



Partnership for Market Access; towards a sustainable market-oriented horticultural sector in Tanzania

The export horticulture in Tanzania

Wageningen UR Position paper

Brigitte Nyambo, ICIPE
Rogier Verschoor, IAC

August 2005



Index

1. Introduction.....	3
1.1 Background of the Partnership for Market Access Tanzania and The Netherlands	3
1.2 Approach.....	4
1.3 Readers guide	4
2. The agricultural context in Tanzania	5
3. The floriculture sub-sector in Tanzania: overview and trends.....	7
3.1 Cut flowers in Tanzania	7
3.2 Cuttings and summer flowers in Tanzania.....	9
4. The fruits and vegetables sub-sector in Tanzania: overview and trends	10
4.1 Export of vegetables from Tanzania	10
4.2 Export of fruits from Tanzania.....	11
5. The horticultural seed sector in Tanzania: overview and trends	13
5.1 Vegetable seed production in Tanzania	13
5.2 Flower seed production in Tanzania	13
6. Stakeholders in the horticulture sector in Tanzania	15
6.1 Public stakeholders.....	15
6.2 Private stakeholders.....	17
6.3 Current projects and initiatives	18
7. Assessment of strengths, weaknesses, opportunities and threats (SWOT)	20
7.1 Export horticulture as a whole	20
7.2 Floriculture specific.....	27
7.3 Fruits and vegetables specific	28
7.4 Horticultural seeds specific	29
7.5 Potential development strategies	30
8. Topics for public-private partnership activities.....	31
8.1 Development of a coherent promotion package for foreign investment into the horticulture industry	32
8.2 Streamlining the investment facilitation measures and export procedures	32
8.3 Establishment of an industry driven training programme for industry workers and middle management	33
8.4 Establishment of an industry driven facility for testing on plant diseases.....	33
8.5 Joint review of the List of Registered Pesticides and formal registration of main agrochemicals used by the industry	34
8.6 Harmonization of Pesticide and Phytosanitary Regulations under the East African Community EAC.....	34
Annex 1 References.....	35
Annex 2 List of persons and organisations consulted.....	36
Annex 3 Terms of Reference for the mission to Tanzania	38

Abbreviations

AMAGRO	Association of Mango Growers
BOT	Bank of Tanzania
BET	Board of External Trade
BRC	British Retail Consortium (for export certification)
COMESA	Common Market for Eastern and Southern Africa
DAHACO	Dar Cargo Handling Company
DTIS	Diagnostic Trade Integration Study under the Integrated Framework (IF) for Trade Related Technical Assistance to Least Developed Countries
EAC	East African Community
EU	European Union
FLP	Flower Label Programme
HORTI	Horticultural Research and Training Institute
KIA	Kilimanjaro International Airport
MoAF	Ministry of Agriculture and Food security
MPS	Milieu Programma Sierteelt
MRLs	Maximum Residue Levels
PHS	Plant Health Service (of MoAF)
SADC	Southern African Development Community
SPS	Sanitary and phytosanitary standards
SWOT	Analysis of strengths, weaknesses, opportunities and threats
TAHA	Tanzania Horticulture Association
TOSCA	Tanzania Official Seed Certification Association
TPRI	Tropical Pesticide Research Institute
VAT	Value Added Tax
WSSD	World Conference on Sustainable Development



1. Introduction

1.1 Background of the Partnership for Market Access Tanzania and The Netherlands

During the World Conference on Sustainable Development (WSSD) held in Johannesburg in 2002, a number of partnership initiatives were launched, aiming at collaborative efforts of governments, private partners, and civil society organisations to reach common objectives in a particular field of interest. They are based on mutual respect and shared responsibility of the partners involved.

The Netherlands has taken the initiative for a Partnership on Market Access through meeting quality standards for food and agricultural products, for which a number of countries showed interest. With the respective governments of Kenya, Tanzania, Uganda and Zambia it has been agreed to start a partnership programme on horticulture, whereby in Zambia the first priority will be given to phytosanitary issues.

The main objective of the partnership initiative is to improve access of horticultural products to the markets of Europe and other industrialized countries by enhancing cooperation in the field of quality standards, the natural environment and phytosanitary issues. The ultimate aim is to increase the global competitiveness of horticulture sector in developing countries thereby contributing to poverty reduction and sustainable production and consumer concerns.

In Kenya a process has been started in which public and private partners identified the main bottlenecks to the export horticulture in that country and formulated project outlines. After further discussions, a number of selected outlines were developed into full fledged project proposals that are currently being evaluated for approval. Now, a similar process has been launched in Tanzania and Uganda.

The specific objective of this study is to develop an agenda for public – private activities in the framework of the WSSD partnership program in Tanzania. The topics of this agenda need to address issues identified by the major private as well as public partners and civil society organizations that will enhance the development of the Tanzanian horticulture industry.

This position paper is the result of preliminary research and a fact finding mission by a team under coordination of the Wageningen University and Research centre (WUR). The analysis and conclusions expressed are the team's view and the paper does not necessarily reflect the position of the assignment givers (Netherlands Ministries of Foreign Affairs and Agriculture).

This position paper and the formulated topics for public-private activities will be the input for a first stakeholder meeting in October 2005 in Arusha, Tanzania. The final objective is to formulate concrete and feasible Terms of Reference for action plans formulated by committed partners in the framework of the WSSD partnership program, in line with partnership criteria.

1.2 Approach

The approach in the study consisted of three steps as follows:

1. Desk research: analysis of the current situation and context.
2. Interviews with various stakeholders of the Tanzanian horticulture industry, including the flowers, fruits and vegetables sub-sectors and related seed producers, both in Tanzania and The Netherlands. Stakeholders were grouped in the following categories:
 - a. growers / exporters;
 - b. government bodies;
 - c. associations;
 - d. civil society organisations;
 - e. input suppliers and other service providers.

The interviews in Tanzania were conducted by Brigitte Nyambo and Rogier Verschoor during a short fact finding mission in July 2005, whereas (telephone) interviews in The Netherlands were conducted by Verschoor before and after that mission.

3. Analysis of results in order to formulate a position paper including an inventory of ideas for public – private projects within the framework of the WSSD Partnership Program to be discussed at the stakeholders meeting in October 2005 in Arusha, Tanzania.

1.3 Readers guide

Paragraph 2 gives a brief general introduction into the agricultural sector in Tanzania. Then, paragraph 3, 4 and 5 deal with the current situation and trends in respectively the floriculture sub-sector, the fruits and vegetables sub-sector and the horticultural seeds sector. The main stakeholders in these sub-sectors are presented in paragraph 6. An analysis of the strengths, weaknesses, opportunities and threats (SWOT) of these sub-sectors is given in paragraph 7 leading to a general conclusion with regard to the competitiveness of the horticulture sector as a whole. Furthermore, in that paragraph potential strategies are indicated for development of the sector and its sub-sectors. The final paragraph (8) deals with the proposed activities for inclusion in the WSSD public-private partnership programme between Tanzania and The Netherlands to be presented for discussion and decision making during the first stakeholders meeting in October in Arusha.

2. The agricultural context in Tanzania

Agriculture is the leading sector in the economy of Tanzania accounting for more than 50% to the Gross Domestic Product and 60% to its export earnings. Moreover, about 80% of the people in Tanzania live in rural areas depending to a large extent on agriculture, livestock and related activities. The agricultural sector is often considered to be the backbone to the national economy and basis for further economic development.

Agricultural policy has been strongly associated with national food security or self sufficiency (or availability of food). The focus of national efforts to increase the agricultural production was for long on technologies to expand land utilization (Tanzania has a relatively large untapped land resource) and to intensify utilization of already cultivated land (factor productivity tends to be really low) by irrigation, mechanisation and improvement of labour productivity. Recently, both the Government and several international organisations operating in Tanzania, started focusing on other aspects of food security and stimulating employment generation. This implies an increased interest in agricultural trade and larger scale farming systems generating substantive employment in rural areas.

Over the past decade, the agricultural sector in Tanzania has maintained a modest, but steady growth rate of 3% per year. Although this exceeds the population as well as the agricultural labour force growth rate, it has not had a real positive impact on the economic position of the majority of the people. Especially in rural areas, the pervasive poverty amongst many farming communities has perpetuated. The call for structural changes to make agriculture a modern, commercially oriented and profitable sector has become strong. Despite the development of a framework for agricultural and rural development, sector strategies and public reforms, the positive impact on the agricultural sector has been quite disappointing so far.

The growth rate of agricultural exports has been higher (at around 7%) over the past decade than the overall agricultural growth, which indicates that export oriented agriculture enjoys increasing attention in the country. Moreover, as a result of market liberalization and public reform, the farmer's share in export revenues improved. Apart from export to the EU, Middle East and Northern America, regional trade becomes increasingly important through the East African Community (EAC) and Southern African Development Community (SADC).

The agricultural export comprises mainly typical commodities like coffee, cotton, tobacco, tea and sisal whereas cashew nuts and pyrethrum are major non-traditional export products. Tanzania is a main international player in the trade of cashew nuts, but in the other commodities it does not play much of a role at international level. Fruits, vegetables and flowers are considered to be non-traditional or emerging export crops. The development of these crops has been promoted by the Government with the objective to encourage employment generation and to diversify its sources of foreign exchange augmenting the traditional ones. Despite an initial period of rapid growth, the country now plays a minor role in the international horticultural trade.

The participation of private agribusiness and large-scale enterprises in the agricultural sector is creating new opportunities through contract farming or outgrowers schemes. On this basis, a good number of farmers have been able to engage in the production of cash crops and quality seeds. With increasing market opportunities however, there is a clear need to actively pursue the change from public managed agricultural development towards enhanced private sector participation and market orientation.

To identify export opportunities and promote international trade, a series of studies have been carried out in Tanzania which form the so-called Diagnostic Trade Integration Study (DTIS) under the Integrated Framework for Trade Related Technical Assistance to Least Developed Countries (IF). The DTIS study for Tanzania clearly identifies floriculture, vegetables, fruits and horticultural seeds as important emerging export crops of the country and proposes to give high priority to the development of these particular sub-sectors.

The agricultural sector in Tanzania has been experiencing a drawback of support services while the demand for services has been increasing, both in quantity and quality. The national agricultural extension system has been decentralized to the local authorities and affiliated institutions. However, this decentralization measure was not accompanied with the transfer of sufficient funds and resulted in a significant decrease provision of extension services to farmers and other rural households. The extension system tends to focus on national food self sufficiency and agricultural productivity and is based on the traditional model of transferring technology from experts to farmers. Market oriented production is hardly taken into account in this system. Large-scale producers, agribusinesses and trading companies have entered into providing extension services to their contract farmers and outgrowers.

Financial institutions that are important to the agricultural sector include commercial banks and micro-finance institutions such as Savings and Credit Associations (SACAs), Savings and Credit Cooperative Societies (SACCOs) and informal lending mechanisms. Access to credit and other financial services is a serious constraint to many farmers, from small to large scale producers. Especially the fact that land until recently could not be used as collateral, formed a big bottleneck to producers. Though this issue has been resolved through new legislation, commercial banks continue to be reluctant to approve investments in the agricultural sector as it is seen as a relatively high risk sector.

