

THE MWALIMU NYERERE FOUNDATION



**"INTERNATIONAL TRENDS AND FORCES IN AGRICULTURAL
DEVELOPMENT AND THEIR IMPLICATION FOR RURAL TANZANIA"**

KEYNOTE ADDRESS

BY

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AT

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**“INTERNATIONAL TRENDS AND FORCES IN AGRICULTURAL DEVELOPMENT AND
THEIR IMPLICATION FOR RURAL TANZANIA”**

Distinguished Participants

Invited Guests

Ladies and Gentlemen

I would like to thank the Chairman of the Tanzania Society of Agricultural Education and Extension, Professor Mlozi, and his colleagues as well as the Executive Director of the Agricultural Institute of Canada for inviting me to this International Partners Meeting. It is indeed a pleasure to get this opportunity of sharing with you some of my reflections on important international trends and their implications for rural Tanzania. May I also join the Prime Minister Hon. Frederick Sumaye who officially opened your meeting this morning and your host organization TSAEE in welcoming you to Tanzania. I look forward to a fruitful exchange of views and experiences. After all, though we may be coming from different settings, we do have a lot of similarities.

Your host organization TSAEE is comprised of agricultural scientists, field officers, tutors and university professors in Tanzania. This society is formed by front-line agricultural professionals who are assisting people in rural communities in Tanzania to acquire knowledge and skills appropriate for agricultural development. The purpose of TSAEE is well reflected in its constitution that aims at doing the following:

- To promote members professionally
- To transfer appropriate technologies to farmers
- To share/network with local and international organizations with similar objectives

- To provide a platform for dialogue and sharing experiences related to promotion of agriculture. Reading through TSAEE's publications, we learn that the society is also influencing policy makers by providing professional papers through conferences and workshops.

I am informed that in this geographic area of Tanzania, TSAEE has been working to empower youth to take their own leadership on development projects in their communities. TSAEE trains and guides youth on projects which are agriculturally-based and chosen by youth themselves. TSAEE guides youth to recognize that income can be generated within their own villages and that they can enjoy living in their villages by utilizing the available resources to generate income. TSAEE is intervening to slow the migration of rural youth who would seek employment in urban areas. Generally TSAEE is addressing poverty reduction by facilitating youth to get involved in rural development projects. As most of you may have already seen from the agricultural show, youth and women who are participating in TSAEE projects are now teaching other farmers and some TSAEE members have also learned something from them. Youth have keenly followed the training and, since the project began five years ago, I am told they are translating the training into tangible results.

- Youth are supporting food supply to their families
- Youth are investing in farm implements
- Youth are investing in housing
- Youth are investing in livestock, and in many other areas that support rural development.

The observable results of leadership by youth and women within their communities are promising trends to the sustainability of rural Tanzanian society.

Distinguished Participants

Having made those preliminary but pertinent observations, let me now turn to the central theme of my presentation namely **THE CURRENT TRENDS AND FORCES**

IN INTERNATIONAL DEVELOPMENT AND HOW THESE ARE PLAYED OUT AT THE RURAL LEVEL IN TANZANIA ESPECIALLY AS IT RELATES TO THE ROLE OF AGRICULTURE.

Indeed the impact of international trends on rural development is a subject of great interest and importance not only to Tanzania, but also to the entire African Continent where the majorities of our people live in rural areas and depend on agriculture for their livelihood. One could even go further to suggest that as a development issue, global dynamics and trends have been an important factor in dictating policy measures adopted and positions taken also by developed industrialized countries as they do for Asia and Latin America. We are thus addressing a subject whose implications are not confined to Tanzania or to the African region, but have a broader bearing on international development and global relations. It is encouraging to note that the Agricultural Institute and its partners have taken this broad perspective in shaping their future programmes.

Without dwelling excessively into history one cannot avoid to mention that the challenge of rural development in Tanzania and societies with similar legacies has been to overcome the negative consequences of a linkage with international forces and to position this sector in playing a more dynamic role. The endeavour to rectify the pervasive structural distortions of close to a century of colonial underdevelopment has taken Tanzania through 40 years of a profound experience.

At independence, we inherited a disarticulated rural sector, predominantly externally oriented, deprived of adequate social and economic infrastructure while at the same time serving as a king-pin of the national economy. Efforts at transforming these distortions were taking place in the midst of an international environment that was not favourable to revitalizing handicapped economies such as ours.

