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SERA POLICY PROJECT YEAR 4 QUARTER I REPORT

TANZANIA ENABLING POLICY ENVIRONMENT FOR AGRICULTURAL SECTOR GROWTH

OCTOBER 1, 2014 – DECEMBER 31, 2014

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SERA POLICY PROJECT

YEAR 4 QUARTER I REPORT

Contract No. 621-C-00-11-00003-00
USAID Feed the Future SERA Policy Project
Tanzania Enabling Policy Environment for Agricultural Sector Growth

Implemented by Booz Allen Hamilton

DISCLAIMER

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

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ABBREVIATIONS AND ACRONYMS

AIRD	Associates for International Resources and Development
ANSAF	Agricultural Non State Actors Forum
BoD	Board of Directors
BoT	Bank of Tanzania
BRN	Big Results Now
CAADP	Comprehensive Africa Agriculture Development Program
CET	Common External Tariff
CI	Custom Indicator
COP	Chief of Party
DAEA	Department of Agricultural Economics and Agribusiness at SUA
DFSN	Department of Food Security and Nutrition (of Zanzibar)
DMD	Disaster Management Department
DPP	Department of Policy and Planning
EAC	East African Community
ERS	Economic Research Service
FBM	Food Basket Methodology
FtF	Feed the Future
GoT	Government of the United Republic of Tanzania
iAGRI	USAID Feed the Future Research and Education Project
IR	Intermediate Result
MAFC	Ministry of Agriculture, Food Security and Cooperatives
MANR	Ministry of Agriculture and Natural Resources
MIT	Ministry of Industry and Trade
MLHHSD	Ministry of Lands, Housing and Human Settlements Development
MoF	Ministry of Finance
MSU	Michigan State University
MUCHALI	Tanzanian Food Security and Nutrition Analysis System
MVIWATA	Mtandao wa Vikundi vya Wakulima, network of farmers' group
NA	Not applicable
NAFAKA	USAID Feed the Future Staples Value Chain Project
NBS	National Bureau of Statistics
NFRA	National Food Reserve Agency
NFSD	National Food Security Department of MAFC
OCGS	Office of the Chief Government Statistician
PDB	President's Delivery Bureau
PMO	Prime Minister's Office
PMP	Performance Management Plan

PRU	Policy Research Unit
PS	Permanent Secretary
QR	Quarterly Report
RCT	Rice Council of Tanzania
ReSAKSS	Regional Strategic Analysis and Knowledge Support System
RUDI	Rural Urban Development Initiatives
SMEs	Small- and Medium-Scale Enterprises
STTA	short term technical assistance
SUA	Sokoine University
TAHA	Tanzania Horticultural Association
TANTRADE	Tanzania Trade Development Authority
TAPP	Tanzania Agricultural Productivity Program
TASTA	Tanzania Seed Traders Association
TBD	To be determined
TOR	Terms of Reference
USAID	United States Agency for International Development
USDA	United States Department of Agriculture
USG	United State Government
WFP	World Food Program

EXECUTIVE SUMMARY

The Tanzania SERA Policy Project (SERA) of the United States Agency for International Development (USAID) Feed the Future (FtF) Initiative is implemented by Booz Allen Hamilton. The SERA Project is focused on improving the policy environment for agriculture, and developing individual and institutional capacity to undertake policy analysis and advocate effectively for policy reforms. SERA began in April 2011, and completed the third full year of operation on September 30, 2014. This Quarterly Report, Quarter 1 (Q1) of SERA Project Year 4 (Y4), covers the period from October 1, 2014 to December 31, 2014.

The SERA Policy Project went through important personnel changes in the first quarter (October 1 to December 31, 2014) of Year 4, with the Chief of Party (COP), Don Mitchell, resigning the position but remaining involved as a Senior Advisor and the Senior Agriculture Policy Advisor, and Marialyce Mutchler taking on the position of COP. Don Mitchell will continue to lead the policy research and reform activities in collaboration with Alex Mkindi. He will be involved on a part time basis, working both remotely and in Tanzania as work activities require. Marialyce Mutchler will continue to lead the SERA capacity building activities as well as serve as COP. Alex Mkindi will continue to provide support to the policy research and reform activities as well as having a larger role in the administration of the SERA Project.

