activities in rural areas deserves priority in policy analysis. Focus is placed on raising productivity through technology adoption and innovations; land policy issues; and institutional arrangements for ensuring productivity growth in farm and non-farm rural activities.

The main activities undertaken by, and which are the major pre-occupation of people living in rural Tanzania involve:-

- (i) food and export crop production;
- (ii) livestock production (e.g. meat, dairy, hides);
- (iii) production of forestry products (fuelwood, charcoal, timber, trees); *and*
- (iv) fishing.

Through the influence of the institutional set up, peasants make decisions as to what combinations of enterprises are viable and in which proportions to undertake them. Therefore, policies on such issues as (input/output) prices, marketing agencies, crop procurement arrangements, extension services, credit schemes, economic infrastructure in rural areas etc. play a significantly important role in contributing to the tempo at which rural development could take place.

The literature surveyed in this paper on agriculture and rural development in Tanzania tends to show, as expected, that there is a very close relationship between what has been researched on and the policies which were adopted by the Tanzanian government. The main philosophy that has guided socio-economic activity for the major period of independent Tanzania was that of "*Ujamaa* and Self Reliance". As Lipumba (1989) puts it, because the Tanzanian leadership had proclaimed the intention to seek a peaceful socialist transformation of the economy and society, the country has attracted many scholars. Enormous literature, therefore, exists on the Arusha Declaration, co-operatives, *Ujamaa* villages and the villagization programme, parastatals dealing with crops and others with regard to either the performance of these institutions or to the viability of the policies adopted. Few studies exist on the private sector. The brief review of the agricultural sector is given below.

1.1. The period between 1970-1985

The literature and data both demonstrate that the agricultural sector in Tanzania performed poorly during the 1970s and during the first half of the 1980s. The reasons advanced for this state of affairs are many, the main ones being the attempt by the state to monopolize crop marketing; low producer prices linked to desires to tax agriculture to support industrialization, to parastatal marketing inefficiency, and (in the case of export crops) to a grossly overvalued exchange rate; and neglect of transportation infrastructure (Puttermann, 1992). A global problem may be that addressed to by Johnston (1989) who argues that "in Tanzania, agricultural development has been bedeviled by inappropriate and unstable agricultural policies based on *ad-hoc* decisions". Shown in the Table 1 is a brief review of some of the major policies since the early seventies to the beginning of the 1980s.

Table 1: The Tanzanian Government's Agricultural Policies and Progress Towards their Implementation: A Brief Review

Year	Policy	Place pronounced
1972	<i>Siasa ni Kilimo</i> ("Politics is Agriculture")	Iringa
1983	<i>Kilimo cha Kufa na Kupona</i> (" 'Do or Die' Agriculture")	Moshi
1984	<i>Kilimo cha Umwagiliaji</i> ("Irrigation in Agriculture") The National Agricultural Policy The Livestock Development Policy	

Experiences of the 1970s suggest that the government did not implement any concrete, own-tailored agricultural policy package consistently. Instead it was responding to shocks caused either by unfavourable weather conditions or by man- made calamities.

In 1972 the government policy of decentralization is reported to have disrupted agricultural production. Before this policy was adequately implemented the country, like other African countries, was hit by severe drought in 1973/74. In response to this, the government launched the so-called "*kilimo cha kufa na kupona*" campaign. This campaign could not bear fruits because it was almost during the same period that the government embarked on the ambitious villagization programme and the world was hit by the oil-crisis.

In 1976, an effort to get the country out of the crisis, the government dissolved co-operatives. The following year, 1977, the East African Community broke down. In 1978/79 Tanzania went to war with Uganda's Iddi Amin. Resources had to be mobilized away from agricultural production. Another oil-crisis hit the world in 1979 which, combined with the drought of 1978/79, brought

about mounting economic difficulties. The President of the United Republic announced eighteen months of hardship during which he asked the "*Wananchi*" (citizens) to tighten their belts. The eighteen months took longer than expected. The country entered the beginning of 1980s under enormous economic difficulties. The backbone of the economy (i.e. the agricultural sector) was almost breaking. As a last minute resort, the government started formulating a national agricultural policy, an assignment which was completed in 1983. The objectives of this policy were mainly four:-

- (i) to provide enough food for a growing population;
- (ii) to generate foreign exchange;
- (iii) to supply domestic industries with raw materials; *and*
- (iv) to raise rural income levels and alleviate poverty.

