

**KILIMO KWANZA AND SMALL SCALE PRODUCERS: AN
OPPORTUNITY OR A CURSE¹?**

A RESEARCH REPORT

By

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Table of contents

FIGURES AND TABLES	III
A LIST OF ACRONYMS AND ABBREVIATIONS	IV
ACKNOWLEDGEMENT	V
1.0 INTRODUCTION	3
1.1 ABOUT THE STUDY	5
1.2 RESEARCH OBJECTIVES	6
1.2.1 <i>General Objective</i>	6
1.2.2 <i>Specific Objectives</i>	6
1.3 RESEARCH QUESTIONS	7
1.4 RESEARCH METHODOLOGY	7
1.4.1 <i>Data Collection</i>	7
1.4.2 <i>Study Area</i>	8
1.4.3 <i>Data analysis</i>	8
1.5 THE THEORETICAL PREMISES OF <i>KILIMO KWANZA</i>	8
2.0 BACKGROUND TO <i>KILIMO KWANZA</i>	10
2.1 HOW PARTICIPATORY WAS THE PREPARATION OF <i>KILIMO KWANZA</i>?	17
3.0 IMPLEMENTATION OF <i>KILIMO KWANZA</i>	20
3.1 ACCESSING LOANS FOR AGRICULTURE INVESTMENTS	23
3.2 AVAILABILITY AND ACCESS TO FARM IMPLEMENTS	24
4.0 REFORM OF THE VILLAGE LAND ACT NO. 5 FOR <i>KILIMO KWANZA</i>	29
5.0 COMMERCIAL AGRICULTURE	36
5.1 SMALL SCALE PRODUCERS AND COMMERCIAL AGRICULTURE	36
5.2 INCENTIVES FOR COMMERCIAL AGRICULTURE	43
6.0 THE PROSPECTS FOR THE TANZANIA'S GREEN REVOLUTION	44
6.1 INTERROGATING THE ROLE OF THE STATE	45
6.2 SMALL PRODUCERS AND THE GREEN REVOLUTION: THE EXPERIENCE OF OTHER NATIONS	47
6.3 OPPORTUNITIES AND PROBABLE CHALLENGES TO SMALL PRODUCERS IN TANZANIA	51
7.0 CONCLUSIONS	53
8.0 RECOMMENDATIONS	55
REFERENCES	57

Figures and Tables

FIGURES:

Fig. 1: The growth of the agriculture sector (1961-2008).....	2
Fig. 2: The current contribution of the Agriculture Sector to economic growth in Tanzania compared with other sectors.....	13
Fig. 3: The growth of the Agriculture Sub-sectors in Tanzania.....	14
Fig. 4: The use of farm implements for agricultural production in Tanzania.....	36

TABLES

Table: Comparing the magnitudes of the population engaged in collective farming between Tanzania, China, USSR and Mexico.....	10
Table 2: Regional Distribution of peasants engaged in collective farming by March 1974 in Tanzania.....	11
Table 3: Farm implements for Kilimo Kwanza available at the SUMA JKT stock.....	25
Table 4: Arable land for agriculture in Tanzania.....	28
Table 5: Distribution of Poverty by Main source of cash income in Tanzania.....	35

A List of Acronyms and Abbreviations

ACT	Agricultural Council of Tanzania
ASDP	Agricultural Sector Development Programme
ASDS	Agricultural Sector Development Strategy
BOT	Bank of Tanzania
DADPs	District Agricultural Development Programme
DAIPs	District Agricultural Investment Programmes
DED	District Executive Director
FAO	Food Agriculture Organisation
GDP	Gross Domestic Products
JICA	Japan International Cooperation Agency
<i>KILIMO KWANZA</i>	Agriculture First
LARRRI	Land Rights Research and Resources Institute
LIDA	Tanzania Livestock Development Authority
MAFC	Ministry of Agriculture, Food and Cooperatives
MLFD	Ministry of Livestock and Fisheries Development
MLHS	Ministry of Land, Housing and Human Settlement
MNCs	Multinational Corporations
MVIWATA	Mtandao wa Vikundi vya Wakulima Tanzania
NACO	National Agricultural Company Ltd
NAFCO	National Agriculture and Food Corporation
SAGCOT	Southern Agricultural Growth Corridor of Tanzania
SAPS	Structural Adjustment Programme
TANU	Tanganyika African National Union
TCCIA	Tanzania Chamber of Commerce, Industry and Agriculture
TIB	Tanzania Investment Bank
TIC	Tanzania Investment Centre
TNBC	Tanzania National Business Council
TPSF	Tanzania Private Sector Foundation
VEO	Village Executive Officer
WTO	World Trade Organisation

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EXECUTIVE SUMMARY

This study sought to follow up the implementation of the *Kilimo Kwanza* initiative with the view to establish reliable facts on its significance to small-scale producers, mainly peasants and pastoralists. To achieve this, the study began by examining the perception of small-scale producers about *Kilimo Kwanza* and it assessed their participation in the implementation process. Moreover, the study scrutinized the proposed amendment of the Village Land Act and its implication to small-scale producers if carried out. Finally the study aimed at recommending a workable modal that will enhance an effective participation of small-scale producers in the implementation of the *Kilimo Kwanza* initiative.

This study was carried out in Dar es Salaam, Coast and Morogoro, where officials from the Government, private and the third sectors, who are involved in the preparation and implementation of *Kilimo Kwanza* were interviewed. The views of small-scale producers from Coast (Bagamoyo) and Morogoro were also collected through Focus Group Discussions. In addition to that primary and secondary data were also collected through review of official documents and other literature.

The study found out that small-scale producers were not 'consulted' during the preparation of the *Kilimo Kwanza* initiative. The formulation of the initiative was spearheaded by the business organizations, who represent interests of middle and large-scale commercial farmers. It was also observed that majority of the small-scale producers are unaware of the kernel of *Kilimo Kwanza* and their role in the implementation of the initiative. Worse still, the initiative presents to them a dreadful feeling of losing their land to land grabbers as well as being displaced from their land.

The study also uncovered uncertainties discernible on the preparedness of the state to transform the agricultural sector while over 80 percent of the people involved in the sector are subsistent producers who live below the poverty line. In addition to that it is doubtful as to whether this comprehensive developmental project will be effectively implemented with the Tanzanian state, which is expected to play a critical role, while relying on donors for support. There is also a coordination problem where, some of the sectors mandated to carry

out the *Kilimo Kwanza* activities are constrained by other public sectors. For example, there is no harmonious working cooperation between SUMA JKT, TIB and TRA in handling tax issues regarding the farm implements.

With regard to amending the Village Land Act, the study found out that, in its current status, the Act provides enough security for the land that is owned by villagers or managed by villages from being grabbed. Amendments of the Act should not be made to undermine the security of the village land instead they should empower the villagers and villages to benefit from the *Kilimo Kwanza* initiative by entering into secure joint ventures.

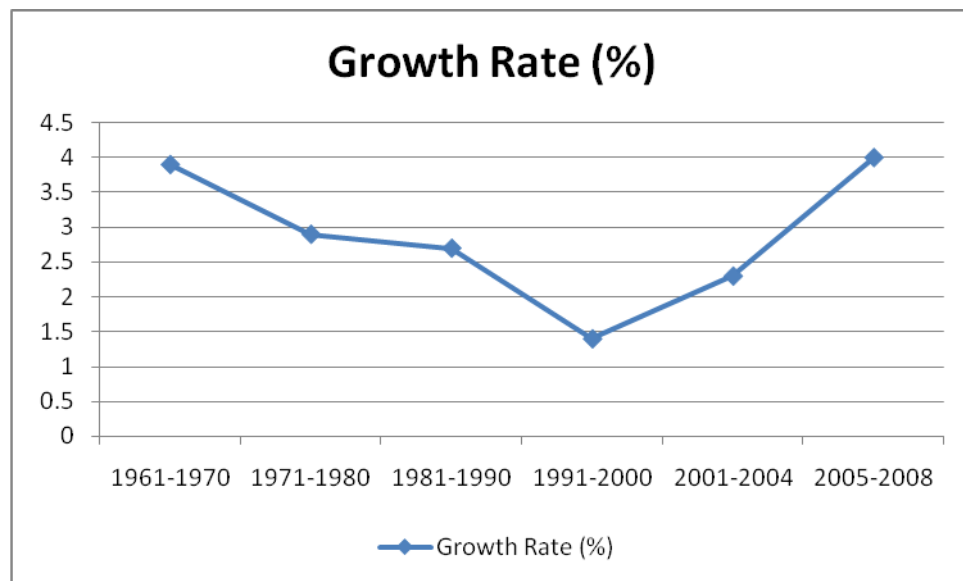
The study recommends that a permanent commission should be created in order to manage the activities of the *Kilimo Kwanza* project, including carrying out studies in order to determine the needs of small scale producers, their role in the implementation of Kilimo Kwanza, as well as issues of terrain, nature of the soil and suitable crops to be produced in all areas that supports agricultural production. The commission should also document issues of land availability and land disputes in order to propose appropriate measures for intervention.

1.0 Introduction

Tanzania continues to uphold the agricultural sector as the foundation of its economy and a driving force of its development. The 2010 Budget Speech of the Ministry of Agriculture, Food and Cooperatives indicates that the sector is the source of livelihood and employment to more than 70 percent of the Tanzanian population, a majority of whom live in rural areas. Moreover, the agricultural sector contributes about 95 percent of the food consumed, and it contributed 26.7 percent of the country's Gross Domestic Products (GDP) in the 2009/2010 financial year. Moreover, 30 percent of the country's exports are agricultural products and 65 percent of the raw materials used in Tanzanian industries are sourced from the agricultural sector. The above facts indicate that the country will not achieve sustainable development at the level of reducing poverty for a majority of Tanzanians without investing a great deal in the agricultural sector.

It is important to note that the current growth of the agricultural sector is only 4 percent. This growth is still the highest in the history of Tanzanian agriculture. However, since 1961, the sector's growth rate was not encouraging. For example, the Food and Agriculture Organization FAO (2010) study indicates that the agricultural sector grew at an average rate of 3.9 in the first decade (1961-1970) but it later fell to 1.4 in the fourth decade (1991-2000) before rising again steadily from 2001 onwards (see figure 1). Nonetheless the current growth rate is not enough to ensure a maximum contribution of the sector to the Tanzania economy. Therefore, the Tanzania Government is committed to transforming the agricultural sector from its low productivity to a modernized and highly productive sector, which will be supported by industrial and service activities in both rural and urban areas. This commitment was initially stated in the Vision 2025 in 1995, and the Agricultural Sector Development Programme (ASDP), which began to be implemented in 2006. More specifically, the Government has shown commitments to plan strategically in order to modernize the sector and to make it more productive, to ensure availability of agricultural inputs (like fertilizers, seeds etc.), and to expand and modernize irrigation farming.

Figure 1: The Growth of the Agriculture Sector (1961-2008).



Source: FAO, 2010.

The Government's commitment was further underscored by the new *Kilimo Kwanza* (Agriculture First) initiative, which envisages increasing the growth rate of the agricultural sector from 4 to 10 percent. The *Kilimo Kwanza* resolution was launched on 3rd August, 2009 in Dodoma by his Excellency President Jakaya Mrisho Kikwete as the Tanzania's Green Revolution strategy aiming at modernizing and commercializing agriculture. This initiative is conceived as multidimensional bringing together different sectors from the public and private spheres, interacting strategically in order to improve the agriculture sector. The initiative comprises both policy instruments and strategies designed to transform the sector.

Implementation of the The *Kilimo Kwanza* resolution comprises ten pillars, which calls for cooperation between governmental sectors, private sector, the third sector, and farmers who are supposed to be implementers of programme. The *Kilimo Kwanza* pillars are:

1. Political will to transform agriculture through the creation of a national vision on *Kilimo Kwanza*
2. Financing agriculture

3. Institutional reorganization and management of agriculture
4. Paradigm shift to strategic agricultural production
5. Land availability for agriculture
6. Incentives to stimulate investments in agriculture
7. Industrialization for agricultural transformation
8. Science, technology and human resources to support agricultural transformation
9. Infrastructure development to support agricultural transformation
10. Mobilization of Tanzanians to support and participate in the implementation of *Kilimo Kwanza*.²

The *Kilimo Kwanza* policy instruments and strategies target small, medium and large-scale producers who, in accordance with the FAO's definition, include those who are engaged in crop and/or livestock production, bee keeping, and fishing. However, in Tanzania agricultural activities are mostly carried out by small scale producers. Agriculture for small producers is key to getting food and money to spend on other basic needs like health services, education, and clothes. The FAO (2010) report indicates that "more than 40 percent of the Tanzanian population lives in chronic food deficit regions where irregular rainfall causes repeated food shortages." It is noted in the FAO study that that 81 percent of the impoverished people, who are often food insecure, are in households where the main activity is agriculture. Ironically, however, this is also a category of the population looked upon to feed the nation.

1.1 About the Study

This research project seeks to interrogate the logical framework of the *Kilimo Kwanza* resolution vis-à-vis the welfare of small-scale producers in Tanzania. It has been noted that the focus of *Kilimo Kwanza* is directed to mobilizing the private sector for commercial farming. However, little has been said on how small-scale producers can participate meaningfully in the *Kilimo Kwanza* initiative. This study examines the policy instruments and strategies stipulated within the *Kilimo Kwanza* document to see whether they will benefit

² URT (2009) *Kilimo Kwanza: Mapinduzi ya Kijani*, prepared by the Tanzania National Business Council (TNBC) printed by the AP Media & PR Consult in Dar es Salaam.

small producers if implemented. The study identifies opportunities available to small-scale producers as well as the challenges or problems they might face.