The SERA Project faced implementation challenges to delays by key counterparts in the United Republic of Tanzania Government (GoT) in completing agreed work activities. In particular, the implementation of the collateral registry/secured transaction system undertaken by the Bank of Tanzania (BoT) with SERA support did not complete work on the legal framework as planned; the National Food Security Department (NFSD) in the Ministry of Agriculture, Food Security and Cooperatives (MAFC) did not implement the Food Basket Methodology (FBM) as agreed; the Food Security Policy Options Workshop scheduled for presentation to the GoT in December was cancelled on short notice due to the unavailability of key stakeholders; the Ministry of Lands, Housing and Human Settlements Development (MLHSD) not able to meet and discuss release of the Land Compensation and Benefits Sharing report; and the Data Harmonization workshop was postponed three times and not held. The work undertaken on the optimal grain reserve with support from the National Food Reserve Agency (NFRA) was not completed because the NFRA did not provide data as agreed.

Despite these challenges, the research on the Drivers of Maize Prices in Tanzania was completed and a Policy Research Brief was published (Annex 1), SERA staff presented two papers at the first Annual Agriculture Policy Conference held on December 2 – 4, 2014 (abstracts are provided as Annexes 2 and 3), SERA participated in the Southern Agriculture Growth Corridor of Tanzania (SAGCOT) Annual Partnership Forum on December 5, and the Food Security Policy Options Paper was completed and circulated for comments (Annex 4). A Training of Trainers course for the Food Basket Methodology was prepared by staff from SERA and the U.S. Department of Agriculture (USDA). A new work activity to examine the Business Environment for Agriculture was begun in collaboration with the SAGCOT Centre and will be a priority work activity during the remainder of Year 4. Capacity building was undertaken with the

Rice Council of Tanzania (RCT), and the SERA team provided briefings and support to the U.S. Ambassador on the rice tariffs imposed by East African Community (EAC) countries in response to duty-free imports by Tanzania in 2013.

The Bank of Tanzania has taken the lead on developing the collateral registry/secured transaction system with SERA Project support. Their effort to finalize the legislation for presentation to parliament has not been completed as planned. The international and domestic legal experts were available in November but were unable to complete the drafting of the legislation. The SERA Project will wait for the BoT to complete their preparation before providing additional support. The World Bank team, who is jointly supporting the development of the collateral registry/secured transaction system with SERA, has also been unable to accelerate the BoT schedule.

The National Food Security Department of the MAFC has not implemented the Food Basket Methodology as agreed following the training in Year 3. This was due partly to the lack of strong leadership in the NFSD and also to the reluctance of staff to undertake a new activity or change current practices. Plans to train additional staff of the MAFC and other line Ministries in the use of the methodology are currently suspended until clear interest is evident. Discussions continue with NFSD staff and they have agreed to provide SERA Project with a proposal to pilot the FBM. The activity has strong support from GoT officials but not from NFSD staff, and SERA Project is exploring new approaches and potential partners.

SERA staff presented two papers at the first Annual Agriculture Policy Conference held on December 2 – 4, including Drivers of Maize Prices in Tanzania by Don Mitchell, and Measurement of Food Basket Costs in Tanzania by Aneth Kayombo. Both papers were well received and reflected well the activities and capabilities of the SERA Project. SERA staff also participated in the SAGCOT Annual Partnership Forum on December 5 and Don Mitchell served on an expert panel on Encouraging Investments in the SAGCOT Region. That activity contributed to the development of the Business Environment for Agriculture research activity which will be undertaken during the rest of Year 4 in collaboration with the SAGCOT Centre.

The Land Compensation and Benefits Sharing study completed by Landesa in September 2014 has not been presented at a national stakeholder’s workshop or released as planned due to the difficulty in coordinating with the MLHHS. The findings of the study conclude that local communities have the authority to engage directly with investors resulting in the potential to change the way land is allocated to investors. These findings were referred to a local land expert for legal opinion; that opinion supported the findings and will now be included as part of the study. The study also recommended a more flexible approach to compensation schemes for communities who seek to make their land available to investors rather than the land for equity approach advocated by the Minister. An effort will be made to coordinate with the MLHHS to schedule the national stakeholder’s workshop and to release the study.

The Rice Council of Tanzania sought support from the SERA Project for technical assistance regarding rice tariffs imposed by EAC countries and organizational development support for a

strategic plan. The SERA Project in collaboration with the RCT developed the terms of reference for a rapid assessment of private sector rice stocks. The study will enable RCT to set immediate priorities and improve policy dialogue with the MAFC. In addition, SERA Project accepted the RCT's proposal for the development of an organization strategic plan, to be initiated in Q2.