One of the reasons why these objectives could not be achieved is that the policy report was prepared hurriedly, something even members of the team which prepared it acknowledge (URT, KILIMO, 1983). The act by the government of reinstating co-operatives in 1984/85 was a realization that it made a mistake to dissolve them in 1976. By 1983, the country was in an economically mess, partly reflected by the government war on the so called economic saboteurs.

The above exposition shows that both internal and external factors were responsible for this mess. Among those who put more weight on internal factors was the country's Central Bank. The bank admits (BOT, 1979) that the policies were made and produced so frequently that it was difficult to judge whether the new ones were wrong or were merely taking time to settle down. Some of the policies include the Iringa resolution on "Politics is Agriculture"; the Moshi resolution on irrigation; and the "*kilimo cha kufa na kupona*". In the case of agricultural credit for instance, the Bank laments that:-

"...during the last three decades or so we have tried a number of systems and institutions to tackle the problem of providing credit for agricultural development. As and when it was found that the arrangement was inadequate for the purpose, or developed serious defects it was replaced by a new arrangement. Such changes create confusion in the field and have to be avoided" (BOT, 1979); *and*

"...so many far-reaching changes have taken place in such rapid succession following the historic Arusha Declaration of 1967 in the framework of government administration, in the structure of the financial institutions, in the infrastructure for input distribution, and the marketing of agricultural produce, that there has hardly been any time to examine the full implications of these changes on agricultural development in the country" (BOT, 1979).

Johnston (1989) pointed out that government interventions affecting the marketing of food and export crops undertaken between the early sixties and the late seventies weakened the performance

of the agricultural sector. Lofchie (1988) argues that the economic policies adopted by the Tanzanian government have generated extreme disincentives for agricultural production.

All of the factors mentioned above, which are believed to have contributed to the poor performance of the agricultural sector, are basically internal ones which point to the reasons for the decline of the agricultural sector emanating essentially from internal factors. There is, however, a strong feeling from among the intellectuals that the external factors played an equally important, if not major role, in contributing to the sector's decline. Among the external factors most commonly cited include the severe droughts of 1973/74 and 1984, the oil price increases of 1973 and 1979, the generally depressed international price levels for agricultural products and, especially in recent years, the sharp decline in terms of trade. The debate as to which factors external or internal contributed more to the decline of the sector in Tanzania than the other, is inconclusive.

By 1980, several government policies and strategies had failed to build up the necessary capacity that is capable of bringing about a sustainable development of the agricultural sector. A number of hindrances, structural deficiencies and distortions left the sector volatile and vulnerable to climatic and other external shocks.

1.2. Policy changes from the late 1980s

Following the severe economic difficulties elucidated above, the country had no alternative except to compromise with the World Bank/IMF conditionalities in the mid 1980s. By 1986 the country was already implementing the conditions. The major prescription of the World Bank/IMF was for the country to move as fast as possible away from command to market economy, to let the economy be guided by the visible hands of the market forces of supply and demand.

The government is now in a process of restructuring (privatizing) agricultural parastatals which mainly include agro industries. Liberalization of crop markets (especially the food crops) is far ahead. In his speech to the Parliamentary Budget Session of 1994, the then Minister for Agriculture, Hon. Jackson Makweta, noted that the government is withdrawing from physical agricultural production and from provision of agricultural economic services. It is encouraging that the private sector is participating in the importation and distribution of farm inputs and veterinary drugs, and in the establishment of veterinary investigation centres. He said that up to May 1994, 40 such centres had been opened by the private sector. To improve efficiency in policy implementation, the Ministry of Agriculture was now executing the so-called "Agricultural Sector Management Project" under sponsorship of the World Bank. The Ministry is also implementing other projects such as NALERP, "Southern Highlands Extension and Rural Financial Services" and "Smallholder Irrigation for Marginal Areas". These projects are funded by the World Bank, ADB, EEC, IFAD, WFP, Holland, and Switzerland. In April 1994 the Parliament passed a bill to establish the National Farm Inputs Fund which will ensure that inputs are available in the required quantities at the right time and at reasonable prices. The fund has, however, not started functioning.