1.2 Research Objectives

1.2.1 General Objective

The general objective of this study is premised on the Terms of Reference set out by the Land Rights Research and Resources Institute (LARRRI), popularly known as *Hakiardhi*. The Land Rights Research and Resources Institute, Action Aid and their partners wanted to follow up the implementation of the *Kilimo Kwanza* initiative so that they could establish reliable facts on its significance to small-scale producers, mainly peasants and pastoralists. The research focused primarily on the fifth pillar (i.e. Pillar 5 (5.1) of the Kilimo Kwanza document, which seeks to amend the Village Land Act Number 5 of 1999 so as to facilitate investors' access to village land for commercial farming. This, in the eyes of LARRRI, is a vague statement that does not point out the observable obstacles the current Village Land Act has to the implementation of Kilimo Kwanza.

1.2.2 Specific Objectives

The specific objectives of the study are:

1. To examine the participation of small scale-producers in the design of Kilimo Kwanza and to establish the implementation status of the initiative.
2. To evaluate small-producers' perception of Kilimo Kwanza and the way they are involved in the implementation process, including their access to farm implements.
3. To examine the proposed amendment of the Village Land Act and its implications for the livelihood of small-scale producers if carried out.
4. To identify disputes emanating from the implementation of Kilimo Kwanza and to identify dispute resolution mechanisms that are in place to resolve such disputes
5. To recommend a workable modal that will allow small-scale producers to benefit from *Kilimo Kwanza*.

1.3 Research Questions

In accordance with the above objectives, a set of four interrelated research questions were formulated in order to extract useful information from the respondents of different categories. These are:

- a) About the initiative
 - How did the *Kilimo Kwanza* initiative come into being?
 - What main actors were involved in conceiving the idea and how participatory was the process?
- b) The Implementation process
 - What is the implementation status of the initiative?
 - What has been the role of the Government sectors, private sectors and the third sector?
 - How are small-scale producers involved in the implementation process?
- c) Opportunities for Small-Scale Producers
 - How do small producers access the benefits associated with the *Kilimo Kwanza* initiative?
- d) Viability of *Kilimo Kwanza*
 - What are the major gaps of the *Kilimo Kwanza* initiative as a policy instrument and in terms of implementation?

1.4 Research Methodology

1.4.1 Data Collection

The study employed a qualitative approach. Both primary and secondary data were collected by using interviews and document review. With regard to primary data, two instruments were used. First, it involved a review of official government documents on *Kilimo Kwanza* and other policies as well as laws related to matters of land. Second, interviews were conducted with officials from the government, private sector and the third sector who have a responsibility to implement *Kilimo Kwanza*. Focus Group Discussions were conducted with

small-scale producers. Both structured and unstructured interview schedules were used in order to allow flexibility in the data collection process. Structured questions were used to guide the respondents to answer specific questions while unstructured schedules allowed respondents to air out their views freely and broadly on the subject matter. A comprehensive review of secondary data on agricultural policies in Tanzania, both published and unpublished, was undertaken.

1.4.2 Study Area

This study was carried out within three regions of Mainland Tanzania. Interviews with government, private and the third sector officials were conducted in Dar es Salaam, but focus group discussions with small-scale producers and their networks were conducted in the Coast Region (Bagamoyo District) and Morogoro Region. These regions were purposively selected inasmuch as they are used by LARRI in their land rights awareness campaign and other activities. This study has also limited the definition of small-scale producers to those who are directly involved in the use of land. As such, small-scale producers in this study are taken to mean crop producers and pastoralists.

1.4.3 Data analysis

Data was analyzed by using qualitative methods. Data gathered through documentary and secondary sources were subjected to content analysis (analysis based on the content of materials). Data collected through interviews were subjected to both content analysis and contextual interpretation, where as the relevant information was extracted analyzed and interpreted in relation to the guiding research questions and the objectives of the study.

1.5 The Theoretical Premises of *Kilimo Kwanza*

Tanzania has adopted several policies for agriculture since the 1960s. The Arusha Declaration on Socialism and Self-Reliance was adopted in 1967, requiring peasants to live and work together in *Ujamaa* villages. The intention was to reorganize the countryside on a communal basis (McHenry Jr., 1976). Tanzania by that time was guided by socialist ideals such as creating a classless society without 'exploitation of man by man' and eliminating external dependence. When the *Ujamaa* villages' project failed to deliver the expected

results, the state took a central role in the production of crops and livestock in order to provide social services in a classless society. The statist programmes of the *Ujamaa* policy collapsed in the 1980s following an economic crisis that left the Tanzanian economy in shambles. In between 1986 to the end of 1990s Tanzania adopted Structural Adjustments Policies (SAPs) guided by what could be appropriately termed as the *laissez-faire* approach. The agriculture sector was thus left in the hands of the market, which as Tony Waters (1997) argues, did not improve the agricultural sector in the Tanzanian.

Kilimo Kwanza, as a new policy instrument coupled with a set of various strategies for implementation, is founded on the 'developmental state' theory. This theory emerged as a critique to neo-liberalism and its minimalist role of the state for maintaining law and order, and macroeconomic stability in order to allow the market to operate freely (Mhone 2003). The developmental state theory assumes that a strong, and autonomous developmental state can lead to economic transformations. This theory does not ignore the role of the market but it assumes that the state must play a central role including correcting market imperfections. The developmental state theory rests on two assumptions.³ 1) Market forces, if left to operate uncontrolled may preclude development for most third world countries because of their inability to compete in the world economy. 2) The state has power to correct market imperfections and to remove barriers that hinder economic growth to developing countries. The developmental theorists argue that the state must supply economic leadership in terms of the following:

1. To provide investment capital for private business.
2. To impart human skills to entrepreneurs and the work force.
3. To deal with external forces to ensure that development activities do not stumble in the face of foreign corporations with considerable market power.

Moreover, as Clark & Jung argue, the developmental state plays three important functions that are geared towards bringing about economic development. The first role is state activism or in Mhone's (2003) words, a dirigist role. The state plays an effective role in financial mobilization and allocation, control over finance along with tax relief and other subsidies, creating necessary state enterprises and protecting national interests through

³ Clark, Cal & Changhoon Jung (2002) "Implications of the Asian Flu for the Developmental State Theory: The Case of South Korea and Taiwan", *Asian Affairs*, Vol. 29, No. 1. pp 16-42.

actively negotiating with foreign corporations. That is to say, “even when multinational corporations (MNCs) are invited to invest they must contribute to the development project rather than simply exploiting local resources” (Clark& Jung, Op cit).

Secondly, the state plays a ‘deactivist’ role in the development project. One among these can be a carefully planned process of privatization of state owned enterprises which includes making a follow up on their status. It also entails cutting government expenditure by limiting its size and unproductive activities while transferring resources to the development project. The third role is that of social activism. The development project must benefit the population as the whole directly or through a trickle-down effect.

This study examines whether the state through *Kilimo Kwanza* is transforming agriculture in Tanzania in line with the expectations of developmental theory. The study will cross-examine the policy issues and strategies that are in place to see whether the state is prepared to play an activist, deactivist, and the social role with the view to modernizing and commercializing the agricultural sector. The assumption is that the transformation of agriculture is the transformation of the economy.

2.0 Background to *Kilimo Kwanza*

Tanzania has adopted different policies and strategies to increase agricultural production since the later part of 1960s. In the first decade of independence, much attention was given to agriculture because the country depended overwhelmingly on agricultural growth for employment, foreign exchange, government revenue and food (Lele, 1989). The Arusha Declaration on *Ujamaa* and Self Reliance of 1967 was based on the assumption that Tanzania was primarily composed of two groups; *farmers*, or more appropriately peasants, and workers. Although the Arusha Declaration does not specify the percentage of the peasants and workers; it is beyond any reasonable doubt that, given the few industries and public offices that existed, peasants were the overwhelming majority. During the Arusha Declaration and the supremacy of *Ujamaa* policies, agriculture was considered to be the foundation of development. The Tanganyika African National Union (TANU) leadership

believed that development could be boosted if production of cash and food crops could be increased.⁴

It is important to highlight, albeit briefly, some of the policies and strategies employed inasmuch as they are going to form the basis of our discussion on *Kilimo Kwanza*. The Tanzanian Government under *Ujamaa* and Self-reliance ran two corresponding programs that were related to agriculture. The first was the creation of *Ujamaa* villages, which aimed at mobilizing the peasants’ efforts for collective farming. The second involved the state - where several state farms were introduced with the aim of maximizing agricultural production.

Similar to Mexico’s ‘ejido’, the Soviet’s ‘kolkhoz’, and the Chinese ‘commune’, *Ujamaa* was a form of socialism with the aim of reorganizing the rural population to live a communal life (McHenry Jr., 1976). Inspired by the level of collectivisation achieved by these other countries, particularly China, the first phase Government under *Mwalimu Julius Nyerere* had a vision of maximizing agricultural production through *Ujamaa* villages. As seen from table 1, about 7,776,000 hectares were farmed under the *Ujamaa* village scheme with 15.3 percent of the total population involved in the collectivisation process.

Table 1: Comparing the Magnitudes of the Population Engaged in Collective Farming between Tanzania, China, U.S.S.R. and Mexico.

Country	Size (Sq. Miles)	Population (millions)	Rural Population (%)	Area Farmed (Hecters)	Percent in Collective
Tanzania	363,708	13.63	93.7	7,776	15.3
China	3,746,453	697.26	74.3	112,000,000	96
U.S.S.R.	8,647,172	245.07	42.8	223,500,000	49.4
Mexico	758,259	50.83	43.4	23,817,000	43.2

Source: McHenry, 1976.

With over 90 percent of the population living in rural areas, the Government sought to use this as an opportunity to create *Ujamaa* villages that could engage in massive collective production of agricultural produce. In an article “Ujamaa and Rural Development” Nyerere

⁴ See TANU (1967) The Arusha Declaration on Socialism and Self Reliance, Dar es Salaam: The TANU Department of Information

argued that rural agriculture could be improved through three stages.⁵ The first was a preparatory stage, where apart from building *Ujamaa* villages, the peasants could start clearing land, cultivating and growing crops. The second stage intended to bring together the peasants' efforts through communal farming to get surplus produce. In the first and second stages family and individual farms were allowed. It was anticipated that this stage could show the peasants the importance of communal farming in terms of harmonization of labour for high returns. The third and final stage is that of mass consumption, where after enjoying the production returns, the peasants could abandon family farming and maximize communal agricultural production.

The Tanzanian stages of *Ujamaa* were dissimilar to the stages of scientific socialism propounded by Karl Marx. The Tanzanian model was founded on the traditional African communal life, distinct from scientific socialism that was supposed to be born out of the capitalist crisis. Although some of the scholars like Arrighi and Saul (in Lofchie, 1976) supported the conceptual foundation and the implementation of the *Ujamaa*, the policy eventually failed. In a later article, Lofchie (1978) gave a number of reasons as to why the *Ujamaa* agriculture failed. Lofchie argued that the *Ujamaa* policy itself was not understood by the peasants. The people were a key pillar in terms of implementing the policy and it would not be reasonable to expect a policy to succeed if the implementers were not aware of it. He argues that of the 5,000 *Ujamaa* villages that were introduced only 400 villages managed to reach the third stage, which is a mere 8 percent. Additionally, the policy faced open opposition from those who had more gains from their private farms, and others declined joining the *Ujamaa* villages until force was used. Lofchie (1978) and Leonard (1980) believe that the hunger that Tanzania experienced between 1973-75 was because of the temporary food production disruption caused by the resistance of some people to join the *Ujamaa* villages.

⁵ Nyerere, J.K., (1968) "Ujamaa and Rural Development" in Nyerere, J.K *Ujamaa: Essays on Socialism*, London: Oxford University Press.

Table 2: Regional Distribution of Peasants Engaged in Collective Farming by March 1974 in Tanzania.

s/n	Region	Estimated Population of the Region	Estimated Population of Ujamaa Villages	Percentage of Population in Ujamaa	Average Size of Ujamaa Village
1	Arusha	771,456	25,356	3.29	231
2	Dar es Salaam	452,623	4,713	1.04	189
3	Dodoma	840,762	504,952	60.06	1,426
4	Iringa	854,279	244,709	28.65	395
5	Kigoma	521,835	111,477	21.36	906
6	Kilimanjaro	819,276	3,176	0.39	227
7	Lindi	480,849	218,888	45.52	646
8	Mara	692,279	233,632	33.75	2,105
9	Mbeya	908,213	86,051	9.47	161
10	Morogoro	781,584	25,509	3.26	266
11	Mtwara	750,095	534,126	71.21	508
12	Mwanza	1,263,709	40,864	3.23	267
13	Pwani	567,692	167,073	29.43	702
14	Rukwa	349,909	24,988	7.14	207
15	Ruvuma	473,623	62,736	13.25	349
16	Shinyanga	1,069,185	18,425	1.75	138
17	Singida	501,271	141,542	28.24	447
18	Tabora	577,611	28,730	4.97	184
19	Tanga	922,826	67,557	7.32	265
20	West Lake	751,476	15,968	2.12	207
Tanzania		14,350,553	2,560,472	17.84	511

Source: McHenry Jr., 1976.

Parallel to the *Ujamaa* Village policy, the state implemented the second pillar of the Arusha Declaration by introducing statist agricultural projects. Section (h) and (i) of the TANU creed gave the Government a mandate to have effective control of the economy so as to ensure economic justice. The state was also mandated to intervene actively in the economic life of the nation so as, among other things, to ensure welfare of the nation.⁶ Supplementary to this pillar was the principle that the Government should mobilize the country's resources so as to eliminate poverty, ignorance and diseases. These projects were primarily run by the then National Agriculture Company Limited (NACO), which took care of both crop production and livestock keeping. However, in 1969 the Government introduced the National

⁶ TANU (1967) Op Cit.