Bold and radical measures were taken in this country to foster self-reliance, enhance collective efficiency and equity, promote agriculture and rural development as the engine of growth, and to deconcentrate power and authority to the lowest level of governance. Admittedly, in the process some mistakes were committed and setbacks

were encountered. However, more critically, the predicament of unfair terms of trade and diminishing markets at the global level continued to pose formidable challenges for the success of these initiatives.

By the 1980s a new paradigm dominated international development, fostering liberalization, deregulation, privatization and a relatively minimal interventionist role of the state. Strict conditionality was imposed by lending institutions compelling subscription to the evolving norms. It was anticipated that these measures would lead to increased foreign direct investment in productive sectors including agriculture, enhanced efficiency and competitiveness, rational allocation of public resources with a higher involvement of the domestic private sector, and a wider choice for the consumer. A major change in the institutional infrastructure supporting rural development was effected and a number of restrictions aiming at attracting investments were also relaxed.

Let me at this juncture underscore the significance of agriculture in Tanzania's economy and the general welfare of our people. 85% of Tanzania's population lives in rural areas and it is mainly engaged in agricultural activities. Tanzania's agriculture sector constitutes our 50% of the national Gross Domestic Product and provides a majority of the country's export earnings.

There are two-product categories namely food and cash crops. Major food crops include maize, paddy (rice), sorghum, wheat, beans, cassava, potatoes and sugar canes. Major cash (export) crops are further subdivided into traditional and non-traditional product. Traditional agricultural export crops are coffee, cotton, sisal, tea, cashew nuts, tobacco, pyrethrum and cloves. Non-traditional export crops include a wide range of exportable product, but the most common are groundnuts, cowpeas, wine grapes, sunflower, soya beans, castor seeds, cardamoms, sesame seeds, palm oil seeds, copra, cut flowers, fruits and vegetables.

It should also be added that considerable steps should be taken to promote other nontraditional products such as spices and horticultural items. Climatic condition in

Tanzania has led to unpredictable agriculture production. This has also resulted in some instances of food shortages and varying levels of export earnings.

I should also mention that Tanzania is among the top three African countries boasting of having the largest livestock population. Other countries are Ethiopia and Sudan. Livestock keeping contributes an average of 7% of the country's GDP and about 13% of the country's agricultural produce. Tanzania's official statistics indicate an estimate of 13.7 million cattle, 11.0 million goats and 3.6 million sheep. Importantly, this livestock resource provides a substitute for food imports. Each year about 500,000 tons of milk are produced, while consumption of meat reaches 360,000 tons per annum. The livestock resources produce good quality hides and skins for export markets. Although Tanzania has a large number of livestock, there are no significant export of animal products such as meat and animal fat. This is due to lack of meat canning and packaging industries.

As already stated, Tanzania recognizes the vital role of the agricultural and service sectors to its economic growth and development. The development of the agricultural sector in Tanzania is crucial for trade growth, employment creation, social cohesion and environmental protection. In this light developments and trends at the international level with respect to agriculture reform and liberalization of the international agricultural trade including access to world markets for agricultural exports, both primary and processed are issues of relevance and major concern to Tanzania.

Distinguished Participants,

Tanzania enters the 21st Century with strong macroeconomic indicators and a rural sector that has registered a modest growth. Agriculture continues to be the leading sector of the economy, providing the bulk of the country's export earnings. The sector has been substantially liberalized and market forces have been allowed to prevail. The Government has withdrawn from direct involvement in production, processing, and marketing activities and has retained only its role in setting policies.

Despite these positive initiatives, the international environment has not been equally responsive. I do recall in the early 1960s a ton of cloves was selling at about US\$ 9,000 compared to between US\$ 2,000 and 3,000 that it has been fetching in the last 10 years. This dramatic decline in the price of primary commodities equally apply to commodities like cotton, which Mwalimu Nyerere often used to cite whereby a farmer in this region could purchase a tractor by selling the harvests of less than 5 acres, whereas in the last decade the same farmer could not obtain the same tractor even by selling 10 times of the previous acreage.

