



**Policy making and implementation  
in agriculture: Tanzania's push  
for irrigated rice**

Ole Therkildsen

DIIS Working Paper 2011:26

## **OLE THERKILDSEN**

is Senior Researcher at the Politics and Development research unit at the Danish Institute for International Studies  
e-mail: oth@diis.dk

DIIS Working Papers make available DIIS researchers' and DIIS project partners' work in progress towards proper publishing. They may include important documentation which is not necessarily published elsewhere. DIIS Working Papers are published under the responsibility of the author alone. DIIS Working Papers should not be quoted without the express permission of the author.

## **ACKNOWLEDGEMENTS**

I wish to thank Honesty Minde, Wilfred Mkandawire, Augenia Mpayo, Deo Mushi, Yusuf Ngelula, Denis Rwememamu, John Shao, Joel Strauss, and Frederick Yona for their cooperation during various phases of this work. Also thanks to Andrew Coulson, Esbern Friis-Hansen, Goran Hyden, Jens Kovsted, Rasmus Hundsbæk Pedersen, Sam Wangwe and EPP-members for valuable comments to earlier drafts. The usual disclaimers apply.

## **DIIS WORKING PAPER 2011:**

© The author and DIIS, Copenhagen 2011  
Danish Institute for International Studies, DIIS  
Strandgade 56, DK-1401 Copenhagen, Denmark  
Ph: +45 32 69 87 87  
Fax: +45 32 69 87 00  
E-mail: diis@diis.dk  
Web: www.diis.dk  
Cover Design: Carsten Schiøler  
Layout: Ellen-Marie Bentsen  
Printed in Denmark by Vesterkopi AS  
ISBN: 978-87-7605-475-5  
Price: DKK 25.00 (VAT included)  
DIIS publications can be downloaded  
free of charge from www.diis.dk

This is a revised version of a paper presented at the EADI conference at York University on September 20, 2011.

## **DIIS WORKING PAPER SUB-SERIES ON ELITES, PRODUCTION AND POVERTY**

This working paper sub-series includes papers generated in relation to the research programme 'Elites, Production and Poverty'. This collaborative research programme, launched in 2008, brings together research institutions and universities in Bangladesh, Denmark, Ghana, Mozambique, Tanzania and Uganda and is funded by the Danish Consultative Research Committee for Development Research. The Elites programme is coordinated by the Danish Institute for International Studies, Copenhagen, and runs until the end of 2011. More information about the research and access to publications can be found on the website [www.diis.dk/EPP](http://www.diis.dk/EPP).

### *Earlier papers in this subseries:*

- Rweyemamu, Dennis: "Strategies for Growth and Poverty Reduction: Has Tanzania's Second PRSP Influenced implementation?" *DIIS Working Paper* 2009:13.
- Kjaer, Anne Mette, and Fred Muhumuza: "The New Poverty Agenda in Uganda", *DIIS Working Paper* 2009:14.
- Whitfield, Lindsay: "The new 'New Poverty Agenda' in Ghana: what impact?", *DIIS Working Paper* 2009:15.
- Webster, Neil, Zarina Rahman Khan, Abu Hossain Muhammad Ahsan, Akhter Hussain and Mahbubur Rahman: "State Elites and the New Poverty Agenda in Bangladesh", *DIIS Working Paper* 2009:22.
- Buur, Lars, with Obede Suarte Baloi: "The Mozambican PRSP Initiative: Moorings, usage and future", *DIIS Working Paper* 2009:35.
- Whitfield, Lindsay: "Developing Technological Capabilities in Agro-Industry: Ghana's experience with fresh pineapple exports in comparative perspective", *DIIS Working Paper* 2010:28.
- Whitfield, Lindsay: "How countries become rich and reduce poverty: A review of heterodox explanations of economic development", *DIIS Working Paper* 2011:13.
- Whitfield, Lindsay and Ole Therkildsen: "What Drives States to Support the Development of Productive Sectors?", *DIIS Working Paper* 2011:15
- Buur, Lars and Lindsay Whitfield: Engaging in productive sector development: Comparisons between Mozambique and Ghana, *DIIS Working Paper* 2011:22

## CONTENTS

Acknowledgements	2
Abbreviations	5
Abstract	6
1. Introduction	7
2. The Tanzanian rice industry and its political context	10
2.1. Productivity, supply and demand	10
2.2. The political context	12
3. The push for irrigation	14
3.1. The process of formulating the irrigation component of the ASDP	15
3.2. Implementation of the irrigation component	18
3.3. Results	20
4. The push for protection of the local rice industry	21
4.1. The process of policy formulation	23
4.2. Implementation	23
4.3. Results	27
5. Interpretations	27
5.1. Political goals more important to political elites than economic ones	28
5.1.1. Winning elections	28
5.1.2. Maintaining coalitions: Strong importers and weak producers	30
5.2. The centrality of the bureaucracy in policy making and implementation	31
5.3. The ideological legacy of party-driven modernisation of agriculture	34
6. Conclusions and perspectives	35
Appendix 1. Selected information on paddy production	38
References	42

**ABBREVIATIONS**

ACT	Agricultural Council of Tanzania
ASDP	Agricultural Sector Development Programme
ASDS	Agricultural Sector Development Strategy
CCM	Chama Cha Mapinduzi
CEO	Chief Executive Officer
CET	Common External Tariff
CUF	Civil United Front
Danida	Danish International Development Agency
DIDF	District Irrigation Development Fund
DfID	Department for International Development
EAC	East African Community
EU	European Union
ha	hectares
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
JICA	Japan International Cooperation Agency
JIR	Joint Implementation Review
MVIWATA	Mtandao wa Vikundi vya Wakulima Tanzania
NAFCO	National Agricultural and Food Corporation
NIDF	National Irrigation Development Fund
NIMP	National Irrigation Master Plan
NGO	Non-Governmental Organization
O&M	Operation and maintenance
SAGCOT	Southern Agricultural Corridor of Tanzania
SWAp	Sector wide approach
TCCIA	Tanzania Chamber of Commerce, Industry and Agriculture
TFA	Tanganyika Farmers Association
TNBC	Tanzania National Business Council
UNDP	United Nations development Programme
WB	World Bank
WTO	World Trade Organization

## **ABSTRACT**

Tanzania's 2005 push to increase rice production by ambitious rural investments in irrigation and by tariff protection of its rice industry from cheap imported subsidised rice has apparently high-level political support. Yet, the implementation has run into problems: non-compliance with the tariff, substantial smuggling of cheap rice through Zanzibar, and low sustainability of irrigation schemes due to poor local-level operation and maintenance.

These implementation problems arise because for the ruling elite, the political goals of winning elections and maintaining coalitions are more important than economic goals of strengthening the rice industry. Such political considerations influence how the enforcement capacity of tax authorities (to ensure tariff compliance and clamp-down on smuggling) and local governments (to ensure viable operation and maintenance of irrigation schemes) are actually used. Ideological notions about 'modernising agriculture' have also motivated the ruling elite to push for irrigation.

## I. INTRODUCTION

This political economy analysis is a part of the research programme on Elites, Production, Poverty: a Comparative Study (EPP). A central proposition of the EPP is that ruling elites support the development of productive sectors when they perceive that this will help them to remain in power. Having access to power helps them to accumulate private wealth, gain individual or factional benefits, and/or to shape or change the direction of government strategies and policies based on ideas or visions of what should be done (be it industrialisation through a domestic class of capitalists, agricultural development through ‘modernization’ of the economy, etc.). The second proposition of the EPP is that in doing this, ruling elites seek to use policy initiatives and their implementation strategically to build, maintain or expand their own factional power (coalition-driven initiatives).<sup>1</sup> Such initiatives can also be used to win competitive elections without which political elites now do not have legitimate access to state power (election-driven initiatives). A final proposition of the EPP is that even when state initiatives in the productive sectors are driven by such political motivations, good economic outcomes are not secured.<sup>2</sup> That also requires close relations between the ruling elite and the relevant productive entrepreneurs based on their mutual interests and the ability of the

1 Ruling elites: “the political leaders atop the incumbent regime.” Ruling coalition: “the groups and individuals behind the rise of the ruling elites to power and/or those groups or individuals who give the ruling elite their support, typically in exchange for benefits. The ruling coalition serves the function of keeping the ruling elite in power by organizing political support, often in the form of patron-client networks” (Whitfield and Therkildsen, 2011, 16).

2 Meaning outcomes that lead to increased productivity and structural changes in the economy, as this is the basis for sustained poverty reduction (Whitfield, 2011).

ruling elite to create pockets of bureaucratic efficiency to implement specific policies (Whitfield and Therkildsen, 2011).

How coalition- and election-driven state initiatives to develop productive sectors are designed and implemented, depend on several interacting factors. Formal political and structural contexts shape how ruling coalitions are put together. The former influences the political competition for political office. The latter influence which groups in society have economic power (due to accumulated wealth and the ability to generate wealth as a result of control over production, extractive resources, or trade) and which groups have organizational power (organizational capabilities, legitimacy, ideology, etc.). Groups that have both economic and organisational power (holding power in Khan’s parlance)<sup>3</sup> are obviously especially important. These features are historically generated and provide the context in which political elites (or political entrepreneurs aspiring to be part of the ruling elite) operate. Typically, such contexts change only slowly (Whitfield and Therkildsen 2011, section 3.2).

The EPP conceptual framework (further elaborated in Whitfield and Therkildsen 2011) is used to analyse the processes of policy making and implementation of a recent double-decision by the Tanzanian state, which at a first glance seems taken straight out of a develop-

3 Holding power concerns the relative distribution of power in a society (Khan, 2010, 20). “The power of an organization (an organized group of people) is a function of its ability to hold out in actual or potential conflicts against other organizations or the state. Holding power, as he defines it, is a function of a number of characteristics of an organization: its economic capability to sustain itself during conflicts, its capability to inflict costs on competing organizations, its capability to mobilize supporters to be able to absorb costs and its ability to mobilize prevalent ideologies and symbols of legitimacy to consolidate its mobilization and keep its members committed” (Whitfield and Therkildsen, 2011, footnote 27).

mental state recipe book based on Asian experiences.<sup>4</sup> A ruling elite with a clear transformative vision starts a state-led investment in irrigation to increase food security as well as productivity and incomes for paddy producers, almost all of whom are smallholders. Simultaneously, it creates a rent – in the form of a tariff – so as to boost the domestic rice industry (growers, millers, transporters and traders) by protecting it from competition with cheap subsidized rice imports. The purpose of this paper is to explain *why* the double-decision was made and *why* its implementation ran into major problems that resulted in poor economic outcomes for the rice industry – in particular for the smallholder paddy growers.

Specifically, in 2005, the Tanzanian government announced plans for a massive four-fold expansion of irrigated land – one million ha within five years – to be implemented mainly through local governments. In the same year, a Common External Tariff (CET) of 75 percent tariff on imported rice was agreed by the East African Community (EAC). It implied a tripling of the Tanzanian tariff on imported rice and Tanzania Revenue Authority (TRA) is responsible for its enforcement.

This double-decision is interesting for several reasons. Tanzania is the most important producer of rice in Eastern Africa and the crop is largely grown by smallholders. The potential for this crop in Tanzania are good (Nyange and Morrison 2005; Binswanger-Mkhize and Gautam 2010). Moreover, longer-term prospects are promising because the consumption of rice is increasing, especially in urban areas

both in Tanzania and in the region generally – as is the domestic and world market price of rice (Gajigo and Denning, 2010). Nevertheless, Tanzania is at present an importer of rice. Zanzibar in particular imports most of its rice, which is the main food crop there. Finally, the Tanzanian Poverty Reduction Strategy Paper of 2005 identified irrigation as important for Tanzania's attempt to push for agricultural transformation, poverty alleviation and food security (Rweyemamu, 2009). This indicates some political support for this double-decision.

Yet, the decisions on import tariff and rural irrigation investments were not coordinated but developed in separate policy making arenas. And outcomes have, so far, been mixed. Although the import tariff for rice is partly complied with, a substantial amount of rice is now smuggled into Tanzania via Zanzibar instead. This exposes the internal rice market to competition from subsidised imported rice – against the intentions of the CET to strengthen the local rice industry. Finally, irrigation expansion has been fairly substantial since 2005, although the unrealistic target of adding one million hectares by 2010 written into the Agricultural Sector Development Programme (ASDP) has obviously not been met. The main unsolved problem is that the ASDP pushes for the rehabilitation or construction of new schemes without much attention to their operation and maintenance. Many schemes will therefore eventually stop functioning, as past experiences with irrigation infrastructure have clearly shown. Consequently, the impacts on productivity, production and incomes are likely to be short-lived.

The EPP conceptual framework is helpful in explaining these features of the double-decision and their mixed outcomes – and in bringing issues to the fore that are often not considered in analyses of agricultural policies and their implementation. For although there are

<sup>4</sup> Indeed, already in the 1960s politicians were deeply inspired by the Asian experience (see "Rice means socialism" in Nyerere (1973, 45-46)). For more recent research on the relevance of the Asian experience for African agriculture, see Ali and Thorbecke (2003), Djurfeldt et al. (2005), and Diao et al. (2010).



plenty of technical and economic analyses of agriculture in Tanzania, there are few political economy studies (Wangwe, 2010).

Three overlapping findings are particularly important for understanding the 2005 decisions, their implementation and outcomes. First, political goals have been more important for the political elite than the achievements of proclaimed economic priorities. In such situations “good politics” may result in “bad economics”, as Grindle (2007) formulated it, and this fits well to the experience of the Tanzanian rice industry. It also fits well to the analyses of agriculture that Bates (2005) made long ago. Second, the different roles of the Tanzanian bureaucracy are important to understand – especially for policy implementation. It is the relations of various parts of the bureaucracy to the ruling elite that are important for such understanding rather than differences in organisational capacity. Finally, the ideological legacies of party-driven attempts at modernising agriculture are still alive, as they have been since independence (McHenry 1994). They help to explain the intervention of the president to boost the irrigation component of the ASDP.

Information for the analyses was gathered between 2008 and 2010. Data on paddy production, marketing, prices, imports, exports and consumption were collected and analysed (although the reliability of such data is sometimes questionable, as also Ponte (2002) has noted). Small surveys of parts of the value chain were made and numerous interviews conducted with: actors in the rice industry; relevant policy makers and bureaucrats; donor representatives; and consultants and academics. However, some key actors with influence on policy making and implementation proved difficult to meet (or non-informative when met), and certain informal relationships and specific types of information were not accessible. This combined with data reliability prob-

lems makes it a challenge to find out what actually goes on in the rice industry.

The chosen focus on the political economy of irrigation construction and maintenance and on tariff protection illustrates how power relations help to explain the policy and implementation outcomes of the double-decision. For lack of space the paper omits the many other activities required to raise productivity, production and incomes in the rice industry (fertiliser, seeds, pest control, extension service, farmer organisation, credits, marketing, storage and road infrastructure, etc.). It also omits analyses of the debates and contents of recent agricultural policy initiatives such as the “Agriculture First. Tanzania’s Green Revolution” (Kilimo Kwanza) initiative announced in 2009 and the SAGCOT initiative of 2010<sup>5</sup>, because these have not yet had significant effects on the rice-irrigation issues discussed here.

The paper is organised as follows. Section 2 provides a brief account of the main features of Tanzania’s rice industry and the context in which it operates. Section 3 focuses on the policy making, implementation and results of the rural investment programme in irrigation that is the most important component of the ASDP. Section 4 does the same with respect to protecting the local rice industry through an import tariff for the East African Community. Section 5 presents political economy interpretations that explain the double-decision, its implementation and results. Conclusions are presented in section 6.

5 See TNBC (2009) and <http://www.africacorridors.com/sagcot/>.

## 2. THE TANZANIAN RICE INDUSTRY AND ITS POLITICAL CONTEXT

Some relevant features of the rice industry and the political context in which it operates are provided below as a background to the subsequent analyses.