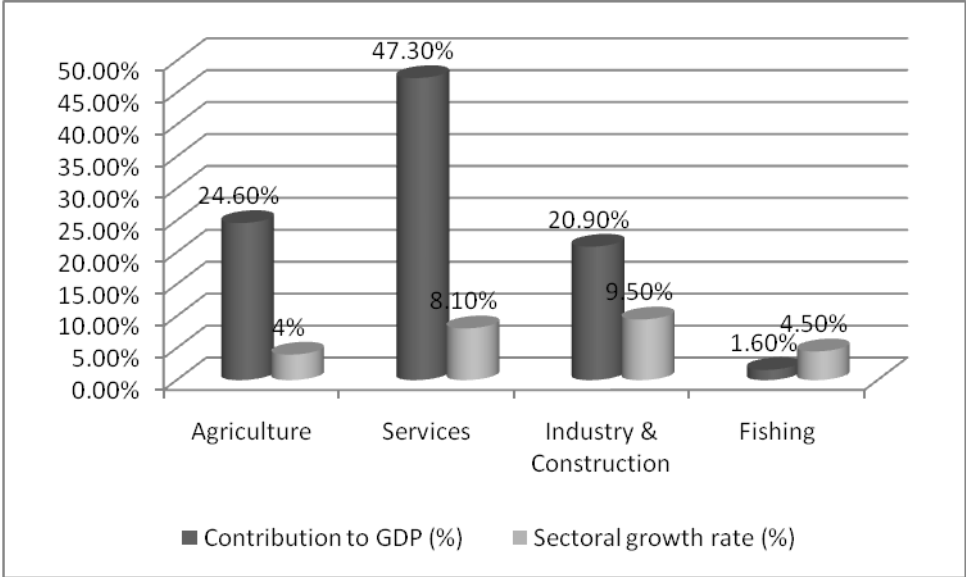
Agriculture and Food Corporation (NAFCO) as a parastatal organization to deal with crop production and in 1974 the Tanzania Livestock Development Authority (LIDA) was introduced. LIDA, which dealt with livestock development, was later replaced by the National Ranching Corporation (NARCO) in 1975. These corporations were run as business entities and they were supposed to be sustainable.

Despite having a the vision of increasing agricultural production through state corporations, efforts of the Tanzanian Government ended in vain. Several reasons can explain the collapse of these agricultural based state corporations, two of which are discussed here. First, the resources of these corporations were drained by unfaithful executives who were entrusted to run them. For example, the Kisanga Commission stated unambiguously that the managers were using resources entrusted to them for their private ends.⁷ The second reason is associated with a *paradigm* shift, where in the late 1980s the government withdrew itself from running business corporations. This period marked the end of the *Ujamaa* and Self-Reliance ideals and neo-liberal policies took a centre stage. The neoliberal policies were legitimized by the 1991 Zanzibar resolution, which among other things, allowed political leaders to receive double salaries, to let a house and removed other restrictions on leaders' accumulation found in the Arusha Declaration (Tripp, 1997).

The *Kilimo Kwanza* initiative was born out of the realization that the statist project did not transform agriculture in Tanzania. Likewise, agricultural growth rates of 4 percent in the post-*Ujamaa* era were not sufficient to enable Tanzania to achieve the Millennium Development Goals target. *Kilimo Kwanza* estimates that agricultural growth rates need to be boosted to 10 percent to begin to reduce poverty. As indicated in the figure 2, the agricultural growth rate is lower compared to the service sector as well as industry and construction. In the agricultural subsectors, livestock development is lagging behind with a growth rate of only 2.4 percent (figure 3).

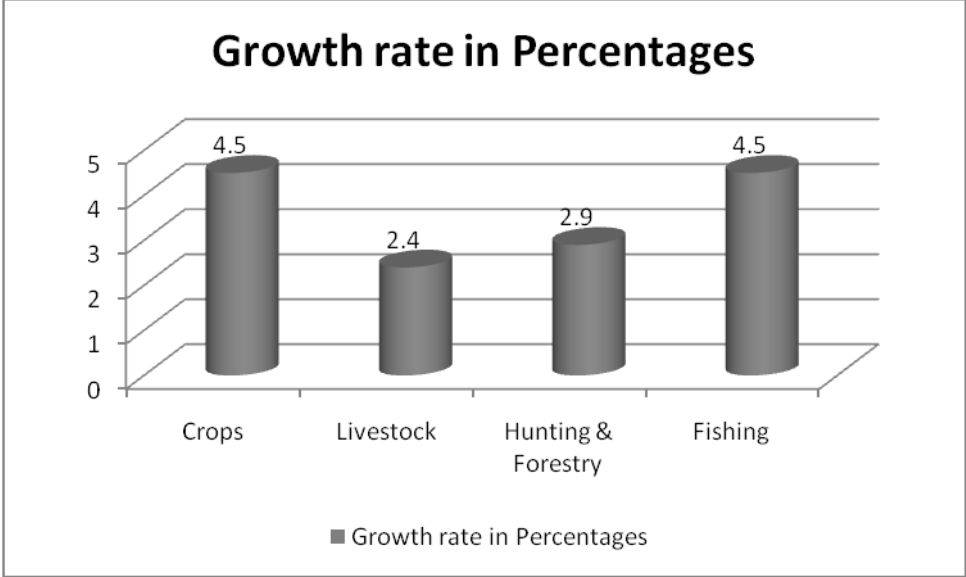
⁷ URT (1993) Report of the Commission on Violations of Human Rights in the NAFCO Wheat Farms Hanang District, Dar es Salaam: Mimeo. This is also called the 'Kisanga Commission', named after its Chairman Justice Kisanga.

Figure 2: The Current Contribution of the Agricultural Sector to Economic Growth in Tanzania Compared to Other Sectors.



Source: 2007 Tanzania Economic Survey data.

Figure 3: The Growth of the Agricultural Sub-sectors in Tanzania.



Source: 2007 Economic Survey data

Kilimo Kwanza, as a slogan reminds Tanzanians of the previous slogans such as ‘*siasa ni kilimo*’, ‘*chakula ni uhai*’, and ‘*kilimo cha kufa na kupona*’. Given the failure of the past initiatives to transform agriculture, Tanzanians must have received *Kilimo Kwanza* with some cynicism. However, according to the Tanzania Business Council (TNBC) senior business environment officer Mr. Holellawilly Magehema, the *Kilimo Kwanza* initiative took into

account the mistakes made in the past initiatives during its course of preparations.⁸ This assurance was also noted in the President's Speech on August 3, 2010 when he launched the *Kilimo Kwanza* initiative.⁹ President Jakaya Mrisho Kikwete acknowledged the contribution of the past initiatives in the agricultural sector but stated that his concern was the inability of these initiatives to modernize the sector. Mr. Magehema argued that four common mistakes constricted the effectiveness of past initiatives.

1. Most of the initiatives geared towards agricultural transformation were introduced during the period of state ownership of the economy, where accumulation of private wealth was discouraged. They were introduced by the state and implemented by state institutions. This, to him, discouraged effective participation of the people who were supposed to be the beneficiaries of the projects. Thus, *Kilimo Kwanza* was introduced during a liberalized economy, which encourages surplus production and individual progress.
2. Most of the initiatives, like the *Ujamaa* and Self-Reliance, used a top-down approach. Policies were conceived by the Party and the Government without consultation with the people. *Kilimo Kwanza*, Magehema argues, was formulated in consultation with all key stakeholders. Thus, the preparation of this initiative employed a bottom-up approach so as to give key stakeholders the chance to shape the *Kilimo Kwanza* policy instruments in line with their wishes.
3. The previous initiatives were not very well coordinated in terms of sectoral linkages. To the contrary, *Kilimo Kwanza* is structured as a holistic approach to address the challenges of the agricultural sector by considering the role of other sectors. For example, instead of being an affair of the Ministry of Agriculture, Food and Cooperatives, many other ministries are responsible. The implementation of *Kilimo Kwanza* relies on a coordinated effort from different sectors of the government and the private sector. The roles of other sectors like infrastructures, trade, the energy sector, and land are recognized as being important to the proper functioning of the agriculture sector.

⁸ Mr. Holellawilly Magehema was interviewed on 22 December, 2010 at the TNBC Head offices, in Dar es Salaam.

⁹ URT (2009) *Kilimo Kwanza: Maapinduzi ya Kijani*, Dar es Salaam: AP Media & PR Consult Ltd.

4. Finally, the previous initiatives were sorely dependent on the government budget, which itself was not enough. However, under *Kilimo Kwanza* it is the private sector that will take the lead role in implementation. The Government is left with a facilitative role to create a conducive environment for investors as well as to coordinate and to show the available opportunities for agricultural investments.

The four reasons above portray *Kilimo Kwanza* as a unique initiative built on a consensus of stakeholders, coordinating different sections of the Tanzanian polity, with a desirable partnership between the public and the private sector (PPP). It is important, however, to interrogate the authenticity of these claims inasmuch as they form the basis of implementation of the *Kilimo Kwanza* policies and strategies.

2.1 How Participatory was the Preparation of *Kilimo Kwanza*?

Kilimo Kwanza was formulated under the auspicious of the Tanzania National Business Council (TNBC), a dialogue forum composed of government officials and the private sector. TNBC was created by the Presidential Circular No. 1 of 2001 to facilitate regular dialogues between public/private and other stakeholders on issues of socio-economic development of Tanzania. TNBC is chaired by the President of the United Republic, and it has 40 members drawn from the public and the private sector based on equal representation. 20 members are nominated by the government, 18 of whom are ministers of ministries related to business. The other two members come from the Bank of Tanzania (BoT) and the University of Dar es Salaam. The 20 members from the private sector are also appointed by the President but are nominated by the Tanzania Private Sector Foundation (TPSF), an apex body representing different sections of the private sector. The day-to-day activities are managed by the Executive Committee, which is chaired by the Chief Secretary and co-chaired by the Chairman of the TPSF. The Committee is composed of 4 members, who are Permanent Secretaries from the ministries closely related with business, and 4 members nominated by the TPSF from the private sector and the Executive Secretary of the Council. The TNBC has a secretariat, which is led by the Executive Secretary. According to Magehema, the structure of the TNBC is replicated at the Regional and District levels. At those levels the Chairperson

of the Council is Regional and District Commissioners respectively. However, TSPF is not available at those levels but it is represented by the Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA).

The nature of TNBC activities are divided into two, which includes international and local investors and it is chaired by the President. Second, there are Smart Partnership dialogues to discuss specific issues facing different sectors of the economy. There are eight operational working groups on agriculture, land, finance, tourism, infrastructure and energy, human capital, agri-business, and economic environment.

Kilimo Kwanza was thus born out of two working groups, namely economic empowerment and agriculture. Mahegema and the Agricultural Council of Tanzania's (ACT) Executive Director Janet Bitegeko¹⁰ stated that the agriculture working group went to the district level to discuss with stakeholders how agriculture can be transformed. Janeth Bitegeko said that the ACT started this program since 2006, but it joined forces with the TNBC agriculture working group in 2007. Three members of the ACT Board of Directors were included in the TNBC agriculture working group. Thus, *Kilimo Kwanza* was born out of the recommendations provided to TNBC by this working group, which compiled its report early 2009.

Nonetheless, the content of *Kilimo Kwanza* raises questions as to whether it encompasses holistic and comprehensive strategies for the modernization of agriculture in Tanzania. *Kilimo Kwanza* adopted the FAO definition of agriculture, which entails crop production, livestock keeping, fishing and bee keeping. However, very little is said about modernizing fishing and nothing is planned for bee keeping. An interview with Desdery Rwezaula, a senior economist in the Ministry of Livestock and Fisheries Development, revealed some scepticism about whether *Kilimo Kwanza* had taken into account their priorities.¹¹ He argued, for

¹⁰ Janet Bitegeko was interviewed on 11th January, 2011 at the ACT offices, Dar es Salaam. Janet Bitegeko was also a member of the agriculture working group.

¹¹ Desdery Rwezaula was interviewed on 28th December, 2010 at the Ministry of Livestock and Fisheries Development, Dar es Salaam.

example, that although the initiative talks about building modern abattoirs and meat processing plants in every region, the ministry has additional activities that should be given priority.

To begin with, Rwezaula said that the Ministry wishes to transform livestock keeping from the current pastoralist practices to allowing headers to settle permanently. This, Rwezaula says, is an ambitious and an expensive venture. It requires having enough land specifically demarcated and suitable for livestock keeping countrywide. Pastoralist practices have been a source of repeated conflicts with other land users as well as contributing to the spread of livestock diseases. In addition, infrastructure needs to be created that will allow for the availability of water and cattle dips (joshu). This also requires investing greatly on personnel who could provide education to the pastoralists on transforming the livestock keeping. Currently, the ministry has a deficit of 13,000 specialists in the sector and the capacity of colleges is to produce about 1,200 specialists per year. As such, it will take more than 10 years to cover this deficit if no extra efforts are made to boost the capacity of colleges to train these specialists.

Secondly, Rwezaula was concerned with the fund allocated to the Ministry of Livestock and Fisheries Development. For example, he talked about the second pillar (2.6), which calls for mobilizing more funds for the Agriculture Sector Development Programme (ASDP). This programme could be an important source of finance for livestock development, a sector that has been growing at the rate of 2.7 percent (lower than other subsectors in agriculture). As a result it has contributed marginally to the country's GDP at a rate of only 5.9 percent. However, the ASDP does not include livestock and it continues to be the main source of fund for the Ministry of Agriculture, Food and Cooperatives. Therefore, *Kilimo Kwanza* seems to be biased towards crop production at the expense of livestock development.