Since 1990 the World Bank, with assistance from the donor community, has collaborated with the government in assessing the constraints to growth and to formulate development policies for the agricultural sector in Tanzania. By the end 1992 a statement of development priorities was drafted which was followed by a week-long seminar on agricultural policy with participants being drawn from government agencies, donors and the private sector. Preliminary technical level conclusions of the joint report were reviewed with the government in July 1993. A formal review

of the so called "Green Cover Report" was held in October 1993. Even before the green cover report was adopted; something which must have taken place after October 1993, the government had started to act on many of the policy recommendations way back in 1992. The policy changes included the removal of the implicit tax on agricultural exports caused by the overvalued Tanzanian shilling; allowing the private sector in August 1993 to enter into the processing and marketing of coffee, cotton, cashew nuts, and tobacco without adequate pre-arrangements; and removal of subsidies on fertilizer imports in the 1994/95 budget.

2. MACROECONOMIC LINKAGES AND AGRICULTURE

It is well known that agriculture is and will remain to be, for many years to come, the backbone of the Tanzanian economy. There is a need to examine the interaction of growth strategies and macro economic policies on the performance of agriculture. Specifically the following general issues must be analyzed and understood:-

- (i) the structure of production incentives for agriculture emerging from alternative growth strategies;
- (ii) the effect of both trade liberalization and stabilization policies;
- (iii) the way that macroeconomic policies condition, and are conditioned by agricultural policies; *and*
- (iv) the effects of trade and macroeconomic policies on rural households and the influence of technological change and the economic environment.

Specifically, knowledge about the following relationships is urgently required:-

- (i) impacts of structural and policy conditions on the transmission of international macroeconomic shocks to the agricultural sector;
- (ii) the impact of debt and debt service on agriculture and rural development;
- (iii) the linkages of monetary and fiscal policies to exchange rates, interest rates, income and inflation and the consequences of these on agriculture;
- (iv) the measures by which Tanzania can protect its agriculture from macroeconomic shocks and the (likely) impacts of these measures;
- (v) the best instruments to induce agricultural growth;
- (vi) the important gains to be achieved by trade in agricultural products between Tanzania and neighbouring countries, as compared to developed ones;
- (vii) the relationship between agricultural policy reforms, rural development and /or rural differentiation; *and*
- (viii) impacts of developed countries' fiscal and monetary policies in the Tanzanian agricultural sector.

3. SOME QUESTIONS AND GAPS FOR THE RESEARCH AGENDA

Now that the country "has been forced" to embark on economic liberalism, there is an urgent need for research regarding:-

- (i) What should be done with the old/existing institutions and economic structures which were created by "Ujamaa and Self Reliance". There is an urgent need to analyze and identify out-dated institutional structures that pose barriers to the development of policies to deal with problems in agriculture and rural development. It is most likely that both implementation and end results will always be disastrous, if policies, however good they are, are implemented through out-dated structures;
- (ii) Problems with policy implementation;
- (iii) Identification of criteria for choosing among policies for promoting agricultural and rural development; *and*
- (iv) The synergistic effects of the programme components.

Research is required to guide policy makers as to what the crucial lynch-pins are in the agricultural and rural sector, which require priority attention. This type of research will facilitate the formulation of sound and appropriate policies and strategies which will not only reduce inconsistencies in implementation but also ensure quicker development in the rural sector. There is a need to identify the most critical problems and make priority for financing or committing resources. This review has demonstrated that there are considerable gaps in the knowledge needed to choose and effectively implement policies to ensure secular and sustainable development of the agricultural and rural sector. Most of the studies reviewed here are comprehensive and illuminating but frequently do not help in more than broad ways unless there is additional research on how policies can be adopted for their effective implementation. There should be a more comprehensive assessment of the effects, effectiveness and sustainability of policy actions.

Although the list of the research questions implied by the review is doubtlessly big, a few areas can be pointed out. In the research agenda, the priority problems in the Tanzanian agriculture could include:-

3.1. The Status of Agriculture in Tanzania

The status or changes in the structure of agriculture in Tanzania should be clearly known. It is important to know, for example:-

- (i) the number of farms; have they increased or decreased;
- (ii) the size of farms; have they increased or decreased;

- (iii) the size and structure of agricultural labour force versus the level of mechanization;
- (iv) if at all there have been changes in the popularity and importance of different enterprises on farms; what crops have increased or decreased in acreage and why;
- (v) changes in cultivation practices (husbandry) and cropping intensification;
- (vi) characteristics of Tanzanian farmers: there is a need to characterize the 1994 Tanzanian farmer *vis-à-vis* that of, say 1961. It is important to have a clear picture on such items as:-
 - (a) age structure (what % is how old);
 - (b) level of education (to check farmer attitudes and responsiveness to change);
 - (c) number of years in farming;
 - (d) geographical mobility; *and*
 - (e) characterize the farmer as a buyer of inputs and as a seller of outputs.

