



THE UNITED REPUBLIC OF TANZANIA



THE COMPREHENSIVE AFRICA AGRICULTURE DEVELOPMENT PROGRAMME (CAADP)

COMPACT FOR SUPPORTING AGRICULTURAL DEVELOPMENT IN TANZANIA

A. Background

1. CAADP as an African-owned Agenda and Shared Development Framework

The Comprehensive Africa Agriculture Development Programme (CAADP) is an initiative of the African Union (AU) within the context of The New Partnership for Africa's Development (NEPAD). The CAADP provides the framework for African countries to achieve economic growth and food security through the transformation of the agricultural sector. It reflects the commitment of African leaders to a broad-based agricultural development by directing the necessary resources to the sector and involving a broad range of stakeholders, but with a strong African leadership. CAADP was endorsed by the Heads of State and Government of the AU in what is commonly known as the Maputo Declaration of July 2003. One of the major resolutions taken by the Heads of State and Government was to effect policy changes that will improve agricultural and rural development in Africa. These included African Governments' commitment in the allocation of at least 10 percent of national budgetary resources for agriculture and rural development.

In partnership with AU/NEPAD, Regional Economic Communities (RECs) are mandated to coordinate and harmonize implementation in their different Regions reflecting the principles of mutual review and dialogue, accountability and partnership. The specific goal of CAADP is to attain an average annual sectoral growth rate of 6 percent in Agriculture for the continent. To achieve this goal, CAADP aims to stimulate an agriculture-led development that eliminates hunger and reduces poverty and food insecurity. More specifically, the NEPAD vision for Africa holds that, by 2015, Africa should;

- Attain food security and nutrition
- Improve agricultural productivity to attain a 6 percent annual growth rate
- Develop dynamic regional and sub-regional agricultural markets
- Integrate farmers and pastoralists into a market economy
- Achieve a more equitable distribution of wealth

To achieve these goals CAADP focuses on four main pillars:

Pillar I: Extending the area under sustainable land management and reliable water management systems;

Pillar II: Improving rural infrastructure and trade-related capacities for improved market access;

Pillar III: Increasing food supply, reducing hunger and improving responses to food emergency crises; and

Pillar IV: Improving agricultural research, technology dissemination and adoption.

CAADP is based on sound principles that will ensure effectiveness and impact on countries' economies. These principles include:

- Pursuing an average of 6% annual agricultural sector growth at country level,
- Allocating at least 10% of the national budget to agricultural development,
- Strengthening local ownership and promoting interventions based on country's opportunities and priorities,
- Building partnerships by involving non-state actors,
- Promoting the dialogue and building of consensus among all key stakeholders for the priority issues to be addressed,
- Enhancing peer-review and sound analytical work across countries
- Enforcing mutual accountability to ensure sustainable resource utilization,
- Favoring regional complementarities within the frame of regional economic communities such as NEPAD, SADC, COMESA, ECOWAS and EAC, and
- Enhancing policy reforms.

2. CAADP as a Value Addition Agenda at the Country Level

As a component of the National Development Vision 2025, stakeholders in agriculture envisage a modern and commercial agricultural sector that is highly productive and profitable and utilizes natural resources in a sustainable manner by 2025. Consequently, the Government formulated the Agricultural Sector Development Strategy (ASDS) whose primary objective is to create an enabling and conducive environment for improving the productivity and profitability of the sector. This will serve as the basis for achieving the medium and long term goals of poverty reduction. To achieve these goals, actions are being taken to increase primary production and productivity, enhance agro-processing and value addition and to increase profitability for all involved in the sector. The ASDS addresses the following priority issues:

- Strengthening the institutional framework
- Creating a favourable climate for commercial activities
- Clarifying public and private sector roles in improving support services
- Input and output markets
- Mainstreaming planning for agricultural development in other sectors

The goals of CAADP are very much in harmony with Tanzania's goals of creating a modernized and commercialized agricultural sector that will contribute to economic growth and poverty reduction in the country.