### 2.1. Productivity, supply and demand

Rice accounts for some 20 percent of cereal consumption in Tanzania but is much more important for the diet on Zanzibar. Future demand for rice is strong due to increasing urbanisation and growing rice consumption by domestic, regional and global middle classes. This, combined with rapidly increasing domestic and world market prices, makes rice an increasingly politically important crop, as rising prices should benefit growers but also often cause food riots and political unrest among urban consumers.<sup>6</sup>

Paddy is largely a smallholder crop grown by around 15-20 percent of Tanzania's some four million food crop-producing households<sup>7</sup> on relatively small plots (typically 0.5-2.4 ha). These smallholders account for some 95 percent of local production. Only six percent of Tanzanian paddy is produced on larger-scale commercial farms, but this may change in the future, as indicated in Appendix 1. Paddy is also the most important irrigated crop in Tanzania although, in the early 2000s, only some 6-8 percent of the paddy was irrigated on some 214,000 hectares of land by some 240,000 smallholders (United Republic of Tanzania, 2008c). The overall irrigation potential is esti-

mated to be nearly 30 million ha, but 70 percent is considered to be of low potential (JICA, 2002).

The push for irrigation is therefore an important government initiative to increase paddy production and its productivity. Irrigation is also seen by state elites as central to reducing reliance on rain-fed agriculture, improve food security, and to bring about a 'revolution of agriculture' that the CCM has repeatedly proclaimed as its goal (e.g. CCM (2005)).

However, the independence government apparently did not focus on smallholder irrigation until the 1970s, and even then the funds and staff assigned to this activity were modest (Chiza, 2005). Instead, the focus was on large irrigation schemes run by parastatals. This was not successful (Appendix 1). In recent years, the World Bank, the African Development Bank, IFAD, JICA and others have provided substantial funds for small-scale irrigation schemes all over the country (United Republic of Tanzania 2008). Operation and maintenance problems have marred most of these projects (Mnzawa and Kweka, 2005). Remarkably, such problems are not specifically addressed in the recent National Rice Development Strategy (United Republic of Tanzania 2009).

But *if* irrigation schemes work as intended, they do result in major productivity gains. Irrigation in Tanzania can raise yields to close to the global average of 4t/ha or more. The country's average paddy yields were between 0.8 and 1.2 tons/ha during the period from 1998 to 2007 (United Republic of Tanzania, 2009b). Appendix 1 provides further information on long-term productivity trends in agriculture.

<sup>6</sup> See Lagi et al. (2011) on the relations between food prices and social unrest. See Swinnen (2011) on how and why views on dramatic changes in food prices change over time and what this may imply for policy making.

<sup>7</sup> See Nyange and Morrison (2005, 6).

Markets for rice in Tanzania are influenced by many factors<sup>8</sup> but information about them is poor.<sup>9</sup> Table 1 below shows supply and demand estimates for rice in 2001 and 2007. These two years are chosen because household food consumption data are available and because they cover the period when the 75 percent tariff was introduced.

Such data on Zanzibar are not available, but here demand outstrips supply by a much larger margin. In 2004, for example, local paddy production only covered some 10 percent of rice consumption on the isles (Revolutionary Government of Zanzibar, 2006).

Despite these data problems, the estimates in Table 1 point to several interesting features of the rice industry: (a) there *is* a need for import of rice to meet demand; (b) official imports fell dramatically following the introduction in 2005 of the 75 percent tariff; (c) domestic retail rice prices increase fairly modestly despite the decline in legal imports; (d) world market prices are significantly lower than Tanzanian retail prices; and (e) rice prices in neighbouring countries are higher than in Tanzania.

Table 1. Demand and supply of rice (1000 tons) and price levels, 2001 and 2007

	2001	2007	Notes
Total domestic demand	682	982	a
Total domestic supply	589	818	a
Total rice deficit	93	164	
Official import of rice	190	0	b
Official export of rice	10	0	b
Surplus/deficit based on official data	+87	-164	
Retail price. Current prices (shs/kg)	410	720	c
Retail price. 2001 prices (shs/kg)	410	467	d
World market price compared to domestic retail price (percent)	42	57	e
Cross-border price – Kenya and Uganda prices compared to domestic retail prices (percent)	n.a	129	f

**a:** Total milled rice production and per capita consumptions figures from United Republic of Tanzania (2009b). The latter were consistent with results from household budget surveys of 2001 and 2007 provided by Hans Hoogeveen, the World Bank. **b:** FAOSTAT. **c:** Morrissey and Lyeraro (2007) and own data. **d:** Food price index from United Republic of Tanzania (2010d). **e:** see Figure 1 below. **f:** see Table 4 below.

<sup>8</sup> Anderson and Masters (2007) show that rice (together with sugar and milk) are by far the most assisted agricultural industries in both rich and developing countries alike (see also Binswanger-Mkhize and Gautam 2010, Table 1.7). Ponte (2002) and Cooksey (2003) provide general analyses of Tanzania's agricultural markets. Recent analyses of rice value chains in Tanzania include Oxfam (2008), USAID (2010) and Tanzania Agriculture Partnership (2011).

<sup>9</sup> There are at least nine different official sources on rice/paddy production over the last 10-15 years. In addition there are four different sources for rice imports. They all differ even with respect to broad trends (Therkildsen, 2009). See also Ponte (2002).

Based on these findings, the closing down of the imports of pre-2005 magnitudes following the introduction of CET (as the official import statistics in table 1 suggest) should have resulted in major rice shortages – or rapid price increases. There is no indication of the former during the 2001 to 2007 period (United Republic of Tanzania, 2010d) and rice prices did not increase rapidly, as shown in the table. Smuggling of rice into Tanzania must therefore have helped to close the deficit. This is exactly what happened, as shown in section 4.

Comparing Tanzanian to world market prices indicates an economic rationale for such imports (Table 1) depending on the extent to which the import tariff is complied with. Moreover, the difference between price levels in Tanzania and neighbour countries indicates that some of the imported/smuggled rice may be re-exported. Cross-border trade in rice, for example, is low according to official statistics, but illegal exports can be substantial.<sup>10</sup> It is also important to point out that it is mainly price differentials that drive import/smuggling of rice – not consumer tastes for imported rice as is the case in many other countries (see for example Third World Network (2006)). Although many Tanzanian consumers prefer certain local rice varieties that sell at a premium<sup>11</sup> it is the less affluent urban population that consume cheaper rice, despite it being less tasty and aromatic. In urban markets, therefore, cheap world market rice competes with such cheaper local varieties (Nyange and Morrison 2005, 5).

Cheap imported rice made up almost half of the total volume of marketed rice before 2005. This exerted significant downwards pressures on domestic market prices (Nyange and Morrison 2005, section 8.1.2) and – by implication – on farm-gate prices. With the switch from legal to illegal imports after 2005 (see section 4 in this paper) a similar analysis cannot be made now because the precise magnitude of smuggling is unknown, but the causal mechanism remains the same.

<sup>10</sup> Interviews with authorities in Kilimanjaro region, October 7, 2009. In previous years TRA claimed that this trade was insignificant (Nyange and Morrison 2005, 50).

<sup>11</sup> Also public institutions (schools, hospitals) prefer – and generally buy – locally produced rice. This is shown by a small survey of rice supplies to such institutions conducted in Dar es Salaam ultimo 2010.

Because rice is consumed by many price-sensitive urban consumers, and food accounts for two-thirds of household consumption (United Republic of Tanzania, 2010d), rice supplies to such areas is politically sensitive. Rice is a “political crop” as was repeatedly stressed by several observers – from politicians and central-level bureaucrats to traders and local extension staff in the villages.

## 2.2. The political context

In Tanzania the ruling elite is centred in the leadership of the party, CCM. The ruling coalition comprises of factions of the ruling party, the bureaucracy, and the military. Conflicts among strong factional elites *within* the ruling elite, and between factions of the higher and lower levels of the ruling coalition (the sub-national party machinery and local- and village-level governments) are gaining strength following the reintroduction of multi-party elections in the early 1990s. Opposition parties are excluded from influence and remain weak except on Zanzibar, while economic entrepreneurs are few and poorly organised. This is especially the case for smallholders. Their power vis-à-vis the ruling coalition and the ruling elite is weak. In contrast, a few crop importers/traders have close relations to the ruling elite (Therkildsen and Bourgouin, 2011). Just a handful of them account for 75 to 90 percent of imports. They have – as shown later – clearly benefited from the low compliance with import restrictions.

To understand the political economy of the rice industry, therefore, the political importance of the Union with Zanzibar is central as is the growing power of lower-level factions of the ruling coalition, and the relations between the ruling elite and producers and traders.

Zanzibar continues to play an important role in Tanzanian politics because of its Union with the mainland. The Union government is, for example, responsible for external affairs; ex-

ternal trade; harbours; and income, corporate, customs and excise taxes, as well as matters related to the East African Community. However, the extent of Zanzibar's sovereignty to deal with its own affairs is sometimes ambiguous, often conflictual, and continually evolving within the constitutional framework for the Union. Furthermore, established in 1964, many in the leadership of CCM today regard the party as the guardian of the Union and an important legacy of the Nyerere era. But multiparty elections have been very close fought since they were introduced in the early 1990s. Consequently, the possibility that CCM may lose power to the opposition on the isles has become very real. This is regarded as a threat to the Union and to the hegemony of the CCM. Ensuring the supply of cheap rice to Zanzibar is therefore important for winning elections on the isles. Such supplies – which are highly dependent on the import of rice, as shown above – is not just a matter for the CCM on the isles and the Government of Zanzibar to deal with. They also depend on how TRA ensures that the CET is complied with and how it deals with the smuggling of rice into the union.<sup>12</sup> As shown later, TRA has failed to enforce tariff compliance and to clamp down on smuggling – not because it lacks administrative capacity, but because it is loyal to its political masters.

The growing power of lower-level factions of the ruling coalition is also important for understanding the political economy of the rice industry. For the local governments – almost exclusively controlled by CCM – implement the irrigation programme of the government. The sources of their rising power are manifold. First of all, they have substantial power in

land allocations, and almost all village governments are closely related to the ruling party, CCM (Tidemand and Msani, 2008). And although higher-level bureaucrats and politicians often intervene in land allocation cases, village leader consent is crucial. Lerise (2005) gives a detailed account of how such processes have caused many conflicts between villagers around an irrigation scheme benefiting local elites in the process. Such conflicts are also important in the irrigation schemes now being constructed under the ASDP. Equally important, lower-level factions are increasingly being used by the political leadership and individual CCM politicians to help to mobilise votes. And finally, lower-level factions of CCM are important in the internal party nomination for political office, and this gives them increasingly power to influence individual politicians' access to power (Therkildsen and Bourgoignie 2011). This rising power of the lower-level factions reduces the power of the ruling elite to enforce policy decisions that it prioritises.

Finally, relations between the ruling elite and producers and the relevant entrepreneurs are important because – as argued in the introduction – good economic outcomes depend on close relations based on mutual interests between the ruling elite and such entrepreneurs. Good economic outcomes also require the ability of the ruling elite to create pockets of bureaucratic efficiency to implement specific policies. However, smallholder paddy growers are poorly organised. During the one-party rule all major agricultural organisations were weakened, absorbed or co-opted into the ruling party. Lindemand and Putzel (2008) see this as a result of inclusive elite bargaining, but the extent of authoritarian coercion in this bargaining should not be underestimated (Wangwe 2010, 9). Political liberalisation of the 1990s opened up for the freedom of association (Tripp, 2000). One large farmer-based organization – partly outside the realm of CCM

<sup>12</sup> Since 1998 the Zanzibar Revenue Board is the prime collection agency of the Government of Zanzibar for all revenue sources other than customs, excise and income taxes.

– is emerging,<sup>13</sup> but apart from a few local rice growers associations, typically organised around the warehouse receipt system,<sup>14</sup> there are few NGOs or farmer organisations working specifically with rice.<sup>15</sup> Large-scale farmers do not have an association of their own. Being few, they tend to interact informally with government. Only a couple have become members of the TFA, TCCIA or ACT<sup>16</sup> (United Republic of Tanzania, 2008c). However, a fairly new organisation, Tanzania National Business Council (TNBC), supported by the World Bank and with the president as chair, brings together government and business people.<sup>17</sup>

Moreover smallholders – like most rural people – pay little or no tax following the abolishment of development levies in 2003 (Fjeldstad and Therkildsen, 2008). Only the large food importers – a handful of which control most imports, as mentioned above – are

major employers and important tax payers.<sup>18</sup> This constellation of producers with limited holding power and more powerful oligopolistic traders is a key characteristic of the rice industry that has important implications for the implementation of the double-decision and the use (and misuse) of government's capacity for enforcement.

### 3. THE PUSH FOR IRRIGATION

The purpose of this section is to describe the emergence of irrigation as a major state-driven initiative to boost Tanzania's rice industry. Because this initiative is closely related to the formulation of ASDP, this programme is introduced first, followed by the analyses of the President's intervention in this process.

ASDP is the government's main agricultural initiative of the 2000s. Some 60 percent of the agricultural sector budget went into the programme during its first four years (United Republic of Tanzania, 2011). The programme aims to increase productivity in the agricultural sector, to attain growth in agricultural incomes and food security, and to alleviate poverty. Based on the premise that the top-down state-centred approach to agricultural development had failed in the past, ASDP builds on five guiding principles: empower farmers to control and influence public investments and extension services; enable the private sector to compete for sector service provision; decentralise implementation using local authorities,

13 MVIWATA (*Mtandao wa vikundi vya wakulima Tanzania*) seeks to organise full-time smallholders. Started in 1993 with support from the French government, it has expanded to cover 5,200 active farmers' groups in 25 regions with about 70,000 farming households (United Republic of Tanzania, 2008c). As an interest organisation it is still weak: thinly staffed and poorly financed.

14 On this system see United Republic of Tanzania (2010a).

15 Five larger NGOs are active in providing finance, while 13 supports various agricultural projects, but none of them have a significant national reach.

16 Tanganyika Farmers Association; Tanzanian Chamber of Commerce, Industry and Agriculture; and Agricultural Council of Tanzania, respectively. The latter is an NGO, but has close relations to government as its chief executive is a retired director of policy in the ministry of agriculture.

17 In 2009 TNBC proposed a significant change in the government's approach to agriculture: Agriculture first: Tanzania's green revolution ("Kilimo Kwanza"). It is strongly supported by some members of the ruling elite, but has not yet had significant influence on the rice industry, although this may change in the near future.

18 Among them are Bakhresa Food Products; Export Trading Company; Fidahusseini & Company; and Mohammed Enterprises. They employ thousands of workers and are on TRA's "large taxpayer" list. The 410 companies on this list contributed almost *half* of total taxes in 2007, up from one-fifth in 2001 (Therkildsen and Bourguin 2011, section 5.1).

and provide them with funds through central government transfers based on their performance; integrate donor support to the sector in the government system; and immediate roll out of the programme to the whole country.

The coordination of the programme is located in the ASDP secretariat – an inter-ministerial coordination unit headed by the Ministry of Agriculture – but most of the implementation is done through the 132 local authorities. They spend two-thirds of the ASDP investment budget (United Republic of Tanzania 2011, Table A16). A National and a District Irrigation Development Fund (NIDF and DIDF) have been established to screen and allocate funds for the irrigation component of the ASDP, as explained below.

Irrigation is the largest component of the ASDP following the president's intervention in 2005. Its total budget (on paper) is USD 1,930 million over a seven-year period of which some 80 percent is allocated to irrigation. This entails a massive four-fold expansion of irrigated land within five years (one million hectares of additional land). ASDP is funded – according to the proposed budget – by the government (75 percent – mainly for irrigation), donors (13 percent – mainly for non-irrigation activities) and farmers (12 percent). Implementation started in 2006 but actual investments in irrigation have been much lower, as explained below.