Moreover, this study could not establish whether small-scale producers are part of the target groups in the *Kilimo Kwanza*. Although they are many and scattered, common sense

dictates that small-scale producers should have been consulted through their organizations because they are important stakeholders in the transformation of agriculture and the economy. In a focus group discussion between members of small-scale producers like Naramatisho, Mape-Tenebo, Nadupo, Jiungeni, Naramatisho, Konde Agricultural Society, and *Mtandao wa Vikundi vya Wakulima Tanzania* (MVIWATA), small producers said that they never participated in the *Kilimo Kwanza* consultations. All these organizations for crop producers and livestock herders in Bagamoyo, Morogoro Rural and Mvomero districts informed the researcher that no organization has ever consulted them about their views on *Kilimo Kwanza*. Some of the members said they only heard of *Kilimo Kwanza* from the media, politicians during campaigns, and some workshops organized by FAO and Action Aid not on *Kilimo Kwanza*, but on food security.

MVIWATA, a small-producers network with members in all regions of Tanzania (except Dar es Salaam), was baffled to hear that the preparation of *Kilimo Kwanza* was consultative. The MVIWATA Communication Officer, Susuma Msikula Susuma, informed that their network connects wards to the district level. If those who were preparing *Kilimo Kwanza* had wanted to involve small-scale producers, both crop producers and pastoralists, an easy option would have been to consult MVIWATA. For example, Susuma argued that if small-scale producers were consulted, they could most certainly raise issues that would transform agriculture. If those who were preparing *Kilimo Kwanza* had wanted to involve small-scale producers, both crop producers and pastoralists, there is no way they could not consult MVIWATA. One of the issues raised was planning to assist small-scale producers in accordance with their topography, soil, water bodies, availability of land and infrastructure. Agricultural production is area sensitive and the planners of *Kilimo Kwanza* need to consider how each of the areas can be approached.

3.0 Implementation of *Kilimo Kwanza*

The *Kilimo Kwanza* initiative has been in the pipeline for implementation for less than two years since it was launched in August 2009. As a holistic program with many strategies being implemented by different sectors, the time is rather too short for a comprehensive

evaluation to be carried out. However, this study sought to find out how the government and other actors have been engaged in the implementation of the initiative. It also sought to find out whether there are obstacles impeding the smooth implementation of the initiative.

Experts from the Ministry of Agriculture, Food and Cooperatives argued that *Kilimo Kwanza* is being implemented in line with the Agricultural Sector Development Programme (ASDP).¹² The ASDP was adopted in 2001 with the objective of achieving agricultural growth rates between 5 to 6 percent per annum. The programme began to be implemented in 2006, when the basket fund was launched. The Food and Agriculture Organization (FAO), Irish Aid, World Bank and Japan International Cooperation Agency (JICA) contribute to the basket fund for the 7 year ASDP, which will be concluded in 2013.

According to the MAFC experts, what the Ministry did was to revise the objects of the ASDP so that they can fit the *Kilimo Kwanza* initiative. For example, in *Kilimo Kwanza* the desired growth rate in the agricultural sector is at least 10%. Thus, the ASDP programme is working to raise its bar in terms of growth rate to that level. It was observed that 75 percent of the ASDP fund is allocated to local governments to implement District Agricultural Development Programs (DADPs) and District Agricultural Investment Programs (DAIPs).

In terms of coordinating the lead ministries to implement *Kilimo Kwanza*, Nicodemus Massao said that a special budget for *Kilimo Kwanza* has already been created and every sector and ministry concerned has received funds to make preparations for the implementation of *Kilimo Kwanza*. The Agricultural Sector Lead Ministries are: Ministry of Agriculture, Food and Cooperatives (MAFC); Ministry of Industries, Trade and Marketing; Ministry of Livestock and Fisheries Development; Ministry of Water and Irrigation; Ministry of Land, Housing and Human Settlement; and Ministry of Regional Administration and Local Government.

¹² A discussion on Kilimo Kwanza was conducted on 21, December, 2010 between the researcher and five experts from the Ministry of Agriculture, Food and Cooperatives. Their names are Nicodemus Massao, Fikiri Katiko, Christopher Gibson, Muhamed Chikawe, and Bai Omary.

In terms of institutional organization, the MAFC has established a steering committee under the ASDP to coordinate issues of agriculture from different ministries and sectors. The Committee is composed of Permanent Secretaries from the Agricultural Sector Lead Ministries. There are also thematic working groups centred on communication, information and education, planning, marketing, irrigation, services, finance and procurement, all geared towards improving the agricultural sector. The Committee meets every three months to discuss progress.

On the investments in strategic crop production, the MAFC team of experts said the National Rice Development Strategy is in the pipeline and it is supposed to be implemented in the 2011/2012 financial year and potential areas for cultivation in three zones have been identified (Zone A - Morogoro, Mtwara, Lindi, the Rufiji Basin; Zone B Kyela, Mbeya; and Zone C Mwanza and Shinyanga). Strategies for production of other crops are still debated.

The Southern Agricultural Growth Corridor of Tanzania (SAGCOT), also known as the TAZARA corridor, is one of the strategies adopted to implement *Kilimo Kwanza*. SAGCOT is an international public-private partnership strategy launched at the World Economic Forum on Africa in May 2010 in Dar es Salaam. SAGCOT is mandated to mobilize private sector investments and partnership to help achieve the goals of Tanzania's *Kilimo Kwanza*. The SAGCOT plan covers almost 1/3 of Mainland Tanzania, and it is formed along the traditional trade route linking Tanzania to the land locked countries in south-eastern Africa. It covers the regions of Dar es Salaam, Coast, Morogoro, Iringa, Mbeya and Rukwa. By 2030 this region is expected to produce 680,000 tonnes of field crops (maize, soya and wheat) 630,000 tonnes of rice, 4.4 million tonnes of sugar cane, 3,500 tonnes of red meat, and 32,000 tonnes of high value fruits. The implementation of SAGCOT is in the pipeline.

3.1 Accessing Loans for Agriculture Investments

The Executive Director of ACT, Janet Bitegeko said that the process of establishing the Tanzania Agriculture Development Bank (TADB) is in the pipeline and a banking specialist has been appointed by the Bank of Tanzania (BoT) to draft a proposal on how the bank can be run. This bank, she said, is supposed to provide loans for investors in the agricultural sector.

While the establishment of the Agriculture Development Bank is in the pipeline, the *Kilimo Kwanza* document has identified other sources of funds for those who wish to invest in the agriculture sector. For example, *Kilimo Kwanza* implementers are determined to “mobilize community banks, NGOs and microfinance institutions to establish special units for disbursing agricultural credit.”¹³ Another important measure is that of increasing the capacity of the Tanzania Investment Bank’s special agricultural window for concessionary lending for agricultural production.

According to the TIB Senior Relationship Officer, Egata Makanja, the President of the United Republic of Tanzania, Jakaya Mrisho Kikwete has promised to increase the window’s capital to TZS 500 billion.¹⁴ Lending under the TIB agricultural window is done in two ways. First, there is direct lending to those involved in the crop and livestock production, processing, and/or marketing. Second, wholesale loans are offered to financial institutions that are dealing with agriculture like community banks, SACCOS, NGOs and VICOBA. Common institutions that have been borrowing money from the TIB are the Women Bank and Mkombozi Roman Catholic Bank. In terms of the lending rates, direct borrowers are charged 5% interest rate annually, while wholesale lending are charged 4% annually with the condition that they should not charge more than 8% to their customers.

However, some of the eligibility criteria may not give small farmers an opportunity to utilize the TIB agricultural window. To begin with, the TIB’s minimum lending to its clients is TZS

¹³ See URT (2009) *Kilimo Kwanza*, pillar No. 2.

¹⁴ Egata Makanja, Senior Relationship Officer of the Tanzania Investment Bank (TIB) interviewed on 31 December, 2010 at the TIB Mlimani City offices.

100 million while the maximum exposure is 1 billion. 100 million TZS is too much for small-scale producers to be able to expand their agricultural projects, even if they are borrowing in groups. As such they are forced to borrow from other financial institutions and charged 8% rather than the 5% interest rates charged by TIB. But most importantly, these borrowers must have collateral, which is land, to be able to borrow. TIB requires that the landed property must have a title deed and should be directly involved in the project on which money is sought. Many of the small-scale producers in rural areas do not have title deeds. Therefore, it will be very difficult to access the TIB window without collateral.

Small-scale farming is also dependent on seasonal rains and in most cases crops and livestock are severely affected by pests, diseases as well as unpredictable markets. The TIB operates by following the principles of banking and it understands there are risks associated with dependency on seasonal rains, pests and diseases as well as price fluctuations in the market. As such, several criteria must be met by the borrower in order to ensure the bank the safety of its money. TIB requires that agricultural projects be under an irrigation scheme, there must be ways to prevent pests and diseases, and a reliable market. A majority of the Tanzanian small-scale producers do not meet these conditions to deserve loan from the TIB.

3.2 Availability and Access to Farm Implements

The goal of transforming agriculture in Tanzania is to make it modern and commercial. This presupposes, among other essential pre-requisites, availability of farm implements. The Ministry of Agriculture, Food and Cooperatives acknowledges that the low production of agricultural goods is caused by, inter alia, crude technology used in the production process.¹⁵ A majority of Tanzanians who are involved in agriculture rely on a hand hoe. According to SUMA JKT farm implements manager, Colonel Felix Samillan, tractors and other equipment have been imported in Tanzania for quite some time.¹⁶ However, these tractors never benefited the farmers especially in rural areas. The prices were very high and the buyers, especially in rural areas, did not have access to services or spare parts. With the *Kilimo*

¹⁵ MAFC (2006) "Follow-up of the Implementation of the World Food Summit Plan of Action" A Report prepared by the Ministry.

¹⁶ Colonel Felix Samillan was interviewed on 30th December, 2010 at his offices, SUMA JKT- Mwenge.

Kwanza initiative, the Government decided that SUMA JKT should be a special agent to supply tractors, power tillers, combined harvesters and spare parts.

SUMA JKT was singled out to carry this important mission of *Kilimo Kwanza* because it is a military entity with salaried and disciplined personnel who are able to work in all environments of the Tanzania polity. SUMA JKT also has many specialists in the field of agriculture. For example, they have many agro-mechanics, who can move around Tanzania to provide the required after purchase services to Tanzania farmers. Samillan informed that SUMA JKT has 7 mobile trucks fully equipped with spare parts and readily available to offer services to the farmers.

According Samillan, the farm implements are brought into the country under the *Kilimo Kwanza* initiative following an agreement between the Tanzania Government and the Government of India. He said Tanzania has been given a loan of USD 40 million in the form of farm implements. Two companies have been selected by the two Governments as agents to implement the farm implement deal - the Indian Escorts company and the Tanzanian SUMA JKT.

Colonel Samillan further informed that since October 2010, a total of 336 farm implements have been brought to Tanzania. Tractors are supplied to District Councils, small-scale producer's SACCOS, cooperative unions, and to large-scale farmers. What is important about these farm implements is that they are sold at a relatively lower price compared to same quality implements sold by other companies in Tanzania. Some of the private companies that are involved in the business of farm implements are TAMASCO, Farm CON, Car Junction, Kihelya (Metro), Africom, Noble Motors, Mahindra Company, Afri Catic, Savoy Farm Ltd, and Hughes- New Holland. With regard to the prices, Samillan claimed that a tractor which is sold TZS 42,650,000 in their stock, is sold about 60,000,000 by the private companies. The table below summarises their current stock and prices.

Table 3: Farm Implements for Kilimo Kwanza available at the SUMA JKT Stock

S/N	Equipment Particulars	Price
1	Farmtrac 60 (50 HP: 2wd) Tractor	19,500,000.00
2	Farmtrac 60DT(50 HP: 4wd) Tractor	25,300,000.00
3	Farmtrac 70 (60 HP: 2wd) Tractor	25,200,000.00
4	Farmtrac 70DT (60 HP: 4wd) Tractor	32,750,000.00
5	75 HP: 2wd Tractor	36,150,000.00
6	75 HP: 4wd Tractor	42,650,000.00
7	3 Bottom Disc Plough	2,905,000.00
8	12 Disc Mounted Harrow	2,350,000.00
9	5 Ton Non Tipping Trailer	6,230,000.00
10	Power Tillers with accessories (set)	8,440,000.00
11	Rotavator with 30 Blades	4,910,000.00
12	Planter	5,175,000.00
13	Seed Drill	3,355,000.00
14	Irrigation Water Pump	4,755,000.00

Source: SUMA JKT Agro-Machinery Price List.

With regard to farmers' access to the farm implements, Samillan said that small, medium and even large-scale farmers can buy these equipments through loans offered by the government. He mentioned, for example, TIB and other commercial banks. However, Samillan was sceptical about the role of other banks in helping small-scale producers to get loans. He said, although an agreement has been reached with CRDB, NMB and others, they do not seem to take a lead in the implementation of the terms of agreement. Understandably, most peasants are not creditworthy and their SACCOS are relatively new and weak. For a bank that operates for commercial purposes, venturing into making loans to unsecure businesses is risky.