Tanzania is implementing CAADP through the Agricultural Sector Development Programme (ASDP) for Tanzania Mainland and the Agriculture Strategic Plan (ASP) for Zanzibar. Within the frame of the on-going preparation of the next phases of ASDP and ASP, CAADP provides an opportunity for Tanzania to further strengthen its agricultural development efforts to achieve greater impact on the country's economy and food security. Specifically, signing the Compact has the following advantages:

- i. Sets the framework and parameters for long-term partnership in the agricultural sector;
- ii. Demonstrates the resolve and commitments of government, national stakeholders and development partners to engage jointly and collectively in advancing Tanzania's agriculture development agenda;
- iii. Facilitates the harmonization of all agriculture development initiatives under one umbrella using the AgSWAP;
- iv. Clarifies stakeholder expectations and responsibilities in order to ensure successful implementation of the AgSWAP;
- v. Launches implementation focused thrust to collectively develop/refine quality investment programmes along identified national priorities and potential growth drivers.
- vi. Agreement on joint forum and mechanism for collective responsibility and mutual accountability among the various stakeholders and partners in developing/refining and driving implementation of the country's national agriculture development agenda
- vii. Demonstrate and consolidate stronger inter-ministerial collaborations as well as collaboration between state and non-state institutions along a common agenda

3. The Goal of CAADP in Tanzania

CAADP is a continental framework for transforming the agriculture sector in African countries. It provides the opportunity to pull the majority of Africans out of poverty through agricultural development. For Tanzania it is an opportunity to achieve the goals of the National Strategies for Growth and Reduction of Poverty, and eventually for achieving the goals of the Development Visions 2025 and 2020 for Tanzania Mainland and Zanzibar respectively. Implementing the CAADP agenda and signing the Compact will complement and reinforce Tanzania's efforts towards transformed agriculture and sustained economic growth.

The CAADP framework and process provides an opportunity for the country to re-examine its agricultural development agenda by reviewing the performance of the ASDP and ASP to identify implementation gaps, challenges encountered and emerging opportunities that need to be carried forward. The CAADP process will enable the country to re-align its agenda to the continental agenda of accelerating agricultural growth in order to attain poverty reduction and food and nutrition security. The Compact will signal a commitment by all key stakeholders towards continuing to support the agricultural development agenda in a more coherent and coordinated way so as to achieve the envisaged impact.

B. Tanzania's Long-Term Development Agenda

While Tanzania Development Vision 2025 and Zanzibar Development Vision 2020 are the long term development vision frameworks that guide the country's resolve to eradicate poverty and attain sustainable development of the economy, the medium term development goals are expressed in the National Strategy for Growth and Reduction of Poverty (NSGRP) of 2005, popularly known by its Swahili acronym MKUKUTA and the Zanzibar Strategy for Growth and Reduction of Poverty (ZSGRP) of 2007, whose Swahili acronym is MKUZA. These initiatives focus on similar targets that are outlined in the Millennium Development Goals (MDGs) and other commitments and targets which are aimed at combating hunger, disease, illiteracy, environmental degradation, and discrimination against women and above all reduction of poverty. In these frameworks, agriculture, which constitutes the largest economic sector, is given a prominent role in achieving economic growth and reduction of poverty since the rural sector accommodates the majority of the poor population.

Lessons from the reviews of the on-going poverty reduction strategies indicate that for growth to be broad-based and pro-poor, it is important that economic sectors that provide mass employment enjoy robust growth. In the case of Tanzania this means that agriculture must grow robustly for the GDP growth to be broad-based and pro-poor. So far the agricultural sector has not enjoyed as robust growth as would have been necessary.