A lukewarm response is also evident in some of the recent initiatives taken in subscribing to emerging development paradigm of opening up our economies, including the agricultural sector. In the year 2002, for example, the Tanzania Investment Centre approved 311 projects, out of which 103 were in manufacturing, 39 in social services, and only 16 in agriculture thus revealing a low response of foreign investment despite the liberalization measures. Farming systems remain labour intensive and rain dependent. And like in other African countries, the process of urban migration, particularly of the young and able-bodied population, continues at a very fast rate.

It is for these reasons that Tanzania has joined hands with other African and developing countries in ensuring that the ongoing global negotiations, particularly those relating to agricultural trade do address the main concerns of our type of societies. Several issues were reiterated at the Doha round of World Trade Organization negotiations and vehemently pursued at the last meeting in Cancun, Mexico.

The main concern for developing countries like Tanzania relate to the fact that the rules guiding international trade, particularly in agriculture, are biased against the poor, most of whom survive on less than \$1 a day and who live and work in rural areas. Indeed, while governments in rich countries support human development goals such the 'Millennium Development Goals' adopted by the World Leaders at their Summit during

the UN General Assembly in 2000, the agricultural policies pursued by these same countries tend to perpetuate mass poverty and unequal global development.

It is reckoned that governments of industrial countries spend one billion a day on agricultural subsidies, a sum that is six times the amount allocated to aid. In this respect, in the framework of the Common Agriculture Policy, the Europeans spend the equivalent of \$2 per cow per day to subsidize the dairy sector, whereas half of the world's human population lives on less. With such subsidies, dairy farming in Tanzanian type of societies cannot be a competitive enterprise when confronted with processed milk from Europe.

Economists have pointed out that domestic support given to farmers in developed countries leads to the increase into world markets thus driving down international prices. Obviously this hurts exporters from countries that do not subsidize. At the same time, agricultural support in industrialized countries insulates their producers from world price changes and shifts the burden of adjustment to our countries. And even more seriously, when subsidized exports enter the food markets of our countries our farmers suffer welfare losses as a result of lower prices thus undermining the overall food security of our people.

Indeed, it has not been uncommon from such subsidized exports from rich countries to reinforce a tendency to supply urban centers from world markets, rather than from domestic rural areas. As a result of this, prospects for rural growth is undermined and the linkage between farm and non-farm activities which is vital for poverty reduction is weakened.

Another major impediment for rural development in Tanzania type of societies is restricted access to northern agricultural markets. There has been a tendency to heavily protect the agricultural sectors of developed countries by high tariffs, quotas and other instruments including stringent phytosanitary rules on imported products. Such a complex set of import barriers has restricted market opportunities for exporters in

developing countries. The overall consequence of this situation is to relegate the rural population to operate within a limited share of the world market and to be confined to the slowest-growing sector of international trade.

Measures have been taken in some cases, such as Cotonou Convention and 'Everything But Arms' initiative of the European Union to provide duty free arrangements to mitigate the effects of agricultural protectionism. However, the practical functioning of such preferential facilities is governed by highly selective product coverage, and it is even argued that they tend to benefit countries with the greatest capacity to export. For example, analysts have demonstrated that the Everything But Arms initiative liberalized 919 product lines, mostly for agricultural goods covered under the Common Agricultural Policy. Within this category, least developed countries exported to the EU in only 80 of these product lines, representing 0.5 per cent of their total exports to the EU. Similarly, under the 313 items covered by the Cotonou Agreement, almost 200 face tariffs above peak levels. At the same time, products such as meat, tea, sugar, cotton, fruit and vegetables from Sub-Saharan Africa face tariff peaks in the US and Japan.

Obviously, the notion of open markets and 'level playing fields' that is often promoted in the areas of financial services and investment, seem not to be equally preferred in the agriculture trade where developing countries have a comparative advantage.

There is also the phenomenon that was described in the 1947 General Agreement on Tariffs and Trade as 'agricultural dumping'. This refers to facilitating export sales at less than the cost of production prices. Often times the use of production subsidies in advanced economies generate large export surplus overseas. When this is complemented with direct and indirect export subsidies it allows the dumping of these surpluses to developing economies adversely affecting farmers in countries such as Tanzania by the consequent lower world prices for their products and a smaller market share.

Whereas one should acknowledge that stringent measures are being taken in the system of trade negotiation to introduce stronger discipline relating to export subsidies there is a fear that the practice of dumping could assume a more disguised form such as export credit and food aid programmes. It has been computed that a significant share of wheat exports is bolstered by officially supported export credits, which in the words of one agency is "designed to develop and expand commercial outlets for the country's commodities". Such subsidies amount to billions of dollars in a single year.