Finally, the Policy Options Workshop scheduled for December 11 was cancelled on short notice by the Prime Minister's Office (PMO) due to the unavailability of key stakeholders including those from the MAFC. This was disappointing since three international experts had travelled to Tanzania to participate in the workshop. The Permanent Secretary (PS) in the PMO and the leader of the President's Delivery Bureau (PDB) on Agriculture of Big Results Now (BRN) had requested to present the workshop before the end of 2014. Follow up will be undertaken in Q2 with key stakeholders to determine next steps to engage with stakeholders and present the workshop.

INTRODUCTION

The Tanzania SERA Policy Project assists both the Government of the United Republic of Tanzania and the private sector to enable a broad-based, sustainable transformation of the agricultural sector through policy reform. The vision for this project is twofold: to improve the policy and regulatory environment for agriculture growth and to build a group of public sector institutions, advocacy organizations, and individuals capable of performing rigorous policy analysis and advocating for policy reform. Improving agricultural policies is accomplished by working with the GoT and other stakeholders to identify important policy constraints to growth in the agricultural sector and by helping to alleviate these constraints through policy and regulatory reforms.

The SERA Project conducts and commissions evidence-based policy research to inform the GoT and other stakeholders of the impacts of existing policies and the potential benefits of improved policies. In addition, the SERA Project develops the capacity of individuals, institutions, and organizations to engage in policy analysis and advocate for policy change. At the conclusion of the project, we expect USAID will leave behind an improved policy environment and a legacy of enabling the GoT and other stakeholders to initiate, develop, and utilize evidence-based research in policy decisions and implementation. The SERA Project focuses its activities around priorities identified in collaboration with the Southern Agriculture Growth Corridor of Tanzania initiative.

OVERVIEW

The SERA Policy Project has three primary components: Policy Research and Reform, Capacity Building, and Advocacy and Communications. Other important activity areas include collaboration, leadership, monitoring and evaluation.

Policy Research and Reform

The SERA Project's approach to policy reform is to provide evidence-based research on important policy issues to inform GoT and other stakeholders on policy impacts and options. This has proven to be an effective method of encouraging policy debate and achieving policy reform, such as the lifting of the maize export ban in 2012 that was credited to SERA research by Prime Minister Pinda.

Capacity Building

The SERA Project is engaged in both institutional and individual capacity building in support of policy reform. This includes institutional evaluations and support for strategic planning as well as formal training for GoT staff. Support to individuals includes financial assistance for research on important policy issues and training for selected individuals.

Advocacy and Communications

The approach to advocacy and communication is to provide information and disseminate research findings rather than to publicly advocate for policy reform. This is consistent with our approach to policy reform which is focused on GoT counterparts for policy reform rather than grass roots organizations or other stakeholders.

IMPLEMENTATION PROGRESS

COMPONENT I: POLICY RESEARCH AND REFORM

The SERA Project undertakes analysis and research on important policy issues in an effort to provide evidence-based analysis of policy impacts and provide policy options to government. Some of this research is conducted by SERA staff, and some is contracted to consultants. In all cases, high standards are maintained. Increasingly, the SERA team is invited to join policy discussions at an early stage to provide input on important policy issues and this is an effective way to influence policies while they are still in the early development stages.

1. Intermediate Result 1: Improved Agriculture Productivity

A. Seed Policy

Access to high quality seeds is essential to raising productivity and improving the competitiveness of the agricultural sector. However, improved seeds in Tanzania are estimated to be only 15 to 25 percent of total seeds planted, which is among the lowest in the region. This situation is due, at least in part, to weak enforcement of existing regulations and strong GoT controls on certain aspects of the seed industry that limits private sector involvement. The SERA Project seeks to improve access to high quality seeds at internationally competitive prices, and to stimulate investment in the seed sector by creating an enabling economic environment for the private sector. The SERA Project has provided support to the Tanzania Seed Traders Association (TASTA) and MAFC to conduct stakeholders meetings to discuss industry policy issues as well as providing support to the development of a proposal advocating improved tax treatment of seeds and seed packaging materials. SERA Project will continue both activities in Year 4 as well as explore opportunities for involvement in other seed policy issues including

developing the case for less restrictions on the release of protected GoT varieties to the private sector.

Policy Action Status:

- Stage 2: Stakeholder consultation/public debate.

Tasks planned in Q1:

- None planned.