The programme is also one of the first agricultural SWAps in Africa. It reflects, perhaps, Tanzania's position as a donor darling in the early 2000s. The main donors (in approximate order of their commitments) are: the World Bank, African Development Bank, IFAD,

Japan and Ireland.<sup>19</sup> The EU and Denmark provided minor funds at the start ASDP, but then withdrew support, although the EU may now be returning.

### **3.1. The process of formulating the irrigation component of the ASDP**

The ASDP spells out the operational implications of the Agricultural Sector Development Strategy (ASDS) of 2001, which, in turn, is based on the Agricultural and Livestock Policy and Cooperatives Development Policy of 1997. Formulation of the ASDS was a condition to qualify for HIPC (Holtom, 2003). It only has this to say about irrigation: "Encourage farmers to focus on integrated soil and water management by sub-soiling water harvesting, and use of appropriate husbandry practices to promote the optimum use of water resources" (United Republic of Tanzania, 2001).

ASDP was launched in 2006. It therefore took almost 10 years from the policy making began until the programme reached the implementation stage. The process was conflictual. Holtom (2003, 284), who followed the process until 2002, concluded that in the agricultural sector "a heavy handed approach by donors coupled to a continuing discursive divide (crudely neo-liberalism vs. the Arusha discourse's statism) and an array of vested interests opposed to reform, led to the collapse of even a semblance of 'partnership.'"

<sup>19</sup> Commitments by donors to the ASDP Basket Fund for the period 2006-2013 include: the World Bank (USD 90 million), the African Development Bank (USD 60 million), IFAD (USD 36 million – initial), the European Union (USD 8.5 million), Irish Aid (USD 1 million – initial), and the Embassy of Japan (USD 3 million). The domestic contribution is expected to amount to USD 51.9 million (USD 28.7 million from the Government and USD 23.2 million from the beneficiaries). <http://www.ifad.org/operations/pipeline/pf/tan.htm> (accessed December 30, 2008).

Not surprisingly therefore, many major contentious issues emerged during the ASDP formulation process. Some have particular importance for irrigation: (a) donors envisaged private investors as important drivers of irrigation, while government saw irrigation as basically a public investment; (b) agricultural ministries envisaged an active role for themselves in the implementation of the ASDP, while donors wanted them to focus on policy making, monitoring and evaluation; (c) donors wanted local authorities to be the main implementers of the ASDP, but the agricultural ministries resisted that; (d) some donors proposed a complete overhaul of agricultural extension services with more emphasis on farmer empowerment, but these ideas were resisted by the ministry of agriculture and eventually watered down; (e) the government – directed by the president – suddenly wrote a large irrigation component into the ASDP at the end of the four year ASDP preparation process, but donors responded by simply withdrawing most support to the irrigation component of the ASDP, as explained below.

The very high priority on irrigation came at the end of the formulation of the ASDP. To understand how this came about, the CCM election manifesto published in August 2005 is a good place to start. Supposedly, this document provides some guidance to the government's policy making and implementation work. On irrigation, the manifesto clearly focuses on small- and medium-scale irrigation based on targets set in the National Irrigation Master Plan (NIMP) of 2002. This plan sets a 25,000

ha target for new irrigated land per year.<sup>20</sup> However, irrigation was *not* a central issue in the manifesto. Nor was irrigation a major election campaign theme and it was not pushed by members or groups of the ruling coalition.

This is remarkable given events that took place just before the ASDP was finalised at the end of 2005. During that period the president-in-waiting, Jakaya Kikwete, toured all ministries. At the meeting with employees of the Ministry of Agriculture, Food Security and Cooperatives and the minister, Joseph Mungai (a CCM old timer who has held several major ministerial posts), the minister proposed that 5 million hectares of additional land should be irrigated within 10 years. The president said that it would be more realistic to go for a one million hectare target over five years.<sup>21</sup> This was a huge jump from the total of around 50,000 ha of land actually irrigated during the previous five years – and from various targets set in earlier drafts of the ASDP and in the NIMP.<sup>22</sup> Nevertheless, the president's one-million-hectare target was written into the ASDP and announced in the president's inauguration speech primo 2006.

There is no indication that the decision made at the president's meeting with ministerial staff was in any way prepared. Indeed, senior technical staff involved with irrigation had not been consulted and were taken by surprise. The president's decision came out of the blue, as one of them said. Staff did not consider the

20 NIMP was prepared by Japanese consultants. They concluded that the potential area for irrigation in Tanzania is almost 30 million ha (31 percent of Tanzania's land area) of which 2.3 million ha are of high potential. They also concluded that the capacity to exploit this potential is limited (JICA 2002).

21 Interviews with Ministry of Agriculture staff on August 1 and 22, 2008, and on September 17, 2009.

22 In NIMP, a target on 405,000 hectares of (additional) irrigated land within 15 years was considered feasible.



target to be a credible commitment, but no one questioned it openly. The technocrats were simply bypassed.

So were the donors – and they were sceptical. The huge focus on irrigation in the final ASDP was perceived by some donors as a turn away from a private sector-led approach to agricultural development. Donors also had strong reservations about the capacity of the government to implement a rural irrigation investment programme of this scale. These controversies led to a split into two ASDPs. One is a national irrigation plan funded by the government (it hardly finances anything else). The other part is a much smaller donor-supported programme for non-irrigation agricultural activities funded by the ASDP basket fund, which explicitly excludes the large costs for irrigation as well as personnel emoluments and other charges (Wolter 2008, 24). Subsequently the World Bank has provided USD 65 million to irrigation development activities at district and national levels (United Republic of Tanzania, 2011) citing the importance of increased food security. Other donors are also increasing their funding of irrigation. “Donors come and go in irrigation, depending on their interest... now climate change brings them back” as one experienced irrigation engineer said.<sup>23</sup>

It is also interesting that the announcement of the president’s irrigation target came at the end of a long ASDP preparation process (started in the late 1990s), which had involved “intensive consultation with stakeholders at national and grass root levels with the objective to review the [agricultural] sector performance, factors contributing to dismal performance of the sector and recommend strategic interventions critical to restoration of profitability” (as stated in the ASDS (United Republic of Tanzania, 2001)).

23 Interview, October 1, 2009.

Such consultative workshops are now mandatory for the formulation of major policies but there is little evidence of close state-business engagements in these events, although agricultural and farmer associations and some NGOs were invited to participate. Often they showed up<sup>24</sup> but the workshop consultations were certainly not negotiations. The meetings served mainly to inform participants about the intentions of government – although reactions from the audience sometimes lead to modifications.<sup>25</sup> There is no indication that serious negotiations about the formulation of the ASDP took place away from these consultative workshops either. Tanzania has no strong organised lobby group for irrigation, rice growing or milling to exert such influence.

Real negotiations about the content of the ASDP were done by middle-level ministerial staff and donor consultants (and their clients, the donor representatives) over a five year period from 2001 to 2006. The first part of this process led to the ASDP framework paper in 2003 and was largely prepared by ministerial staff assisted by a Tanzanian and an expatriate consultant. The subsequent process (2003-2006) was dominated by donor representatives and their consultants and ended with the ASDP document.<sup>26</sup>

Major multilateral donors (World Bank and IFAD in particular) *did* involve staff with substantial experience in agriculture in these preparations. In contrast, several bilateral rep-

24 Allowances are clearly an important motivation for attendance. They have exploded in recent year (Twaweza, 2009, Valentine, 2006).

25 Interviews, August 15 and 16, 2008, in particular, but this assessment is shared by many others.

26 The Minister of Agriculture, during a visit to Rome in 2002, requested IFAD and the World Bank to get involved in the ASDP preparations (personal communication, September 2011).

representatives in the working groups were generalists without much background in agriculture. Some had little experience in Tanzania. This explains perhaps why the negotiations about ASDP focused much more on procedures for operating a sector basket fund than on the substantial technical content of the ASDP (see also Greeley (2007) and Wolter (2008)).

Some of the conflicts in this process have already been mentioned. They were sometimes acrimonious. In the initial preparations of the ASDP, for example, a phasing of its implementation was planned (United Republic of Tanzania, 2011) but this was later changed so that ASDP was rolled out country-wide from day one. Moreover, the multilateral donors wanted a strong ASDP Secretariat with a high degree of independence from the line ministries to implement the ASDP. They regarded the agricultural ministries as less than enthusiastic about major agricultural sector reforms. Some of the bilateral donors shared this view, but in the name of ownership and the spirit of the Paris Declaration at the time – as one donor interviewee expressed it<sup>27</sup> – they eventually sided with the line ministries to prevent the establishment of a semi-autonomous Programme Management Unit.

Consequently, a modest five person inter-ministerial ASDP Secretariat was established. For line ministries were unenthusiastic about establishing a strong secretariat that could influence their own plans, budgets and activities and upset age-old inter-ministerial relations. Moris (1982) shows that this is a position that dates back to the 1970s at least. The first appointed coordinator, for example, was a protégé of Frederick Sumaye, the Prime Minister at the time. Several interviewees agreed that the secretariat staff and the coordinator in particular

were neither influential nor sufficiently technically qualified. Some donors even wanted the coordinator removed and approached the Permanent Secretary. He refused their request as untimely interference in government matters. But this explanation is only one side of the story. A more substantial reason, according to several observers, was that the government was not satisfied with the ADSP itself (see below) and therefore did not want a capable secretariat that could push the programme ahead.

Donors – despite the disagreements among them – have also been active in subsequent policy making related to ASDP. They have, for example, pushed for the preparation of a National Irrigation Policy to guide the major push for investments in new schemes. This conditionality (now called “prior action”) was part of the general budget negotiations in 2008.

A final observation about policy making is important. Apart from the president’s personal intervention to push for a major public investment programme in irrigation, it is difficult to detect any fingerprints of other prominent members of the ruling coalition in the design of the ASDP. Mainly middle-level bureaucrats and donors were involved. Participants closely involved in the process confirm this. Neither the agricultural ministers nor the permanent secretaries seem to have played active roles, as explained in section 5.

### **3.2. Implementation of the irrigation component**

Construction and rehabilitation of schemes are mostly done through local government authorities (often through the contracting of construction companies). Technical assistance to design schemes is provided by the zonal offices of the irrigation unit in the Ministry of Agriculture (or Ministry of Water when they

<sup>27</sup> Interview with UNDP staff, March 16, 2009.

took over responsibility).<sup>28</sup> No major recruitments and training to strengthen these organs were made when the push for irrigation began; various irrigation guidelines were also only slowly developed during the course of implementation.

Special arrangements were made to finance the expansion of irrigation. As already mentioned, NIDF and DIDF were established to allocate money on a competitive basis among submitted proposals. The former provides funds for larger schemes (preferably with private co-financing). DIDF funds proposals from local authorities for smaller investments (up to Tshs. 500 million per project, recently increased to Tshs. 800 million).<sup>29</sup>

However, implementation progress has been slow despite the rising number of proposals to DIDF. Moreover, age-old problems of irrigation development are not being addressed in the ASDP. Of the 225 schemes fully or partially equipped with irrigation infrastructure as of June 2010, *more than half* (120) were rehabilitated due to poor maintenance and 105 were new (United Republic of Tanzania 2011, 22). This is also clearly documented in the annual joint donor-government review reports.

The 3<sup>rd</sup> ASDP review mission of 2008, for example, found that “economic analysis of proposed irrigation schemes is not undertaken in most cases”, so that investment allocations are

not based on the comparison of productivity levels among the proposals. Many projects are started but receive insufficient funds for completion. There is no legal basis for the operation of DIDF and NIDF yet (the legislation seems stuck in Cabinet), so that cash flows over several years cannot be planned. This contributes to stop-go construction and the dragging out of project completion. Moreover, the mobilisation of private funds for irrigation investment through NIDF co-financing “has been unsatisfactorily slow” due to inadequate government funds to co-finance such public-private partnerships. Investors are also reluctant due to large “risks, lack of access to credit, unreliable water rights, land tenure and negative mindset and undesirable experiences with private investors, especially in cases where out-grower arrangement has failed” (United Republic of Tanzania, 2008a).

The 3<sup>rd</sup> ASDP review mission of 2008 also noted “with concern that all visited schemes had unsustainable arrangements for scheme operation and maintenance (O&M). The level of skills for a thorough O&M needs assessment is alarmingly low, and none of the schemes had established a proper O&M budget” (p. 33). Beneficiary contributions towards O&M are 10 to 20 times below “what is practiced in Asian countries and in Kenya,” and also much less than needed to prevent inefficient water use and eventual scheme collapse (p. 33). Most visited districts did not make social and environmental assessments of proposed projects, lacked key environmental personnel, and therefore did not perform environmental assessment of irrigation investments. There are also substantial problems in ensuring that water rights are complied with and are consistent with available water resources. “A number of visited irrigation schemes produce only one crop per year and the land is idle for 7 months due to unavailability of dry season water right” (p. 33). Nevertheless, the fourth joint review

28 These zonal offices are very thinly staffed. Currently there is only one agricultural economist in Morogoro zone; the remaining six zones have none. Each irrigation zone comprises on average of 15-20 districts. For details, see JICA (2002, appendix H).

29 NIDF is run by the Ministry of Water and Irrigation. The DIDF Committee members are from the Ministry of Finance and the Agricultural Sector Line Ministries, the Water Basin Authorities, and the private sector. The approved budgets for DIDF and NIDF for 2008/09 were Tshs. 4.7 billion and 13.2 billion, respectively. No private investors have received funds from NIDF yet.

“established that the programme implementation is *on track* and overall performance rated to be *satisfactory*” [underlining in original] (United Republic of Tanzania, 2009av).<sup>30</sup>

Neither the land and water right issues nor the dismal O&M problems identified since the start of the ASDP had been seriously addressed by 2010. The 5<sup>th</sup> ASDP review mission, for example, visited 12 irrigation schemes. It noted that the majority of them were rehabilitations. Nevertheless, none of them had a O&M set-up in line with ASDP guidelines. Thus, 10 out of 12 schemes did not have a functioning user organisation. Some farmers did seem to pay small contributions of their harvest to O&M, but none paid the stipulated 5 percent of average crop as stated in the O&M guidelines.

Interestingly, the review team underplays this in its main findings and recommendations. It simply notes “several shortfalls in most schemes, including inadequate understanding and application of the recently prepared guidelines.” “The application of these guidelines at the field level is crucial to enhancing implementation performance and impacts of the irrigation sub-component to achieve the objectives of ASDP” (p. 23). Yet, no specific recommendations on O&M are made. The executive summary for the review does not mention these problems at all. As earlier reviews it simply concludes that “[o]verall, the findings of the review show that progress of implementation is satisfactory” (United Republic of Tanzania, 2010b, iv). Not even the 2010 evaluation of ASDP addressed the issue

30 The main recommendation to deal with O&M problems was to “conduct ToT [training of trainers] to all relevant district staff on irrigation operation and maintenance (O&M Guidelines)” (p. ix).

(United Republic of Tanzania, 2011).<sup>31</sup> These reports clearly imply that it is more important to keep the programme going than to assure long-term results.<sup>32</sup>

The bias in favour of investments in physical infrastructure rather than in the sustainability of schemes is therefore prevalent across the board: the administrators of the investment funds; the local bureaucracies; and the review and evaluation teams (lead by government officials but with donor representation). This bias is driven by the possibilities for rents that such investments entail, by donor priorities in moving money, and by the focus on reaching physical targets, as explained in section 5.

### 3.3. Results

Land under irrigation has increased by 15-20,000 ha per year from 2005 – much less than planned in ASDP and even less than the output in 2004 before ASDP started (United Republic of Tanzania, 2008b Table 2, 2009a) – but still a considerable expansion. From a total of 264,000 hectares in 2006, irrigation was extended to 332,000 ha in 2010 (United Republic of Tanzania, 2010c Appendix 1, p. 8).<sup>33</sup>

The obvious explanation for this shortfall is that the government (and donors) allocated much less funds for irrigation than required to reach the presidential one-million-hectare target

31 It paints a positive picture of the irrigation component of the ASDP. None of its recommendations deal specifically with the user-dimensions of the O&M issues.