The SUMA JKT project manager brought to the fore a few other important details that have far reaching implications with regard to the coordination of the *Kilimo Kwanza* initiative. The SUMA JKT agro-machinery project entails the equipment, accessories and spare parts to support farmers in their localities. Tractors and other equipment are exempted from import duty. The Tanzania Revenue Authority (TRA) was supposed to understand the operation of the project in its entirety to avoid unnecessary delays and port charges. Samillan hinted that the TRA wants to tax all spare parts that are brought together with the machines. As such,

while SUMA JKT tried to raise concerns on the legitimacy of TRA's actions, the containers continued to accumulate storage charges at the port.

In addition to that, Elizabeth Masanja, the TIB Principal Officer, Financial Leasing informed that there is another challenge of coordination with regard to the financial leasing for the *Kilimo Kwanza* project, as carried out by the TIB. The tax regime recognizes financial leasing as a rental business which includes the Value Added Tax (VAT). However, according to Elizabeth Masanja, clients who are purchasing equipments as 'capita goods', like in the *Kilimo Kwanza* farm implements are exempted from paying taxes, including VAT. However, although they have the right to exemption, those who buy the equipments through the financial leasing are paying VAT and told to claim the money to the Tanzania Revenue Authority later on.¹⁷ Usually, Elizabeth Masanja added, it takes a long laborious time to get back the money. This shows that there is no proper coordination on the part of the Government to relieve farmers of this unnecessary burden.

It is important to note however that the SUMA JKT agro-machinery project has been a defining symbol of *Kilimo Kwanza*. The *Kilimo Kwanza* initiative is often associated with 'tractors' and 'power tillers'. The farm implement initiative has been received with mixed feelings by both farmers and their associations. Ally Msangazi, of Tunaweza SACCOS located at Chalinze, praised the initiative for enabling their association to acquire a power tiller at a subsidized price. Msangazi said having a tractor for their farming activities was their long awaited dream and they are grateful to get a power tiller, which they bought from the Bagamoyo District Council.

On the other hand, the *Kilimo Kwanza* farm implements have been received differently by other stakeholders in the sector. For example, Lucas Luanda of the Konde Agricultural Society in Morogoro rural said that tractors and power tillers cannot operate on their

¹⁷ Buyers of the farm implements usually pay 20 percent upfront and the financial institutions pay the remaining 80 percent.

farming areas for topographical reasons. Although Morogoro rural is renowned for the production of paddy, onions, clove and spices, still mechanized agriculture like the SUMA JKT agro-machinery project may not work because of the mountainous terrain in Morogoro. This argument was further substantiated by Susuma Msikula who hinted that some SACCOS had attempted to buy power tillers but they did not operate well because of the nature of the soil and the terrain.

The argument over what type of farm machinery works where and how is important for the successful implementation of the *Kilimo Kwanza* initiative. As the small-scale producers (peasants) get loans to buy the farm implements, it is anticipated that their production will increase with the help of the mechanized farming. However, if the implements are of no use because of the soil texture and terrain, it is obvious that they may not be able to repay the loan on time thereby risking losing their collateral. *Kilimo Kwanza* should have surveyed the key agricultural areas to see which type of farm implement would be more useful to farmers in that area.

It is also instructive to note that the Indian based Escorts Company, which is the main supplier of the farm implements to SUMA JKT has agents in Tanzania, which are the Noble Motors and Mahindra Company. It was reported in Raia Mwema that the Noble Motors is owned by Jayantkumar Chandubhai Patel popularly known as Jeetu Patel, while Mahindra Company is owned by Yussuf Manji.¹⁸ The participation of these business personalities in the *Kilimo Kwanza* farm implements project raises two critical questions. First, these business personalities have been accused of grand corruption in the country. Jeetu Patel, for example, has been implicated in the External Payments Arrears (EPA) account theft and is currently on trail. We cannot judge him as guilty, but the accusations have tainted his public image to be able to provide such a noble service to the country. Second, much as these businessmen are also selling the same farm implements in their companies, it is doubtful that they are going to handle the two businesses with proper adhering to ethical conducts. They may use the *Kilimo Kwanza* agro-machinery project as a loop hole to avoid import and

¹⁸ Raia Mwema (2011) "Manji, Jeetu Patel Waichezea Serikali" Issue of January 6.

other duties while importing their own farm implements. For example, the SUMA JKT Marketing Manager, Ally Manyanya¹⁹ informed that they are yet to supply power tillers to the District Councils. However, many District Councils are already flooded by power tillers.

4.0 Reform of the Village Land Act No. 5 for *Kilimo Kwanza*

Land is a key component of agricultural development. The 1967 Arusha Declaration on Socialism and Self-Reliance identified land as the ‘basis of human life’. This statement remains as relevant today as it was in the 1960s. Today, with over 70 percent of the population depending on agriculture, land is the basis of their livelihood. Crop producers and livestock herders depend on land to carry out their activities. It is assumed that Tanzania has large and underutilized land, which is referred to as ‘virgin land’ (Chambi & Baha, 2010). The Tanzania Investment Centre’s (TIC) description of the available arable land has provoked mixed reactions. On the one hand, it continues to offend some analysts who think this description sets a scene for future conflicts (Sulle, 2010; Chambi & Baha, 2010) but on the other hand it serves as an enticement for potential foreign investors. The TIC’s description of the available arable land is presented below:

Table 4: Arable Land for Agriculture in Tanzania.

Land use	Million Hectares
Total usable land	94.5
Arable land	44
Area suitable for irrigation	29.4
High development potential	2.3
Land under medium and large farming	1.5
Range land	50
Land under livestock	26

Source: TIC Website

Available data show that of the 44 million hectores of arable land, only 23 percent is being cultivated. Again, only 1 percent of the 29.4 hectores suitable for irrigation are being

¹⁹ Mr. Ally Manyanya said this on a stakeholders’ conference where the findings of this research were disseminated.

irrigated..²⁰ As such, Tanzania has a vast land for agriculture. However, as Chambi and Baha (2010) argue, given the fact that Tanzania is still a rural agricultural country, most of the land is occupied by small-scale producers who own the land under a customary right of occupancy. Thus, the figures presented above leads us to assume that Tanzania has a vast underutilized land, managed by villages known legally as the 'village land'. Whether this assumption is logical or not, it pushed the authors of *Kilimo Kwanza* to think of ways of accessing such land for commercial agriculture. As such pillar No. 5 of *Kilimo Kwanza* (5.1) undertakes to amend the Village Land Act No. 5 of 1999 so as to facilitate 'equitable access' to village land for investments. In addition to that, the *Kilimo Kwanza* initiative, through this pillar, seeks to create land banks that could be readily available for agricultural investments.

There seems to be good will in some of the pronouncements stated in the document in relation to indigenous citizens. For example, section 5.6 (4) of *Kilimo Kwanza* undertakes to "review the Tanzania Investment Centre's Derivative Rights to facilitate Tanzanians to enter into joint ventures in land-based investments." However, by its design, *Kilimo Kwanza* is largely premeditated to operate in favour of both local and foreign commercial investments in the agricultural sector. The authors of *Kilimo Kwanza* believe that modernization and transformation of the agricultural sector (green revolution) will largely be achieved by encouraging large-scale farming.

One cannot stop worrying, however, that local investors are at a disadvantage in terms of establishing investments because they lack capital and other necessary pre-requisites. As such, the intention to amend the Village Land Act No. 5 of 1999, which at least in principle assures the impoverished rural people of their only asset - the land- has raised a lot of concerns. For example, in the consolidated *Kilimo Kwanza* budget, the Ministry of Land, Housing and Settlements Development is undertaking to do the following:

1. To identify potential land for investment in Coastal, Morogoro, Iringa, Mbeya, Rukwa, and Tanga regions.
2. To develop land use plans for 250 villages in the above regions.
3. To identify 180 farms in the above regions.

²⁰ See Tamko la Rais wa Jamhuri ya Muungano wa Tanzania, in URT (2009) *Kilimo Kwanza: Mapinduzi ya Kijani*, Dar es Salaam: AP Media & PR Consult Ltd.

4. To value landed property and to prepare valuation reports.
5. To compensate land, buildings and other properties

Village land for commercial investment, particularly for foreign investors, *must* be transferred to general land, and given to the investor with a granted right of occupancy. If we revisit the Village Land Act No. 5 of 1999, Section 4 (1) – (14) the process of transferring land takes many gruelling stages that are a discouragement to investors. For instance, Section 4 (1) of the Act states that, when the President resolves to transfer any village land to general or reserved land, he/she will instruct the Minister to proceed in accordance with the stipulated provisions. However, Section 4 (6) (a)-(b) gives an opportunity for the Village Council and the Village Assembly to discuss the reasons and logic for transferring the land. They will thus give their opinion to the Minister as to why the said land should or should not be transferred. In addition to that, the Commissioner or any other assigned official together with a person or representative of the company that is proposing to use land *must* attend and address the Village Assembly and answer questions that might be posed.

These stages are cumbersome to both investors who wish to use the proposed land and the political elites involved in the process. On the one hand, the law forces investors to justify whether their investment will be of any interest to the village, whose land is sought to be transferred. However, the establishment of business projects are mostly guided by profit, determined by demand and supply. Although feasibility analysis may legitimately allow the business to operate in the village, but the business itself may not offer solid benefits to the population. As such the investor may fail to convince the villagers about the business project, who may then disagree with the intention of the investor.

On the other hand, the law empowers the villagers to accept or deny the proposed land to be transferred by the President. Although the law does not say the Village Assembly's decision may prevent the President from transferring the land, but for a politically elected leader, to proceed with the transfer may raise other political implications. In this age of information technology and the presence of many rights activists, concerns raised by a single village may capture the sympathy of the whole nation. As such, the President may be forced to withdraw his/her decision to avoid a political backlash. And even when the land *must* be

transferred, Section 4 (8) requires that an agreement must be reached about the type, amount, method and timing of compensation between the villagers and the Commissioner.

The proposals for amending the Village Land Act No. 5 of 1999 are, however, not yet tabled. What we do not know is whether the amendment will remove the arduous procedures to facilitate a smooth transfer of the village lands as the statement itself suggests. In this study we attempted to solicit views from different stakeholders on how the Village Land Act No. 5 of 1999 should be amended to suit the *Kilimo Kwanza* investments. The section below presents some of the proposed amendments.

To begin with, it was proposed by some respondents that the amendment of the Village Land Act No. 5 of 1999 should indicate unequivocally equality between the status of the certificate acquired through customary rights of occupancy with the one acquired through granted right of occupancy. The certificate of customary right is usually regarded as not equivalent to the certificate of occupancy issued under Section 29 of the Land Act No. 4 of 1999. However, Jane Kapongo²¹ contented that the two certificates are equal because they provide security of tenure to both categories of land users. This equality is also justified under Section 18 (1) of the Village Land Act. Nonetheless, for investment purposes, the two certificates seem not to carry the same value. Two reasons substantiate the existing perception of inequality:

1. Land, which is acquired through the customary rights of occupancy, is *usually* limited in amount or size. Section 76 (1) of the Regulations guiding the Village Land Act limits the Village Council to transfer less than 20 hectares or 50 acres to an individual or group under a certificate of customary rights. Such a land is too small (usually less than 50 acres) for large investments that would help a Tanzanian rural citizen to enter into joint ventures with foreign investors. Jane Kapongo, again, said villagers can have more than 50 hectares of the Village land under the same certificate of customary right. This statement is correct, especially when land acquisition preceded the granting of the certificate. However, for new occupants in need of more than 50 acres, the village is deprived of its authority, and the control of the said land is taken

²¹ Jane Kapongo is a Senior Legal Officer in the Department of Land Administration in the Ministry of Land, Housing, and Settlement Development.

over by higher authorities - the District Council and the Ministry. In contrast, the land acquired through granted right of occupancy is often large enough to suit the needs of large investments.

2. Lands owned by Tanzanian nationals under a certificate of customary right are usually not surveyed and valued. In order to facilitate the process of title acquisition, these issues have not been emphasized. But land owned under the granted right of occupancy is usually surveyed, mapped and at times valued. These qualities are usually more attractive to financial institutions than those of land owned under certificate of customary right. Thus, it becomes very difficult for the customary right holder to access loans by using such a land as collateral.

If small-scale producers are to participate meaningfully in the implementation of *Kilimo Kwanza*, the call for amendment should, therefore, consider increasing the size of land that can be owned by individuals or groups who would like to engage in large-scale commercial agriculture. The Village Council should have power to grant more than 50 acres for such purposes under the certificate of customary right of occupancy (CCRO). The amount of land to be leased should be enough to sustain large investments as the investment project may require. Most importantly, the law should make a land use plan compulsory for the land to be used for such investments and it should spell out clear procedures and harmonize the costs of surveying village lands at a reasonable cost. The MKURABITA Zanzibar manager, Makame Juma Pandu,²² admitted that the current costs of surveying land are unbearable. However, if villages are to get a meaningful title that is valued by financial institutions, Mr. Pandu said, these proposals to modify the Village Land Act cannot be ignored.

In addition to that, Pillar 5.6 (3) of the *Kilimo Kwanza* document proposes that “legislative measures should be taken to enable villages and villagers to use their land as equity in joint ventures with investors.” The Village Land Act Section 7 (6) and (7) stipulates that the Commissioner will issue a certificate of village land (under the name of the President) to all villages whose boundaries are known. Again, Section 8 (1)-(12) gives the Village Council the responsibility of managing village land, where the Commissioner and the Minister are given

²² Makame Juma Pandu is the Business and Property Formalization Manager for Zanzibar. He was interviewed on 29th December, 2010 at MKURABITA offices, Dar es Salaam.

the power to intervene if the Council abuses its powers in the management of the village land. This arrangement is good because it ensures accountability in the management of land. Now, if an amendment has to be done in order to allow villages to exploit the benefits of *Kilimo Kwanza*, then it should not only allow villages to have a legal power to enter into contracts with investors, but also it should give villages a mandate to offer more than the current 50 acres for investment. This proposal seeks to guarantee that villages remain to be the 'principal managers' of the village land, even if it is used for investment.

