Integrating Food and Nutrition Security into Economic Transformation and Industrialization Agenda: How can agriculture be the driver rather than follower of economic transformation in Tanzania?

New Dodoma Hotel, Dodoma

14th - 16th February, 2018
Key Constraints Inhibiting Competitiveness in the Dairy and Poultry Sectors

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WORLD BANK GROUP
AGENDA

- Livestock is an important sector
- Key binding constraints in Tanzania Livestock sector
- L–MIRA: Part of a solution
Livestock sector is important
Favorable conditions for increased livestock demand

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

**Economic Factors**
- Consistent economic growth and rising daily income in SSA
- Tanzania GDP growth averaged 6.5 in the last decade
- Growing middle class in SSA
Africa is shifting towards white meat

**SSA – Projected Meat Demand (2000 – 2030)**

- **Pork**
  - 2000: 10%
  - 2030: 19%
  - CAGR: 3.2%
- **Mutton**
  - 2000: 19%
  - 2030: 30%
  - CAGR: 2.9%
- **Poultry**
  - 2000: 26%
  - 2030: 41%
  - CAGR: 3.4%
- **Beef**
  - 2000: 46%
  - 2030: 20%
  - CAGR: 2.5%

**Tanzania – Projected Meat Demand**

- **Pork**
  - 2000: 12%
  - 2030: 6%
  - CAGR: 4.4%
- **Mutton**
  - 2000: 13%
  - 2030: 10%
  - CAGR: 2.2%
- **Poultry**
  - 2000: 70%
  - 2030: 23%
- **Beef**
  - 2000: 4%
  - 2030: 61%
  - CAGR: 4.7%
Milk consumption rising in African & Tanzania

Projected Milk Consumption (million MT)

- Tanzania: 0.81 (2000) to 1.82 (2030), CAGR - 2.8%
- Kenya: 2.57 (2000) to 3.99 (2030), CAGR - 1.5%
- Ethiopia: 1.26 (2000) to 3.11 (2030), CAGR - 3.1%
- Nigeria: 0.97 (2000) to 2.11 (2030), CAGR - 2.6%

SSA Avg. 2.5%
Tanzania has livestock resources that can help meet demand

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

86% keep chicken (~36 million chickens).

48% keep goats (~16 million goats).

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

9% keep pigs (~2.4 million pigs).
Key binding constraints for Tanzania Livestock Sector
Livestock sector experiences low productivity and slow growth

97% of livestock in Tanzania are indigenous, producing 0.5-3 litres/day versus 15-30 litres/day for improved/pure breeds.

- Avg. # of Eggs / Hen / Year (Days): 239 accepted, target 300
- Avg. Time to Market Weight (Days): 82 accepted, target
- Feed Conversion Ratio: 3.5 accepted, target 1.8

Real Growth (2016):
- Industry & Construction: 11%
- Services: 7.6%
- National: 7%
- Agriculture: 1.9%
Major constraints inhibiting dairy and poultry farmers’ productivity

- Capital: 49%
- Markets: 46%
- Feeds: 44%
- Training, Extension & Vet Services: 38%
- Breed supply: 36%
- Diseases: 30%
- Husbandry Knowledge: 27%

Issues
- Quality
- Cost
- Access
For example – Drug quality may be linked to lack of regulation

- Farmers who bought drugs that did not improve animal's /bird's condition
  - 55% Surveyed Poultry Farmers
  - 33% All Surveyed Farmers

- Agrovet shops – main sources of drugs and compound feed for poultry farmers
  - Feed: 80%
  - Drugs: 94%