The level of organisation in the agricultural sector is low compared to countries like Kenya, Uganda or Zambia. The formation of cooperatives, associations and farmers groups seems to suffer from a negative connotation which is only slowly disappearing. The establishment of sector wide organisations and networks is emerging as means to an effective lobby for collective interests and to enhance the delivery of agricultural support services to the sector.

Agricultural research in Tanzania can be divided into (1) institutions resorting under the Ministries of Agriculture & Food Security (MoAF), Water and Livestock Development and Cooperative Development and Marketing such as the Tropical Pesticide Research Institute (TPRI) and the Department of Agricultural Research and Development, and (2) institutions resorting under other Ministries such as the Sokoine University of Agriculture which comes under the Ministry of Science, Technology and Higher Education.

Three main export sector have private research institutions: (1) the Tanzania Coffee Research Institute (TACRI), (2) the Tea Research Institute of Tanzania (TRIT), and (3) the Tobacco Research Institute of Tanzania (TORITA). Furthermore, the cotton, cashew, pyrethrum and sisal industries have been providing considerable financial support to their relevant research institutions as well.

3. The floriculture sub-sector in Tanzania: overview and trends

The existing diversity of agro-climatic zones implies that wide ranges of horticultural crops can be grown in Tanzania. Despite high production potential in many parts of the country, at the moment horticulture is only relatively well developed in the northern regions (like Arusha, Kilimanjaro and Tanga) and the southern highlands (Mbeya and Iringa). The lack of proper infrastructure, access to markets and investment programmes form major bottlenecks to other regions with potential to develop a commercial and export-oriented horticulture sector.

The development of the floriculture industry has certainly had a positive impact on people in northern regions through employment generation over a period when employment in another important export sector, i.e. coffee, went down significantly. Jobs have been created with a relatively high level of job security and labour conditions (such as access to medical care, education, meals etc.) as compared to other sectors. It is estimated that some 4500 people are currently employed in floriculture (around 2000 in cut flowers and 2500 in cuttings, summer flowers and flower seeds). The majority of these workers are women.

3.1 Cut flowers in Tanzania

Floriculture is a relatively new and small industry in Tanzania. The country plays a minor role in the international cut flower trade. Floriculture exports amount to just around 0.5 percent of the total export value of the country (US\$ 6 million in 2003).¹ The floriculture industry is limited almost exclusively to the Arusha and Kilimanjaro regions (only a British owned farm in Iringa and a Tanzanian owned farm near Dar es Salaam are reported to produce and market flowers at commercial scale). The production and export of cut flowers from Tanzania is often seen as part of Kenya's floriculture, as the sector is geographically close and institutionally well connected to Kenya (NB at least 50 percent of all cut flowers are exported via Nairobi).

In 1987 the flower sector was started by Tanzania Flowers with the cultivation of carnations, euphorbia and *ami majus* in open fields for export to the EU. After five years, two companies owned by the Bruins family (Tanzania Flowers and Kiliflora) introduced greenhouses and initiated the production of roses. During the 90s, more growers entered the industry and there was a steady growth in the area under flower production (from 28 ha in 1995 to close to 80 ha in 1998). By 2000, there were 7 companies² out of which 1 was Tanzanian owned (Kombe Roses, now Tengeru Flowers). Thereafter, the number of companies and the area under flower production have been practically stagnant for several years.

Roses are the main product constituting around 90% of the flower export. Other exported cut flowers are gerbera, aster, lisianthus and a range of bouquet fillers like gypsophilla, million star, hypericum, papyrus, tuberose, fern etc. The export volumes of fresh cut flowers have been more or less stable for the past five years. Due to the political situation in Zimbabwe, some companies might shift their production to Tanzania, though they may just as well go to countries like Kenya, Ethiopia or South Africa.

¹ However, there is an enormous difference between the official data of the Tanzanian Customs Authorities and estimates by the industry itself with regard to total export value; the latter are double at around US\$ 12 million.

² Being: 1. Kiliflora (roses, gerbera, fillers); 2. Tanzania Flowers (roses, fillers); 3. Kombe Roses / Tengeru Flowers (roses; Tanzanian owned); 4. Hortanzia (roses, lisianthus); 5. Horticulture Farms (roses); 6. Mount Meru Flowers (roses); and 7. La Fleur d'Afrique (roses; partly Tanzanian owned); an eighth company, Kilimanjaro Flair, started in 2002 with the production of hypericum.

In Tanzania, like in other countries in the region, the national market for floriculture products is negligible. Practically all cut flowers, cuttings and plants are exported to the EU with The Netherlands by far in a dominant position. More than 90 percent of the roses are exported to Dutch importers or sold through Dutch auctions. Table 1 below gives official some statistical data up to 2002. However, it should be noted that quite a number of floriculture companies have started to diversify their marketing channels entering more into direct arrangements with retailers, specialty shops and flower traders; this trend is not captured in these statistics.

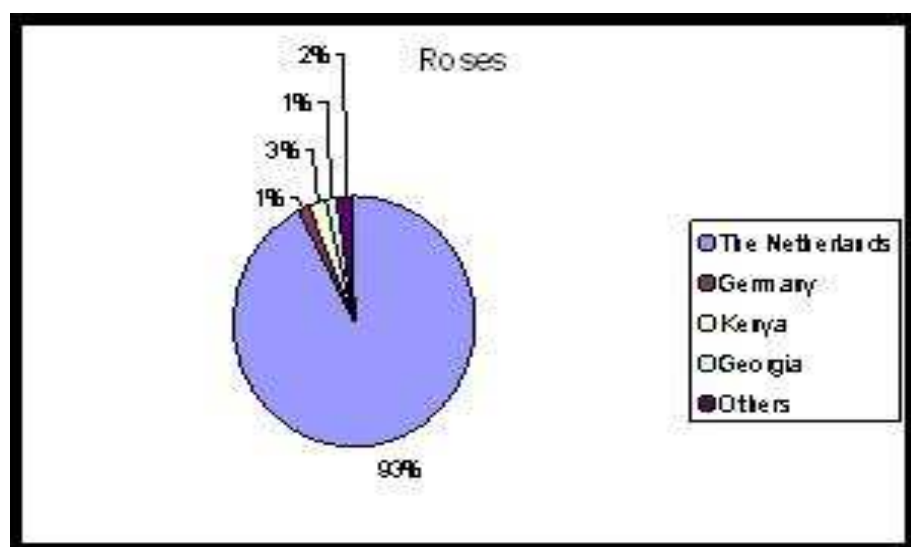
Furthermore, it is noted that several flower exporters have hardly increased their production capacity of cut flowers and have rather diversified their businesses by venturing into related sub-sectors like cuttings, flower seeds, vegetable seeds or oilseeds (e.g. safflower, jatropha).

Table 1 Percentage of export volumes per destination of Tanzanian roses 2000 to 2002

Commodity	Importing country	2000	2001	2002
Cut roses	The Netherlands	99.5	96	92.4
	Germany		3.98	1.4
	Kenya			2.5
	Others			3.7
	Total exported volume (in tons)	1,199	1,149	1,221

Source: Tanzania Income Tax Department, statistics section

Figure 1 Export destinations of Tanzanian cut roses 2002



3.2 Cuttings and summer flowers in Tanzania

Multiplication of plant material (cuttings) for flower, pot plant and/or border plant production forms another important line of export. The production conditions in Arusha and Kilimanjaro regions are relatively favourable which has resulted in a significant increase in both export volumes and area under production of cuttings (especially chrysanthemum, but also geranium and more recently other pot and border plants). The estimated total export value of cuttings in 2003 exceeded the estimations for cut roses (US\$ 3.8 versus US\$ 2.2 respectively).

In the late 90s, Arusha Cuttings was the first specialized farm to be established in Tanzania to reproduce chrysanthemums. Currently, the export of cuttings is limited to a four companies³ producing at 15 to 20 ha and having close business relationships with The Netherlands. The process starts with the import of mother plant material which is multiplied in greenhouses under sophisticated conditions. The cuttings are handpicked, sorted, packed and exported in special boxes. There tends to be a one to one relationship between Dutch partners in this field: Dutch managed farms in Tanzania produce the cuttings on direct order of a mother company.⁴

The capital and technology intensity and breeding rights issues more or less inhibit the direct participation of small and medium producers in this line work. However, the production of cuttings is also highly labour intensive and has induced an important increase in employment opportunities for rural families in northern regions. More than 2000 people have found regular jobs with the cuttings companies. Initial requirements for most positions are not that high and usually intensive on-farm training as well as access to social services is provided.

Several floriculture companies grow summer flowers and fillers under open field conditions on relatively small scale, either on direct order from an importing company in the EU, to be auctioned or as fillers in their own ready-to-market bouquets. Most summer flowers and fillers are grown on the exporters' farms, whereas few are produced by smallholders or outgrowers. Due to the instability in Zimbabwe, the leading hypericum supplying country, in 2002 a large hypericum grower moved to Arusha (Kilimanjaro Flair). Furthermore, Anderson in Iringa produces a variety of summer flowers as well as tropical flowers for the export, while Dina Flowers near Dar es Salaam produces tuberose, other bouquet fillers and tropical flowers for the national market (mainly for hotels, embassies and for special occasions).

Table 2 Percentage of export volumes per destination of cuttings 2000 to 2002

Commodity	Importing country	2000	2001	2002
Cuttings	The Netherlands	95	93.2	95.7
	Germany	0.7	4.5	2.7
	Kenya	4.0	0.4	0.1
	Others			1.5
	Total exported volume (in tons)	1,340	5,158	7,449

Source: Tanzania Income Tax Department, statistics section

³ Being: Arusha Cuttings (chrysanthemum, geranium and lavendula cuttings); Greenstar; Dekker Bruins Kilimanjaro; and Dekker Bruins Tanzania (latter three are in chrysanthemum cuttings).

⁴ Mother plants are usually given for multiplication on the condition that all output is sold back to the breeder.

4. The fruits and vegetables sub-sector in Tanzania: overview and trends

4.1 Export of vegetables from Tanzania

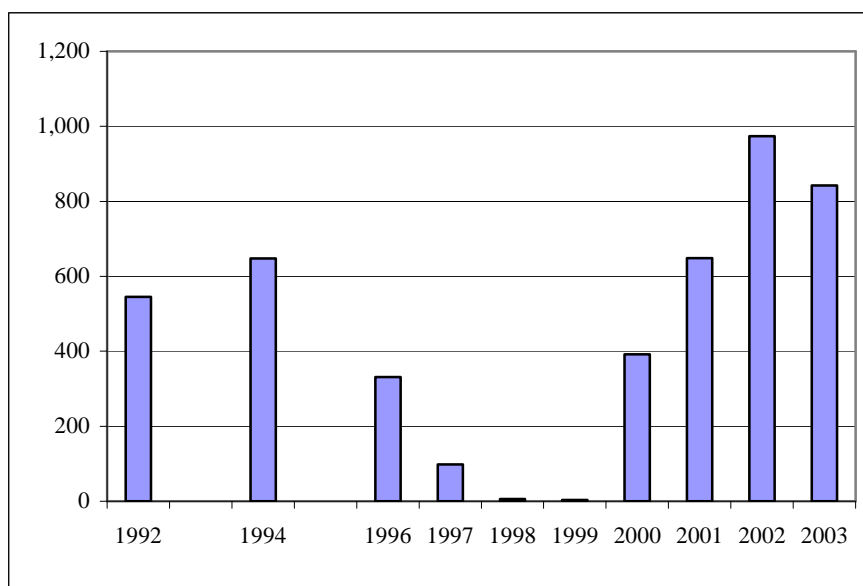
In addition to floriculture, a wide range of horticultural crops like fruits, vegetables, herbs and spices is grown in Tanzania. In spite of the high potential for such horticultural production in many parts of the country, the sector has developed and reached export standards in only few regions like Arusha, Kilimanjaro, Tanga, Mbeya and Iringa. These regions have relatively well developed infrastructure, water supply and easy market access.