32 One Tanzanian donor-employed participant in the 2010 evaluation told how the visited irrigation projects were cherry – picked by the local authorities, and how there was a clear reluctance in the team to take decisions that would reduce funding (Interview, November 2010).

33 These figures should be treated with care. It is unclear how existing but poorly functioning schemes and rehabilitated schemes are counted (United Republic of Tanzania 2011, 22).

written into the ASDP. But programme documents show that there are significant capacity problems as well – even at the current funding level. Many of these (such as shortage of staff with irrigation skills) cannot be addressed by short-term allocation of funds. In addition, problems of operation and maintenance, water rights, and land use and land rights are significant. Neither the institutional machinery established to implement the ASDP – nor interventions from members of the ruling coalition itself – are clearly addressing these major problems. A major rural investment programme was launched by the president, but the many implementation problems are left to the bureaucracy to sort out.

There is insufficient information to assess if the allocation of funds for irrigation is systematically rewarding specific factions – favouring CCM-controlled districts and ‘punishing’ opposition strongholds, for example. The theoretical literature on this is divided and attempts to analyse budget allocations across districts in Tanzania to prove that funds are strategically used are not convincing (Bourgouin and Therkildsen 2011). However, field research in one district confirmed a consistent pattern in how infrastructure investments tend to be decided: efforts are made to benefit as many constituencies as possible (see also Therkildsen, 2000a). Consequently, limited funds are spread thinly across many schemes. The result is a backlog of unfinished schemes that take years to complete before they can produce benefits for the target populations.

There is no indication that local farmer associations – or farmers associations in general – have much influence.<sup>34</sup> Indeed, in many

schemes they hardly exist. The conclusion is that micro-level decision making and implementation on irrigation schemes is influenced by district-level bureaucrats (with local politicians mainly interested in attracting irrigation projects to their constituency).

Who these beneficiaries of the ASDP-funded schemes are is unclear. Even the detailed irrigation review reports and the recent evaluation report do not provide much information. They do, however, show that the number of beneficiaries per hectare of land irrigated vary enormously. Both these observations suggest that the poverty alleviation paradigm, which supposedly underpins Tanzania’s development strategy (Rweyemamu 2009), including ASDP, does not affect implementation to any significant extent. If it did, attempts to assess who the beneficiaries are would have been made.

It belongs to the picture that the intended beneficiaries of the irrigation investments actually *do* benefit from the ASDP irrigation programme *despite* its neglect of O&M and other problems, albeit *only* in the short term. Thus, in some districts visited by the review teams, paddy yields have “increased from 2.5 tons/ha in 2006/07 to 7.5 tons/ha in 2009/2010” (United Republic of Tanzania, 2010biv). However, neither the stipulated 20 percent user contribution to construction nor user payments and O&M responsibilities are enforced, as shown above. Growers enjoy rents – but they are likely to be temporary.

#### 4. THE PUSH FOR PROTECTION OF THE LOCAL RICE INDUSTRY

The purpose of this section is to describe how the push for tariff protection of Tanzania’s rice industry came about and to document – to the extent that this is possible – the results of this decision for the rice industry. It is a fairly

<sup>34</sup> Some see this as (yet another piece of) evidence that a key problem in agriculture in Tanzania is the lack of farmer empowerment and the failure to reform the extension service (interviews September 2011).

complex account in which the East African Community, the union with Zanzibar, TRA, non-compliance with the tariff and smuggling all play a role.

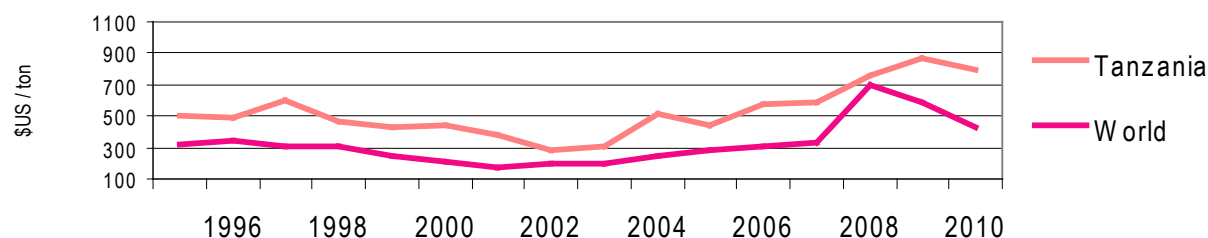
Cheap rice is available on the world market and this makes the price of imported rice competitive in many countries. In Tanzania, for example, the domestic retail price for rice has been consistently higher than the world market price for the last 15 years. This is shown in Figure 1 below.<sup>35</sup>

Moreover, the global rice market is thin – only around 6 percent of world production is traded – so price volatility is high. Profits in trading rice on the global market can therefore be high if importers time their purchases right. It means that rice imports to Tanzania are generally very attractive even if some tariffs are paid. The introduction, in 2005, of a 75

percent CET on imported rice to protect the local rice industry within EAC was designed to reduce the inflow of cheap subsidized rice.

This decision is important for two reasons. Not only are Tanzania's trade policies now formulated in cooperation with the other EAC-members. The decision on CET also shows that the governments of the five member countries intended to support the producers and agribusinesses in the rice industry. At the same time the tariff hurts (mostly urban) consumers benefiting from cheap imported rice. This runs counter to predictions by Robert Bates (2005). He argues that state elites in Africa are unable to resist pressure from urban constituencies for cheap food, and this leads to agricultural policies that hurt producers. Does Tanzania's endorsement of a higher external tariff on rice make Bates' conclusion history?

Figure 1. Mean annual Tanzania wholesale rice price versus world price, 1995 -2010



35 This figure exaggerates. It compares the mean annual Tanzanian wholesale price ([www.ratin.net](http://www.ratin.net)) of top grade local rice with the price of Thai 5% broken rice (the benchmark used by IMF). Comparing with cheaper local rice would make local producers more price competitive. Thanks to Carter Coleman for providing the figure and the explanation.

#### 4.1. The process of policy formulation

Negotiations about common external tariffs among EAC member states began in the early 2000s. Although IMF (2007) “had urged the authorities to work with their EAC partners to lower the common external tariff”, the opposite happened. Rice (together with cement, sugar and other commodities) was put on a list of “sensitive items” that needed protection in order to assist local producers, improve food self-sufficiency and reduce the import bill.<sup>36</sup> The 75 percent tariff on imported rice – up from the previous 25 percent for Most Favoured Nations – was applied by January 1, 2005. WTO had no objections to this, as rice available on the global market is subsidised.<sup>37</sup>

The identification of ‘sensitive’ items was done by civil servants from the member countries, according to interviews with Tanzanian participants in the negotiation process.<sup>38</sup> It was based on two criteria agreed among the negotiators: protection should safeguard already existing significant employment and should also protect against heavily subsidised imports. The rice tariff was therefore part of a larger package of trade measures that needed the agreement of all member countries in order to take

effect. No Tanzanian rice industry or business association representatives were involved in the process. The outcomes were subsequently endorsed by the Tanzanian Cabinet before being agreed by the EAC.<sup>39</sup>

Was the rice tariff important for the Tanzanian negotiators? Two of them claim that the tariff was pushed strongly by the Tanzanian negotiators. Others say that the Ugandan government in particular wanted to protect and encourage a domestic rice industry, including major investments in irrigated rice by a multinational company, Tilde. Zachary (2008) supports this version of events. Nevertheless, there was a heated debate in the Ugandan parliament about the tariff, and the powerful Kampala City Traders Association launched strikes against it.<sup>40</sup>

In Tanzania, there was no noticeable public debate about the CET, as was the case in Uganda. The policy was developed without formal consultations with the relevant private sector interests. Interviews in 2008 with key individuals in the Tanzanian rice industry confirm this. Only one of these interviewees – a main grain importer – knew about the tariff.

#### 4.2. Implementation

Tanzania has a deficit in rice: domestic production does not meet domestic demand. Moreover, retail price differentials between domestic rice, imported rice, and rice in neighbouring countries (Table 1 and section 2) indicate the potential existence of economic incentives for legal and illegal imports into the country as well as illegal and legal exports of rice to neigh-

36 In the same report, IMF (2007, 60) does not put a similar pressure on the EU which has offered ACP countries duty- and quota-free access to its markets except for sugar and rice.

37 Interview with the chief negotiator for Tanzania, December 7, 2010. As a member of WTO and regional trading blocks such as EAC and Southern Africa Development Community, Tanzania can take steps to alleviate the adverse impact of specific trade policies if these cause documented “injury” due, for example, to price competition, competition for market share, and competition from concessional imports of food aid (Nyange and Morrison 2005, 3-5). These authors documented the existence of such injuries in the rice industry based on data from 1998 to 2004.

38 A representative from the Zanzibar government was also part of the team together with bureaucrats from the Ministry of Trade, Industry and Marketing, Ministry of Finance, TRA and the Ministry for East African Cooperation.

39 Interviews with two Tanzanian negotiators on September 29, 2009 and with a third in March and November 2010.

40 [http://www.parliament.go.ug/hansard/hans\\_view\\_date.jsp?dateYYYY=2005&dateMM=08&dateDD=30](http://www.parliament.go.ug/hansard/hans_view_date.jsp?dateYYYY=2005&dateMM=08&dateDD=30). Accessed September 12, 2009.

bouring countries. The impact of the implementation of the CET cannot be analysed in isolation from these market conditions. All three issues are dealt with below.

Unfortunately, no specific data on Zanzibar are available. Its rice deficit is substantial, as already argued, and is filled mainly by legal and illegal import from the world market, although private traders also ship local rice from the mainland to the isles.<sup>41</sup>

*Rice imports* accounted for up to 50 percent of marketed rice in Tanzania prior to 2005, according to Nyange and Morrison (2005), when the tariff on rice was 25 percent. The 75 percent tariff should reduce such imports significantly. Table 2 shows that the rice tariff *did* reduce imports significantly after 2005, and that wholesale prices *did* rise too (although this started in 2002). But the table *also* shows that the actual duty paid on rice imports has remained fairly constant for the last ten years – regardless of the official tariff rate in place in a particular year (column d).

One explanation is that some rice is imported at reduced or zero tariff rates. After 2005, exemptions can, for example, be permitted for the import of food for emergency use in “specific areas” and in “specified amounts” where “natural disaster/calamity has occurred.”<sup>42</sup> That decision is made by each member government’s office for disaster management. It is not necessary to get the acceptance of the other members beforehand (as this may delay emergency provision of food). However, the Directorate of Customs of the EAC must be notified, and this notification must be circulated to the member states. Exemptions or tariff reductions granted should be published.

Documentation for Tanzania’s compliance with these rules is difficult to obtain. One official close to these processes claims that Tanzania has requested and been permitted exemptions for rice import tariffs due to food shortage problems. However, only one exemption for rice imports – to the Armed Forces Canteen Organisation for one year – has been published

Table 2. Rice imports, duties and prices, 1998-2009

Year	Import Tariff (% of CIF) (a)	Imports Metric tons (b)	Wholesale price Tshs/kg (c)	Duty/CIF (percent) (d)
1998	25	83	303	18
1999	25	176	339	22
2000	25	191	389	22
2001	25	134	338	21
2002	25	77	292	18
2003	25	183	372	21
2004	25	137	521	19
2005	75	50	514	14
2006	75	50	730	21
2007	75	43	662	18
2008	75	49	890	14
2009	75	40	1,057	9

Source: Import data compiled from TRA customs data. Price data compiled from Ministry of Agriculture. Note that the import data for 2001 and 2007 in this table differ from those in Table 1. This exemplifies the data problems mentioned earlier, but at least the two sets of data both point to a significant drop in import volumes after CET was introduced in 2005.

41 Interviews with Zanzibar traders in Kilosa district, August 2008. They bought the more expensive types of rice.

42 The East African Customs Management Act 2004 (revised 2009), Fifth Schedule, point 20.



in the East African Community Gazette, June 17, 2007.<sup>43</sup> Customs officers interviewed were adamant that very few exemptions are given, but Table 2 contradicts this.

Rice imported as food aid and therefore tariff-exempted could be another explanation for the low compliance rate shown in Table 2. There is conflicting information about this. Japan is usually a major provider of rice as food aid. A spokesperson for the Japanese Embassy in Dar es Salaam insisted that very little of this aid is now provided.<sup>44</sup> This is contradicted by a centrally placed Tanzanian observer who claims that this import can be substantial.<sup>45</sup> But if that is true, yearly compliance rates would have varied more than they actually do.<sup>46</sup>

Finally, non-compliance with CET may be explained by the power of importers. Table 3 illustrates the oligopolistic concentration of control of rice imports among a few companies, which has even grown lately. Numerous interviews with people in and around the rice industry indicate that some of these companies have close relations to the ruling coalition, and probably are major financial supporters of the ruling party. This could explain why tariff exemptions are given (see section 5).

It adds to the credibility of this explanation if rice is compared with sugar. In 2010, the election year, sugar imports were especially large, and this surge was discussed in the media to an extent that rice imports have not

been.<sup>47</sup> The reason is that the sugar industry is much better organised than the rice industry. Representatives for the four sugar factories, the Tanzania Cane Growers Association, and government officials meet regularly under the auspices of the Sugar Board to recommend on sugar import quotas when the Tanzanian production – as is usually the case – cannot meet consumption.<sup>48</sup> While this producer lobby has not been able to stop surges of low-duty imports of sugar during an election year, it is normally influential in regulating sugar imports between elections.<sup>49</sup>

**Table 3. Import share of top five rice import traders**

	Share
Prior to 2005	74 percent
2009 and 2010	90-93 percent

*Sources: Prior to 2005 (Nyange and Morrison, 2005).*

*For 2009 and 2010: Own analysis of TRA customs data*

*Smuggling of rice* into the country also circumvents the CET and its declared intention to protect the domestic rice industry. Interviews with shipping agents and others confirm that in some months, but fairly regularly, one to two ships off-load 5-10,000 tons of bulk rice in the harbour of Zanzibar town. Bills of lading from 2009 on Vietnamese rice from such ships indicate that up to 100,000 tons of rice per year may enter Zanzibar in that way at present.

43 [http://www.eac.int/customs/index.php?option=com\\_docman&task=doc\\_download&gid=96&Itemid=164](http://www.eac.int/customs/index.php?option=com_docman&task=doc_download&gid=96&Itemid=164) Accessed December 3, 2010. This exemption is a general privilege granted annually.

44 Around 500 to 1000 million Yen per year from 1997 to 2008 according to e-mail correspondence.

45 Interview, March 18, 2010.

46 Hunger and food deprivation is analysed in 2001 and 2007 in United Republic of Tanzania (2010). Food aid does not appear to have been significant for food supplies.

47 "Sugarcane growers want action taken over cheap imports, unpaid dues." *The East African*, October 18, 2010.

48 The technical committee in which sugar import quotas are agreed does not include importers. However, the son of one of the important importers sits in the committee as a representative for consumers.

49 Interviews, March 19 and November 17, 2010. See also "Sugar cane growers want action taken over cheap imports, unpaid duties." *The East African*, October 10, 2010.

Some of this rice is sold on the isles and some is shipped to the mainland. A survey in the outskirts of Dar es Salaam in late 2009 and early 2010 showed that two-thirds of the 120 shops sampled sell imported rice at prices below the locally produced rice. A major local trader-cum-grower of rice, who is not involved in rice imports, confirms that smuggling is a serious problem that influences rice prices, especially in Dar es Salaam.<sup>50</sup>

That Zanzibar harbour is a main entry point for smuggled rice is no coincidence. The islands are much more dependent on imported rice than the mainland is because paddy production on the isles is far below consumption. In 2004, as already mentioned, local paddy production only covered some 10 percent of rice consumption (Revolutionary Government of Zanzibar, 2006). The “high reliance on food imports is making food availability in Zanzibar to be highly determined by factors that cannot be controlled locally, such as import rules and regulations...” (ibid, p.12).

