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Tanzania: Resource Rich but Development Poor

Ugandan President Yoweri Museveni welcomed the (World Food Program's) new initiative (Purchase for Progress), as did Paul Kagame, president of Rwanda, Jakaya Kikwete, president of Tanzania, and Sandra Torres de Colom, first lady of Guatemala, who all took part in the launch event. Museveni explained that subsistence farming is the main reason for poverty in his country, asking: "If I have food but I have no money, how will I get out of poverty?" (<http://allafrica.com/stories/200809260168.html>)

The above quote by President Museveni is the focal point of the food problem in Tanzania as it is in Uganda and perhaps all of Africa. My mission on researching and writing this paper is to assess the importance of financial credit, improvement of infrastructure, and institutions for marketing agricultural production. Based on the research I did, I would like to discuss these impacts on subsistence farmers as well as non-farmers that participate in cash crop production.

Tanzania is found on the Eastern coast of Africa. It is slightly larger than the size of California with a total size of nearly 950,000 square kilometers. It has a population of approximately 40 million people, 1.5 million of which are refugees from Burundi and the Democratic Republic of Congo. It is a country rich in mineral resources and hydro electric power. The economy depends heavily on agriculture. It contributes nearly 40% of the nation's GDP, provides 85% of the nation's exports, and accounts for 80% of the Tanzanian labor force. However, only 4.8% of the land is capable of producing food. Most of the land is empty as a result of soil degradation and deforestation.

Most "subsistence" farmers in Tanzania don't simply produce food for their family's consumption. They try to grow enough crops to provide their own family needs and to sell at market. Proceeds from these sales and other family income sources are used to pay for their children's education, pay for health services and solve other problems they are facing as a family. Most of these farmers, however, get the labor they need to farm the land by using family members as workers and not hiring additional workers. This keeps their labor costs low. Sometimes the children's education suffers due to work demands on their family's farm.

In Tanzania, there are many different types of crops grown. These include: coffee, sisal, tea, cotton, pyrethrum, cashew nuts, tobacco, cloves, corn, wheat, cassava, bananas, and vegetables. They may also maintain a live stock herd of cattle, goats, sheep and pigs. Tanzanian farmers farm about 10-25 acres or more. Women constitute the main part of agricultural labor force. Most do not have tractors or livestock powered machinery, and must do the work by hand. If family members are not available to work the land, farmers must pay additional workers. This added expense cuts into the profit they could make from selling their crops at market. Tanzanian farmers also face the issue of these workers stealing the grain/crop they are helping to plant and harvest because they do not have enough money to purchase the crops.

My host family here in America is a farming family. My host father farms nearly 1000 acres using tractors, combines, and other farm machinery. When I ride with him in the combine during harvest, we combine more than 40 acres a day, just the two of us and the combine. In Tanzania, a farmer who farms 1000 acres would have to employ and pay more than 500 workers to do the hand work required. As a consequence, farms will stay as small as can be farmed by family members.

Due to fuel price increases, transportation to centralized markets has become prohibitive for many Tanzanian farmers. Petrol at \$2.50 U. S. per liter or approximately \$7.50 per gallon is beyond the financial means of a farmer earning \$1200 annually. (CIA Fact book) To access central markets for food commodities, income levels of farmers must improve, or fuel costs must decrease.

Tanzanian agriculture is, at present, rain-fed. According to the CIA Fact book, in 2003, only 1840 square kilometers were devoted to irrigated production. Rainfall is seasonal and, at times, inadequate to assure consistent agricultural production. As a result, food availability in the market place is also seasonal and inconsistent.

The importance of having access to additional domestic and international financial resources for subsistence farmers cannot be overstated. The International Monetary Fund (IMF), which provides technical assistance, through the development of standards and codes, as well as providing loans to low-income countries, is playing a vital role in monitoring key domestic and global economic factors and is offering strategic policy advice aimed at increasing economic stability in Tanzania. Additionally, many domestic lending institutions in Tanzania, namely the Bank of Tanzania, has been working to provide additional capital for farmers who are working to efficiently increase productivity and expand markets. Also, the availability of micro-credits through non-profit organizations like KIVA.org has been of some value. This abundance of credit has raised the specter of inflationary pressures. In fact, the IMF has recently voiced concerns over the prospect of inflationary pressures caused, in part, by an expanding money supply.