The major vegetable crops include tomatoes (popular in all regions except in the western and southern zones), onions (largely produced in central and northern zones), kale (popular in the highlands) and cabbage (white, red and Chinese), followed by potatoes, beans, peas, okra, brinjals, leeks, spinach, carrots and cauliflower.

In the 70s the export of fresh vegetables from Tanzania to Europe started with mainly beans and Asian vegetables for the UK market. The vegetable export increased slowly and reached a total export volume of a meagre 600 tons by the mid 90s. The exports to Europe then virtually collapsed and did not recover until 2000 (see figure 2 below).

Between 2000 and 2002 the export volumes of fresh vegetables increased enormously from 400 to close to 1000 tons comprising mainly peas (mange-tout or snow peas, sugar snaps etc.) and to a lesser extent beans, Asian vegetables, baby corn, baby carrots, cauliflower, leeks, onion and shallots. The most important export destination is the EU market with a dominant position for the UK followed by The Netherlands and Belgium. Other relevant importing countries of certain products are India and the United Arab Emirates. The vegetable growers in Tanzania supply mostly directly to retailers (especially UK supermarkets) and wholesalers.

Figure 2 Tanzanian vegetable exports to the EU (in tons)



Source: Eurostat supplied by VEK Adviesgroep

In Arusha and Kilimanjaro regions, the export industry of fresh vegetables practically consists of two companies.⁵ The first (Gomba) produces the bulk of its export produce on direct order from abroad on its own farm. Increasing problems of water supply for irrigation are a reason to explore opportunities to source more produce from outgrowers on the condition that they are certified (EurepGap, BRC etc. depending on country of the ordering party). Moreover, it is actively trying to diversify its marketing channels opening up trade with wholesalers and retailers in South Africa, Zimbabwe and the Middle East. The second company (Serengeti) used to source its produce mainly through an outgrowing scheme. However, in response to the increasing export standards and requirements like certification and traceability, it now only targets outgrowers with a minimum of 50 ha and engages more in production on its own farm.

Both companies have taken up initiatives to involve more small- and medium-scale farmers as a way to increase their export volume and live up to export orders. However, they indicate to be hampered by the investments that are required to make it work (especially for training, technical assistance and organisation of farmers).

It is estimated that more than 2600 people are directly employed at the vegetable farms and pack houses of the two exporting companies or indirectly employed as their contract farmers and/or outgrowers.

The capacity of vegetable processing is very low in the country. A small share of vegetables like beans and peas is frozen or canned for the export. The national vegetable market has a low level of stratification as compared to that of a country like Kenya, where rejected export produce is often absorbed by the upper segments of the national market. Tanzanian exporters focus on the export market only and need to comply with high export standards from the beginning. Moreover, exporters in Kenya have many opportunities to source produce from other producers if they cannot fill an order themselves, which is not the case in Tanzania.

4.2 Export of fruits from Tanzania

In Tanzania a wide range of fruits is cultivated. These include tropical fruits like citrus, mangoes, pineapples, avocado, jackfruit, bananas and guavas, but also fruits suitable to more temperate climates (the highlands) such as apples, pears, blackberries and strawberries.

Only a small percentage of the fruit production is exported to the EU markets. The majority of fruits are for domestic consumption (fresh or processed) and regional export markets within Southern and Eastern Africa.

In the Arusha and Kilimanjaro regions only one large scale fruit producing and exporting company exists, KiliHortex. This farm is owned by a Dutch entrepreneur and produces raspberries under semi-controlled conditions for export to The Netherlands. In addition, it has a small area under strawberry cultivation for national market.

Tanga region is famous for its variety of citrus fruits (oranges, limes, grapefruits etc.) which are sold in bulk to traders. This sector is poorly organised and though the quality can be quite

⁵ Being: Gomba Estates Limited (Australian owned and foreign management); and Serengeti Fresh (subsidiary of Sunripe Kenya; Indian management).

good, the produce is far from standardized. A considerable part of these citrus fruits find its way to export markets in Kenya, Congo and the Middle East.

The Association of Mango Growers (AMAGRO) is the marketing channel for many mango producers in regions like Morogoro and Iringa. The production and export of mangoes from Tanzania to the EU market is not expected to be competitive for the foreseeable future due to its seasonality, high sea freight costs as compared to competitors (Peru, Brazil, South Africa) and existing varieties. The export of AMAGRO is mainly to the Middle East (Oman, United Arab Emirates and Dubai) and India. The growers are planting mainly Asian mango varieties which are good in demand in these target markets.

Currently, the capacity of fruit processing is almost negligible, although few ventures started or are about to start in this field. Under an export promotion program for organically grown products, some 50 farmers in Iringa region are producing and canning pineapples for export to the EU (Dabaga project). The same project started commercial experiments for drying fruits for the export market.

Passion fruits are widely grown in Morogoro region where a Dutch company is about to establish a passion fruit processing plant (making concentrate for the export market). It aims to source 50% of its produce from own estates and 50% from outgrowers.

5. The horticultural seed sector in Tanzania: overview and trends

5.1 Vegetable seed production in Tanzania

The Arusha and Kilimanjaro regions have very favourable conditions for the production of vegetable seeds. In fact, the horticultural export sector in Tanzania is considered to have started in the 50s with the production and export of bean seeds to The Netherlands.

Currently the vegetable seed sector consists primarily of 6 large companies⁶ producing high quality seeds of beans, carrots, onions etc. in open fields. Most of these seeds are exported to The Netherlands where they are cleaned, packed and re-exported around the world.

The production of vegetable seeds requires relatively small and isolated plots that are free of heavy chemical residues in the soil, water or air. This implies that this line of production is particularly suitable to smallholders. Most seed exporting companies have indeed established longer-term contract farming or outgrowing schemes.

Recently, two internationally renowned seed companies started operations in Arusha region⁷ producing hybrid seeds of tomatoes, cucumbers, paprika, carrots etc. under strictly controlled conditions on their own protected sites. Both companies have serious plans to increase their investments as first experiences appear to be successful.

The production of vegetable seeds is to a large extent focused on export and not on the national horticulture sector. Producers supply growers anywhere in the world, but there tends to be always a strong linkage with a Dutch trading company. Enza Seeds and Q-Sem breed, reproduce for and supply through their mother companies relatively large scale companies in the EU, Turkey, Egypt, Morocco etc.

Despite the fact that conditions are favourable to vegetable seed production, the majority of seeds used by commercial vegetable farms in Tanzania is imported. Even numerous projects promoting vegetable production by rural households import the seeds from abroad. Not until recently, East African Seeds initiated vegetable seed production on pilot scale (e.g. tomatoes, onions and cabbage) for the national market. Also Multiflower, East-West Seed Company and Rijk Zwaan have started a seed program (Tanzanian Vegetable Seed Program TVSP) with the objective to test, adapt and introduce improved varieties of vegetables to Tanzanian farmers. This program promotes the production of high quality seeds for use in Tanzania itself and focuses on vegetables for the national market (excluding typical export vegetables like beans).

5.2 Flower seed production in Tanzania

Few flower producing companies have ventured into the production of flower seeds like marigold, calendula, erigeron, helianthus etc. under open field conditions (open pollination) through contract farming or outgrowers schemes. The seeds are collected and exported mainly to The Netherlands where they are cleaned, packed and marketed (and/or re-exported).

⁶ Being: Rotian Seeds, Sluis Brother, Manyara Seeds, Pop Vriend and Multiflower (all Dutch owned and/or managed) and Alpha Seeds (semi-Government company).

⁷ Being: Q-Sem (subsidiary of Rijk Zwaan) and ENZA Seeds (both are Dutch owned and managed).

Greenstar has a pilot project in which small-scale farmers obtain a small greenhouse (at the size of a 40 ft. container) on loan basis along with technical assistance to produce seeds of summer flowers and border plants like snapdragon, anemone, antirrhinum, viola, impatiens and campanula under controlled conditions. The first experiences appear to be promising for both Greenstar and the contract farmers.

6. Stakeholders in the horticulture sector in Tanzania

This paragraph introduces the main public and private stakeholders with regard to the flower, fruits and vegetables sub-sectors in Tanzania.

6.1 Public stakeholders

The main Governmental stakeholders that are active in or influence over the horticulture sector are the Ministry of Agriculture and Food Security, the Tropical Pesticides Research Institute, Tanzania Official Seed Certification Agency, Board of External Trade, Bank of Tanzania, Tanzanian Investment Centre, the Horticultural Research and Training Institute and the AVRDC World Vegetable Centre.

Ministry of Agriculture and Food Security (MoAF)

Plant protection and regulation on use of agrochemicals are under the Ministry of Agriculture and Food Security in Dar es Salaam. The Plant Protection Directorate has the mandate to deliver phytosanitary services of regulation and control of the import and export of planting material and produce. Inspections of seeds, seedlings and other imported plant materials and pre-shipment inspections of fresh produce are carried out by the Plant Health Service (PHS) at the border with Kenya and at the Dar es Salaam and Kilimanjaro airports. The Directorate also has the mandate to regulate, register and control pesticides and other chemicals for use in the agricultural sector (including the horticultural sub-sectors).

Tropical Pesticides Research Institute (TPRI)

Under overall responsibility of MoAF, the regulation and control on the use of pesticides in export oriented horticulture is largely effectuated by the Tropical Pesticide Research Institute (TPRI) in Arusha. TPRI carries out the inspection and testing of imported planting material, provides the export certificates, collaborates with the PHS at the borders checking all export requirements and performs fortnightly farm inspection visits. Furthermore, TPRI has the mandate to carry out the research of testing, analyzing and giving recommendations to MoAF in the process of registration of a pesticide in Tanzania upon request of the pesticide producer.

Tanzania Official Seed Certification Agency (TOSCA)

Regulation of the agricultural seed sector, testing of imported seeds, quality control of seeds for national use as well as for export and the inspection of fields under seed cultivation is in hands of the Tanzania Official Seed Certification Agency (TOSCA). The seed production system is governed by the Seed Act No. 29 of 1973, and the Seeds Registration of Standards.