*Export of rice to neighbouring countries* clearly takes place, but the volumes are not known. Some imported rice is probably re-exported to neighbouring countries. This is likely to be profitable because the Tanzanian retail prices are consistently lower than in the other four member countries (Table 4).<sup>51</sup> It also makes it profitable for producers and traders in rice-growing border districts to ship rice across the borders, as already mentioned.

In Tanzania, the ruling elite has a very ambiguous position on such food exports. Against the advice of bureaucrats, the government has frequently banned cross-border trade to the detriment of producers and, it is argued, to the detriment of consumers as well, because producers respond to the export ban by reducing production.<sup>52</sup>

A recent discussion on a ban on rice exports in Parliament is instructive. Here Esteria Kilasi, CCM member of Parliament for Mbarali – a major rice-growing district – requested the Prime Minister to allow growers in the region

Table 4. Retail market prices for rice within the EAC, USD per kilogram

Rice	2004	2005	2006	2007	2008
Burundi	0.58	0.65	0.72	0.67	1.00
Tanzania	0.54	0.53	0.64	0.60	0.79
Uganda	0.65	0.71	0.79	0.87	1.16
Kenya	0.49	0.60	0.61	0.68	0.97
Rwanda	0.61	0.73	0.72	0.85	1.06

Source: EAC Facts and figures, 2009

51 This is supported by the fact that Uganda Revenue Authority has investigated rice smuggling from Kenya and Tanzania. “Uganda probes Kenya, Tanzania rice exporters.” *The East African*, July 20, 2009.

52 Brigham (2011) analyses the complex relations between agricultural exports and food security.

50 E-mail correspondence, ultimo 2010.

with stockpiles of rice and maize to sell to neighbouring countries before the next harvesting season. The Prime Minister, Mr. Pinda, subsequently responded: “Effective today farmers keeping grain in granaries and still in need of cash for other purposes can sell their crops to both local and foreign markets. It is important for the government to keep track on food production.”<sup>53</sup>

Two aspects of this permission are remarkable. Having rejected similar requests in the past,<sup>54</sup> the export permission was given in the run-up to the 2010 elections. Moreover, the permission is hedged with reservations that make the precise conditions under which exports of food are permissible uncertain. The government reserves its rights to intervene in the cross-border trade at its own discretion; and by May 2011 the ban on rice export was re-imposed (FAO, 2011, 22).

### 4.3. Results

Nyange and Morrison (2005) found that there was a surge of rice imports in the wake of Tanzania becoming member of WTO in 1998. In the years prior to 2005, legal imports made up almost half of the marketed rice in Tanzania. They also found that the import of such amounts of cheap rice significantly lowered consumer prices. This must have hurt producer prices too.<sup>55</sup>

53 “Farmers can export food crops, says PM.” *Daily News*, April 15, 2010.

54 For example, “Government revokes food exporting licenses.” *Thisday*, September 24, 2009.

55 A similar study cannot be made now because smuggling (which cannot be quantified precisely) has replaced legal imports of rice. Moreover, recent price data are problematic. Morrissey and Leyaro (2007) for example, base their analyses on implausible trends in retail and wholesale prices on rice; and on analyses of computed rather than actual farm-gate prices. Systematic and reliable producer prices are no longer published. Tanzania Agricultural Partnership (2011) provides the latest figures based on farm-level surveys but no time series data.

Since the 2005 study, the introduction of the CET has clearly resulted in a decline in official rice imports, while the actual duty paid on imported rice remains as low as it was before 2005 and has not been affected by the tariff hike (Table 2). This suggests that a few food importers, politically well connected, and with substantial control over rice imports, may exert significant influence on the actual administration of rice import tariff – perhaps using the politically sensitive issue of food shortages as a justification for reducing it. The tactic acceptance of smuggling via Zanzibar also illustrates the informal powers of the Zanzibar government and the CCM to influence how TRA deals with the enforcement of the import tariff and rice smuggling. TRA clearly has the capacity to enforce tariffs and clamp down on rice smuggling, but doing so would worsen the food situation on the isles and jeopardize the election-winning prospects of the ruling party here.

Allowing imports at reduced duty rates and smuggling clearly undermines the formal intention of establishing the CET. The rent that it should provide the rice industry is reduced. The export ban on food affects the rice industry in the same direction (although illegal exports occur). As was the case prior to 2005, this must have a negative effect on farm-gate prices for paddy.

## 5. INTERPRETATIONS

The implementation problems of the double-decision analysed above arise because the rice industry overwhelmingly consists of poorly organised smallholder producers with limited power to influence the ruling elite; because a few oligopolistic importers closely connected to the ruling elite benefit from the tariff non-compliance; because clamping down on smuggling and non-compliance with tariffs by the

TRA would have jeopardised the CCM's political position on Zanzibar; and because the increasing power of local party and government staff makes it difficult to discipline them to help organise operation and maintenance in irrigation, without which productivity increases in crop production are limited. This provides interesting insights about the political economy of state initiatives to strengthen the rice industry. They are highlighted below.

### **5.1. Political goals more important to political elites than economic ones**

As stated in the introduction, a central proposition of EPP is that ruling elites seek to use policy initiatives and their implementation strategically to build, maintain or expand their own factional power (coalition-driven initiatives). Such initiatives can also be used to win competitive elections without which political elites now do not have legitimate access to state power (election-driven initiatives). Of course, a policy and its implementation can be driven by both motivations simultaneously – or by none of them (such technocratic or donor-driven initiatives are unlikely to succeed). While there is no strong evidence to suggest that the double-decision itself was coalition- and/or election-driven, such concerns can explain why the *implementation* of it ran into problems.

#### **5.1.1. Winning elections**

The political importance of Zanzibar for Tanzania's political elite helps to explain why the efforts to strengthen the rice industry through tariff protection have not succeeded. Implementation of the irrigation component of the ASDP has much less importance for winning elections and this helps (together with factors analysed in section 5.2) to explain the limited political support for a sustainable implementation of this component.

Winning elections on Zanzibar is of central importance for the CCM, as indicated in section 2.2. The political liberalisation in the 1990s introduced a new source of conflict in the fragile union between the mainland and the Zanzibar islands because it is on the isles that the hegemony of the party is now most strongly challenged. Losing power here may even jeopardize the Union. The CCM leadership is very concerned about this possibility (Mukandala et al., 2005). The presidential elections, for example, were very close in both 1995 and 2010 (when CCM's candidate scored 50 percent of the vote against the opposition candidate's 49 percent). CUF also won 22 of the directly elected seats in the House of Representatives in 2010 compared to CCM's 28.<sup>56</sup> Elections on the isles are also marred by much more violence and irregularities (Cameron, 2002) than on the mainland, although the 2010 elections were relatively peaceful by Zanzibar standards.<sup>57</sup> Observers argue that CUF could have won earlier elections, had they been free and fair (Liviga, 2009). This pushed CCM into prolonged discussions about power-sharing arrangements on Zanzibar, which resulted in an agreement in November 2009 (Tucker et al., 2010). Discussions about this have been going since 1993 when 55 CCM parliamentarians proposed constitutional amendments to establish a separate government on the mainland.

Under such conditions food shortages and rising food prices are not conducive to winning elections. Legal import of rice through customs at the full CET is therefore a particular problem in Zanzibar in periods leading up to elections, because the island is very dependent on

56 <http://africanelections.tripod.com/zanzibar.html> (accessed July 2011).

57 <http://www.eisa.org.za/EISA/pr20101103.htm> (accessed July 2011).

rice imports (see section 2). Seen in this context, the introduction of the CET in July 2005, the election year, was bad timing. It is therefore not surprising that the actual applied tariff on rice was only 14 percent in that year – lower than in any of the years before and after 2005 as Table 2 shows. Interviews with people with good connections to TRA confirm that elections are an important factor in shaping how external tariffs are actually applied.

Global food price rises that hit the islands in March 2008 created new problems. Retail rice prices rose between 35 to 170 percent in some local markets according to newspaper reports. Undoubtedly, this also helped to increase political tensions on the isles, and there were reports of food riots in Pemba.<sup>58</sup> The Zanzibar authorities responded by scrapping the tariff on imported rice and by banning all rice exports. Subsequently, TRA was officially requested to reduce the import tariff from 75 to 25 percent, but this was rejected with reference to the joint EAC agreement on CET. Nevertheless, in practice TRA continued – as it had done for years – to charge much less than 75 percent tariff on legally imported rice (section 4).

At the same time considerable volumes of foreign rice were smuggled into Zanzibar through Zanzibar harbour, as argued in sections 2.1 and 4.<sup>59</sup> Such shipments cannot take place without

the tactic acceptance of the two governments (and TRA), and indicates that the Zanzibar government has considerable informal power over key decisions affecting the rice industry on the mainland. The authorities' responses reflect a pragmatic and politically astute acceptance that Zanzibar's dependence on imported rice is much higher than the mainland's, and that enforcement of the 75 percent tariff and the curtailing of smuggling could therefore add to the political tensions on the islands and help to endanger CCM's hold on power here. This concern has been more important for the ruling coalition than to strengthen the rice industry. Bates' (2005) observation 30 years ago that agricultural policy in African countries tends to be biased against rural producers still applies in Tanzania.

While (non)compliance with the external tariff has clear implications for the winning of elections in Zanzibar and for the Union with the mainland, the ruling elite saw little election appeal in the ASDP. Expansion of irrigation was not central to the party's 2005 election campaigns, nor was the ASDP mentioned in the CCM election manifesto. Instead, CCM reiterates the need for an Agricultural Revolution but is rather unspecific about how this should be done. The party took a more active stand on agriculture during the 2010 elections.<sup>60</sup> Moreover, the decision to roll out ASDP country-wide – initially objected to by donors and technocrats for capacity reasons – was undoubtedly made with an eye to elections, as was the explosion in approved funding for

58 Reuters, June 16, 2008. "Global price rises jar Zanzibar paradise." And "Dar insists import duty on rice will remain at 75pc." *The East African*, May 25, 2008.

59 Moreover, rice is smuggled into Tanzania from Zanzibar. The so-called "Zanzibar route" is not new. This is, for example, what newspapers wrote on May 12, 2000: "Garments, sugar and rice are among the items which enter into the Tanzania's market through Zanzibar without being taxed properly... [and] ... importers were evading to pay the due tax altogether" <http://allafrica.com/stories/200005120032.html> (accessed May 2011). The Zanzibar route is also mentioned by many writing about the 1990s, for example Mbelile and Shitundu (1999), Bigsten et al. (2001), Naschold and Fozzard (2002).

60 "Agriculture First. Tanzania's Green Revolution" (Kilimo Kwanza) was frequently referred to during the 2010 election campaign. The document was developed by centrally placed bureaucrats and business people with close connection to the president and the party and emphasise, for example, mechanisation, agricultural credits, subsidies and a new focus on commercial agriculture (see also footnote 18).

irrigation scheme construction in 2010. However, investments in irrigation – even if much more new land could be irrigated in a sustainable manner – do not have a visible, immediate and significant impact across the country that would make them an election-winning initiative (Kjaer and Therkildsen, 2011).

### *5.1.2. Maintaining coalitions: Strong importers and weak producers*

An EPP proposition is that policy implementation can be used to build and maintain relations with powerful members of the ruling coalition so as to secure the power of the ruling elite. Both the implementation of the CET and of the irrigation component in ASDP illustrates the importance of (the lack of) mutual interest between the ruling elite and powerful entrepreneurs in doing this (see section 1).

The low actual tariff rates applied in the administration of CET and the smuggling of rice shows the impact of a “strong importers – weak producer” constellation in the rice industry. For rice imports are almost totally monopolised by a handful of firms (Table 3). Some of these also run estates, major milling operations and transport companies. A couple have close relations to CCM. The CEO of one of these companies is, for example, also an active CCM politician. Several observers argue that the large agro-business companies are important financial contributors to the party. They link tariff exemptions on food imports and the continued smuggling to the close connections that some of these importers have with the ruling party, although this is obviously difficult to prove.

Observers of the rice industry also claim that large importers actively seek to influence

the perceptions of food crises by influencing the media to write about impending food shortages.<sup>61</sup> The aim is to influence politicians and the TRA to allow food imports at lower duty rates. When the Ministry of Finance, for example, recently tried to question the validity of a food security assessment, it eventually had to back down. Such assessments are formally made by the Ministry of Agriculture and the Prime Minister’s Office (disaster management) and obviously politically very sensitive. For given the real risk of making the wrong decision it is difficult to argue against their assessments, as one official said. This can explain why exemptions from the full tariff are given, as shown by the figures for the actually paid tariffs (Table 3, column d).

The firms and individuals that organise the smuggling of rice are not known, but several observers argue that this traffic cannot take place without the tacit knowledge of some of the major agro-business companies, whose import transactions are sometimes done by subsidiaries operating as separate companies.

The contrast with the power of producers is striking. Growers consist of a large number of smallholders who are poorly organised, have limited productive capacity, and are without much holding power (section 2). Only six percent of Tanzanian paddy is produced on larger-scale commercial farms all of which used to be state-owned. Larger producers have not had their own association since 1967 and the privatised state-owned farms have only taken off within the last five to ten years (Therkildsen and Bourgouin 2011). Consequently, smallholder rice producer interests in enforcing the full compliance with the CET – and in sustainable state investments in rural irrigation

61 Interviews, March 18 and 25, 2010.

– have had little or no impact on the actual implementation of these two policy decisions. There is a structural explanation for this. Although some (primitive) accumulation in rural areas has taken place since independence (Raikes, 1986), it was first slowed down by the Ujamaa policies but then spurred by the economic liberalisation of the 1980s (Havnevik, 1993, Gibbon, 2001). Unfortunately, there is little information about the speed and depth of this process, but it does not appear to have gone very far. In 1994, only around one percent out of 3.8 million smallholders employed permanent wage labour (Skarstein, 2010), indicating that landlessness is not yet a major country-wide problem (although land fragmentation is). Structural change on the producer side may, however, be emerging with the buying up of land for paddy production by foreign governments and companies for local consumption and export, as explained in Appendix 1.

## 5.2. The centrality of the bureaucracy in policy making and implementation

The relevant EPP proposition is that good economic outcomes depend on close relations between the ruling elite and the relevant productive entrepreneurs based on mutual interests between them;<sup>62</sup> and the ability of the ruling elite to create pockets of bureaucratic capabili-

ties to implement specific policies (see section 1).

The pattern of ‘mutual interest’ in the rice industry was analysed above. Here the focus is on the role of the bureaucracy in policy making and implementation. The creation of pockets of efficiency to secure good economic outcomes requires that ruling elites have a significant degree of control over factional and individual demands within the ruling coalition. Otherwise, it cannot contain particularistic demands on scarce resources by higher- and lower-level factions of the ruling coalition in exchange for political support. Second, ruling elites must have a significant degree of control over competent and loyal state bureaucrats to carry out the ruling elites’ side of the deal with entrepreneurs (Whitfield and Therkildsen 2011, 29-30). In the following three specific parts of the bureaucracy of relevance for the rice industry in Tanzania are analysed from this perspective.