It was observed that the current practice of transferring village to general land so that it can be used for investment does not benefit the villagers. The TIC Investment Promotion Officer, Kabenga Kaisi²³ contented that if we want villagers to benefit from their land, they should be allowed to release land for investment but all taxes should be paid to the villages. This argument holds water for two main reasons. First, this will simplify the process of acquiring land for investment because the primary agreement will be reached at the village away from the delays of the bureaucracy. The land administration officers should only play advisory roles including giving proper guidance on the legal and technical aspects of the contracts. Second, such investments might, in turn, improve the livelihoods and infrastructure in rural areas.

Many other proposals of amending the Village Land Act are in line with the proposals submitted to the Ministry of Land, Housing and Settlement Development by the Business and Property Formalization Program (MKURABITA). Some of the proposals were raised by Makame Juma Pandu who argued that the land administration system should be modified to allow Village Executive Officers (VEOs) to sign documents as Commissioners for Oath. This concern was voiced due to realization that some transactions involving land in the rural areas require the signature of a Commissioner for Oaths. This becomes a burden to villagers who might be forced to travel miles away looking for an advocate or any other person who is a Commissioner for Oaths. It was thus proposed that an amendment of the Village Land Act, No. 5 of 1999 should give the Village Executive Officer (VEO) the legal power to sign documents as a Commissioner for Oaths.

²³ Kabenga Kaisi was interviewed on 20th December, 2010 at the TIC offices in Dar es Salaam.

In line with the above administrative concern, Mr. Pandu argued that the adjudication of conflicts emanating from disagreements over the boundaries of village land, the responsibility of the Minister should be vested in the District Executive Director (DED). The logic of this decentralization is that, in the first place, the Minister is often not well informed about village land and there are many villages in Tanzania. In addition to that, as it is stated in Section 7 (2), this procedure is unnecessarily prolonged and may be delayed for an indefinite time given the Minister's tight schedule. This can cause an undesirable delay for people who would like to use the said land for agricultural production. Thus, instead of vesting this responsibility in the Minister, the DED can assume the powers of the Minister taking advantage of his proximity to the villages in question. However, the two proposals were strongly disputed by other stakeholders who view them as 'concentrating power' in the hands of the DED and the VEO.²⁴ It was argued, for example, that experience shows the VEOs have been a source of land conflicts in many villages. As such, they may misuse the power vested in them.

However, there are people who believe that the Village Land Act No. 5 of 1999 may not need to be amended because as it is, it can serve the purposes of *Kilimo Kwanza*. Jane Kapongo, for example, believes that the law offers enough security measures for village land so that it cannot be grabbed or misused by a few people. She argued, for example, that the inequality of the two certificates (customary title and granted right of occupancy) is a groundless perception. She gave testimony that certificates of customary rights have been used by villagers to access loans in Mbozi and Babati from CRDB and NMB. Jane Kapongo believes that the Village Land Act has not yet been effectively applied. She recommended that the Ministry should ensure that land registries at the village and district level are in place and it must create section-by-section circulars in order to popularize the key provisions of the Village Land Act.

It should be noted, however, that although land was used as collateral, the villagers who accessed loans in Mbozi and Babati did not use the loans to invest in agriculture. It can then be argued that the banks trusted them not because of their collateral but because of the

²⁴ This concern was raised during the data validation workshop held at Wanyama Hotel in Dar es Salaam on 1st February, 2011.

viability of their business plans, from which a loan was sought. If they were to invest in agriculture, which as we saw earlier, is an unpredictable venture, these financial institutions would have to think twice.

5.0 Commercial Agriculture

The primary objective of *Kilimo Kwanza* is to modernize and commercialize agriculture. It is thus considered as a 'blue print' for the Tanzania's Green Revolution. The second pillar (2.7) of the *Kilimo Kwanza* document indicates the Government's commitment to mobilize agricultural investment by the private sector. The targeted investors are small, medium, and large-scale agricultural producers. Modern and commercial agriculture involves three important stages. These are the production stage, semi-processing and storage of the agricultural products, and the market. It is important to analyze the viability of engaging small-scale producers in commercial agriculture.

5.1 Small Scale Producers and Commercial Agriculture

a) The Production Process

The viability of commercial agriculture depends on two major factors; inputs and outputs. Inputs include land, capital, agricultural equipment, seeds, irrigation water, fertilizer and pesticides. To maximize yields (outputs), there must be a proper balance between inputs, which is also determined by the nature of the soil and crops to be produced. In this section an analysis will be made to see how small-scale producers' production can be termed commercial.

Households belonging to small-scale producers in rural areas have an average plot size of 0.5 to 5 acres (FAO, 2010). In an interview with small-scale producers in Bagamoyo and Morogoro, they confirmed these figures. For example, small-scale producers at Chalinze said that most households own 1 to 4 acres of land. In Morogoro, small-scale producers interviewed said that majority of them own between 1 to 3 acres. Although modern ways of farming can be applied in these small plots, the output may not provide adequate surplus that could be sold with high enough returns so as to justify the investment in modern production techniques. As such small sized plots in rural Tanzania may be a setback to

commercial farming, as the household may not be able to produce an adequate surplus apart from the amount of food required for household consumption.

Capital is another important input in commercial farming. The Food and Agriculture Organization report (2010) indicates that only 22 percent of agriculture is commercial. This is the only category with capital that can be used to modernize agriculture. It is also instructive to note that the FAO study shows that 81 percent of the remaining people engaged in agriculture are small producers who form over 80 percent of people living below the poverty line. For example, over 49 percent of the poor in Tanzania earn their income by selling food crops. Equally, the situation is not very different for those who sell cash crops as they form about 20.5 percent of the poor (see table below).

Table 5: Distribution of Poverty by Main Source of Cash Income in Tanzania.

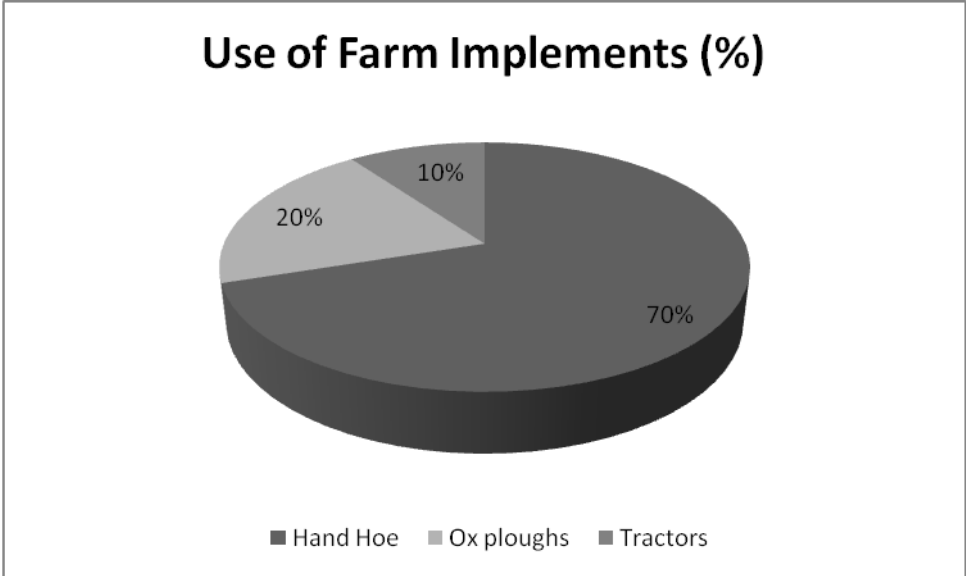
Cash Income Source	Percentage of the Poor
Sales of food crops	49.6
Sales of livestock	7.2
Sales of livestock products	1.4
Sales of cash crops	20.5
Business income	8.4
Wages and salaries in cash	3.6
Other casual cash earnings	4.9
Cash remittances	2.3
Fishing	1.5
Other	3.3

Source: Data from FAO, 2010.

Lack of capital deprives small-scale producers from accessing other key inputs such as fertilizer, pesticides and agricultural equipment. Again, as we saw earlier, opportunities for getting loans from the TIB is next to impossible for small-scale farmers because of the minimum amount that is set. No small-scale producers will dream of borrowing TZS 50 million hoping to repay the money by cultivating 3 acres of land. On the other hand, commercial banks that can provide a loan lower than the TIB minimum exposure are either rigid with conditions, or disinterested in unproductive small-scale agriculture.

With regard to agricultural equipment, the FAO (2010) study shows that the use of crude equipment continues to be the major reason for low production in the rural Tanzania. Only 10 percent of the Tanzanian crop producing land is cultivated by using tractors. Again, only 20 percent of the remaining land is cultivated by using ox ploughs. However, the remaining area, which is 70 percent, is cultivated by using hand hoes. The *Kilimo Kwanza* initiative is aware of this and measures taken include the importation of farm equipment from India. However, the small-scale producers use hand hoes out of economic necessity because the IFA (2003) report indicates that the rural families that rely exclusively on agriculture are the poorest of the nation. It should be remembered that these rural families form 82 percent of those who are living below the poverty line. As such, they cannot afford even an ox plough.

Figure 4: The Use of Farm Implements for Agricultural Production in Tanzania.



Source: FAO, 2010.

In addition to that, the production process carried out by small-scale producers is mostly rain-fed. Dependence on seasonal rains has affected output levels especially when there are rainfall variations and drought. For, example, the 2009 Tanzania Economic Survey reveals that production of crops (mostly food crops) was not satisfactory that year mainly because of adverse weather. For example, maize, which is the most dependable food crop in Tanzania, decreased in terms of production by 6.5 percent. Such a decrease endangers food security at the household level and thus the sale of surplus produce is out of bounds for the affected households.

The solution to dependence on rain-fed crop production is the use of water for irrigation. Official data show that a total of 29.4 million hectares are suitable for irrigation farming in Tanzania. However, only 326,492 hectares have been developed for irrigation farming. This is an insignificant size of the land that is suitable for irrigation farming. Water for irrigation can be captured from rivers, lakes, dams and rainfall. However, the infrastructure required for sustainable irrigation farming is expensive for a single or even a group of peasants. As such, the state must play its developmentalist role to create such infrastructure so as to maximize production. Small-scale producers in Chalinze said, for example, there are seasonal rivers crossing their farming area, but they have no means to harvest such water to be used for irrigation farming. In an interview with the Principle Engineer of the Irrigation Department, Mr. January Kayumbe,²⁵ he said that the Irrigation Department has been largely ineffective in terms of taking a leading role to create infrastructure for irrigation because its clients are small-scale producers who cannot pay for the costs.

Kayumbe further informed that they get many applications from small-scale producers seeking their services. However, they do not have the budget to be able to provide the services requested by the small-scale producers. He said, for example, that estimates show that in the year 2010 they received applications for projects totalling TZS 132 billion. However, they had only TZS 31 billion, which is a mere fraction of the demand. The Principle Engineer cited departmental budget deficits as a major constraint. He said, for example, in the 2009/2010 financial year, the department got only 19 billion. The budget went down to 16 billion for the 2010/2011 financial year.

Kayumbe advised that the Government must be motivated by the success stories recorded from those who have access to water for irrigation. He compared yields obtained from plots under irrigation schemes and those that depend on seasonal rainwater. While those who rely on rain can get 1 to 2 tonnes of paddy per hectare (assuming that rain fall was constant), those who use irrigation get 5 to 10 tonnes per hectare. They also have an additional advantage of farming any time without waiting for the rainy season to begin. He gave an

²⁵ January Kayumbe was interviewed on 31st December, 2010 at the premises of the Department of Irrigation, Dar es Salaam.

example of small-scale producers at Usa River, in Arusha. Irrigation farming has improved their life considerably to the extent of sending their children to an international school, which is a dream life for a peasant who relies on rain fed crop production. Apart from Usa River, other good examples of the successful cases are the Mombo, Igomero, and Mbarari irrigation schemes.

Availability of high productive seeds, fertilizer and insecticides has been a challenge for small-scale producers. They are scarcely used by peasants because of two reasons. First, they are unavailable in most rural areas. This is partly contributed by the absence of infrastructure like tarmac roads connecting the rural and urban areas. For the areas that receive heavy rains, roads are usually eroded by running rainwater leaving behind potholes and ponds that cannot support the transportation of heavy loads. Second, even when the inputs have reached the rural people, they are usually very costly. Costs increase in the rural areas partly because of the monopolistic nature of the rural business people and the costs of transport necessitated by bad infrastructure.

In a interview with the small-scale producers in Bagamoyo and Morogoro, many problems were identified with regard to the current system of subsidizing agricultural inputs, mainly fertilizer, seeds, veterinary medicine, as well as insecticides and pesticides. The community of traditional livestock herders Naramatisho, Narematisho, Nadupu, and Mape-Tenebo want the government to consult them on what type of veterinary medicines and other inputs they need to protect their cattle. They said they always receive a different variety of the subsidized medicines and some of them are not really working. They wanted subsidies on the veterinary medicine that has proven useful to keep their cattle safe from diseases.