Board of External Trade (BET)

The Board of External Trade of Tanzania is the national focal point for international trade and export promotion. Through trade fairs, buyer-seller meetings, contract marketing programmes and export facilitation, it contributes to establishment of international business partnerships. The Board executes product and market research, disseminates trade information and actively facilitates the marketing of selected products that are important to the Tanzanian economy and have particular export potential. The Board has identified the horticulture sector as such a sector which is still highly underdeveloped and has been advocating for deliberate efforts to better exploit this potential especially in the fruits and vegetables sub-sectors. Its horticulture development and export strategy focuses rather on fruits and spices, whereas the importance of flowers and fresh vegetables seem to be underestimated.

Bank of Tanzania (BoT)

In execution of its regular functions as central bank and supervisor of the country's financial system, the Bank of Tanzania (BoT) focuses strongly on the development and implementation of monetary policy with the objective of maintaining price stability which it considers to be a basic condition for a balanced and sustainable growth of the Tanzanian economy. Since 2002 the Bank operates an Export Credit Guarantee Scheme (ECGS) through several commercial banks. The ECGS provides 85% guarantee for one year (renewable to maximum 10 years) to exporters for restructuring old loans, investments and pre-finance of their export. Although applications from the industry were approved by the Bank (at least from four flower farms and one vegetable exporter), the commercial banks involved remain far from eager to direct investment funds to the horticulture sector.

Tanzania Investment Centre (TIC)

In 1997 the Tanzania Investment Centre (TIC) was established as the primary public agency to coordinate, promote and facilitate investment in Tanzania and to advise the Government on related matters. In practise TIC is a one-stop-facilitation-window for (potential) investors and businesses providing a wide range of services and assistance obtaining land, licenses, grant certificates, sorting out administrative barriers and disseminating investment and trade related information. Senior officers of different public parties are permanently stationed at TIC (such as the Lands Department, Tanzania Revenue Authority, Immigration Department, Directorate of Trade, Labour Division, Business Registration and Licensing Agency) which makes life easier to (potential) investors.

Horticultural Research and Training Institute (HORTI Tengeru)

Tengeru Horticultural Research and Training Institute (HORTI) comes under the Department of Research and Development of MoAF. The name is somewhat misleading as there are no training activities carried out anymore. Horticultural training activities had to be transferred to the Tengeru Livestock Training Institute after separation of the Ministries of Agriculture and Food Security and of Water and Livestock Development in 1980. Since then HORTI has no mandate for horticulture training and has not engaged in any significant training programmes. Extension services come under the Ministry of Local Government and Rural Development and most of its extensionists are far from up-to-date with horticultural developments and export standards. HORTI Tengeru has the responsibility in collaboration with TPRI to prevent and control pests in horticultural crops. Nowadays the research is limited to tropical vegetables (with particular focus on the indigenous vegetables), fruits, bananas, spices and mushrooms. Currently it has no vegetable breeding program and its capacity is just enough to maintain existing varieties. The once flourishing fruit germ plasma collection has practically disappeared. HORTI has had very little involvement with the export oriented horticulture industry in Arusha and Kilimanjaro regions.

AVRDC World Vegetable Centre

The World Vegetable Centre AVRDC is the international centre for vegetable research and development. Its mission is to reduce poverty and malnutrition through improved production of vegetables. AVRDC has a regional centre for Africa in Arusha which provides training to people involved in horticulture (either from Government, NGOs or community leaders) and is involved in the development of small-scale seed production systems. AVRDC focuses on the improvement of vegetables for the national market whereas its involvement with the export oriented sector is somewhat limited to the delivery of tests to seed producers. The Centre has been actively working on the improvement of its laboratory for such services.

Sokoine University of Agriculture (SUA)

The Sokoine University of Agriculture (SUA) was established in 1984 as an off-spring of the agricultural and forestry faculty of the University of Dar es Salaam and has historical linkages with other universities in East Africa (like Makerere and Nairobi) and with the Universities of London and West Virginia. Sokoine's main campus is in Morogoro, but it has another campus in Arusha (Olmotonyi; no horticulture activities yet). Sokoine has been involved in a national, long-term research programme on bean improvement (Bean CRSP funded by USAID).

DAHACO (Dar Cargo Handling Company at Dar es Salaam and Kilimanjaro airports)

Facilities for fresh produce pre-shipment handling at Dar es Salaam and Kilimanjaro airports are in very good conditions. Especially the Kilimanjaro airport facilities that were upgraded recently, meet all international standards and requirements for efficient export of fresh produce. Yet, the capacity of the DAHACO Company running the facilities and the skills and awareness of its staff in terms of handling fresh produce requires some improvement.

Economic and Social Research Foundation

In addition to the relevant stakeholders presented above, the Economic and Social Research Foundation (ESRF) in Dar es Salaam carried out and is still involved in a number of policy development projects and research assignments with regard to the export oriented horticulture sector (e.g. study on the labour conditions on the flower farms in Tanzania, comparative study on agricultural marketing and formulation of the Agricultural Sector Development Strategy).

6.2 Private stakeholders

The main stakeholders of the private sector that are active in or influence over the export horticulture are the Tanzanian Horticulture Association and FAIDA Market Linkages.

Tanzania Horticulture Association (TAHA)

Few years ago the export oriented horticulture industry in Arusha and Kilimanjaro regions got organized into the Tanzania Floriculture Association. For some years, the association was run in spare time and at a low budget. Early 2005 it changed its name into Tanzania Horticulture Association (TAHA) after a vegetable and a fruit exporter had become members as well. With some financial support of the Royal Netherlands Embassy in Dar es Salaam TAHA has hired an Executive Officer to carry out the daily management and facilitate the further development of the association. TAHA has a limited membership (13 large scale companies out of which 11 are flower farms) and some members have clearly more influence than others. Though the association is making progress to form a collective and strengthen its institutional capacity, its members do not always speak with one voice. Within a few months, the Executive Officer has been able to position the association at the national export scenery and to build up a relevant network and create a more positive image towards the export horticulture.

FAIDA MaLi

The FAIDA Market Link Company (FAIDA MaLi) in Arusha is a not-for-profit company with the mission to empower rural households in the Northern parts of Tanzania through improving their access to markets and building up their economic capacities. The core of its activities is to promote business opportunities in rural areas. FAIDA MaLi plays a facilitating role in the setting up of market linkages between traders or exporters on the one hand and farmers or producers' organisations on the other hand with mutual benefits through outgrower programmes or contract farming. In addition, it offers a variety of business related training and consultancy services.

6.3 Current projects and initiatives

Export horticulture in Tanzania appears to be sector that is strongly driven by the industry itself and (unlike horticulture in Kenya, Uganda and Zambia) has rather few projects funded by donors, international organisations or the Government. Current projects and initiatives are shortly mentioned below.

Since its start, the Tanzania Horticulture Association (TAHA) has had a good relationship with the Royal Netherlands Embassy (RNE) in Dar es Salaam. In 2005 TAHA received some financial support from the **Netherlands Ministry of Foreign Affairs** through this embassy towards the recruitment and initial operational costs of an Executive Officer.

With funds of the Ministry of Foreign Affairs, the Agency for International Business and Cooperation (EVD) in The Netherlands carries out a programme to encourage investments in so called emerging markets amongst which Tanzania (**PSOM: Programma Samenwerking Opkomende Markten**). Through this programme several Dutch horticulture companies in joint venture with locally registered counterparts received a subsidy towards the initial investment in floriculture, horticulture seeds and related business projects. These investments have had a major impact on the export oriented horticulture industry in the country.

Under the **Diagnostic Trade Integration Study (DTIS)** a series of studies have been carried out at national level to analyze and foster Tanzanian trade and export led growth. This DTIS included a specific study into horticulture which has been identified as an important emerging sector to be given priority in export development.

Building on positive experiences in other agricultural sub-sectors, **FAIDA MaLi** is involved in the organization of farmers and development of contract farming systems through which small farmers supply vegetables (paprika, tomato, chillies) for the national market, flower seeds for the export and vegetable oil crops to processors (safflower, sunflower, simsim).

CORDAID, a co-financing agency of The Netherlands, has been providing financial support towards the development of contract farming programmes in the vegetable seed as well as flower seed production (in collaboration with Multiflower and Greenstar).

Following the drive of several coffee growers in the Arusha and Kilimanjaro regions to shift away from coffee to other export crops, **TechnoServe** has started the organisation of farmers groups and technical training to outgrowers that produce vegetables for Gomba.

The **Royal Tropical Institute (KIT)** of The Netherlands also collaborates with Gomba in order to develop and strengthen its contract farming programme in export vegetables.

Moreover, **KIT** is about to carry out a feasibility study with regard to the establishment of an outgrowing system through which small farmers would supply bouquet fillers to Kiliflora.

Multiflower, East-West Seed Company and Rijk Zwaan carry out the **Tanzanian Vegetable Seed Program TVSP** which aims to breed and introduce improved varieties of vegetable seeds to Tanzanian farmers. This program focuses specifically on the availability of high quality seeds for use in Tanzania itself and for production oriented to the national market thereby excluding seeds of typical export vegetables like peas and beans.

The **Netherlands Development Organisation SNV** in Arusha is providing advisory services and technical assistance to farmers groups and associations in the fruit and vegetable sectors.

With financial support of the **Swedish Development Cooperation Agency SIDA**, more than 50 farmers in the Iringa region have been able to venture into the organic production, canning and export of pineapples to the EU (Dabaga project under the **EPOPA** programme).

The Development Alternatives Incorporated Private Enterprise Support Activity **DAI PESA** as funded by **USAID** has made considerable efforts to improve the marketing of oranges from the Tanga region through farmers associations and Kenyan traders.

7. Assessment of strengths, weaknesses, opportunities and threats (SWOT)

This paragraph gives a broad analysis of the main strengths, weaknesses, opportunities and threats with regard to the horticulture sector and its business environment in Tanzania (thus including both the private and public side). First aspects are presented that apply largely to the industry as a whole (7.1), followed by aspects that are specific to the floriculture (7.2), fruits and vegetables (7.3), and the horticultural seeds sector (7.4) respectively. Moreover, based on this SWOT, strategies are indicated for further development of this sector in the country (7.5).

7.1 Export horticulture as a whole

Strengths

Arusha and Kilimanjaro regions have favourable **geographical** and **climatic situations** as well as good soil and water conditions which is a crucial strength to the horticulture sector ensuring a year round growing season of flowers, cuttings, vegetables and horticultural seeds. This geographical concentration provide the option to build up an efficient **export cluster** of horticulture industry, infrastructure, related companies and support services.

Labour costs for main positions at export horticulture farms (excluding manager's positions) in Tanzania are significantly lower (up to half) than those in competing East African countries like Kenya, Uganda and Zambia. However, in Ethiopia, an important upcoming horticulture country, labour tends to be cheaper than in Tanzania.

Over the past decades, the horticulture sector in Tanzania has built up quite a **capable work force** and is considered to be an important **source of employment**.

The formation and establishment of a **sector wide association (TAHA)** is another strength which has been further augmented by the creation of a functional executive secretariat and enrolment into networking and lobbying activities (amongst others with DTIS).

It is widely considered to be a strength that the Government of Tanzania does not interfere directly into the horticulture sector while making special **efforts** to have **political stability** and to create a **good investment climate**.