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

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

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

<table>
<thead>
<tr>
<th>Starting a company</th>
<th>Premises registration</th>
<th>Import of raw materials</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Business license (MITI)</td>
<td>1 Business License (TFDA)</td>
<td>1 Batch Certificate</td>
</tr>
<tr>
<td>1 Company incorporation (BRELA)</td>
<td>4 General inspection of plant layout (TFDA, TBS, TDB, OSHA)</td>
<td>4 Import permits (TFDA, TDB, GCLA, TAEC)</td>
</tr>
<tr>
<td></td>
<td>1 Environmental impact assessment (NEMC)</td>
<td>2 Deport registration (TFDA, TDB)</td>
</tr>
<tr>
<td></td>
<td>1 Electrical inspection (OSHA)</td>
<td>4 Truck registration (TFDA, LGA, TDB, MLF)</td>
</tr>
<tr>
<td></td>
<td>5 Safety inspection of plant and equipment (LGA, TDB, OSHA, FRF, GCLA)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1 Inspection of scales (weights and measures)</td>
<td></td>
</tr>
</tbody>
</table>

**Total**

- **Starting a company**: 2 licenses
- **Premises registration**: 13 licenses
- **Import of raw materials**: 11 licenses

**Overlapping**

- **Starting a company**: 0 licenses
- **Premises registration**: 7 licenses
- **Import of raw materials**: 7 licenses

<table>
<thead>
<tr>
<th>Export permit</th>
<th>Product registration</th>
<th>Ongoing inspections</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 Export permit (TFDA, TDB, DVS)</td>
<td>2 Food Product certificate (TFDA and TBS)</td>
<td>9 Product and premises inspections</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3 Worker’s health inspection</td>
</tr>
</tbody>
</table>

**Total**

- **Export permit**: 3 licenses
- **Product registration**: 2 licenses
- **Ongoing inspections**: 12 licenses

**Overlapping**

- **Export permit**: 3 licenses
- **Product registration**: 1 license
- **Ongoing inspections**: 10 licenses

**Number of licenses**

- **Grand Total**: 31 licenses
- **Overlapping**: 18 licenses
The experience of “Chuchu Milk Ltd.” – a small milk processor

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

To legalize the business

11 Licenses & permits
Incl. TFDA’s milk transport permit

$3,000 Renewed annually at ~$4,500

+ Multiple inspections
+ 1 Year

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

This was not the owner’s biggest worry.

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

Complained to Ministry of Livestock

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

Source: Goodluck Urassa
L-MIRA: Part of a solution

Objectives and Strategic Fit
Investment climate reforms needed

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

**Smallholder Constraints**

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

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

**Investment Climate Reforms**

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

**Role of private investment**
Reform prioritization process

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

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

Potential Program Pillars

1. Legislative and Regulatory Reforms
2. Institutional Reforms
3. Trade Reforms – imports, trade logistics
4. Market Reforms – Competition, Standards, Access to local export markets
5. Investment Promotion & Facilitation
L-MIRA is designed to support improved productivity and market access.

**L-MIRA Objective**

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

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

**Value:** 7M USD or about 2.3M/economy

**Time:** 4 years

**Geographies:** Ethiopia, Tanzania & Nigeria

**Inclusive Transformation Requires Access to Markets**

Improving productivity and access to markets via regulation

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

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

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

**Surpluses**

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

Better quality and easier market access
We will deliver reforms in 5 key areas…

<table>
<thead>
<tr>
<th>Reform area 1</th>
<th>Reform area 2</th>
<th>Reform area 3</th>
<th>Reform area 4</th>
<th>Reform area 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufactured Animal Feeds</td>
<td>Chicks Supply Chain</td>
<td>Animal Drug &amp; Vaccine quality</td>
<td>Animal Drug &amp; Vaccine cost &amp; access</td>
<td>Regulatory burden in food safety control</td>
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<tr>
<td></td>
<td></td>
<td>• Capacity enhancement for PMS</td>
<td>• Simplified/harmonized procedures for vaccines / drugs registration</td>
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<td></td>
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<td>• Revised regulations / guidelines</td>
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<tr>
<td></td>
<td></td>
<td>• Standards</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>• Inspection capacity</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td>• Self regulation</td>
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**Public-public, public-private and private-private dialogues**

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

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

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

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

**Results:**
- Sound regulations adopted that incentivize production of better quality feed
- Improve regulatory compliance regime.
- Improved Feed Conversion ratio
Strategic fit with GoT’s priorities and WBG strategies

Priorities of the Government of Tanzania

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

WB Country Strategy and IFC Global Strategy

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