C. Tanzania's Agricultural Development Agenda

Agriculture is identified as a growth driver sector since it supports the majority of the poor rural population and has the potential of lifting the majority population out of poverty. Besides crop and livestock husbandry, Tanzania has immense fishery resource potentials – both in fresh and marine waters, which if tapped would contribute to improving the people's livelihoods, including their nutrition and other basic needs. Robust growth of agriculture requires a multi-pronged approach as articulated in the Agricultural Sector Development Program (ASDP), Agriculture Strategic Plan (ASP), KILIMO KWANZA and the Agricultural Transformation Initiative. The focus will be modernization and commercialization of small, medium and large scale agriculture for increased productivity, employment, profitability and incomes, especially in rural areas. In order to have impact, emphasis will go to interventions that address bottlenecks along value chains of strategic agriculture produce – selected crops and livestock as per KILIMO KWANZA. Such interventions will address the input side of agriculture, the production processes of the selected produce, agro-processing, as well as marketing strategies – focusing on domestic, regional, and global market niches in line with MKUKUTA and MKUZA priorities. To improve efficiency and profitability of each chain, Research and Development will also be given due emphasis. Equally important is lessening of dependence on rain-fed agriculture for large scale and small scale farmers, as well as development of rural feeder roads. All these intervention areas are in line with the CAADP Pillars (see Table 1).

Agriculture is targeted to grow at 6.3 % and 9% by 2015 for Tanzania Mainland and Zanzibar respectively. In this medium term, emphasis will continue to be on small scale agriculture, with gradual shift to medium to large scale farming. Agriculture sector-specific growth issues revolve around productivity, with particular concerns for the smallholder farmers who are the majority. The government and private sector investment effort will focus on the following drivers of growth in agriculture:

- i. Supportive physical infrastructure
- ii. Water and irrigation infrastructure
- iii. Financial services and incentives to invest in agriculture
- iv. Knowledge and information
- v. Value addition activities (agro-processing and mechanization)
- vi. Trade/export development services

- vii. Conducive policy environment to stimulate private sector investment in agriculture.

Table 1: Strategic Intervention Areas under the CAADP Framework

CAADP Pillar	Strategic Intervention Areas
Pillar I: Extending the area under sustainable land and water resource management	<ul style="list-style-type: none"> • Expand the area under irrigation • Promotion of appropriate mechanization and other labour-saving technologies • Establish after sale service centres at village level • Soil and water management • Strengthening the implementation of programmes on conservation and climate change
Pillar II: Improving rural infrastructure and trade-related capacities for improved market access.	<ul style="list-style-type: none"> • Improve rural infrastructure (roads, markets, irrigation, cold chain, storage facilities and electricity) • Promote agro-processing and value addition including post harvest and quality management • Identify new markets outlets • Promote Public Private Partnership • Increase support and incentives to artisanal fishers and aqua farmers • Strengthen market information system • Promote contract farming and Warehouse Receipt System • Strengthen organizations for producers, processors and traders • Strengthening cooperative marketing • Improve quality and standards of agricultural products • Promote domestic, regional and international marketing • Support development of agricultural growth corridors • Establish business development centres for small-scale producers, processors and traders;
Pillar III: Increasing food supply, reducing hunger and improving responses to food emergency crises	<ul style="list-style-type: none"> • Increase production of cereals particularly maize, sorghum and rice as well as oil seeds, root and tuber crops, • Promotion of livestock, fisheries and Aquaculture Development ,

	<ul style="list-style-type: none"> • Promote local production and use of agricultural inputs including mechanization and labour-saving technologies • Strengthen the capacity of inputs stockists to improve their efficiency in the distribution of inputs • Improve rural financial services to increase access of farmers and other stakeholders to financial services • Early warning and emergency preparedness to better manage risk resulting from various shocks • Strengthening conservation of renewable resources, climate change adaptation and mitigation measures • Improving the nutritional status of communities including children and other vulnerable groups • Increasing diversity of income and diet, e.g., horticulture • Promote food security network
Pillar IV: Improving agricultural research, technology dissemination and adoption.	<ul style="list-style-type: none"> • Strengthen research and development to develop and disseminate appropriate technologies • Strengthen the extension and training services to increase farmers' access to extension services • Capacity building at all levels] • Strengthen farmer organizations
Pillar I – IV:	<ul style="list-style-type: none"> • Strengthen financial intermediation for small-scale producers, processors and traders • Facilitate equipment leasing for agro-processors • Fast track establishment of agricultural development bank