*The dominance of middle-level ministerial staff in the policy formulation* was analysed in sections 3 and 4. The striking finding is the absence of clear political fingerprints in the formal policy making. Thus, Tanzanian technocrats that participated on the preparations for the CET policy in EAC seemed to have developed their position through negotiations with colleagues from the other member countries. CET in particular was part of a package deal in which the Ugandan government’s interests in protection of the rice industry were influential. The ASDP was trashed out by donor consultants and middle-level bureaucrats in a process that took many years. Rice industry and agricultural representatives as well as

62 Striking disagreements about the importance of the private sector in Tanzanian policy making and implementation exist. Some, for example, see the private sector – in close cooperation with external interests – as constituting a comprador bourgeoisie that dominates domestic politics (Shivji, 2009, 1975). Other analysts conclude that the influence of the business sector is minimal or weak (Lawson and Rakner 2005, Hyden 2005), while Mmuya and Tostensen (2007, section 3.4), who take a more industry-specific view, point to its strength in particular sectors only, such as energy and infrastructure.

other members of the ruling party, ministers and high-ranking technocrats were conspicuously absent from the ASDP policy making process<sup>63</sup> – except when the president intervened (see section 5.3). Political guidance of these processes was therefore limited although all major policies are, of course, eventually formally politically endorsed. There are several explanations for this technocratic dominance of policy making.

One reason why ministers and top bureaucrats are not involved much in policy making is simply that the rice industry as a whole has limited holding power and therefore is of limited concern for the political elites. Another is that the political elites only get involved in policy making in crisis situations (Whitfield and Therkildsen 2011, 23) – and agriculture is not truly regarded by the Tanzanian ruling elites as being in crisis despite the “dismal performance of the sector” according to official documents (United Republic of Tanzania, 2001).

But there are additional country-specific reasons – not explicitly captured in the EPP meta-level conceptual framework. Ministers and permanent secretaries in a CCM government are not supposed or expected to play an active policy-making role. This, according to CCM practice, is the mandate and responsibility of the party. Government, ministers and permanent secretaries are simply expected to work out the details in loyal compliance with the CCM manifesto. However, such party documents are often general and vague and this adds to the inter-organisational turf-wars among ministries, and between these and local governments – often fuelled by the availability of donor funds (Therkildsen, 2000b). The

63 During this process some donors tried to get the minister of agriculture more involved, but to little avail (interview, September 2011).

increasing importance of budget support and programme aid has not diminished such conflicts, which sometimes are intermingled with personal power struggles. Who emerge as winners and losers is difficult to predict in such contexts. The safest thing for state officials is therefore to interpret party guidelines in ways that do not provoke attention – to keep a low profile. This fear-factor is clearly a key feature of the policy-making process which may be as important as the usual explanation – poor pay and lack of capacity – for slow and erratic decision making and implementation processes.

But there is a fourth possible explanation. Frequent ministerial reorganisations and transfers of ministers and permanent secretaries deplete the capacity for policy making at the top. The minister for agriculture has, for example, changed seven times between 1995 and 2010.<sup>64</sup> In addition, there have been five different permanent secretaries in the ministry during that period.<sup>65</sup> It has also been through several re-organisations.<sup>66</sup> To this should be added that donor staff dealing with ASDP on the ground or in the home office change frequently too.<sup>67</sup> This makes it difficult to keep a consistent and focused long-term view, and agriculture is perhaps particularly prone to be influenced by frequent changes in donor approaches (Delgado, 1995). The fact that policy making tends to be dominated by middle-level

64 From 1995: Kimiti, Kusila, Keenja, Mungai, Msolla, Wasira, Maghembe.

65 From 1995: Ngirwa, Barie, Lyimo, Mmuya, Ngirwa.

66 Responsibility for irrigation, for example, moved from the Ministry of Water to the Ministry of Agriculture in 1975. In 2008 it was moved back to the Ministry of Water. In 2010 it returned to Ministry of Agriculture once more.

67 Information on donor staff changes has not been collected. But one Tanzanian embassy employee involved in the ASDP throughout the 2000s says that none of the donor staff involved when the ASDP design process ended in 2005 is stationed in Tanzania any longer. Interview, January 2011.



ministerial staff and donor consultants (and their clients, donor representatives) is therefore no accident.

*The loyalty of TRA in not implementing government policy fully.* Enforcement of compliance with the tariffs and anti-smuggling operations are in the hands of TRA both on Zanzibar and on the mainland. TRA has a relatively strong administrative capacity according to the IMF (Nord et al., 2009). It has, for example, been able to increase the collection of both income and corporate tax significantly in recent years. Total revenue collection has therefore increased significantly – from 10 percent of GDP in the early 2000s to 16.5 percent in 2008 (IMF, 2009). That CET is not enforced and smuggling of rice is not clamped down on is therefore not a result of major TRA capacity problems. Although corruption cannot be ruled out, the most plausible explanation for TRA's efforts in helping to protect the Tanzanian rice industry is TRA's loyalty to its political masters and its responsiveness to their political goals, as reiterated by several observers close to the tax authority (see section 4.2). Had TRA enforced the tariff and reduced smuggling, this would have resulted in increased rice prices and thereby jeopardized the ruling elites' control of political power on the islands and the stability of the Union.

*The implementation autonomy of local governments.* The local government bureaucracies have substantial *de facto* autonomy to implement the irrigation component of the ASDP programme (section 3.2). There are three reasons for this autonomy. In Tanzania's current political settlement, local-level factions of the ruling coalition (the local-level CCM politicians and the bureaucrats) have gained strength since the political liberalisation of the 1990s (Therkildsen and Bourgooin 2011). The large majority of district and village councils is controlled by the CCM, as shown in section 2.2. The political elites increasingly regard them

as important in influencing election results – partly because they mobilise voters to support the ruling party, partly because they make local government resources available for the party during election campaigns. Regional and District Commissioners are especially important in this regard. It is therefore the holding power that these levels have gained as a result of political liberalisation, and the imperative for the CCM to win elections, that explains the increasing autonomy of the local-level party and bureaucracy apparatus – not the decentralisation reform *per se*.<sup>68</sup> The consequence is that the ability of the political elites to discipline local-level administrations to enforce operation and maintenance guidelines for irrigation schemes is limited.

A capacity problem at central and local government levels to do this is part of the problem, of course, but with limited mutual interests between the rice industry and the political elite, the latter is not especially motivated to push for pockets of efficiencies at local level. Combined with a relatively large inflow of government and donor funds, this reduces the effects of disciplinary measures that central authorities may try to impose on implementation activities.<sup>69</sup> Indeed, there are no explicit mechanisms in the ASDP – or in the management of the irrigations funds – that make functioning O&M arrangements or the completion of on-

68 The decentralisation reform began in the mid-1990s and has led to significant changes (Tidemand and Msani 2008).

69 This occurs at the same time as local authorities are said to be losing the autonomy vis-à-vis the central government. Such assessments are based on the autonomy to make budget allocation decisions and to hire and fire the District Executive Director. A loss of autonomy on these issues does not preclude that local authorities have substantial *de facto* autonomy in the implementation of policies.

going irrigation schemes a condition for funding.<sup>70</sup>

It adds to the relative autonomy of the local government bureaucracy that it operates without much negotiations and dialogue with the private sector in general or with the rice industry in particular. Indeed, the level of knowledge about smallholder rice production among bureaucrats interviewed was very limited. How to change the ‘mind-set’ of smallholders to make them accept extension advice was regarded as the key challenge facing local bureaucrats, according to interviews with them.<sup>71</sup> This is a view which has not changed significantly since independence as much research since the 1970s has shown (Cliffe and Saul, 1972, Friis-Hansen, 2004).

Without effective centralised efforts to impose discipline – and with the presidential push to expand land under irrigation – many local-level bureaucrats benefit from the ASDP irrigation programme through the control they have of construction contracts and procurements. Substantial rents can be generated in this way. The central and local bureaucrats’ incentive is to build as many irrigation facilities as possible – not to assure that schemes actually help to produce sustainable benefits for growers, millers and traders. Nevertheless, smallholders in completed schemes clearly benefit from them, but the gains are not likely to be sustainable as the arrangements for the sustainability of irrigation schemes (water rights, land rights and operation and maintenance) are clearly inadequate.

Paradoxically, the TRA – an organisation with a relatively strong administrative capacity – has insufficient autonomy to enforce tariff compliance and reduce smuggling. Indeed, it has political support *not* to implement government policy vigorously. In contrast, the local-level bureaucracy – with substantial administrative capacity problems – has *de facto* autonomy to disregard central-level guidelines aimed to ensure sustainable irrigation because that bureaucracy has become an important part of the ruling coalition.

### 5.3. The ideological legacy of party-driven modernisation of agriculture

A central puzzle of this paper is to explain why, in 2005, President Kikwete personally intervened to get a very ambitious one-million hectare irrigation programme written into the country’s new donor-supported ASDP – in particular because it did not seem to be motivated by winning elections or strengthening CCM’s supporting coalition (as argued in section 3.1)

The explanation lies in the EPP proposition that political elites seek to win power so as to gain personal wealth *and* to influence the ideological direction of development. In the case of irrigation, the incoming president was seriously determined to ‘modernize’ agriculture. Newspaper accounts on his views on this issue

70 40 percent and 27 percent, respectively, of the ASDP-supported new or rehabilitated schemes were left incomplete as of 2010 (United Republic of Tanzania 2011, 30).

71 In Kilosa district August 2008, and in Moshi rural district October 2009.

during his first term in office are numerous. Also Mukandala (2006) stresses the importance of a revolution of agriculture in the party's thinking.

Moreover, the push for a huge irrigation construction programme seems driven by the new president's desire to signal decisiveness and by the repeated party emphasis on the need to revolutionise agriculture. There is a long tradition for this type of party-led "we must run while others walk" policy making in Tanzania, as Hyden (1984) has described it.<sup>72</sup> The party vision of 'modernising agriculture' has been the basis for agricultural policies since independence, ranging from the ujamaa policies of the late 1960s to the various campaign-like initiatives since the 1970s: *Kilimo cha Kufana kufana; Kilimo ni ubai; "Siasa ni kilimo"; and Kilimo ni Uti wa Mgongo wa Uchumi* (Isinika et al., 2003).<sup>73</sup> In these past efforts to transform agriculture (none of which achieved much), the state has always been central. The irrigation component clearly fits that tradition despite ASDP's explicit references to market-driven agricultural development and to the importance of the private sector. The "ASDP's *de facto* largely [sic] public sector emphasis" is obvious, as a recent evaluation emphasises (United Republic of Tanzania, 2011).

72 Hyden identifies four features of this type of policy making: set ambitious targets even if they will not be met; start without detailed analyses of consequences as these will be addressed as they occur; unwillingness of policy makers to use past experiences as guidance for the future; compel public employees to work in contexts where expectations constantly exceed actual attainment. Hyden (1984, 121) concluded that party and presidential pushes to reach impossible targets undermined the power of the bureaucracy to act as a countervailing power to the political organisation.

73 Meaning, respectively, "Agriculture as a matter of life and death;" "Agriculture is life;" "Politics is agriculture;" and "Agriculture is the backbone of the economy."

But once made, neither the president – nor factions of the ruling coalition – took strong action to increase the technical and administrative capacity to build and maintain many new irrigation schemes – or to boost financing for them. And very little central-level effort was made to enforce that local governments established viable scheme-level operations and maintenance systems to ensure sustainable benefits to paddy growers.

The EPP-inspired explanation for this is that the vision held by the party/president about modernising agriculture through irrigation is not based on mutual interests between the ruling elite and paddy growers. The latter have neither the economic nor the organizational power to motivate the political elite to create the 'pockets of efficiency' that could make this happen. In that situation ideological desires by ruling elites are not sufficient to drive state initiatives to promote economic growth and poverty alleviation.

## 6. CONCLUSIONS AND PERSPECTIVES

The actual implementation of the double-decision of 2005 has not (yet) significantly strengthened the rice industry as formally intended. The protection of the industry from cheap rice from the world market is undermined by poor TRA enforcement of an import tariff and by TRA's soft approach to the smuggling of substantial quantities of such rice through Zanzibar. In addition, the increase in the productivity of paddy growing through investments in irrigation is weakened by the neglect of scheme operation and maintenance intended to be run by users but supported by local governments.

One purpose of this paper is to explain *why* this double-decision was made. The other is to

explain *why* its implementation ran into such major implementation problems that resulted in poor economic outcomes for the rice industry – in particular for the smallholder paddy growers, who were the intended beneficiaries of the initiative. The answers to the two questions are intertwined:

First of all: political goals have been more important for the political elite than to achieve economic goals. In such situations “good politics” may result in “bad economics”, as Grindle (2007) formulated it, and this fits well for the rice industry. The advent of competitive politics – combined with very limited holding power of smallholder producers in the Tanzanian rice industry – is important in explaining why the double-decision was not implemented as intended. For winning elections is a necessary condition for legitimising access to power by a ruling coalition. Adjusting tariff policies and the control of smuggling to the political situation on Zanzibar has therefore been more important than helping a local rice industry to grow. It shows that issues related to CCM’s political power on the isles and to the union with Zanzibar can have significant influence on agricultural policies and their implementation.

Second, the roles of the Tanzanian bureaucracy are important in explaining the two questions posed above. While Khan (2010) regards CCM as strong and influential in policy making and implementation, the analyses in this paper show that he underplays the *different* roles played by various parts of the bureaucracy related to the rice industry. Except for presidential directives, policy making in the rice industry is dominated by middle-level bureaucrats and donors without much political guidance. This reflects the lack of mutual interests between the political elite and the rice industry as a whole. Implementation of tariff-compliance and anti-smuggling is the remit of the TRA. However, the authority clearly towed the party line by going soft on the execution

of these tasks so as not to cause major changes to the supply of cheap (legally and illegally) imported rice. Furthermore, the local government bureaucracy (in charge of irrigation construction and establishing O&M systems) has gained increasing holding power vis-à-vis the ruling elite since the political liberalization of the 1990s. Consequently, central-level enforcement of measures that could ensure the sustainability of irrigation schemes is poor. As the push for irrigation expansions continues from above, it creates rent opportunities for local bureaucrats as well as temporary benefits for targeted paddy growers. However, in the absence of paddy producers with sufficient holding power, the longer-term sustainability of irrigation investments is threatened.

Finally, the ideological legacies of party-driven attempts at modernising agriculture are still alive as they have been since independence (McHenry 1994). The presidential directive on irrigation targets – although completely unrealistic – has played an important role in the sense that it *was* reflected in formal policy decisions for the ASDP and *did* lead to a considerable expansion of irrigated land. However, the focus on physical achievements that the presidential intervention entailed is not conducive to sustained productivity increases in paddy production. This has not been helped by donor willingness to go along with such initiatives despite initial foot dragging, which is also an important part of Tanzania’s development history (e.g. World Bank, 1990).

What does this imply for the policy making and implementation in agriculture? State initiatives that are not perceived by the political elite to have coalition- or election-winning utility may still be launched (sometimes with donor support) due to historical legacies or ideological reasons, but their implementation typically runs into difficulties. Moreover, when there are serious conflicts among important factions of the ruling elite about specific initiatives, the

ability to enforce policies during implementation is reduced. In such cases, political priorities are likely to prevail over economic ones. Finally, initiatives aimed at producers who have little economic and organisational power, and on whom the ruling elites do not depend for much else to survive politically than their votes, are not likely to motivate such elites to create the bureaucratic pockets of efficiency needed to secure good economic outcomes.

Future developments are uncertain and will probably depend on the political consequences of the emerging structural changes in the rice industry. The entrance of major investors in paddy production, which is under way, is one important source of such changes (see Appendix 1). The other is the smallholder organisations partly outside the realm of the CCM that are slowly and gradually emerging. It is, however, difficult to predict if the ruling coalition will try to help or hinder the emergence of a stronger and more productive rice industry based on smallholders.

But lessons from Asia are instructive. Here the transformation of agriculture in some countries is characterised by being state-led, market-mediated and smallholder-focused (Djurfeldt et al., 2005). Although African countries face many new and different challenges to accelerate growth and reduce poverty compared to Asian countries (notably very different initial conditions, and greater exposure to global competition), “there is little evidence to suggest that ...[African]... countries can bypass a broad-based agricultural revolution to successfully launch their economic transformations” (Diao et al., 2010).