“Tanzania must fight homegrown inflation as global food and fuel prices ease, but it has so far been unaffected by turmoil in the world's financial markets, the International Monetary Fund said on Friday.” [Reuters, [IMF says Tanzania must tame domestic price growth](#), September 19, 2008]

Current global financial market upheaval, which has not had a dramatic impact on Tanzania's farmers, may reduce their access to foreign capital and potentially slow gains in necessary export market growth. With increased demands on governmental lending institutions, the Tanzanian government has begun to vigorously promote private sector investment and involvement as well. Additionally, the World Food Programme (WFP) has stated that they will begin purchasing food directly from local farmers' groups and associations in developing countries that aim to create reliable markets for many low-income farmers.

With increasing demands on domestic farmers to increase productivity and reduce waste, a greater strain is being placed on an aging Tanzanian infrastructure. Most roads in Tanzania are primitive, un-maintained dirt roads. Many times, especially during the rainy season when most crops are being grown, roads become impassable. Local government maintenance of roads is limited by local tax resources. Bridges are old and incapable of handling increased vehicle weights and dimensions. On several occasions in the past three years, there has been news accounts of bridges collapsing under the weight of vehicles loaded beyond the carrying capacity of the bridge. A transportation infrastructure which is not dependable can lead to extended transportation time for goods. Extended transportation times in an equatorial climate like Tanzania generally lead to food quality deterioration.

The largest segment of the Tanzanian agricultural labor force is comprised of women and children. There has been progress in providing Tanzanian women farmers with more opportunities to own their own farms and play a greater role in determining their future financial stability. A recent screening of the KIVA.org website indicates numerous Tanzanian women successfully accessing micro-credits to

help them expand their farming business. However, more needs to be done. By providing access to financial resources to women, government and private financial institutions both domestic and international will create more opportunities for themselves, their families, and their communities.

Over the last 20 years, standards of living in many East African nations have improved. In Tanzania, real Gross Domestic Productivity has increased at a 7.6 % rate annually. Growth in agricultural food crop productivity has increased at a 3.5% rate annually. This growth rate disparity can eventually lead to inflationary pressures which will become unsustainable to the agricultural sector. The general GDP increase can lead to expanded credit availability for the entire economy and thus to the agricultural sector. If inflationary pressures can be contained, this rate of growth will encourage added public and private investment in Tanzania. Increased research, planning and funding in the agricultural sector can be measured by assessing real productive growth. As standards of living improve, credit will become more available. As credit becomes more available, standards of living will improve. Thus begins a positive circular trend. Both subsistence farmers and urban food producers will benefit from improved credit availability.

Tanzania is blessed with more than adequate fresh water resources. Lakes Tanganyika, Victoria, and Lake Malawi border Tanzania on the west, north and southwest respectively. The eastern portion of the nation is blessed with numerous rivers which may have the potential of providing waters adequate for irrigation. Irrigation would enable more hectares to be devoted to crop production. More importantly, irrigation of existing crop lands would greatly enhance agricultural productivity. Irrigation infrastructure is expensive and will require considerable investment by both public and private sources. As credit becomes available, spending on irrigation infrastructure should be a priority. Efficient use of investment dollars on irrigation infrastructure and irrigation use will benefit all producers of food products. Oversight of investment applications to irrigation technologies can be best performed by public and private agencies such as World Bank, The United Nations, or other quasi-governmental organizations.

Transportation infrastructure must be improved to enhance real productivity gains in the agricultural sector. Roads must be improved to accommodate heavier loads in adverse weather conditions. Bridges must be reconstructed to handle heavier loads. Perhaps rivers can be utilized as transportation for agricultural products along the Eastern coast of Tanzania. These improvements will require considerable investment by the public sector. Funds to accomplish these improvements need to be supervised by an active and educated public agency.

For individual farmers and other producers of food, access to improved factors of production such as fertilizers, improved seed genetics, and weed and pest control measures are needed before measurable gains can be accomplished. These factors of production are expensive and will require considerable availability of credit. Efficient application of these elements of food production can be enhanced through the educational efforts of a government agency similar to the agricultural extension service here in America. Such an agency needs to be supported through the government providing coordination with private services.

In conclusion, it is critical that credit be more readily available to government agencies and subsistence farmers and urban farmers. Credit resources available to Tanzania and its food producers are limited. While expanding irrigation technology, improving transportation infrastructure, and facilitating food input availability and usage are all important in the effort to expand Tanzanian food production, attempting to accomplish all three efforts across the entire country is simply not feasible. A geographic area in Tanzania which would allow the most efficient use of available credit resources needs to be identified and optimum focus on that area should be sustained. The experience and proficiency of international organizations such as The World Bank, The United Nations, and other organizations with a world view must be relied on as they cooperate with Tanzanian governmental and quasi-governmental

organizations, both national and regional, to identify that geographic area and its needs to help expand food production.

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