3.2. Institutional arrangements and government policy

Institutional arrangements and government policies concerning the following aspects of agricultural development are needed:-

3.2.1. Organization of crop production

The organization of crop production; should the country continue to rely upon the smallholder or should the government encourage large scale private farms?

3.2.2. Rainfall-dependent crop production

Should crop production in the country continue to be left to depend on rainfall? While the country has land which can be conveniently put under irrigation of the size approaching 6 million ha., regrettably only 57,962 ha. were under irrigation in 1990/91¹.

URT. (1990). Ministry of Agriculture. Budget Speech 1990/91.

3.2.3. On public property

What to do with (agricultural) property which has been under parastatal and semi-governmental institutions like NAFCO and the J.K.T. farms?

3.2.4. Off-season employment

Are there effective ways and means of creating gainful and sustainable off-season employment in the rural areas?

3.2.5. Agricultural pricing policies

Agricultural pricing policies: It has been argued that the increase in crop output in Tanzania in 1986/87 and after and the resulting bottlenecks show not only that producer prices alone are inadequate to ensure sustained growth in production, but also that an exclusively price-based policy is counter productive in the absence of complementary actions with regard to marketing, processing and transformation. Without the latter, producers lose faith in the system and become less willing to respond to relative price changes.

3.2.6. Soil productivity

Given the declining soil productivity in most areas of the country, and the relative rise in profitability of food crop production, the question arises whether cash crop production can be made attractive relative to food crops for internal consumption without improvements in technology and input delivery without subsidies on inputs.

3.2.7. Research and development (R&D)

- (i) While there has been/there is a substantial amount of research that has been undertaken in the country so far, technical information is not available to the intended users, especially the poor farmers (Msambichaka et al. 1983).
- (ii) Everywhere in the world, universities serve as a nucleus for research, and therefore for agriculture and rural development. To what extent have the Sokoine University of Agriculture and other agricultural research colleges and institutions in the country been used to advance agriculture and rural development?
- (iii) The situation suggests that there has been, for long, a lack of link between Research and Development (R & D) institutions and the production process.

There is a need to make a review of the performance of agricultural research institutions in the country and, where necessary, re-arrange the agricultural research priorities which would enable agricultural science to make its maximum contribution to Tanzania's development goals. This will involve taking stock of the activities of, and government policy on agricultural research institutions

in the country in terms of their current status, existing channels of communication and efforts co-ordination among institutions and their overall contribution to agricultural development. The ultimate goal is to aim at formulating policies that will ensure that research works in the best interests not only of Tanzania but also, where possible, of the neighbouring countries.

3.2.8. Agricultural credit

Agricultural credit especially to small farmers in Tanzania and in third world countries in general has been a very scarce commodity. The questions often asked include: why do small farmers not easily get credit? Why have finance parastatals failed to channel funds to smallholders? It has been argued that this is because the smallholder does not have collateral. He has no title on the land he tills and even if he had one, the land has poor collateral value. Thailand is one of the very few countries in the world in which a government parastatal successfully lends to small farmers with land title. The famous Grameen Bank Model in Bangladesh is another success story.

It should be noted that ideas which argue that farmers do not get loans using land titles, miss the point that land is not a homogeneous commodity. There is undeveloped land (bare land) and there is land which is well developed and planted.

3.2.9. Land and the land tenure policy

The importance of land tenure reform to rural development in Sub-Saharan Africa in general and in Tanzania in particular has been a matter of debate for decades. In Tanzania land has been, and still is, a state property with its purchase, sale or rental forbidden. Among the major hypotheses which are pro-land reforms in the debate are the arguments that:-

- (i) the farmer has a greater incentive to invest in land improvements the greater his certainty that the land will belong to him and his descendants in the future;
- (ii) if land is held communally, the incentive to invest is low;
- (iii) titled land can be used as collateral to secure loans;
- (iv) the land market in rural Africa is in disequilibrium;
- (v) the only value of land is its agricultural use; *and*
- (vi) assuming the non-existence of impediments to increasing scale, more efficient farmers should be able to buy out their less efficient neighbours in a transaction that is beneficial both for the farmers and society as a whole.