## APPENDIX I. SELECTED INFORMATION ON PADDY PRODUCTION

Information on three aspects of paddy production seen in a time perspective is provided below: productivity, irrigation and large-scale farming.

### Productivity

Paddy production has increased over the last 10 years. Paddy was the fastest growing crop at the end of the 1990s, with output expanding three-fold from 1985 (United Republic of Tanzania, 2009b, Table 1, Isinika et al., 2003, Figure 17). Rising urban incomes and depreciation of the Tanzanian shilling (which reduces imports) have driven production growth according to IFPRI (2000). Domestically produced paddy contributed significantly to the overall value production in agriculture from 1995 to 2002.

The productivity in paddy production has also increased, according to United Republic of Tanzania (2009), but this is doubtful as data on paddy and rice are very unreliable.<sup>1</sup> The general consensus is that for decades productivity in agriculture in general has not changed much. Yields have fluctuated without clear trends indicating that production methods have not changed significantly. In agriculture in general “total factor productivity in 2006 was barely higher than in 1961” (Binswanger-Mkhize and Gautam (2010)). Therefore, according to many observers, the production of paddy has grown, mostly as a result of area expansion rather than productivity increases.

The legacy of Tanzania’s villagisation programme of the 1970s and early 1980s is an important explanation for this. The re-settlement and concentration of people in villages forced small-holders to shorten fallow periods and to cultivate further away from villages.<sup>2</sup> Combined with increasing population pressure, this has led to fragmentation of land holdings, and average small-scale farm size has shrunk from 1.3 ha/household the 1970s to 1 ha in 2005. Tanzania is now classified among the countries with ‘unsustainable’ small farm sizes (United Republic of Tanzania (2008c); Temu (2007)). With insufficient access to fertiliser and labour to compensate for this (Kikula, 1997), villagisation also has a negative long-term effect on cereal productivity. It “was possibly the most important sole cause of agricultural stagnation in the period from the mid-1970s to the mid-1980s” (Skarstein, 2010, 103-104). He also argues that economic liberalisation, which began in the early 1980s, instead of fostering productivity increases through specialisation, has led to income diversification and subsistence fallback due to the risks of relying on the vagaries of a largely unregulated market (p. 99).

1 See Therkildsen (2009) and footnote 9. Even results from the same researchers sometime differ. Compare, for example, Isinika et al. (2003, 43) with Isinika et al. (2005, figure 11.4). A third set of [generally higher] yield estimates is provided by United Republic of Tanzania (2009b, table 1)

2 Small-holders involved in irrigation (traditional or modern) may have been affected less by villagisation (Potanski 1998) although there are several examples of this happening (personal observations, early 1980s). Villagisation also largely bypassed areas with intensive agriculture.

## Irrigation

Growing paddy on irrigated land is one way of increasing productivity. The expansion of irrigated land by smallholders over time is well described by Isinika (Isinika et al., 2003). Thus, the government established a Water Development and Irrigation Department in 1952, but focused more on irrigation for cash crops and water for livestock. This had little effect on food production (p.13). In 1980, traditional irrigation systems accounted for 120,000 ha (84%) of the irrigated land, while large schemes, then owned by the government, cultivated 24,000 ha (16%). However, this does not include some of the traditional irrigation systems and practices in many parts of the country, such as cultivation of valley bottoms during the dry season which often involve intensive production of cereals and vegetables (p. 34).

Starting in the 1980s, donors got increasingly involved in funding small-scale irrigation schemes. Danida, for example, funded such schemes in the late 1990s. IFAD have funded several larger irrigation programmes over the years. The latest ended in 2006 (IFAD, 2007). The World Bank has also supported many irrigation activities, the latest being the Participatory Agricultural Development and Empowerment Project (World Bank, 2011). Ironically, the poor operation and maintenance record of numerous donor-funded schemes now requires that they be rehabilitated. They are a substantial proportion of the construction activities in the irrigation component of the ASDP (see section 3).

Modern large-scale irrigation was first introduced in the 1930s at the foreign-owned Tanganyika Planting Company which grew sugar cane near Moshi town. In 1948 the colonial government established a 1,000 ha rice farm at Kilangali, Morogoro, but the initiative failed and was abandoned in 1951 (Chiza, 2005). A new drive for large-scale irrigation on state-owned farms started after the Arusha Declaration. From the 1960s to the end of the 1980s the government and major donors (including China and North Korea) invested tens of millions of dollars in large-scale irrigation in state farms. Such farms and agricultural collectives were seen as central to achieve national and local food self-sufficiency, to reduce growing imports of rice, and to increase employment. NAFCO ran them (JICA, 2002).

The following brief information about four state farms suffices to show the problems faced by this approach at the time (JICA 2002). Dakawa was planned by North Korea in 1975 and construction started in 1979. A total of 2,000 ha were cultivated with double cropping on 700 ha when production started in 1983, but this slowly declined and eventually stopped in 1997 due to disrepair, poor construction, lack of capital and management problems. The Ruvu scheme was started by the government in 1956 and subsequently funded by China. It was completed in 1974; rehabilitation started soon after and was completed in 1981. 725 ha were developed, but less than a third was ever used for irrigation. The Kapunga scheme was started in 1989, mainly funded by the African Development Bank. Less than half (3,000 ha) of the arable land was cultivated by NAFCO, a parastatal. Some 800-1,000 ha were used by smallholders supervised by the local authorities and the Ministry of Agriculture. Yields started at 4 tons/ha in 1991, but declined to 1 ton/ha in 1997 where it has stayed since. Shortage of working capital has slowly reduced production. The Mbarali scheme was started in 1956, but taken over by government in 1968 and funded by China from 1969 to 1977. It was subsequently run by NAFCO until it was privatised in the mid-2000s. Double cropping on 3,200 ha was planned but never achieved, due to inappropriate seeds, lack of capital, and crop diseases. Average yields declined from 8 tons/ha to less than 3 tons/ha between 1980 and 1993. Some out-grower schemes are established on the farms but demand has been low (Daipesa, 2003). From

an estimated potential production of 30,000 tons of paddy per year on these farms, they produced about 2,500 tons of paddy by 2002, when all of them were in financial distress (Daipesa, 2003)

### **Large-scale farming, privatization and paddy production**

In 2001, a ministerial committee for agricultural sector privatization recommended that Tanzanians should be given higher priority than foreigners in the privatization of state-owned farms; and that some large farms should be divided into economically feasible small plots and redistributed to Tanzanians. Interestingly, this recommendation conflicts with the position taken in more authoritative policy statements. For while the Agricultural and Livestock Policy of 1997 *does not* encourage local ownership of privatized firms, the Tanzania Investment Act of 1997 *does* (United Republic of Tanzania, 2008d, 152-155, JICA, 2002).

Perhaps as a consequence, the implementation of privatisation has been slow, fairly chaotic and certainly shrouded in controversy (some cases involving corruption; others accusations of selling Tanzanian property cheaply to foreigners). As far as major state-owned paddy farms are concerned, only Dakawa rice farm (some 2,000 ha) was actually bought and run by a cooperative society, as stipulated by official policy. Kapunga rice farm (some 7,500 ha) was bought in 2006 by Export Trading Ltd, which is also a major importer and trader in rice (see section 4). It is owned by the Patel family, of which Jeetu Patel is a prominent member. He has very good political contacts.<sup>3</sup> Mbarali rice farm (some 5,500 ha) was bought by the family-owned Southern Highland Estates Ltd in 2006. Nawab Mulla, the present owner, was the chairperson of CCM, Mbeya region, and has family ties with the then national CCM treasurer, Rostam Aziz (Hakiarhdi, 2009). An American venture capitalist is investing in and producing on a 4,000 ha rice farm outside Ifakara, originally built by the North Koreans. Kilombero Plantation Ltd, as it is called, has made substantial investments since 2006 and now grows rain-fed paddy. Further investments in irrigation are planned over the next few years.

In other words, only Dakawa rice farm was taken over by small-holders, as formally intended in some government documents. The rest went to private investors. Similar privatisation patterns are found by others. Potts (1995), for example, found that privatisation of estate agriculture until 1990 occurred on an *ad hoc* basis. Estates owned by foreigners before nationalisation largely returned to foreign ownership. Temu and Due (2000, 696) found that 53 percent of the 199 divestitures completed in 1996-1997 were to local (indigenous and/or local) buyers, but these were mostly low value enterprises. The relatively profitable parastatals were bought by foreign firms. Several state farms were not yet sold by then. Nkya (2009) analysed 403 parastatals privatised (or in the process) from 1992 to 1998. Of these 88 firms were in agriculture, of which 77 were sold to private buyers, while the government retained shares in three and the remaining eight were simply liquidated. Although some state-owned coffee farms were split up (unbundled) to enable local entrepreneurs to buy them, this was not normally done. The formal criteria guiding the privatisation did not explicitly include a strengthening of local entrepreneurs (p.161).

<sup>3</sup> Jeetu Patel is implicated, with many other businesspeople, in the USD 130 million Bank of Tanzania External Payment Arrears corruption case. He is also actively involved in the import of power tillers for the government's Kilimo Kwanza initiatives.



The biggest structural change in rice production may, however, still be under way.<sup>4</sup> Friis and Reenberg (2010) list 16 land cases (albeit of unknown status) involving, for example, investors from: Saudi Arabia (500,000 ha for rice and wheat); United Arab Emirates (100,000 ha for rice for the Tanzanian market); India (30-40,000 ha for rice).<sup>5</sup> Two Bangladeshi investors, prodded by their government, are said to negotiate for large tracts of land to grow rice and cotton.<sup>6</sup> The South Korean state is negotiating for 100,000 ha of land for food (mostly rice) – half of which for export to South Korea, according to a feasibility study being appraised at the end of 2010.<sup>7</sup> Investors from Mauritius and Singapore are negotiating for some 30,000 ha of land in the Rufiji Basin to grow flood-irrigated rice for export.<sup>8</sup> Foreign companies/governments will become major paddy producers in Tanzania if just a few of these land cases materialise. They have the potential to significantly influence the rice industry, its production and marketing.<sup>9</sup>

Even if only a few of these projects start to produce for the domestic market, it may lower consumer prices and may force uncompetitive small-holder producers off the market. On the other hand, large paddy growers may gain more political influence than smallholders have had. The rice industry could therefore see significant changes in the future – including closer relations between larger paddy producers and the ruling elite.

4 Other large land deals not involving paddy farming are also under way. For example, American investors, together with Iowa State University, and working with Serengeti Advisers Limited, a politically well connected local firm, negotiate for some 300,000 ha of land for maize in areas presently occupied by refugees from Burundi, who must be evacuated if the deal goes through (see [www.oaklandinstitute.org](http://www.oaklandinstitute.org)). There is also considerable interest in land for bio-fuel (Kugelman and Levenstein 2009, 41). See also “A push by the president of Tanzania to find 400,000 hectares of land for a Swedish firm that wants to grow sugarcane for ethanol” and “ACT touts for heavy investments in agriculture Kilimo Kwanza food exports.” Daily News, April 18, 2011. Fear of eviction caused by such deals may be well founded. See “Rice farmers may be evicted by new bio-fuel companies.” The East African, September 28, 2009. Some 4-5,000 households are at risk in different parts of the country according to the article.

5 Qatar, Kuwait and large companies (Daewoo, Mitsubishi) are also listed, but their use of land is not specified.

6 “Bangladesh govt. prods local investors to farm cotton, food in Africa.” Financial Express. 30 March 2011.

7 Interviews, November 2010 and <http://news.bbc.co.uk/2/hi/africa/8272506.stm> (accessed May 31, 2010).

8 Interviews, November 2010 and January 2011.

9 A similar trend seems under way in West Africa: “Rice land grabs undermine food sovereignty in Africa.” [www.grain.org/atg/](http://www.grain.org/atg/) (accessed January 2009).

## REFERENCES

- Ali, A. A. G. and Thorbecke, E. 2003. The state of rural poverty, income distribution and rural development in sub-Saharan Africa. *In: Nissanke, M. and Aryeetey, E. (eds.) Comparative development experiences of sub-Saharan Africa and East Asia*. Aldershot: Ashgate.
- Anderson, K. and Masters, W. A. 2007. Distortions to Agricultural Incentives in Africa. *Agricultural Distortions Working Paper* December 2007. World Bank. Washington.
- Bates, R. H. 2005. *Markets and states in tropical Africa: the political bias of agricultural policies*. Berkeley: University of California Press.
- Bigsten, A., Mutalemwa, D., Tsikata, Y. and Wangwe, S. 2001. Tanzania. *In: Shantayanan Devarajan, D. D. a. T. H. (ed.) Aid and reform in Africa: lessons from ten case studies* Washington World Bank
- Binswanger-Mkhize, H. P. 2010. Land development and large scale versus family farms *Policy note for Tanzania* March 21, 2010. World Bank. Dar es Salaam.
- Binswanger-Mkhize, H. P. and Gautam, M. 2010. Towards an Internationally Competitive Tanzanian Agriculture. *Draft report*. March 22 2010. World Bank. Dar es Salaam.
- Brigham, A. M. 2011. Agricultural Exports and Food Insecurity in Sub-Saharan Africa: A Qualitative Configurational Analysis. *Development Policy Review*, 29, 729-748.
- Cameron, G. 2002. Zanzibar's turbulent transition. *Review of African Political Economy*, 29, 313-330.
- CCM. 2005. Election Manifesto for the 2005 general elections. August 2005. National Executive Committee of CCM Dar es Salaam.
- Chiza, C. K. 2005. The role of irrigation in agriculture, food security and poverty reduction. *A paper presented to the 3rd Annual Engineer's Day, 2005—Learned Discourse, Dar es Salaam – March 14-15, 2005*. March 2005. Dar es Salaam.
- Cliffe, L. and Saul, J. S. 1972. The district development front. *In: Cliffe, L. and Saul, J. S. (eds.) Socialism in Tanzania. Vol I*. Nairobi: East African Publishing House.
- Cooksey, B. 2003. Marketing Reform? The Rise and Fall of Agricultural Liberalisation in Tanzania. *Development Policy Review*, 21, 67-90.
- Coulson, A. 1982. *Tanzania: a political economy*. Oxford: Clarendon Press.
- Daipesa. 2003. Rice sub-sector study. *Private enterprise support activities project, Tanzania*. April 2003. Development Alternatives Inc. Woodmead.
- Delgado, C. L. 1995. Africa's changing agricultural development strategies : past and present paradigms as a guide to the future. *Food, Agriculture, and the Environment Discussion Paper* April 1995. IFPRI Washington D.C.
- Diao, X., Hazell, P. and Thurlow, J. 2010. The role of agriculture in African Development. *World Development*, 38.
- Djurfeldt, G., Holmén, H., Jirström, M. and Larsson, R. (eds.) 2005. *The African food crisis: lessons from the Asian green revolution*. Wallingford: CABI International.
- Ellis, F. and Mdoe, N. 2003. Livelihoods and Rural Poverty Reduction in Tanzania. *World Development*, 31, 1367–1384.
- FAO 2011. Global Market Analysis. *FAO Food Outlook*.