The horticulture sector is strongly **industry driven** and has considerable strength with regard to the level of **entrepreneurship** and **market orientation**. Most producers adapt well to new market requirements and consumers demands, but also the level of diversification into related sectors like the production of horticultural seeds and vegetable oil is remarkable.

The sector has **strong relationships** with the well developed **horticulture industry in Kenya** implying relatively easy access to inputs, technical expertise, hardware support etc. Many farms employ people who have gained experience in the sector in Kenya at supervisory and management positions. A large percentage of the fresh horticultural produce is transported by truck to Nairobi and airlifted from there. Moreover, exporters take the opportunity to strike business deals and/or enter into longer term relationships with the industry across the border.

Large growers have established **in-house problem solving capacity** to deal with all common issues of the production process while most of them easily source information and specialized experts from overseas in case of more complicated problems or requirements.

Producers also have good in-house capacity on **sanitary** and **phytosanitary standards** and are able to ensure that their produce fulfil the 100 percent check at the importing country.

The majority of producers also carry out **in-house training** or arrange for capacity building of workers at a sister company or specialized centre (sometimes in Kenya or further abroad).

The fresh produce **handling facilities** at Kilimanjaro International airport (KIA) have been upgraded enormously and are now well up to international standards for efficient handling of export products like flowers, cuttings and fresh vegetables.

The Government of Tanzania has reduced the **value added tax (VAT) on jet-fuel** in the new national budget in response to the lobby of exporters for improvement of airfreight. This is expected to encourage more international flights into Kilimanjaro and Dar es Salaam airports as well as diminish the comparative disadvantage in transport costs to some extent.

The Government of Tanzania is taking serious steps and concrete measures to promote export oriented industries in the country through e.g. **reform of the financial sector**, establishment of the **Tanzania Investment Centre**, the **Board of External Trade**. Though the horticulture sector is mentioned in many policy documents and strategies, the industry is not given much weight and is rather considered as a non-traditional, relatively unknown and risky business.

The Bank of Tanzania created a **guarantee facilities** executed through commercial banks as incentives for existing producers to pre-finance export (**Export Credit Guarantee Facility**) and for new export oriented investments (**Development Finance Guarantee Facility**).⁸

Recently the **landownership policy** has been reviewed so as to make it possible to use land title deeds as collateral for securing bank loans (earlier, only the development on the land was valued and could be put as collateral, now also the value of the land itself is counted).

The Directorate of Plant Protection currently reviews the 1997 Plant Protection Act in order to improve existing **phytosanitary regulations**. The harmonization of phytosanitary regulations and pesticide control in the East African Community is expected to give this a new impetus.

Horticulture exporters mainly source their planting material and seeds from abroad which is controlled by TPRI in Arusha. This institute also issues export certificates and inspects in collaboration with the Plant Health Services export shipments at the borders. TPRI's **testing** and **inspection services** are generally appreciated and its fees are considered to be acceptable.

Experiences with **contract farming** and **outgrowers** programmes in activities like growing flower seeds, vegetable seeds, summer flowers and vegetables are encouraging. On the other hand, a number of exporting companies prefer to keep a considerable percentage (above 50%; depending on the crop and export order) of the production under their direct management.

⁸ As the Export Credit Guarantee Facility was meant for the pre-finance of export and provision of working capital or small expansion (one year renewable guarantee of a maximum of 85% of total loan etc.), the BoT developed another facility to encourage longer term and larger scale investments in export oriented sectors: Development Finance Guarantee Facility. This facility is to be launched early 2006 through commercial banks. The BoT also recently launched a credit guarantee scheme targeted at Tanzanian entrepreneurs to promote investment in small and medium enterprises in the country (Small and Medium enterprise Guarantee Scheme).

Weaknesses

The lack of **institutional capacity** of the horticulture sector is considered to be a weakness for its further development. This could turn out to be a decisive disadvantage as compared to competing countries like Kenya, Uganda and Zambia. The establishment of TAHA is seen as a good start, but the association has a long way to go strengthening its organisational capacity, developing a sector-wide vision and building up collaborative management structures.

At the moment TAHA runs the risk of being **dominated** by few large players and deviating from the representation of the sector as a whole and lobbying for collective interests.

The availability of **airfreight** is a serious bottleneck to most exporters. There is one passenger flight operated by KLM coming at Kilimanjaro airport that carries on to Dar es Salaam and then Amsterdam. As far as possible, freight is loaded onto this flight (at times, incoming freight is even unloaded at Kilimanjaro and trucked down to Dar). Delicate fruits and flower cuttings are mainly exported through this flight. The majority of roses (far greater in export volume) is trucked to either Nairobi or in lesser extent to Dar es Salaam to be airlifted there.

Although the horticulture sector is mentioned in many policy documents and national strategy papers, there is no clear **policy framework** for the development of the sector as a whole and the export horticulture in particular. The lack of a transparent **division of responsibilities and tasks** between TPRI and the Plant Protection Directorate is often reported; there continues to be a lot of confusion which obviously hampers further development of the industry.

With few companies in horticulture export and low production volumes, there is not enough critical mass to trigger the development of a **support sector** of related companies and service providers (like suppliers of inputs, technology and packaging material, transport, marketing, financial administration, laboratories and training). Tanzanian horticulture industry depends to a large extent on **clustered** support structures of neighbouring Kenya and The Netherlands.

Due to relatively low total export volumes, all horticultural produce from Tanzania is checked for **sanitary and phytosanitary** issues upon arrival in the EU which is a disadvantage (in cost and time) as compared to countries which produce is checked through sampling only.

TPRI carries out **farm inspections** every fortnight, but there is no instruction from the MoAF on how often to inspect farms. Moreover, these inspection visits by TPRI are generally seen as unnecessarily expensive and not having value added to the export process or final produce.

The implementation of specific **measures** to encourage export and facilitate procedures as offered by the Government through the Tanzania Investment Centre (like the exemption of payment of duty and value added tax on inputs and investment goods, allowance to carry losses forward, facilitation of obtaining work permits and land leases) is **far from smooth**. Horticulture exporters are reimbursed for duty and VAT payments with great delay (two years is common) which delays reinvestment of that money into the farms. This scares potential investors off thereby hampering the expansion of the horticulture sector.

The financial facilities as created by the Bank of Tanzania (i.e. **ECGS, DFGF and SMGS**) provide positive incentives to the horticulture sector. However, **commercial banks** hesitate to direct investment funds to the sector which subverts the impact of the facilities and hampers expansion of the horticulture industry. This hesitance of banks results in unfavourable loan

conditions like high collateral requirement (up to 200% of the investment), short repayment periods, short grace periods and close to prohibitive interest rates.

The **handling facilities** at Kilimanjaro and Dar es Salaam airport are good, but the awareness, competence and attitude of the **DAHACO staff** operating these facilities is often not up to the standards expected and required for export of fresh produce.

The present **pesticide registration process** is lengthy and expensive for companies wanting to register new products. The volumes required by the existing horticulture are usually too low to justify the investment of registration (around US\$10,000 per product to be registered). As a result growers have no legal access to the new generation of more effective pesticides that are acceptable by importing countries like in the EU.

The review of the **list of registered pesticides** is still pending thereby hindering producers to compete and meet the current export market requirements around MRLs, EurepGap etc.

Around 70% of the workers in the export oriented horticulture are primary school leavers and the sector still heavily depends on foreigners (from Kenya, India or the EU) to fill its **middle and higher management** positions.

There is a **lack of practically trained and competent workers** to the horticulture industry as HORTI Tengeru has not offered **training programmes** for years and hardly engages with the export producers. The mandate for this kind of training is with the Livestock Training Institute in Tengeru which does not give priority to horticulture. **Horticulture education** at Sokoine University is considered to be weak and has no linkage with export horticulture, despite the fact that it has an ongoing research programme on beans and bean seeds.

In short, most weaknesses form a **bottleneck to reach economies of scale** for the sector as a whole (institutional capacity, coherent policy framework, availability of airfreight, support sector, competence of DAHACO staff, pesticide registration, farm inspections, 100% check SPS standards at importing country, practically trained workers, middle management etc.).

In fact, these weaknesses seriously hamper the expansion of the sector's production and export capacity while at the same time, increased production and export volumes are expected to remove many of these weaknesses. This is widely felt as a **chicken-and-egg situation** questioning what should come first to foster horticulture development: removal of major weaknesses in the business environment so that production and export volumes will go up; or the increase of total volume so that weaknesses will get solved by themselves...

Opportunities

The **Diagnostic Trade Integration Study (DTIS)** identified the horticulture industry as an important emerging export sector to be given priority in trade development. Moreover, **TAHA** has been **invited** by the Government of Tanzania to engage in the further elaboration and actual implementation of the recommendations of this DTIS study.

Liberalization of the **seed policy** in the country and **harmonization of seed regulation** within the East African Community (EAC) facilitates improved access of quality seed by vegetable producers, from smallholders to large-scale professional growers.

Arusha and Kilimanjaro regions have attracted big players in the vegetable seed sector which offers a promising opportunity to focus on and aim to become a **main supplier of seeds** to the horticulture sector in Africa.

Apart from the northern regions, there is ample **production and export potential** yet to be developed in the country, for example in Tanga region (citrus fruits), Morogoro (known for its mangoes) and the Southern Highlands of Iringa and Mbeya (in flowers and vegetables).

Following examples of the coffee, tea and tobacco sector as well as experiences in the cotton, cashew and sisal sectors (see paragraph 2), there is demand to establish a **sector driven research and training centre** offering client oriented services and capacity building.

In Kenya **smallholders** have been organized into groups, trained and assisted to engage in the production of **summer flowers** in rotation with food crops. This can serve as an experience to be studied and followed in order to give the production and export of summer flowers a new impulse and contribute to the sustainable livelihoods of the farmers involved.

Threats

The main general threat to the horticulture sector in Tanzania is the fact that the sector has not been able to reach economies of scale over the past years. What is worse, the sector appears to be trapped in a **chicken-and-egg situation** waiting for export volumes to go up which would enable it to overcome weaknesses and waiting for weaknesses in the business environment to be removed which would induce export volumes to go up.

The largest cost factor in exports from Tanzania is the **transport charges of airfreight** which threatens the cut flower and vegetable exporters in particular, as their competitors in Kenya, Uganda and Ethiopia tend to have more options and more favourable airfreight arrangements.

In relation to the above, the rising international **oil price** is an important factor aggravating this threat which is completely beyond control of the sector or government.

It is considered a strength that the horticulture industry in Tanzania is private sector driven and that the Government has undertaken concrete efforts to improve its business environment. However, it is widely felt that Governments in Kenya, Uganda and Ethiopia in collaboration with international donors have been able to create a **more favourable environment** (with good infrastructure, attractive investment schemes, smooth export facilitation and registration of inputs) thereby enabling competitors in these countries to expand, innovate and develop.

Competing claims over water sources for irrigation purposes by large scale farms or their outgrowers versus drinking purposes or other use by rural communities has started to threaten in particular the production and export of fresh vegetables.