Over time, productivity in the agricultural sector will rise as a result of these transactions. Counter arguments include the hypothesis that freehold tenure, whatever its impact on efficiency, leads to increased inequality with respect to both land holdings and income.

The literature on Africa concludes, however, that land titling has had little, if any impact on land investment or credit markets.

3.2.10. Crop production and productivity

Studying agricultural productivity in Tanzania involves making analyses of several inter-linked issues. This is necessarily so because productivity in agriculture depends on a number of factors. These include:-

- (i) The level of technology used. The technologies used can be divided into two categories, labour-saving and land-augmenting technologies;
- (ii) The land tenure system;
- (iii) The availability of credit;
- (iv) Institutional efficiency; *and*
- (v) The quantity and quality of Research and Development (R&D).

The costs involved in the production and supply of inputs needed in agricultural production and in marketing of agricultural products play a significant role. Therefore, policies on input and output affect the levels of rural incomes and rural productivity directly and indirectly respectively.

This means, therefore, that in order to make a systematic review, the issues involved in productivity, it is important to sub-divide the studies on agriculture and rural development into some categories, and make a distinction between the crop sector and livestock sectors. Further sub-divisions include inputs supplying; crop production; livestock production and marketing; crop marketing, and agricultural pricing.

The supply of inputs such as the livestock sector's feed compounds; including animal health products and the crop sector's farm implements, fertilizers (organic/chemical), insecticides herbicides, and seeds.

It is important to know the channels that exist which farmers use both in the sale of their output, and in the purchase of their inputs. The distinctive methods used include farmers usually organizing their own buying groups; obtaining supplies through private traders; through co-operative unions or through a government department; sometimes direct sales (factory to farmer) are used and commission agents and other methods such as through agricultural shows.

What is missing is a coherent policy pronouncement as to who should do what and how. The literature has demonstrated that the potential significance of co-operatives as distributors of agricultural inputs is considerable.

Coming to the problems, the use of inputs is constrained by two factors:-

- (i) ignorance on the part of producers of knowing the importance and urgency of using modern inputs which is partly caused by inadequate extension services; *and*
- (ii) lack of cash (or the necessary collateral) to pay for the inputs which are rather too expensive. Input prices increase more than do crop prices.

3.2.11. Agricultural inputs

Research is needed to look into the possibility of getting cheaper but quality inputs in the required quantities at the right time to the right farmers. The planned "Farm Inputs Fund" is a right move in the right direction although concerted effort is most necessary in making this fund operationally successful. Like past similar attempts, it is doubtful if this will succeed. Studies on the local production of inputs to identify areas where costs of production can be minimized (and this will contribute) to lower input prices while at the same time not affecting profitability and productivity of the respective factories should be undertaken. Possibilities for cheap sources of inputs should be explored. All these having been tackled, the need for the government to design and facilitate a timely and smooth system for the distribution of farm inputs becomes paramount.

4. CONCLUSIONS: POLICY RESEARCH PROPOSALS

This review has raised much more problems and gaps than solutions related to the agriculture and rural development. It is, therefore, highly recommended that a "national think tank" on agricultural issues be identified and be given adequate time and resources to sort out the future of agriculture and rural development in the country. The recently published World Bank (1994) document titled "TANZANIA: The Agriculture Sector Memorandum", among others, could be an input and focus for discussion. There are lots of problematic and controversial issues in the agricultural sector which need urgent policy attention and solutions. The following themes could form the working menu for the think tank:-

- (i) defining a path/strategy Tanzania should take on developing the agriculture and rural sector following the redefinition of the *Ujamaa* and Self-Reliance philosophy;
- (ii) Identifying the best ways of utilizing agro-industries almost all of which are either working at very low installed capacities or are closed;
- (iii) Which way should co-operatives in Tanzania develop;
- (iv) Government policy on input availability, distribution and use;
- (v) The optimal strategies for reducing rural poverty and rural differentiation in the country;
- (vi) Prospects for private large scale farming and irrigation;
- (vii) Aspects of crop marketing especially on the institutional set up;
- (viii) Which way R & D;
- (ix) Land tenure and the land policy and how it relates to agricultural development in Tanzania;
- (x) The effect of AIDS on and future prospects for agricultural production and rural development in Tanzania;
- (xi) Gender balance; *and*
- (xii) How Sustainable Agricultural Development (SAD): which deals with Food Security, Employment, Environment, and Democracy can be achieved.

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