A somewhat altruistic gesture such as food aid that is given to alleviate suffering, respond to humanitarian emergencies and support social development can also be embedded with commercial export objectives and can be used to disguise dumping of surplus commodities with a view to displacing local produce and promote market development. There are analysts who describe food aid as a 'Trojan horse' of commercial agricultural trade, particularly when it is weakly related to need. Concerns have been registered that often food aid supplies tend to rise when world prices are low and fall when they are high!

Ladies and Gentlemen,

One should not belabour the point that the pattern of international trade in agriculture suffers from severe distortions that need to be corrected in order to generate a stronger dynamism in rural and national development for economies such as Tanzania. The engagement of African representatives and their other partners at the Cancun Ministerial conference of the WTO held in September 2003 provides hope that momentum is gathering to assert these issues in the global agenda. I am hopeful that progress that will be achieved at the next meeting in Hong Kong in 2005.

Together with the leveling of the playing field at the global level, proactive measures are also necessary at the regional and national levels, in terms of harnessing the emerging opportunities in promoting rural development. The adoption of the NEPAD

programme with its emphasis on agriculture, food security and nutrition can take the Continent a long way in realizing the goal of improving human welfare.

The New Partnership for Africa's Development (NEPAD) is a holistic, integrated sustainable development initiative for the economic and social revival of Africa involving a constructive partnership between Africa and the developed world. It is a pledge by African leaders, based on a common vision and a firm and shared conviction that they have a pressing duty to eradicate poverty and to place their countries, both individually and collectively, on a path of sustainable growth and development and, at the same time, to participate actively in the world economy and body politic.

The initiative is anchored on the determination of Africans to extricate themselves and the continent from the malaise of underdevelopment and exclusion in a globalising world. It is a call for a new relationship of partnership between Africa and the international community to overcome the development chasm. The partnership is to be founded on a realization of common interest, obligations, commitments, benefit and equality.

The initiative is premised on African states making commitments to good governance, democracy and human rights, while endeavouring to prevent and resolve situations of conflict and instability on the continent. Coupled to these efforts to create conditions conducive for investment, growth and development are initiatives to raise the necessary resources to address the development chasm in critical sectors that are highlighted in the Programme of Action, such as Agriculture infrastructure, education, health and ICT. Resources will be mobilized by the way of increasing savings and capital inflows via further debt relief, increased targeted ODA flows and private capital. There will be an emphasis on the better management of public revenue and expenditure. The founding document of NEPAD contains both a strategic policy framework and a Programme of Action.

New partnership for Africa's Development offers a historic opportunity for the advanced countries of the world to enter into a genuine partnership with Africa, based on mutual interests and benefit, shared commitment and binding agreement, under African leadership. In proposing the partnership, Africa recognizes that it holds the key to its own development. The adoption of a development strategy, together with a detailed programme of action marks the beginning of a new phase in the partnership and cooperation between Africa and the developed world, including multilateral organizations.

In the same regard the giving priority to diversification and the development of agro-industries will revamp the potential dynamism of the Continental rural sector. This agenda is being pursued within the overall framework of a revitalized African Union that fosters closer integration in confronting the development challenges facing the Continent. Indeed, in the context of Tanzania, it is encouraging to witness the remarkable progress being attained in forging closer ties among the East African countries. At the same time, as you may all know, the international conference on the Great Lakes that has just been concluded in Dar es Salaam has been an eloquent testimony of the efforts being made in the region to consolidate peace, security and stability, promote and development and regional cooperation, and enhance democracy, good governance and the observance of human rights. The absence of some or in some respect most of these fundamental factors have severely impacted the rural sector of this particular region.

In terms of domestic initiatives that need to be taken, I would like to stress the importance of agricultural research, training and extension work. With 85 percent of Tanzanians population living in rural areas where their main economic activity is agriculture, generating about 50 percent of Gross Domestic Product (GDP), providing the bulk of exports, and employing 80 percent of the work force enhancement of the productivity of this sector is a critical task. Many households rely mostly on subsistence production because they are too isolated from extensive economic transactions. Statistics show that people who live in rural areas and most of whom are engaged in agriculture survive on less than a dollar a day. They are more or less three times as poor as those

living in urban areas. From these facts, it can be deduced that to reduce poverty, we must improve agricultural production, i.e. the volume of crops produced and agricultural productivity, which refers to production per given area and which connotes effective and efficiency in production.