Tanzania has an enormous area of productive, yet uncultivated **land**, but this is not the case in the Arusha and Kilimanjaro regions. Land suitable for horticulture with fertile soil and good access to water has become scarce. Competing claims over land and water are expected in the foreseeable future. Developments in other regions as the **Southern highlands**, are limited.

The production and **export volumes of cut flower** have been stagnant for about five years in a row which is seriously threatening the development of this sub-sector in Tanzania. Growth of export volume through expansion by existing producers or attraction of new investors is key to further development. If the cut flower sub-sector does not grow to reach enough critical mass soon, it is expected to fast fall behind its competitors in Uganda and Ethiopia or become like a province of Kenya (see table 3 below).

Table 3: Estimations of production area, number of companies and export values of floriculture in Tanzania, Kenya, Uganda, Ethiopia and Zambia in 2004/2005

	Tanzania	Kenya	Uganda	Ethiopia	Zambia
Production area (ha)	90	2180	180	120	120
Number of companies	8	140	20	11	25
Export value (million €)	7	216	28	5	20
Industry growth	+/-	+	+	++	+/-

Source: Various, adapted by Verschoor

The **export of fresh vegetables** to the EU market has very little clout in the country and has to fear competitors that are closer to the EU like Egypt, Morocco, but also Kenya, Uganda and Ethiopia (see table 4). If this sub-sector does not succeed soon to specialize in certain products, add value to fresh produce or penetrate other markets than the EU, it is deemed to play a minor role.

Table 4: Estimations of production area, number of commercial farms and export values of fresh vegetables in Tanzania, Kenya, Uganda, Ethiopia and Zambia in 2004/2005

	Tanzania	Kenya	Uganda	Ethiopia	Zambia
Production area (ha)	> 2000	> 250,000	> 90,000	> 2500	2500
Number of commercial export farms	2	> 25,000	30 - 40	8	3
Export value (million €)	6	375	8 - 10	10 - 12	25
Industry growth	+/-	+	+	+	-

Source: Various, adapted by Verschoor

Figure 3: SWOT summary of export horticulture in Tanzania as a whole

Strengths	Weaknesses
<ul style="list-style-type: none"> •geographical and climatic situation •soil and water conditions •labour costs •sector wide association (TAHA) •no direct Government interference •industry driven sector •high level of entrepreneurship •strong relationships with industry in Kenya •in-house problem solving and SPS capacity •handling facilities at KIA upgraded •value added tax on jet-fuel reduced •serious public efforts to facilitate export •export guarantee facilities of BoT •landownership policy reviewed •record of contract farmers / outgrowers •acceptable testing and inspection services 	<ul style="list-style-type: none"> •institutional capacity •availability of airfreight •policy framework •lack of support sector •hesitance of commercial banks •100% check for fresh produce of SPS •capacity of DAHACO staff •review list of registered pesticides pending •pesticide registration process •farm inspections •implementation export facilitation measures •capable people for management positions •practically trained potential workers •overall capacity to reach economies of scale
Opportunities	Threats
<ul style="list-style-type: none"> •DTIS study gives priority to horticulture •liberalization of the seed policy •harmonization seed regulation within EAC •leading seed producers attracted and started •demand for sector driven research and training centre 	<ul style="list-style-type: none"> •chicken-and-egg situation around removal of weaknesses and increase of export volume •transport charges of airfreight •favourable enabling environment in competing countries •competing claims over water and land •virtually stagnant export volumes while export in competing countries grows

General conclusion

The above analysis of strengths, weaknesses, opportunities and threats with regard to the horticulture sector and its business environment in Tanzania, leads to the general conclusion that the sector's competitive position is weak, but that there is ample potential and interest to take up action to improve its competitiveness. At the private industry side, the number of producers, their production capacity and export volumes have been stagnant for several years in a row. As far as the public side is concerned, the business environment is improving, but requires further enhancement and streamlining of public action.

The key to the sector's development lies in collaborative action of stakeholders forming a cluster: public agencies are to jointly create an enabling business environment specifically for horticulture export; companies are to develop a common vision, innovate, strengthen sector wide association and enter into strategic alliances with government. Then, public and private stakeholders are to jointly promote the development of a dedicated, industry driven support sector (related companies and service providers). Such collaborative public private action forming a "horticluster" in Arusha and Kilimanjaro region (with an enabling environment, strategic alliances, innovation and a strong support sector) is expected to be an appropriate path to take towards a sustainable, market-oriented horticulture sector in Tanzania.

7.2 Floriculture specific

Strengths (floriculture specific)

The present membership of the **Tanzania Horticulture Association (TAHA)** consists mainly of flower and cuttings producers (11 out of the 13 members) who have a strong position in the association. The establishment and ongoing strengthening of TAHA is a specific strength to the floriculture sector in terms of **representation** and lobbying for its **collective interests**.

The level of **entrepreneurship** of most floriculture producers is high and they adapt well to new market requirements and consumers demands (growing client oriented flower varieties, producing bouquets, delivering flowers ready for the retail, obtaining accreditation to export certificates and labels like MPS, FLP, BRC and Max Havelaar).

Upon the signs of stagnation of the cut flower sub-sector, few exporters diversified rapidly into flower **cuttings and border plants**. Within less than five years, the total export value of the latter exceeded the total value of cut flowers.

The producers tend to have **good personal contacts** with the relevant authorities and support organisations in the region as well as in Kenya which enables them to quickly solve export problems if and when they arise.

Some flower growers easily qualify as **innovators** (Tanzanian producers however, tend to be followers) and are successfully venturing into related sub-sectors like horticultural seeds, vegetable oil and biofuel.

The leading producers have successfully adopted **social** and **environmental standards** such as the Milieu Programma Sierteelt (MPS) and Max Havelaar. Moreover, they advocate with others to do the same in order to further strengthen the public image of this sector. TAHA has also launched specific activities to this end.

Weaknesses (floriculture specific)

The floriculture sector has **very little critical mass** as compared to other countries and the investment by new entrants practically stopped. Existing growers have not expanded that much in cut flowers, but rather diversify their business venturing into related activities.

The cut flower sub-sector is heavily **dominated** by one company with around half of the total area under flower production as well as half of total export volume.

The production and export of cuttings, border plants and flower seeds is actually **in hands** of two business consortiums and is more or less **tied** to Dutch breeders.

Floriculture is mentioned in many policy documents and its potential to contribute to poverty reduction is often stated. However, relevant **authorities** are not fully up to date with regard to their information on floriculture trade and required technical support (pesticides, SPS etc.).

The bottleneck of **airfreight** is most important to cut flower producers. Since the only freight available at the moment is on a passenger flight operating the Amsterdam - Kilimanjaro - Dar es Salaam - Amsterdam route, they are bound to negotiate better flight arrangements to other destinations (but to Amsterdam as well) with freighters from either Nairobi or Dar es Salaam.

The floriculture producers invest a good deal of time and resources in the **recruitment and training of workers** although they have little assurance that the investment will pay off when the person involved leaves their company.

7.3 Fruits and vegetables specific

Strengths (fruits and vegetables specific)

The vegetable exporting companies appear to be true **entrepreneurs** adapting rapidly to new market requirements and consumers demands. They are both developing plans to **diversify** their production and enter into the export market of prepared products like mixed salads and vegetable mixtures ready for steaming or cooking etc. Furthermore, one of them is actively looking into the **diversification** of its marketing channels and penetration into new export markets like South Africa, Zimbabwe and the Middle East.

The fruit exporter in Arusha has found himself a particular market niche supplying fresh raspberries to the EU during the off season of competitors. He is also **enterprising** on the national market supplying retailers with strawberries and potentially other fresh fruit.

The two vegetable exporters collaborate and have **business relationships** with producers in either Kenya or countries in Southern Africa in order to avoid isolation and improve stability.

Both vegetable exporters are involved in initiatives to **change** their outgrowers and contract farming programmes. However, one shifts to outgrowers with a minimum of 50 ha while the other is involved in projects to promote the participation and certification of small producers.

The **climatic situation** and **factor conditions** in the coastal region of Tanga are certainly favourable to the production of citrus fruits, whereas the area of Morogoro is known for its good potential in mango production.

Weaknesses (fruits and vegetables specific)

The fruit and vegetable export sector has **extremely little critical mass** as compared to other countries in the region (in fact, there are just two exporters of vegetables and one in fruit).

Moreover, one of the fresh vegetable exporters is **poorly integrated** in the Tanzanian context and mainly focuses on supplying its mother company in Kenya.

The other vegetable exporter has been suffering from water supply problems for irrigation as it competes with local communities that use the same water sources for drinking and other household purposes.

The same company is actively looking for opportunities to engage more small farmers and outgrowers in the production of fresh export quality vegetables. However, this would imply a considerable investment in training and technical assistance which it says not to be able to make individually.

The raspberry exporter is practically **dependent** on Kilimanjaro International Airport and its one airline servicing it, for its transport to the EU.

The capacity to **add value to vegetables** is seen as a weakness and could form a bottleneck to longer-term development of this sub-sector. In order to continuously adapt and respond to changing consumer demands, an increased capacity is required to deliver a varied product range, convenience and “healthy” food etc. The Netherlands is a main transit market with many specialized companies that are expected to make good business partners to Tanzanian exporters in this regard.

The Southern Highlands (Iringa and Mbeya regions) have been widely identified as an area with enormous **production potential** in several horticultural crops, but till date that potential is **yet to be developed**.

In spite of its production potential and market opportunities, the **export of fresh or processed fruits** remains far underdeveloped. The promising potential of concentrates, juices, jams and jellies is much talked about, but hardly ventured. The general lack of organisation, market orientation, product standardization and quality in this sub-sector are bottlenecks to its further growth and export.

7.4 Horticultural seeds specific

Strengths (horticultural seeds specific)

Horticulture export is believed to have started in the 50s with the production and export of bean seeds to The Netherlands. By now, the horticultural seed sector has gained a **strong export situation** and **renowned position**.

The geographical and climate **conditions** as well as the past and current use of agrochemicals in northern regions are particularly suited for the reproduction of horticultural seeds. This strength has been well illustrated by the fact that **leading vegetable seed breeders** like Enza Seeds, Rijk Zwaan and East West Seed Company recently started operations in the area.

The horticultural seed producers source their original seeds from abroad which is controlled by TOSCA. The testing and inspection services of TOSCA are generally well appreciated.

The experiences with **contract farmers** and **outgrowers** in the production of both flower and vegetable seeds are positive. Moreover, there are many farmers interested to engage in such programmes as part of their livelihood strategy.

Whereas other horticultural exporters tend to suffer from lack of availability of airfreight, the seed producers have the advantage of far less perishable and voluminous produce.

Weaknesses (horticultural seeds specific)

The level of organisation of the horticultural seed producers and their collective **institutional capacity** is low which can be a weakness for further development as a sub-sector.

Though some have in-house testing capacity, several vegetable seed producers lack access to reliable and rapid laboratory **facilities for testing on plant diseases**.