In Morogoro, small-scale producers reported a great deal of misuse and embezzlement of the subsidy vouchers that are supposed to benefit small-scale producers. This complaint was echoed from different parts of the region including Morogoro Rural, Mvemero and the sub-urban areas engaged in crop production. In Forest Hill, for example, the whole exercise was called off because some people who were not engaged in agriculture were given the vouchers. Lucas Luanda reported that in Konde society, located in Morogoro rural, they produce organic food. As such, they had no need for the fertilizers and seeds. However, the

District Agricultural Officer and Ward Executive Officer lobbied some farmers to sign the vouchers as if they have received the inputs in return for a token amount of money. In the end Government money intended to support rural agriculture ended in the hands of thieves who are sadly entrusted to manage the vouchers.

Despite the abuse, small-scale producers lauded the voucher initiative but they wanted accountability measures to be instituted to prevent theft and embezzlement. They suggested that, the WEO must call for a general meeting to discuss with members of the entire ward their share of the farm inputs and procedures to be used. Second, the agents for selling the inputs must be residents of that ward. The agent will thus be able to account for his actions when things go wrong. For example, some seeds supplied to the producers did not germinate, but the villagers did not know where to find the agent.

b) Processing and Storage

Small-scale producers in Tanzania are faced by the major challenge of having safe stores and processing their raw products. With regard to storage, two common problems face the producers. First, given their tiny houses, they do not have the capacity to store agricultural products. Secondly, even those who manage to store such products face another challenge emanating from insecticides. The small-scale producers interviewed in Morogoro informed that, in most cases when they are 'blessed' with a good harvest, then the immediate problem becomes storage. As such, most of them are forced to sell off their produce, even if it is at low price. The Government must build storage structures at different levels to ensure safe storage of the agricultural products.

According to the MAFC economist, Nicodemus Massawe, most of the agricultural produce is sold in a raw form, an aspect that deprives the producer of profit. Semi-processing and processing the products in their end form could boost sales and the price of such products. Massao believes that the processing of agricultural products adds value to the raw products, which attracts both customers and a relatively high price. For example, if small-scale maize or cassava producers process their farm products into flour, the end product will be readily sellable at a higher price than the raw products. However, the viability of this presupposes minimum capital to invest in processing machines and to observe of hygienic conditions.

Small-scale producers thus need both empowerment and training before they can embark on processing their products.

c) Market

Commercial agriculture presupposes the availability of market for the produced crops. In contract farming, for example, small-scale producers work to serve pre-agreed supply agreements between them and the buyers (Vermeulen & Cotula, 2010). The agreement specifies the quality and quantity of the products to be produced as well as the initial support that the buyer provides to the producer like seeds, fertilizer, pesticides and insecticides. The agreement can also include the price of the products. In such a system, small-scale producers are motivated to produce with a readily available market after harvesting.

To the contrary, however, small-scale producers in Tanzania produce blindly without knowing where their market is. The market for agricultural products (mostly food crops) has been very unpredictable. Even when cash crops are produced, prices tend to fluctuate in the world market putting the producers in a disadvantaged position. The unpredictability of the market has crippled the capital of many small-scale producers who attempt to invest heavily in the agricultural production. When crop yields are high for every producer, the prices are driven down by competition. Producers can even sell products below the cost of production. This is partly contributed to by their poor storage capacity and their desperation for cash to meet other basic needs.

The MVIWATA Communication Officer, Susuma Msikula explains how the market operates against small-scale producers. He argues that unnecessary restrictions and unavailability of the market have discouraged small-scale producers from increasing their production. For example, MVIWATA members in Rukwa, who are renowned producers of maize, were prevented from selling their products on the external market in 2009. The Government, fearing food insecurity in the country, prevented the sale, promising instead to buy off all the surplus stock. Susuma said, only a fraction was bought leaving a lot of the grain to be destroyed by insects.

Furthermore, Susuma hinted that the overproduction of some crops in some areas has resulted in low prices. In Simanjiro, for example, farmers were aided by irrigation water, and they produced in relative high quantity paddy and onions. However, the market was gloomily low forcing the farmers to sell below the anticipated selling price in order to meet other demands. Susuma further informed that some farmers in Simanjiro producing onions under the irrigation scheme attempted to transport their onions to Moshi in search of a better market. However, the district council imposed a tax on them claiming that they have assumed the role of merchants.

5.2 Incentives for Commercial Agriculture

Pillar No. 6 of the *Kilimo Kwanza* document presents several priority areas to be worked out in order to attract investors for commercial agriculture. These include the following:

- Fiscal and tax incentives.
- Strict adherence to standard weights and measures.
- Enhancing the competitiveness of the Tanzanian agriculture.
- Removal of market barriers on agricultural commodities.
- Availability of markets (both local and international).
- Price stabilization.

The general trend shows that agriculture is an unattractive sector for business ventures. Janet Bitegeko believes that incentives must be designed in order to attract investors in the sector.²⁶ She, therefore, argued supported the *Kilimo Kwanza's* proposals on tax and non-tax incentives. She said, for example, Zambia has abolished all taxes in the agricultural sector in order to attract more investors and this has boosted agriculture production helping to combat the food insecurity the country has faced for many years.

However, such incentives, presupposes that investors in the sector have enough capital for investment and to take care of agricultural inputs. In addition to that, it is assumed that all

²⁶ Janet Bitegeko is the Agricultural Council of Tanzania's Executive Director, in an interview cited earlier in this report.

other primary inputs like land and water for irrigation are readily available. If land that is suitable for irrigation is available that will be for foreign large-scale investors. These investors have capital that can facilitate the creation of irrigation infrastructure and purchase farm inputs like high productive seeds, farm equipment, fertilizers, pesticides and insecticides.

Apart from the market and price stabilization, small-scale producers have a different set of incentives. In the first place, the infrastructure system in rural Tanzania should be improved. Without having good roads connecting the interior the crops produced might not reach the markets. Second, inputs should be the major incentive to small-scale producers if they are to increase production through commercial farming. The 0.5 to 5 acres owned by these producers are not enough to revolutionize agriculture in rural areas. In addition to land, ways to access capital must be harmonized in favour of small-scale investors. As we saw earlier, the current system does not settle well with this category of the population. The third incentive in terms of inputs should be availability of water to irrigate the crops rather than solely depending on rain. Inconsistent rainfall has caused a lot of distress to small-scale producers when their meagre capital could not provide returns due to crop failure. The final incentive should be the provision of fertilizer, seeds, insecticides and pesticides. One cannot expect maximum output if these inputs are not available.

6.0 The Prospects for the Tanzania's Green Revolution

In theory, *Kilimo Kwanza* is a comprehensive and ambitious initiative backed up by policy instruments and strategies to transform Tanzanian agriculture. The report produced by the Embassy of Switzerland states that the *Kilimo Kwanza* initiative is expected to be complete in 10 years.²⁷ Its comprehensiveness rests on the manner it mobilizes different sectors and the Tanzania population in general to implement the underscored policies. It is important to examine, albeit briefly, the role of the state in the implementation of *Kilimo Kwanza*.

²⁷ Embassy of Switzerland (2009) Economic Report Tanzania, accessed from www.osec.ch

6.1 Interrogating the Role of the State

In the theoretical framework section, we saw that the implementation of the *Kilimo Kwanza* initiative presupposes the state to play a developmental role. The state's roles cut across all pillars of *Kilimo Kwanza*. Some of the functions of the state are:

1. Equitable land distribution and regulating the use of land as a major means of production.
2. To create the infrastructure necessary for the program to take off.
3. To offer both fiscal and non-fiscal incentives in order to encourage the participation of the private sector in the production process.
4. To regulate the market so as to insulate producers from external competition.
5. Price stabilization.
6. To ensure a smooth coordination of all the agricultural processes performed by different sectors.
7. To ensure a backward and forward linkages of the agriculture sector, industries and the market.
8. To provide budgetary and financial support for the implementation of *Kilimo Kwanza*.

The theory of State Developmentalism was developed in accordance with the rapid industrial growth experienced by Japan in the 1950s; the Four East Asian 'Dragons' or 'Tigers' (Hong Kong, Singapore, South Korea, and Taiwan); the Southeast Asian Tigers (Indonesia, Malaysia, Thailand) in the late 1970s, China in the 1980s and the Philippines in the early 1990s (Clark & Jung, 2002). The interdependence that exists between the agricultural sector with other sectors, like infrastructure, construction, trade, and industries, implies that once the agricultural sector has been transformed, the whole economy will grow. There are three key institutional characteristics that the state must have in order to perform the developmental role. These are strength, autonomy, and developmental commitment.

Strength implies that the state has power to implement its policies. The assumption here is that the policies are acceptable and are valued by the society because they possess both personal benefits and contribute to the national development project. In the case of *Kilimo Kwanza*, the state's strength has to be measured in terms of enforcing the implementation

of *Kilimo Kwanza*. This is done by using ‘carrots’ and a ‘stick’. That is to say the state has to use incentives and what Max Weber referred to as authoritative or repressive power to coerce other actors to respond toward the general goal. The incentive package of the state includes creating a conducive environment for agricultural investments like providing capital, irrigation infrastructure, necessary transport infrastructure, farm implements and other farm inputs. There is no doubt the Tanzanian state has promised to offer such incentives, and this is not yet the time for assessment. The repressive side entails making sure that all the sectors are working towards implementing *Kilimo Kwanza*. The assumption is that the state has a legitimate right to use force against all those who will distort or hinder the implementation of the national project.

Strength as an institutional feature of the developmental state is however closely related to autonomy. As such, to play a meaningful role in the economy, the state must act independently of pressures from both local and external constituencies. Autonomy presupposes that at least the state is self-sufficient to certain levels especially in financial terms. However, the Tanzania state has declared its dependence from the very beginning of implementation of *Kilimo Kwanza*. Pillar 2.1 (3) of the *Kilimo Kwanza* document states unequivocally that Tanzania wishes to encourage development *partners* to support *Kilimo Kwanza*. More specifically there is a basket under the Agricultural Sector Development Programme (ASDP) which is used to mobilize donor funds. The dangers of financial dependence are twofold. First, funds solicited from donors may not be forthcoming, or if available may not come on time. This will affect the smooth running of the agricultural project in many ways. Small-scale producers, for example, have been complaining about delays in the distribution of subsidized farm inputs like fertilizer, seeds, insecticides and pesticides.

The second problem emanating from dependence is that donor whims can prevent the state from acting in support of *Kilimo Kwanza*. For instance, donors would like states to adhere to international agreements like those reached under the World Trade Organization (WTO) which require, among other things, states to get rid of all sorts of distortions in agribusiness. As such, the state is not supposed and may not be able to insulate local investors in the

agricultural sector from international competition. This will most certainly affect local producers, especially when their sales income may not reflect the cost of production given the low price of agricultural products sold by external companies.

The last institutional character is that of commitment to development. The state's commitment to development is first and foremost reflected in its budget. Clark & Jung (2002) aptly argue that the state must play a 'deactivism' role which entails limiting the size of the government and unproductive activities and concentrate instead on the development project. However, the budget allocated to agriculture raises a lot of questions as to whether the state has a developmental commitment. In the 2009/2010 financial year the MAFC budget was 6% and it was raised just slightly in 2010/2011 to reach 7.78%. Common sense dictates that the budget for agriculture could have been boosted above 10% in order to rally around *Kilimo Kwanza* as a national development project. Surprisingly, the ministry of education and health have scooped the lion's share of the budget. Although they are equally important ministries, but they are oriented toward welfare, which proponents of the developmentalist theory may not support.

6.2 Small Producers and the Green Revolution: The Experience of other Nations

The phrase 'Green Revolution' became popular in the 1960s. The common usage of the phrase implied two interrelated aspects of the agricultural sector. First, "green revolution referred to any aspect of agricultural improvement" (Clawson & Hoy, 1979). However, the terminology green revolution came to specifically refer to a broad *transformation* of the agricultural sector, in terms of the production process and other stages with the view to maximize production. The transformation processes include:

- Mechanization of the agricultural process.
- Irrigation farming as opposed to reliance of seasonal rains.
- Greater use of petroleum based products such as chemical fertilizers, pesticides and insecticides (Ibid).

The appropriate way of describing the green revolution is the application of modern technology for cultivation and scientifically developed inputs in order to increase agricultural

outputs. Apart from fertilizers and pesticides, farmers required high yielding varieties of seeds in specific crops such as wheat and paddy. Much as the green revolution will be a new phenomenon in Tanzania, we would like to gauge the opportunities and challenges it will bring to Tanzanian small-scale producers. As such, this study will draw on the examples of pros and cons of the green revolution from Mexico, India, and Bangladesh - countries that took measures to transform their agriculture in the 1960s and 1970s.

It is imperative to begin with a brief history of the case studies before dwelling on the pros and cons. India is the second most populated country after China. Its population, according to the 2001 census crossed one billion (1,028,610,328) and in 2007 the population was estimated to be 1,129,866,154. The growth rate of the population is 2.11%. One of the major challenges India was facing in the 1960s was how it could feed its growing population. The Indian national website indicates that currently agriculture is a livelihood for 58.4% of the population, and it contributes about 17% of the GDP. In the 1960s the Government, with the aid of the United States of America aid agency (USAID), undertook far reaching measures to transform traditional farming by pushing for the use of High Yielding Varieties of wheat (HYV), as well as fertilizers and pesticides (Rahul & Nellithanam, 1997). The reforms were accompanied by the Government efforts to provide special training for farmers, loans for digging tube wells, free electricity and subsidized prices of fertilizers and seeds. Maximum production was encouraged by the government by buying the surplus produce at a high and competitive rate.