D. Partnerships for Agricultural Sector Development

1. Purpose, Principles and Modalities of Partnership

This Compact signifies a commitment by all key partners – the Government of the United Republic of Tanzania, the Development Partners, Regional Partners, Private Sector, and Civil Society Organisations and AU/NEPAD to work in partnership towards the development of the agricultural sector. These partners will work together in the spirit of a

shared vision, harmonisation and alignment of implementation systems, mutual accountability and transparency.

2. Government Commitment to the Development of the Agricultural Sector

The Government is committed to alleviating poverty in the country by 2015 through a rigorous implementation of the poverty reduction strategies (NSGRPII and ZSGRPII). It recognises that agriculture is the driver in poverty reduction efforts since the majority of the poor are in the rural areas involved in agricultural production.

The Government shares the vision of AU/NEPAD that economic growth will be achieved through improved agricultural growth that will also lead to poverty alleviation and increased food security. It recognises the CAADP framework and process as helping Tanzania to achieve its goals of ensuring food and nutrition security and poverty reduction. The Government is reviewing the ASDP and ASP, to align them with the poverty reduction strategies and with the CAADP principles.

The Government will work towards creating a private sector-led, modernised and commercialised agricultural sector that will contribute significantly towards poverty reduction. In order to achieve this goal, the Government commits itself to progressively increasing its budgetary allocation to the sector to 10% of the national budget.

Within the CAADP framework, the Government will strengthen the involvement of a broad range of stakeholders, both internal as well as external, through mutual consultations and mutual learning, and in order to ensure coordination, transparency and accountability in programme implementation.

3. Development Partners Commitments

The Development Partners recognise that importance of supporting the sector development in a coordinated and coherent manner that will promote government leadership, resource predictability and a shared vision. The Development Partners agree that the CAADP framework and process provides an opportunity for effectively supporting the development of the agricultural sector.

Furthermore, the Development Partners agree to work together and with the Government and other stakeholders, including regional organisations and the private sector, towards achieving food security and nutrition and poverty reduction goals for the country and the specific objectives for agricultural development.

The Development Partners recognise that successful implementation of the agricultural development programme will require financial as well as technical support. However, the

actual resource requirements will be determined after a detailed investment planning and costing that will be undertaken as part of the post- Compact process.

4. Private Sector and Civil Society Commitments

Successful implementation of CAADP requires the commitment of stakeholders other than government. The Government recognises the important work that is being undertaken by the civil society organisations including NGOs, CBOs and Farmers' Organisations in the development of the agricultural sector. The Government also recognises the need to increase private sector investment in the sector. The Government has committed itself to promoting increased participation of the private sector and civil society in the development of the sector.

For their part, the private sector and civil society commit to work in partnership with the Government and other stakeholders towards the attainment of the poverty reduction goal and the objectives for agricultural development in the country.

5. African Union/NEPAD and Regional Partners commitments under the Maputo Declaration

The African Union/NEPAD, SADC, EAC, Pillar Institutions and regional partners are committed through the Maputo Declaration, to support United Republic of Tanzania in its endeavours to define priority programmes that would allow the country to meet the objectives of CAADP and be on the road to attaining MDG₁. In this regard the African Union, SADC, EAC and other regional partners will support United Republic of Tanzania national strategies as defined in the ASDP/ASP and other Sector Plans through mobilizing of political, financial and technical support

E. Implementation Arrangements

1. Governance and Management

The Government is committed to strengthening accountability, transparency and participation of various stakeholders, including private sector, civil society and farmers in the decision-making processes, in line with the decentralisation processes that have been going on. The objective will continue to be to work towards bottom-up, demand –driven initiatives that address the needs of different stakeholders including vulnerable groups.