- Fjeldstad, O. H. and Therkildsen, O. 2008. Mass taxation and state-society relations in East Africa. In: Bräutigam, D., Fjeldstad, O. H. and Moore, M. (eds.) *Taxation and state-building in developing countries. Capacity and consent* Cambridge: Cambridge University Press.
- Friis-Hansen, E. 2004. Concepts and experiences with demand driven advisory services. Review of recent literature with examples from Tanzania. *DIIS Working paper 2004/7*. DIIS. Copenhagen.
- Friis, C. and Reenberg, A. 2010. Land grab in Africa: Emerging land system drivers in a teleconnected world. . *GLP Report*. 1. Global Land Project. International Project Office. Copenhagen.
- Gajigo, O. and Denning, G. 2010. Rice in Africa: will import continue to grow? In: Dawe, D. (ed.) *The rice crisis. Markets, policies and food security*. London: Earthscan.
- Gibbon, P. 2001 Civil society, locality and globalization in rural Tanzania: a forty-year perspective *Development and Change* 32, 819-844.
- Greeley, M. 2007. A Framework for Assessing Programme and Project Aid in LICUS Contexts. In: Manor, J. (ed.) *Aid That Works: Successful Development in Fragile States*. World Bank Publications.
- Grindle, M. S. 2007. When good policies go bad, then what? dislodging exhausted industrial and education policies in Latin America. In: Bebbington, A. and McCourt, W. (eds.) *Development Success. Statecraft in the South*. Basingstoke, UK: Palgrave Macmillan.
- Hakiardhi. 2009. The state of the then NAFCO, NARCO and absentee landlords' farms/ranches in Tanzania. 14 February 2009. Land Rights Research And Resources Institute (Larri/Hakiardhi). Dar es Salaam.
- Havnevik, K. J. 1993. *Tanzania. The limits to development from above*. Uppsala: Nordiska Afrikainstitutet.
- Holtom, D. 2003. *The World Bank in Tanzania, 1970-2001*. Doctoral thesis., University of Wales, Swansea.
- Hyden, G. 1984. Administration and public policy. In: Barkan, J. (ed.) *Politics and public policy in Kenya and Tanzania : revised edition*. Nairobi: Heinemann Kenya.
- Hyden, G. 2005. Why do things happen the way they do? a power analysis of Tanzania February 2005. Embassy of Sweden. Dar es Salaam.
- IFAD. 2007. United Republic of Tanzania. Participatory Irrigation Development Programme. Completion Evaluation. Report N° 1831-TZ - Rev. 1. May 2007. IFAD. Rome.
- IFPRI. 2000. Agriculture in Tanzania Since 1986: Follower or Leader of Growth? *A World Bank Country Study*. June 2000. World Bank. Washington.
- IMF. 2007. IMF involvement in trade policy issues in low-income countries. Background document IV. IMF. Washington.
- IMF. 2009. Fourth Review Under the Policy Support Instrument— Staff Report; Press Release on the Executive Board Discussion; and Statement by the Executive Director for United Republic of Tanzania. IMF. Washington.
- Isinika, A. C., Ashimogo, G. C. and Milangwa, J. E. D. 2005. From Ujamaa to structural adjustment - Agricultural intensification in Tanzania. In: Djurfeldt, G., Holmén, H., Jirström, M. and Larsson, R. (eds.) *The African food crisis: lessons from the Asian green revolution*. Wallingford: CABI International.

- Isinika, A. C., Ashimogo, G. C. and Mlangwa, J. E. D. 2003. Tanzania macro study: final research study. *Mimeo*. August 2003. Sokoine Agricultural University. Africa in Transition research programme Morogoro.
- JICA. 2002. The study on the national irrigation master plan in the United Republic of Tanzania Japan International Cooperation Agency and the Ministry of Agriculture and Food Security Dar es Salaam
- Khan, M. H. 2010. Political Settlements and the Governance of Growth-Enhancing Institutions. *Mimeo*. SOAS. London.
- Kikula, I. 1997. *Policy implications on the environment - the case of villagisation in Tanzania*. Uppsala: The Nordic Africa Institute.
- Kjaer, A. M. and Therkildsen, O. 2011. Elections and landmark decisions in Tanzania and Uganda. *Submitted for publication*.
- Kugelman, M. and Levenstein, S. L. 2009. LAND GRAB? The Race for the World's Farmland. Woodrow Wilson International Center for Scholars. Washington D.C.
- Lagi, M., Bertrand, K. Z. and Bar-Yam, Y. 2011. The Food Crises and Political Instability in North Africa and the Middle East. *arXiv:1108.2455v1 [physics.soc-ph] 11 Aug 2011*. 11 Aug 2011. New England Complex Systems Institute. Cambridge, Massachusetts
- Lawson, A. and Rakner, L. 2005. Understanding patterns of accountability in Tanzania: synthesis report August OPM, Chr. Michelsen Institute & REPOA.
- Leonard, D. K. 2010. 'Pockets' of effective agencies in weak governance states: where are they likely and why does it matter? *Public Administration and Development*, 30, 91-101.
- Lerise, F. S. 2005. *Politics in land and water use management: study in Kilimanjaro, Tanzania*. Dar es Salaam: Mkuki na Nyota Publishers.
- Lindemann, S. and Putzel, J. 2008. State Resilience in Tanzania – Draft Analytical Narrative Crisis State Research Center. London School of Economics. London.
- Liviga, A. 2009. Tanzania: a bumpy road to consolidated democracy. *Eastern Africa Social Science Research Review*, 25, 1-42.
- Mbelle, A. V. Y. and Shitundu. 1999. The management of industrial reforms in Tanzania. perspectives and new challenges. *mimeo*. The Economic Research Bureau. University of Dar es Salaam. Dar es Salaam.
- McHenry, D. E. 1994. *Limited choices: the political struggle for socialism in Tanzania*. Boulder: Lynne Rienner Publishers.
- Mmuya, M. and Tostensen, A. 2007. Tanzania Power and Change Analysis. *Final draft* 17 November 2007. Dutch Embassy. Dar es Salaam.
- Mnzawa, M. N. and Kweka, R. A. 2005. Government policies on irrigation in Tanzania. In: Sosoovele, H., Boesen, J. and Maganga, F. (eds.) *Social and environmental impact of irrigation farming in Tanzania*. Dar es Salaam: Dar es Salaam University Press.
- Moris, J. R. 1982. Overall institutional sector performance : 1961-1981. *Eapsa*, 1-101.
- Morrissey, O. and Leyaro, V. 2007. Distortions to Agricultural Incentives in Tanzania. *Agricultural Distortions Working Paper*. 52. December 2007. CREDIT, University of Nottingham. Nottingham.
- Mukandala, R. S. 2006. The promises and challenges of the fourth phase government under president Kikwete. *mimeo*. University of Dar es Salaam. Dar es Salaam.

- Mukandala, R. S., Mushi, S., Barkan, J. and Njema, G. 2005. The political economy of Tanzania. *Final*. September 2005. World Bank. Washington.
- Naschold, F. and Fozzard, A. 2002. How, When and Why Does Poverty Get Budget Priority? Poverty Reduction Strategy and Public Expenditure in Tanzania. *Working Paper* 165. Overseas Development Institute. London.
- Nkya, E. 2009. Entrepreneurial response to privatization and economic liberalization: The case of small scale enterprise sector in Tanzania mainland, 1992-1998. *Uongozi journal of management development*, 12, 141.
- Nord, R., Sobolev, Y., Dunn, D., Hajdenberg, A., Hobdari, N., Maziad, S. and Roudet, S. 2009. Tanzania: the story of an African transition. IMF. Washington.
- Nyange, D. and Morrison, J. 2005. Extent and Impact of Food Import Surges: The Case of Tanzania. *Final Report*. April 2006. FAO. Rome.
- Nyerere, J. 1973. Freedom and development. . Oxford University Press. London.
- Oxfam. 2008. Rice for local and export markets: subsector and value chain analysis. Shinyanga Tanzania. Final report. *Study commissioned by Oxfam GB Tanzania programme and conducted by Match Maker Associates Limited*. May 2008. OXFAM London.
- Pitcher, A. forthcoming. *Party politics and economic reform in Africa's democracies*. Cambridge: Cambridge University Press
- Ponte, S. 2002. *Farmers & markets in Tanzania: How policy reforms affect rural livelihoods in Africa*. Oxford: James Curry.
- Potkanski, T. and Adams, W. M. 1997. Water Scarcity, Property Regimes and Irrigation Management in Sonjo, Tanzania. *Journal of Development Studies*, 34, 86-116.
- Potts, D. 1995. Nationalisation and denationalisation of estate agriculture in Tanzania, 1967-90. *In: Cook, P. and Kirkpatrick, C. (eds.) Privatisation policy and performance. International experience*. New York: Prentice Hall.
- Raikes, P. 1986. Eating the carrot and wielding the stick: the agricultural sector in Tanzania. *In: Boesen, J., Havnevik, K. J., Koponen, J. and Odgaard, R. (eds.) Tanzania : crisis and struggle for survival*. Uppsala: Scandinavian Institute of African Studies.
- Revolutionary Government of Zanzibar. 2006. Zanzibar food security and nutrition situational analysis. June 2006. Ministry of Agriculture, Livestock and Environment; Ministry of Health and Social Welfare. Zanzibar.
- Rweyemamu, D. 2009. Strategies for Growth and Poverty Reduction: Has Tanzania's Second PRSP Influenced Implementation? *EPP Working Paper*. 2009: 13. Danish Institute for International Studies. Copenhagen.
- Sabea, H. 2001. Reviving the dead: entangled histories in the privatisation of the Tanzanian sisal industry. *Africa* 71, 286-313.
- Shivji, I. G. 1975. *Class struggles in Tanzania*. Dar es Salaam: Tanzania Publishing House.
- Shivji, I. G. 2009. *Accumulation in an African periphery: a theoretical framework*. Dar es Salaam: Mkuki na Nyota Publishers.
- Skarstein, R. 2010. Economic Liberalization and Smallholder Productivity in Tanzania. From Promised Success to Real Failure, 1985–1998. *In: Havnevik, K. J. and Isinika, A. C. (eds.) Tanzania. From Ujamaa to Mkapa*. Dar es Salaam: Mkuki na Nyota Publishers.
- Swinnen, J. 2011. The Right Price of Food. *Development Policy Review*, 29, 667-688.

- Tanzania Agricultural Partnership. 2011. Result survey in 13 districts. *Report*. April 2011. Tanzania Agricultural Partnership. Dar es Salaam
- Temu, A. 2007. Agriculture Development for Economic Growth: Are We Addressing 'THE' Problem? October 2007. Sokoine University of Agriculture. Morogoro.
- Temu, A. and Due, J. M. 2000. The business environment in Tanzania after socialism: challenges of reforming banks, parastatals, taxation and the civil service. *Journal of Modern African Studies*, 38, 683-712.
- Temu, A. D., Jean 2000. The business environment in Tanzania after socialism: challenges of reforming banks, parastatals, taxation and the civil service. *The Journal of Modern African Studies*, 38, 683-712.
- Therkildsen, O. 2000a. Contextual issues in decentralisation of primary education in rural Tanzania. *International Journal of Educational Development*, 20, 407-421.
- Therkildsen, O. 2000b. Public sector reform in a poor, aid-dependent country, Tanzania. *Public Administration and Development*, 20, 61-71.
- Therkildsen, O. 2009. Estimates of rice production/marketing, imports and exports from various sources. *Mimeo*. October 2009.
- Therkildsen, O. and Bourgoignie, F. 2011. Crisis driven factionalisation of Tanzania's ruling coalition. *Draft to be revised*. June 2011. DIIS. Copenhagen.
- Third World Network. 2006. Globalisation, liberalisation, protectionism: Impacts on poor rural producers in developing countries. April 2006. Third World Network. Geneva.
- Tidemand, P. and Msani, J. 2008. Local Government Reforms in Tanzania and their impact on Local Governance and Service Delivery: Empirical Evidence of Trends in Tanzania Mainland 2000 – 2008 *draft*. October 2008. Repoa. Dar es Salaam.
- TNBC. 2009. Agriculture first. Tanzania's green revolution. TNBC. Dar es Salaam
- Tripp, A. M. 2000. Political reform in Tanzania. The struggle for associational autonomy. *Comparative Politics*, 32, 191-214.
- Tucker, S., Hoffman, B. D., Mukandala, R. S. and Billera, M. 2010. Democracy and governance assessment of Tanzania. *Final report*. June 2010. USAID. Dar es Salaam.
- Twaweza. 2009. Reforming allowances: A win-win approach to improved service delivery, higher salaries for civil servants and saving money. *Policy Brief*. Twaweza. Dar es Salaam.
- UNCTAD, IMF and World Bank. 2005. Diagnostic trade integration study. Tanzania. *Report*. November 2005. The Integrated Framework for Trade-Related Technical Assistance to Least Developed Countries (IF).
- United Republic of Tanzania. 2001. Agricultural sector development strategy. October 2001. Dar es Salaam.
- United Republic of Tanzania. 2008a. 3rd Joint Implementation Review, 18/09/2008 – 21/10/2008. Agricultural Sector Development Programme (ASDP). Dar es Salaam.
- United Republic of Tanzania. 2008b. 3rd Joint Implementation Review, Agricultural Sector Development Programme (ASDP). Market and Private Sector Development Component Ministry of Agriculture, Food Security and Cooperatives. Dar es Salaam.
- United Republic of Tanzania. 2008c. Agricultural Sector Development Programme (ASDP): private sector development mapping. *Draft final report*. World Bank/FAO Cooperative Programme. Dar es Salaam.

- United Republic of Tanzania. 2008d. Agricultural Sector Reforms in Tanzania: Perspectives from within. April 2008. Ministry of Agriculture, Food Security and Cooperatives and FAO. Dar es Salaam.
- United Republic of Tanzania. 2009a. Aide memoire for the fourth joint implementation review: 28/09/2009 – 28/10/2009. November 2009. Agricultural Sector Development Strategy (ASDP). Dar es Salaam.
- United Republic of Tanzania. 2009b. National Rice Development Strategy. *Final draft*. May 2009. Ministry of Agriculture, Food Security and Cooperatives. Dar es Salaam.
- United Republic of Tanzania. 2010a. Agriculture sector review and public expenditure review 2010/11. November 2010. Ministry Of Agriculture Food Security And Cooperatives. Dar es Salaam.
- United Republic of Tanzania. 2010b. Aide Memoire for the 5th ASDP Joint Implementation Review September 2010. Agricultural Sector Lead Ministries. Dar es Salaam.
- United Republic of Tanzania. 2010c. Fifth Joint Implementation Review. Field report for irrigation thematic working group. September 5, 2010. Ministry of Agriculture, Agricultural Sector Development Program. Dar es Salaam.
- United Republic of Tanzania. 2010d. Trends in food insecurity in mainland Tanzania. Food Security and Nutrition Analysis of Tanzania Household Budget Surveys 2000/1 and 2007 *Draft*. April 2010. Ministry of Finance and Economic Affairs & National Bureau of Statistics Dar es Salaam.
- United Republic of Tanzania. 2011. Evaluation of the performance and achievements of the agricultural sector development programme (ASDP). *Evaluation report. Second draft*. April 2011. Submitted to the Director of Planning and Policy, Ministry of Agriculture, Food Security & Cooperatives. Dar es Salaam.
- USAID. 2010. MicroCLIR/CIBER assessment. Tanzania USAID. Washington.
- Valentine, T. R. 2006 Reforming pay in the Tanzania public service: successes, limitations and challenges *POLICY DIALOGUE SEMINAR*. October ESRF Dar es Salaam.
- Wangwe, S. 2010. The political economy of Tanzania: the evolution of policy making *Final draft report*. 29 March REPOA. Dar Es Salaam.
- Whitfield, L. 2011. How countries become rich and reduce poverty: A review of heterodox explanations of economic development. *EPP Working Paper* 2011: 13. Danish Institute for International Studies. Copenhagen.
- Whitfield, L. and Therkildsen, O. 2011. What drives states to support the development of productive sectors? Strategies ruling elites pursue for political survival and their policy implications. *DIIS Working Paper, EPP*. 2011:15. Danish Institute for International Studies. Copenhagen.
- Wolter, D. 2008. Tanzania. The challenge of moving from subsistence to profit. OECD- Development Centre. Paris.
- WORLD BANK 1990. *Tanzania, World Bank/Tanzania relations, 1960-1987. Volume I. overview*.
- World Bank. 2011. Participatory Agricultural Development and Empowerment Project *Implementation completion and results report*. ICR0000667. March 31, 2011. World Bank. Washington.
- Zachary, G. P. 2008. Africa plays the rice card. *Foreign Policy*.