7.5 Potential development strategies

Based upon the assessment of the current strengths and weaknesses and the existing or new opportunities and threats to the export horticulture in Tanzania and in line with the general conclusion that the sector's competitiveness needs to be improved by collaborative public private action (i.e. creating an enabling environment, fostering innovation and production, and promoting the development of a dedicated support sector), a number of different development strategies were identified:

A. Horticulture export as a whole

- A1.** Expansion of the total production capacity and export volumes in order to reach economies of scale;
- A2.** Strengthening the institutional capacity of the sector as a whole fostering collaboration between public stakeholders, private industry and support sector as well as between the floriculture, vegetable and seed sub-sectors in order to build up a "horticluster";
- A3.** Establishment of long-term collaboration and business partnerships with the Kenyan horticulture industry in order to reach economies of scale.

B. Floriculture specific

- B1.** Collective accreditation of producers to export labels and active communication in order to enhance the positive image of Tanzanian floriculture.

C. Fruit and vegetable specific

- C1.** Product diversification and value addition in order to enter into market segments of prepared vegetables, healthy food and processed fruits;
- C2.** Diversification of marketing channels and penetration into the vegetable markets in Southern Africa and the Middle East.

D. Horticultural seeds specific

- D1.** Expansion of total production capacity and supporting facilities with the aim to play an increasing role as seed supplier to the vegetable sector in East and Southern Africa.

8. Topics for public-private partnership activities

In this paragraph a selected number of possible activities is introduced that require the involvement of both public and private stakeholders in the floriculture, fruits and vegetables as well as horticulture seed sub-sectors in Tanzania and would fit as projects under the WSSD public-private partnership program.

The following criteria have been used for identification of public private partnership projects:

- Commitment and priority by a range of public and private stakeholders in the sector;
- Expected positive impact on market access within 3 to 5 years;
- Active participation of public and private stakeholders;
- Spin-off impact on national and regional market development and poverty reduction;
- Contribution to long-term and sustainable development of the sector with regard to people, planet and profit;
- No overlap and where possible linkages with existing projects and activities.

Based upon discussions with various stakeholders and linked to the strategies as mentioned in paragraph 7.5, the following activities for joint public private implementation are presented:

- 8.1** Development of a coherent promotion package for foreign investment into the horticulture industry (contributing to strategies A1 and D1);
- 8.2** Streamlining the investment facilitation measures and export procedures (contributing to A1, A2 and D1);
- 8.3** Establishment of an industry driven training programme for industry workers and middle management (contributing to A1, A2 and D1);
- 8.4** Establishment of an industry driven facility for testing on plant diseases (contributing to A2);
- 8.5** Joint review of the List of Registered Pesticides and formal registration of main agrochemicals used by the industry (contributing to A1, A2 and D1);
- 8.6** Harmonization of Pesticide and Phytosanitary Regulations under the East African Community (contributing to A2).

This set of proposed public private partnership activities does not include projects targeted at strategies A3 (collaboration Kenyan horticulture), B1 (collective accreditation flower farms), C1 (produce diversification and value addition) and C2 (vegetable marketing diversification).

For the time being, a strategy that aims to become even closer to the horticulture industry in Kenya is considered to be a second best option that might be inevitable however, if the sector in Tanzania does not soon succeed to reach economies of scale by expanding its production capacity and by working as a “horticluster” in the Arusha and Kilimanjaro region.

On the other hand, collective accreditation of floriculture producers to export labels, value addition, and product and marketing diversification in fruits and vegetables are all strategies better suited to activities by the private sector itself.

8.1 Development of a coherent promotion package for foreign investment into the horticulture industry (contributing to strategies A1 and D1)

Objective:	A coherent package to promote foreign investment in the horticulture industry developed and communicated internationally
Origin of demand:	Horticulture industry, MoAF, BoT, BET and TPRI
Background:	Special effort to increase production and export volumes in order to reach economies of scale
Target group:	Existing horticulture industry as well as potential investors, MoAF, TPRI, commercial banks, HORTI Tengeru and other public agencies
To be implemented by:	TAHA, other horticulture companies as well as public sector and the national and international media
Preconditions:	Collaborative vision to build up and work as a cluster
Linkages to existing projects:	DTIS, TIC and PSOM

8.2 Streamlining the investment facilitation measures and export procedures (contributing to strategies A1, A2 and D1)

Objective:	The total package of investment facilitation measures as well as all procedures for horticulture exporters are analyzed and streamlined
Origin of demand:	Horticulture industry and TPRI
Background:	Special effort to remove crucial weaknesses for the sector as a whole and to streamline support activities and strengthen service providers
Target group:	Tanzania Investment Centre (TIC) and related agencies, commercial banks, horticulture industry
To be implemented by:	TIC, MoAF, TPRI, BET in collaboration with the industry
Preconditions:	Collaborative vision to build up and work as a cluster
Linkages to existing projects:	DTIS and TIC

8.3 Establishment of an industry driven training programme for industry workers and middle management (contributing to strategies A1, A2 and D1)

Objective:	A business plan for an industry driven training programme for workers and middle management is formulated and its financial plan secured
Origin of demand:	Horticulture industry and HORTI Tengeru
Background:	A complementary effort to remove a weakness of the sector as a whole and to strengthen the support sector
Target group:	Horticulture industry, TPRI
To be implemented by:	Horticulture industry in collaboration with TPRI, AVRDC and HORTI
Preconditions:	Combining training activities with commercial farming Combining efforts in the East African region
Linkages to existing projects:	Similar initiatives abroad, for example in Kenya, Uganda, Ghana and Zambia (training farm of the Zambia Export Growers Association)

8.4 Establishment of an industry driven facility for testing on plant diseases (contributing to strategy A2)

Objective:	A business plan for an industry driven testing facility on plant diseases is formulated and its financial plan secured
Origin of demand:	Horticultural seeds producers and TVSP
Background:	A complementary effort to strengthen the support sector
Target group:	Horticulture industry; small farmers and outgrowers are expected to benefit as well
To be implemented by:	Horticulture industry, AVRDC, HORTI and TPRI
Preconditions:	Collaborative vision to build up and work as a cluster
Linkages to existing projects:	AVRDC

8.5 Joint review of the List of Registered Pesticides and formal registration of main agrochemicals used by the industry (contributing to strategies A1, A2 and D1)

Objective:	List of Registered Pesticides jointly reviewed and selected agrochemicals crucial to horticulture registered for use in the industry
Origin of demand:	Horticulture industry, MoAF and HORTI Tengeru
Background:	The List of the Registered Pesticides is being reviewed by MoAF without involvement of the private sector; moreover, registration of new generation pesticides hardly takes place
Target group:	Horticulture industry, MoAF, TPRI and other relevant public agencies
To be implemented by:	MoAF and TPRI
Preconditions:	Collaborative vision to build up and work as a cluster
Linkages to existing projects:	Ongoing review of List of Registered Pesticides by MoAF

8.6 Harmonization of Pesticide and Phytosanitary Regulations under the East African Community EAC (contributing to strategy A2)

Objective:	Pesticide and phytosanitary regulations harmonized under the East African Community through professional process facilitation
Origin of demand:	MoAF and TPRI
Background:	Under the East African Community common services harmonization program only regulations to the seed sector were harmonized to date. This process took years. Harmonization of the pesticides registration and control is next on the agenda and would benefit from an outside facilitator for results to be obtained within a reasonable period of time.
Target group:	
To be implemented by:	MoAF and TPRI
Preconditions:	Will be a long term process
Linkages to existing projects:	The EAC process of harmonization of seed sector regulations was facilitated by ASARECA.

Annex 1 References

Anon, List of pesticides registered in Tanzania, December 2004 (under section 18 of the Plant Protection Act, 1997 and Plant Protection regulations GN 401 of 1999), 2004

Anon, United Republic of Tanzania, Crop Sub-sector policy (first draft), Ministry of Agriculture and Food Security, Dar es Salaam, 2005

IFAD, Rural Poverty Reduction in a Market Environment, proceedings of a regional thematic workshop, 2004

Lenne, J.M., Pink, D.A.C., Njuki, J., Wanyonyi, C. and Spence, N.J., Opportunities and constraints for future economic development of sustainable vegetable seed business in Eastern Africa, a scoping study commissioned by the Rockefeller Foundation, the Department for International Development, and the Gatsby Charitable Foundation, 2005

Löhr, Bernhard, An IPM concept for export French beans, ICIPE, 2004

Natural Resources Institute, Small Producers in Export Horticulture: a guide to best practice, DFID, 2003

Nyambo, B.T., Integrated pest management plan for SOFRAIP, Ministry of Agriculture and Food Security, 2001

Semboja, H.H.H., Mbelwa, R. and Bonaventura, C., The cut-flower industry in Tanzania, sector activities programme, working paper WP 152, 2000

Annex 2 List of persons and organisations consulted

Colman M. Ngalo, Chaiman, TAHA; P. O. Box 3003 Arusha, Tanzania; Tel:+ 255 27 2553834; Email: cngalo@tz2000.com/cngalo@bol.co.tz

Capt. Phillemon C.G. Kisamo, Executive Director TAHA; P. O. Box 3003 Arusha, Tanzania; Tel: + 255 27 2544568; Email: taha@habari.co.tz

Mr Ziauddin Ali, Manager, Serengeti Fresh Ltd; P. O. Box 12346 Arusha Tanzania; Tel: +255 272502129; Email: accounts@tzfit.com

Dr. Roshan Abdallah, Head, Phytosanitary, Biosafety and organic certification Unit, TPRI, P.O. Box 3024, Arusha Tanzania; Tel: + 255 27 2503474; Email: RRAIFA52@yahoo.com/NPOS@habari.co.tz

Mr Surendra Bakshi, East African Seed Co. Ltd; P. O. Box 14455 Arusha Tanzania; Tel: +255 27 2504184/2502756; Email: eased@cybernet.co.tz

Mr. Praful Galgani, Director, East African Seed Co. Ltd; P. O. Box 14455 Arusha Tanzania; Tel: +255 27 2504184/2502756; Email: eased@cybernet.co.tz

Mr. Avinash Mokate, General Manager, Kiliflora Ltd; P. O. Box 988 Arusha Tanzania; Tel: + 255 27 2553827/2553633; email: avinash@kiliflora.com

Mr. Tjerk Scheltema, General Manager, Arusha Cuttings Ltd; P. O. Box 11123 Arusha Tanzania; Tel: + 255 27 250 1990; Email: tjerk@arushacuttings.com

Mr. Hans Baart, Combifleur

Mr. Jan Harm Beukema, General Manager; Enza Zaden Africa Ltd; P. O. Box 2750 Arusha Tanzania; Tel: +255 27 255 3454/553017; Email: manager@enzazaden.co.tz

Ms Josephine S. Lemoyan, Senior advisor Local Governments. SNV, P. O. Box 13304 Arusha Tanzania; Tel: +255 27 2504709; Email: jlemoyan@snvtanzania.org

Ms Maria Ijumba, General Manager, FAIDA MALI, P. O. Box 13869 Arusha Tanzania; Tel:+ 255 27 250 3549/2544459; Email: rea_manager@faida.or.tz

Mr. Stephen Kijazi, Agribusiness Officer, FAIDA MALI, P. O. Box 13869 Arusha Tanzania; Tel:+ 255 27 250 3549/2544459; Email: rea_advisor@faida.or.tz

Mr. Henri van der Land, Director, Match Makers Associates, Arusha, Tanzania, Tel:+ ; Email:

Mr. Ignas Swai, Senior Plant Pathologist, HORTI Tengeru; P. O. Box Arusha

Mr. Semali, Officer in-charge, HORTI Tengeru, P. O. Box Arusha

Mr. Erik Koster, General Manager, Kilihortex; P. O. Box 428 Arusha; Tel: +255 27 255 3230; Email: kilihortex@habari.co.tz

Mr Jacob W. Wiersma, Second Secretary, Royal Netherlands Embassy, P. O. Box 9534 Dar es Salaam; Tel: + 255 22 211 0000; Email: Jacob.wiersma@minbuza.nl

Mr. John P. Mpelembwa, Deputy Director, Foreign Markets Department, Bank of Tanzania; P. O. Box 2939 Dar es Salaam; Tel: + 255 22 2112412; Email: jpmpelembwa@hq.bot-tz.org

Dr. Rose Anne Mohammed, Head, Phytosanitary Services, Ministry of Agriculture and Food Security, P. O. Box 9071 Dar es Salaam; Tel: + 255 22 2865643/42: email: pps@kilimo.go.tz

Ms. Adah Mwashwa, Senior Agricultural Officer (Crop Promotion); Ministry of Agriculture and Food Security, P. O. Box 9071 Dar es Salaam; Tel: + 255 22 2864899; Email: cps@kilimo.go.tz

Mr. Salum Diwani, President AMAGRO, P.O. box 3491, Dar es Salaam, Tanzania

Mr William Mwaiko, Entomologist, Plant Health Services, Ministry of Agriculture and Food Security, P. O. Box 9071 Dar es Salaam; Tel: + 255 22 2865643/42; Email: pps@kilimo.go.tz

Dr. Oswald Mashindano, Senior Research Fellow; Economic & Social Research Foundation, P. O. Box 31226 Dar es Salaam; Tel: + 255 22 2760260/2762472/73; Email: omashindano@esrf.or.tz

Dr. Flora Kessy, Research Fellow; Economic & Social Research Foundation, P. O. Box 31226 Dar es Salaam; Tel: + 255 22 2760260/2762472/73; Email: fkessy@esrf.or.tz

Ms. Lianne Houben, EVD, The Hague

Mr. Rainard Mjunguli, Project leader, EPOPA Tanzania,

Mr. Martien van der Meer, Manyara Seeds, Arusha, Tanzania

Mr. René Geelhoed, Tanzania Vegetable Seed program, Arusha, Tanzania

Ms Dina P. Bina, Managing Director, Dina Flowers Co. Ltd; P. O. Box 1497 Dar es Salaam; Tel: + 255 22 2668147; Email: dinab@omnisys.co.tz

Mr. K.S. Mwashu, Director of Research and Planning, Board of External Trade, P. O. Box Dar es Salaam; Tel: +255 22 2850081; Email: mwashu@bet.co.tz

Mr Fidelis Mugenyi, Horticulture section, Board of External Trade Dar es Salaam; Tel: +255 22 2850081; Email: fidelis_mugenyi@yahoo.co.uk

Annex 3 Terms of Reference for the mission to Tanzania

NEEDS ASSESSMENT FOR WSSD- HORTICULTURE PARTNERSHIPS EAST AFRICA-The NETHERLANDS ON IMPROVING MARKET ACCESS

Background

The project will be implemented in the framework of a Partnership on Market Access and Capacity Building as a direct spin-off from the World Conference on Sustainable Development (WSSD) in Johannesburg (2002). During that conference a number of partnership initiatives were launched, aiming at collaborative efforts of governments, private partners, and civil society organisations to reach common objectives in a particular field of interest. They are based on mutual respect and shared responsibility of the partners involved.

The Netherlands has taken the initiative for developing a Partnership on Market Access for food and agricultural products for which a number of countries showed interest, among them countries in East Africa. In the course of 2003 The Netherlands agreed with the respective governments of Zambia, Uganda and Tanzania to support the development of partnerships with an initial focus on phytosanitary issues in the horticultural sectors. An identification mission was fielded, intervention areas were prioritised in consultation with the local actors and further formulation studies were commissioned. Early in 2004 The Netherlands decided that also in Kenya the development of partnerships in the horticultural sector should be supported as part of the WSSD Partnership on Market Access. Kenya had become a partner country for Netherlands' development cooperation and its horticultural sector is regionally and globally of enormous significance.

As the afore-mentioned partnership initiatives are aiming at improving market access and increased global competitiveness of farmers, food processors, retailers and traders in developing countries, the envisaged co-operation is foreseen to effectively contribute to sustainable economic development and poverty reduction in developing countries and at the same time address market demands in Europe and other industrialised countries.

In addition to country-oriented partnership initiatives, it is considered to be useful to explore the feasibility of more regionally oriented partnerships as well. The assumed added value of such broader partnerships should then focus on supra-national, broadly felt challenges which by tackling collectively, would contribute more effectively to improving certain aspects of the enabling environment for improving market access and the development of market-oriented horticultural sectors. In first instance the feasibility will be studied through a needs assessment focussing on the actors involved in the present three countries of the East African Community: Tanzania, Uganda and Kenya.

With Kenya a bilateral participative process with all stakeholders concerned has been initiated to identify partnership activities. Prior to the identification of regional partnership activities, also a bilateral process with Uganda and Tanzania needs to be implemented. The results of the bilateral processes in these 3 countries will form a basic input for the identification of partnership activities at the regional level.

Previous Activities

In the framework of the WSSD Partnership Market Access in East African countries:

- Fact finding mission to Tanzania, Uganda and Zambia (May 2003);
- Formulation of plans to build phytosanitary institutional capacity in Zambia and Uganda
- Informal Round Table Horticulture Partnership East Africa - The Netherlands (November 2003)
- Provision of part-time interim management assistance to the Tanzania Horticultural Association in Arusha
- Facilitation of IPPC to conduct a PCE in Tanzania
- A preparatory activity for a bilateral implementation of a WSSD partnership programme in Kenya

Other related activities:

- Formulation of a pilot project around introduction of EUREPGAP in the vegetable sector in Kenya and Senegal.
- Implementation of an identification study on Critical Success Factors for a sustainable flower business cluster in East Africa and The Netherlands

Objectives

The general objective of this needs assessment is to formulate a shortlist of feasible options for joint public-private activities in the framework of the WSSD partnership programme 'market access and capacity building', having regional impact and addressing challenges of common interest in the horticultural sectors in the selected East African countries.

The specific objectives are:

- To conduct a participative needs assessment with the relevant stakeholders for bilateral partnership activities between Uganda and Tanzania on the one hand and The Netherlands on the other, for improved dialogue and co-operation in the floriculture and fruits & vegetables sub-sectors.
- To identify and formulate outlines for bilateral partnership activities/programmes with Uganda and Tanzania in the floriculture and fruits & vegetables sub-sectors that show evidence of sufficient commitment (content and financial) from relevant stakeholders.
- Based on the bilateral activities conduct a participative need assessment for regional partnership activities between Kenya/Tanzania/Uganda and The Netherlands for improved dialogue and co-operation in the floriculture and fruits & vegetables sub-sectors.
- To identify and formulate outlines for regional partnership activities/programmes with Kenya, Tanzania and Uganda in the floriculture and fruits & vegetables sub-sectors with sufficient commitment (content and financial) from all relevant stakeholders.

While addressing the above, particular attention should be paid to effects on the position of smallholders and outgrowers and how they and their organisations (if any) could benefit from improved regional dialogue and co-operation.

Potential topics that could benefit from the envisaged improved dialogue and co-operation between relevant actors in horticultural sub-sectors cover a broad range of issues, including for example:

- SPS aspects, for example meeting EU traceability requirements (2005) esp. for outgrowers and smallholders, but also e-handling at border posts;
- Meeting private standard requirements (e.g. EUREPGAP) esp. for outgrowers and small farmers;
- Establishment of long-term business relationships;
- Enhancement of Corporate Social Responsibility practices by the sectors;
- Public-private investments aimed at enhancing logistic efficiency;
- Producers' organisations and other forms of collaboration
- Integration of representative horticultural sector organisations in regional private sector organisations;
- Regional training and research
- Improvement of the image of the horticultural sectors
- Improving land tenure security
- Strengthening contract enforcement

Identified topics and activities for the regional partnership should have a common regional interest, should require a regional approach and should not overlap with already on-going bilateral activities. As much as possible identified activities should be integrated with on-going regional initiatives and be imbedded in already existing regional institutions.

Outputs of the project

The following outputs are expected:

- Detailed project outlines for activities under the bilateral partnership programmes with Uganda and Tanzania in the floriculture and fruits & vegetables sub-sectors with sufficient commitment (content and financial) from all relevant stakeholders.
- Detailed project outlines for activities in a regional partnership programme with Kenya, Tanzania and Uganda in the floriculture and fruits & vegetables sub-sectors with sufficient commitment (content and financial) from all relevant stakeholders including government bodies (including research, quality control, export promotion etc.), growers, exporters, traders, NGOs, producers' organisations, labour unions and Netherlands based horticultural sector.

Description of activities

The activities consist of two phases:

- Phase 1: Implementing bilateral participatory processes to identify partnership activities with stakeholders in Uganda and Tanzania and The Netherlands.
- Phase 2: Implementing a regional participatory process to identify regional partnership activities based upon the results of the bilateral processes in Kenya, Uganda and Tanzania.

As opposed to the bilateral process with Kenya in which public and private stakeholders in Kenya and The Netherlands were interviewed, most of the preparatory work will be done on the basis of secondary data. It is anticipated that ongoing and recently finalised activities in the horticultural sector with relevant stakeholders in Uganda and Tanzania provide sufficient insight in the priorities and needs. In addition, the stakeholders in The Netherlands have been approached recently for the Kenyan process and much of the information gathered is assumed to be applicable for Uganda and Tanzania as well. Where necessary, short consultations can be undertaken in Uganda, Tanzania and The Netherlands.

Phase 1 Bilateral partnership activities in Uganda and Tanzania

Activity 1.1	Literature review; collection and studying of relevant documents on existing sector analyses, location strategy, environmental issues, labour and social aspects, sourcing strategy, corporate social responsibility for the floriculture and fruits & vegetables sub-sectors in Uganda and Tanzania
Activity 1.2	Formulation of 4 short draft position paper (fruits & vegetables and floriculture for Uganda and Tanzania) including a SWOT sector analysis and a draft agenda for the bilateral partnership programme.
Activity 1.3	Discussion with LNV and DGIS on draft position papers, tentative conclusions and draft agendas; tentative selection of priority issues to be addressed in follow-up projects in the framework of the WSSD partnership market access.
Activity 1.4	Finalization of 4 position papers and conclusions
Activity 1.5	Organisation and implementation of 2 stakeholders' consultations (1 in Uganda and 1 in Tanzania) bringing together major stakeholders from Uganda and Tanzania (private sector, public sector, NGOs) to discuss the position paper and decide upon the to-be-implemented priorities in the framework of the WSSD partnership programme.
Activity 1.6	Support to the stakeholders in formulation of detailed project proposals resulting from the stakeholders' consultation.