As part of the post-Compact process, the Government together with Development Partners and stakeholders will define the roles and responsibilities of the different actors, and will elaborate the governance and management structure for implementing the agricultural development programme, including coordination, monitoring, oversight and financial management.

2. Post-Compact Roadmap

Immediately after signing the Compact the Government together with other stakeholders will initiate a process of consultations, analysis and planning to elaborate the investment areas and the resource requirements for stimulating agricultural growth. The process of achieving this is elaborated in the Post-Compact Roadmap that is attached to this Compact as an Appendix.

3. Funding mechanisms

The Government of the United Republic of Tanzania together with Development Partners will mobilise funds from both domestic and external sources using the existing funding modalities to support agreed investment priorities. The modality of donor support is through General Budget Support, Basket Fund and Non-Pooled Funds depending on the specific interventions. The Government, Development Partners and other stakeholders agree to work together towards mutually acceptable modalities that will as much as possible accommodate the needs of specific interventions.

F. Key Stakeholder Endorsements

By endorsing this Compact:

1. The Government of the United Republic of Tanzania pledges to fulfil the commitments specified therein, in line with the goals, objectives, principles, and modalities laid in the Agricultural Development Programme;
2. The Development Partners pledge collectively to fulfil the commitments specified therein, in line with the Paris Declaration and the Accra Agenda for Action;
3. The African Union/NEPAD and Regional Partners pledge collectively to fulfil the commitments specified therein, in line with the Maputo Declaration of 2003, and the other resolutions made by AU and other Summits on agriculture and food;
4. The Private Sector, Civil Society and Farmers' Organisations collectively pledge their support to realising the aspirations of this Compact.

DONE IN DAR-ES-SALAAM, TANZANIA ON THIS DAY 08TH MONTH OF JULY YEAR
2010


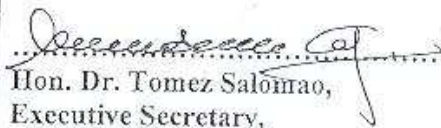

For and on behalf of the Government of the United Republic of Tanzania

 Hon. Mustafa Mkulo (MP) Minister of Finance and Economic Affairs	 Hon. Dr. Mwinyihaji Makame Minister of State, President's Office responsible of Finance & Economic Affairs Zanzibar
 Hon. Stephen M. Wasira (MP) Minister of Agriculture Food Security and Cooperatives	 Hon. Burhani Saadat Haji Minister for Agriculture, Livestock and Environment, Zanzibar
 Hon. Bernard Membe (MP) Minister of Foreign Affairs and International Cooperation	 Hon. Dr. Diodorus B. Kamala (MP) Minister of East Africa Cooperation

For and On behalf of Development Partners

 H.E Ms. Anne Barrington Irish Ambassador to Tanzania

For and on behalf of African Union Commission, NEPAD Agency and Regional Economic Communities

 Mr. Jean Claude Nsengiyumya, Deputy Secretary General, East African Community	 Hon. Dr. Tomez Salomao, Executive Secretary, SADC Secretariat
 H.E. Tumusiime Rhoda Peace, Commissioner for Rural Economy and Agriculture African Union Commission (AUC)	

For and on behalf of representative of Farmers and Private Sector

 Mr. Hassan Wakasuvi, Chairperson, Tanzania Federation of Cooperatives (TFC)	 Ms. Esther Mkwizu, Chairperson, Tanzania Private Sector Foundation (TPSF)
 Ms. Mary J. Mwingira, Executive Director, Tanzania Association of Non- Governmental Organizations (TANGO)	 Mr. Mbarouk Omar Mohammed, President, Zanzibar National Chamber of Commerce, Industry and Agriculture (ZNCCIA)
 Mr. Philemon Luhanjo, Chairperson, Executive Committee of the Tanzania National Business Council (TNBC)	