Increased production requires either expansion of land under cultivation or enhanced tenure systems of farming under researched use of agrochemicals or usually both. Increased agricultural production will lead to reduction of poverty, increased food security and to a greater agricultural contribution to national economic growth. Expansion of land under tenure agriculture systems and the use of agrochemicals, including industrial fertilizers, herbicides, insecticides etc, invariably have adverse effects on the environment. What we are required to do is to minimize these adverse effects while at the same time improving the efficiency at which we use the existing natural resources to minimize environmental degradation.

Impressive research and innovative studies by our scientists are being undertaken in various agricultural colleges and universities. When they have been incorporated into extension services these innovations have contributed impressively to increasing production and conserving the environment. It is important that the nexus between research and extension services is consolidated. Your findings have to reach the final consumer, the peasant farmer out there in the fields. In the Tanzania context, it may even more useful if such applied knowledge is packaged properly and disseminated in Kiswahili in a manner that can be adopted continuously. Of course, I realize that problems of funding and facilities continue to handicap your contribution to rural development. However the commitment and resilience that has been demonstrated by experts in this country is a valuable asset that we all cherish.

I mentioned earlier that our farming systems continue to be nature dependent, particularly on rainfall. It is high time that we devote more attention to irrigation farming through harnessing effectively our water resources. Tanzania has a total of 29.4 million hectares that have a potential for irrigated agriculture. However, by November 2002 the

area under irrigation in Tanzania was only 227,486 hectares. Given the projections from 2003 to 2007 which account for 265,200 ha and 405,400 hectares respectively, it is clear that Tanzania has a formidable challenge ahead in rehabilitation of existing traditional scheme, water harvesting technology, exploring new intervention and building reservoirs.

More efforts need to be invested in ensuring water availability; surface and ground waters are interdependent and constitute total water availability. They have to be assessed and planned by conjunctive use. Availability of water should be augmented by new storages, by increasing water use efficiency and if possible to undertake recycling of wastewater. Small-scale irrigation systems should be founded on the wide participation of farmers, using bottom-up approach to planning. These schemes are particularly affective owing to their low investment cost, relatively simple maintenance, and low relative environmental impact. Essentially, the improvement of productivity through irrigation is paramount if we need to improve agricultural output.

Distinguished Participants,

Finally, I wish to underscore the important role of youths in promoting rural development. While we do acknowledge that demographic trends point to the direction of increasing urbanization, this does not only mean a continuous stream of young able bodied men and women streaming to urban centers and abandoning the rural habitat. The development of rural areas will stimulate the emergence of small towns and improvement of rural settlement. It is necessary in this regard to equip our youths for a more optimistic future in their rural setting with adequate means and capacity for better livelihoods. Vocational programmes, micro-financing, proper institutional and socio-economic infrastructure are necessary ingredients for empowering rural youths, and particularly girls and women in improving their lives in the rural areas. I should add, tin this regard, equipping our youths with necessary preventive and curative means of coping with the HIV-AIDS pandemic is an important imperative for the future of rural development in this new millennium.

Let me conclude my reflections by underlining some strategic considerations. Tanzania and indeed all developing countries should not relent in their vigorous engagement to reform the system of international trade, particularly as it relates to agriculture. The negative consequences to rural development arising from existing distortions in agricultural trade as caused by production subsidies, inaccessible markets and agricultural dumping have a major factor in augmenting poverty in developing countries.

It is important to acknowledge, however, that the anticipated gains from a reformed international trading system are not automatic. Fundamental improvements are necessary in the agricultural sector and rural development as a whole within the Tanzanian type of economies. Necessary measures need to be taken to promote rural development as a whole so as to make it competitive globally through increased productivity, improved quality of products, and ensuring environmental sustainability. To achieve such goals, the rural labour force, particularly women and youths need to be empowered and their capacities enhanced. Modern science and technology need to filter into rural transformation complemented with improved systems of governance, better infrastructure and accessible social services.

I am confident that with such global partnerships as symbolized by the relationship between the Tanzania Society of Agricultural Education and Extension, the Agricultural Institute of Canada and other Partners we shall succeed. Indeed, we cannot afford to fail.

I thank you!