Green revolution technology was also identified as appropriate for Bangladesh in order to improve its agriculture with a specific aim of ensuring food self-sufficiency in the country (Naher, 1997). Bangladesh is one of the very densely populated, land-scarce countries, whose economic structure is depended on agriculture. In the 1970s, when the green revolution technology was introduced, agriculture accounted for 40% of the total GDP and more than 60% of the population was employed in the agriculture sector. The country has an area of 147,570 square kilometres with the population 114 million people (Ibid). Currently Bangladesh has a population of 156, 000,000 and it continues to grow at the rate of 1.29 percent. The green revolution was intensified in the Bangladesh in 1970s where they increased the size of irrigated land from 5 to 16 percent and the use of high productive seeds

and inorganic fertilizers from almost nothing to 100 kg per net cropped hectare (Naher, 1997).

Mexico has an area size of 1,972,550 square kilometres with a population of 112,468,855 (as of July, 2010). Although it is characterized by the World Bank as a middle income country, 44% of its population lives below the poverty line. According to the CIA World Fact Book, agriculture accounts for 4.3 percent of the total GDP in Mexico and it offers livelihood to 15% of the population. Agricultural transformation began to take place in the 1960s, where the application of new inputs, resulted in a dramatic crop increase (Clawson & Hoy, 1979).

Literature on the application of the green revolution technology shows that a lot of benefits were reaped by both large and small-scale producers in the three case studies highlighted above (Rahul & Nellithanam, 1997; Naher, 1997; Clawson & Hoy, 1979; Blyn, 1983). In India, for example, George Blyn (1983) writes that the use of HYV increased productivity that benefited both small and large farmers. As a result there were observed changes in their income, quality of clothing, furniture, and their diets were more diversified (Ibid).

Apart from income, small-scale producers also enjoyed many other benefits associated with the role of the government in the green revolution. For example, rural roads and other infrastructure were improved. In India the government wanted to reduce dependence on monsoon rains and created infrastructure for irrigation farming even in remote areas. This went hand in hand with supplying free electricity to the farming areas (Rahul & Nelithanam Op cit). Rural small-scale producers were able to maximize their production because of the availability of subsidized inputs (seeds, fertilizers, pesticides etc.). Thus small-scale producers were empowered, albeit marginally, to participate in commercial farming.

It is important to note, however, that before the 1960s a great number of the population lived on agriculture. In India and Bangladesh over 60 percent of the population depended on agriculture. In Mexico, the country's Business Guide (2000) shows that between 1960- 1970 about 39.4 percent of the total population depended on agriculture. However, with time and

after the green revolution the number of people employed in the agricultural sector decreased in Mexico and India but increased in Bangladesh.²⁸

The lesson that we learn from Mexico and India is that some circumstances have displaced the small-scale producers out of the agricultural sector. One of the mechanisms that eventually alienated small-scale producers from their land is described by Blyn (1983). Blyn argues that the green revolution ushered in an aspect of competition requiring small-scale producers to expand production so that they can maximize profit. However, some of the families had small portions of land that could not allow them to compete. The portions of land became even smaller due to division influenced by inheritance practices. As such, some of the households decided to sell off their plots and they left the villages. The same story is recounted in Mexico, where the 1992 amendment of the Land Act, allowed peasants to enter joint ventures, lease or sell plots to investors. Thus, some small farmers sold their plots and they went to seek for employment in urban areas.

However, Mexico also offers a very good example of a rural population that refused to embrace the virtues of the green revolution (Burstein, 2007; Clawson & Hoy, op cit). Given the experience of those who lost their land, small farmers regard the transition to commercial agriculture as risky, because they lack appropriate technology and credit (Burstein, 2007). In India, Rahul and Nellithanan (1997) believe that small producers lost their land partly because of indebtedness, especially when their agricultural investment could not provide the required output. As such, while other small-scale producers were displaced, a few who could compete in the sector were expanding through buying land from the displaced households.

Equally noted, the sustainability of the green revolution in these countries was also called into question for many reasons. To begin with, the continuous production in the same plots resulted in dwindling outputs due to loss of soil fertility. In the Malwa Plateau, for example, frequent use of fertilizers and pesticides depleted soil fertility and resulted in the emergence of resistant weeds (Ibid). Output was also reduced because of the HYV seeds used in the

²⁸ Currently the agricultural sector employs about 63 percent of the total population. In 1970s the sector employed 60% of the population in Bangladesh.

production process. Rahul and Nellithanam (1997) argue that given the high yields obtained in the initial years, farmers in the Malwa Plateau embraced the HYV of wheat abandoning their un-irrigated wheat varieties. It is instructive to point out that the local un-irrigated wheat is able to grow under low soil moisture and is resistant to pests. As such, after three decades, the un-irrigated wheat vanished and the HYV started to produce low yields. As such, the Indian authority was forced to retrieve the old wheat varieties for seeds.

6.3 Opportunities and Probable Challenges to Small Producers in Tanzania

Kilimo Kwanza, as a blueprint of Tanzania's green revolution strategy, is likely to give small producers several opportunities. For example, SAGCOT, as a green revolution initiative under *Kilimo Kwanza*, intends to provide opportunities for small producers to engage in commercial agriculture. This is done by forming stronger ties between small farmers and agribusinesses. One model which SAGCOT will employ is that of hub and out-grower schemes. In this scheme, small producers will operate in the vicinity of large-scale farms in order to enjoy access to extension services, inputs, value adding facilities and markets.

In addition to that the implementation of *Kilimo Kwanza* may improve rural life, especially when infrastructure (roads, railways) will be built to link rural Tanzania to major urban centres facilitating the transportation of goods from the production and allowing small scale producers to access the market. The income of the rural people will be expected to increase with the implementation of *Kilimo Kwanza*.

Nonetheless small producers in Tanzania face major challenges associated with the green revolution. Most of these challenges are observed in the three case studies discussed above. As such, in this section we will briefly explore the probable challenges that small producers must be prepared to encounter. One of the challenges is that of making small-scale agriculture modern but sustainable. According to Greenland (1975) a stable agricultural system requires that:

1. The nutrients removed by crops to be replenished in the soil.
2. The humus level in the soil to be constant or increasing.
3. There is no build up of weeds, pests, and diseases.

4. There is no increase of soil acidity.
5. Soil erosion is controlled.

Small-scale producers in Tanzania have managed to keep their production levels steady using small plots because they employed mixed farming or shifting cultivation. Mixed cropping entails planting more than one crop in the field at the same time. In most cases farmers mix corn (maize) and legumes. The benefit of this farming system is that some crops, legumes in particular, have a highly active nitrogen fixing *rhizobia* to supply nitrogen to the soil and other crops (Ibid). Contrary to mixed cropping, in a shifting cultivation system, cropping is usually followed by a fallow period allowing the soil nutrients to recycle.

Intensive use of fertilizer, insecticides and pesticides as well as high yielding seeds may have far reaching implications for small-scale producers in terms of sustainability. In order to augment surplus production, small farmers might be forced to produce a single crop in their plots continuously. In India, as noted earlier, this resulted in a depletion of soil fertility and the surfacing of resistant weeds. The depletion of the soil will have a direct negative effect on the small producers. However, a more imminent danger appears to be the seeds. The local seeds used in rural Tanzania today might be replaced by modified seeds. In India, when the irrigated wheat failed to reproduce, they had to retrieve their local seeds. Tanzania small-scale producers face this challenge, especially when their use of the green revolution technology might not be sustainable.

The case studies above also indicate that a large section of the population engaged in agriculture might be displaced from farming due to increased market competition. This worry is also evident in Tanzania especially when land can be used as collateral for obtaining commercial bank loans. Failure to pay the debts in time may necessitate the commercial banks to confiscate the landed property and sell it to another investor. It is important to note, however, that there are disagreements among analysts as to whether the transformation of agriculture needs a small or large number of farmers. In a discussion with Professor Gelase Mutahaba of the University of Dar es Salaam, he opined that the agriculture cannot be transformed with 80 percent of the population depending on it, and

especially when over 80 percent of them are subsistent farmers.²⁹ This concern was also voiced by Nicodemus Massao, who argued that overreliance on the agricultural sector may not be good for the Tanzanian economy. He held that the growth of other sectors must be encouraged in order to reduce overdependence on agriculture.

The main concern about displacing subsistent farmers from the agricultural sector is what will their future hold? In Mexico, impact of displacing subsistent farmers was ameliorated because of the expansion of the services and industrial sectors. Some migrated to the United States to offer cheap labour. As such, many of the displaced persons were absorbed in other sectors of the economy. What is unclear, however, is where the displaced Tanzanian small-scale producers will go after they sell or lose their land?

The final challenge is for both the household and the Tanzanian state. Proponents of *Kilimo Kwanza* are disturbed by the distinction that is always made about cash and food crops. The ACT Executive Director Jane Bitegeko thinks that this distinction is incorrect as both varieties of crops can earn the farmer cash. The *Kilimo Kwanza* initiative seems to support this thinking and that is why there is no particular emphasis on either category of crops. The problem inherent in this new thinking is that investors might decide to engage in commercial agricultural to produce non-food crops. Many foreign companies have already started or are about to start investing in biofuel crops (Kamata, 2009; Sulle & Nelson, 2009). If this persists, there is a danger of creating food insecurity in Tanzania. The green revolution in India and Bangladesh emphasized the production of food crops for domestic use and export. Given the importance of food security to national security and sovereignty, the lack of special consideration given to food production might put the nation in peril.

7.0 Conclusions

The main objective of this study was to examine the *Kilimo Kwanza* initiative in an attempt to establish whether it can offer opportunities to small-scale producers in Tanzania. The study was guided by a set of four research questions targeting the participation of small

²⁹ Professor of Political Science and Public Administration of the University of Dar es Salaam, said this in a lunch time discussion on 30th December, 2010, at the University campus.

producers, their involvement in the implementation process, opportunities that *Kilimo Kwanza* offers to small-scale producers and the viability of the initiative in general. The analysis began by noting a lack of participation of small-scale producers in the preparation of the initiative. Commonsense dictates that given their majority share in the sector, small-scale producers are key stakeholders in the transformation of agriculture. However, it is observed in this study that the preparation of *Kilimo Kwanza* was an affair of the business community under the Tanzania National Business Council and no deliberate efforts were done to consult small-scale producers.

The implementation of *Kilimo Kwanza* is in the pipeline but small scale producers are left at the crossroads partly because they do not understand the project and they are unaware of their role. The immediate feeling they get when they hear about *Kilimo Kwanza* is *power tillers* and *tractors* that are either very difficult for them to buy or not useful to them given the topography and nature of their soil. Furthermore, *Kilimo Kwanza* presents to them a dreadful feeling of losing their land, their only productive asset, to investors through land grabbing.

This study has revealed some opportunities that small-scale producers can enjoy if the *Kilimo Kwanza* initiative takes the interests of small producers on board. To begin with, both villages and villagers can have an opportunity to enter into contracts with investors. But this requires the political will on the part of the state to create a conducive legal and economic environment for such joint ventures. In addition to that, SAGCOT has proposed an inclusive farming model that can benefit both large-scale investors and small-scale producers who can participate as out growers in big farms. Small producers will not only enjoy infrastructure and other facilities but they will also access inputs and markets.

Finally, *Kilimo Kwanza*, as Tanzania's blueprint for a green revolution, raises a lot of questions regarding its viability. On one hand, questions are raised as to whether the sector can be transformed while providing livelihood for about 80 percent of the population. Worse still, over 80 percent of these people are subsistent producers who live below the poverty line. The answer to this uncertainty awaits the full-scale implementation of the initiative. It is also improbable that this comprehensive developmental project will be effectively

implemented by the Tanzanian state, which is expected to play a critical activist and 'deactivist' roles, while it is relying on donors for support. However, this initiative is only two years old, which is not enough a time to judge whether the *Kilimo Kwanza* initiative will be an opportunity or a curse for small-scale producers. Therefore, the final verdict is pending until the proper time for a comprehensive evaluation is reached to determine the gaps between policy pronouncements and implementation.

8.0 Recommendations

The study puts forward four recommendations on *Kilimo Kwanza*. First, there appears to be a problem of coordinating the activities of *Kilimo Kwanza*. As noted in this study, the MAFC role as a lead ministry is not well received by other stakeholders, particularly the sister Ministry of Livestock and Fisheries Development. Again, the farm implements section under SUMA JKT has entered into unnecessary frictions with the TRA and the Port Authorities because there was no proper coordination of activities. We recommend in this study that the President should form a Permanent Commission to oversee the implementation of *Kilimo Kwanza*. This Commission should coordinate all activities related to the project and spearhead its implementation. The Commission should be able to coordinate or carry out research on the way the agricultural sector can be improved.

Second, this study recommends that a nationwide study should be carried out by the Government in order to determine the needs of small-scale producers and their role in the implementation of *Kilimo Kwanza*. The study should also determine issues of terrain, nature of the soil and suitable crops to be produced in all areas that support agricultural production. Moreover, the study should examine issues of land availability and land disputes in order to propose appropriate measures for intervention. A study should also be done to examine the implementation of SAGCOT highlighting the opportunities available to small producers and their participation in the implementation of the project.

Third, the study has observed that the Village Land Act No. 5 of 1999, as it is now, offers enough security to the land owned by villagers and land, which is under the management of villages. As such, there is no need to amend this Act. However, if amendments are to be

made in line with the *Kilimo Kwanza* proposals they should aim at empowering villages and villagers to benefit from their land rather than opening avenues for land grabbing. Finally, *Kilimo Kwanza* as a national developmental project should be run by people who are trusted by the society. The involvement of people who are accused for corruption like Yussuf Manji and Jeetu Patel waters down the credibility of the project, and it may lack support of the common people who are the key stakeholders to bring about the Green Revolution. This study recommends that the Government must ensure that the *Kilimo Kwanza* project is run by trustworthy people, institutions and companies from the public and private sectors.

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