Tasks completed in Q1:

- None completed.

Tasks planned for Q2:

- Prepare a Policy Paper on greater access to GoT protected varieties.
- Meet with MAFC Seed Unit and Seed Registry officials to discuss seed policy.

Milestones:

- Stakeholder’s workshop held as appropriate (TBD).
- Policy Paper on reduced restrictions on release of protected GoT seeds (Q3).

Resources:

- SERA Senior Advisor
- SERA Senior Agriculture Policy Advisor
- SERA Policy Analyst

Key Partners:

- MAFC
- SAGCOT
- TASTA

Contribute to:

- Intermediate Result (IR) 4.5.1-24 Number of agricultural and nutritional enabling environment policies completing the following processes/steps of development as a result of USG assistance in each case: State 1, Analysis; State 2, Stakeholder consultation/public debate; Stage 3, Drafting or revision; Stage 4, Approval (legislative or regulatory); Stage 5, Full and effective implementation.
- Custom Indicator (CI) 1.1.1 Volume of improved seed available in domestic market.

B. Taxes on Seeds and Seed Packaging Materials

High taxes on seeds and seed packaging materials have been identified as one of the constraints to expanded local production and sale of seeds, and the SERA Project is working with the seed industry through MAFC, TASTA, and SAGCOT to improve the tax treatment of seeds and seed packaging materials. The case for reducing taxes on seeds and seed packaging materials was prepared by SERA in collaboration with TASTA and SAGCOT in Years 2 and 3 and submitted to MAFC. This material was used to support MAFC’s request to the Ministry of Finance (MoF) to reduce taxes. However, no policy action was taken and the severe budget constraints faced by GoT suggest that improved tax treatment of seeds and seed packaging materials is remote. The activity will be re-evaluated with the MAFC and TASTA.

Policy Action Status:

- Stage 4: Approved (legislative or regulatory).

Tasks planned in Q1:

- None planned.

Tasks completed in Q1:

- None completed.

Tasks planned for Q2:

- Meet with MAFC seed unit staff to discuss and plan strategy.

Milestones:

- NA

Resources:

- SERA Senior Advisor
- SERA Senior Agriculture Policy Advisor
- SERA Policy Analyst

Key Partners:

- MAFC
- SAGCOT
- TASTA

Contribute to:

- IR 4.5.1-24 Number of agricultural and nutritional enabling environment policies completing the following processes/steps of development as a result of USG assistance in each case: State 1, Analysis; State 2, Stakeholder consultation/public debate; Stage 3, Drafting or revision; Stage 4, Approval (legislative or regulatory); Stage 5, Full and effective implementation.
- CI 1.1.1 Volume of improved seed available in domestic market.

2. Intermediate Result 2: Expanding Markets and Trade

SERA Project works to expand markets through improved trade policies, improved market performance, and increased access to credit. Trade policy is an important component of economic policy and an enabling economic environment. The SERA Project has previously focused on two important trade policy issues. The first is the requirement of the MAFC that traders obtain export and import permits from the GoT before undertaking trade. The second is to address the ad hoc approach of GoT to emergency food imports which can disrupt markets and are vulnerable to rent seeking. A new policy issue arose in Year 3—promoting exports in an effort to reduce surpluses and raise producers’ prices. SERA Project offered to support his activity but the offer was not taken up by the NFSD in the MAFC and no further action is planned. Improved credit also contributes to expanding markets and trade, and is addressed by the collateral registry system being developed by the Bank of Tanzania. SERA is also researching the performance of maize and rice markets and exploring policy alternatives to increase market efficiency, and is exploring a study on gender and maize markets.

A. Export Permits

Permits are required from the Ministry of Agriculture, Food Security and Cooperative to import or export food crops. The confusing, lengthy, and costly procedure for obtaining permits has led to widespread efforts to circumvent the system. Research conducted by the SERA Project in Years 1 and 2 showed that export permits do not provide accurate information on export levels nor do they control the flow of exports. Imports are similarly controlled by permits and traders report that food crops are often imported without appropriate permits.

In response to concerns over the maize surplus and access to markets, the government announced the temporary decentralization of the export permit system on October 12, 2014. The temporary decentralization allows for Regional Administrative Secretaries the authority to issue export permit for staple crops, mainly maize. No additional information could be found regarding the length of time of the action or new procedures. There is no evidence that the export permits are being provided through regional governments other than the Kilimanjaro region, where permits were already being issued. Permits are still available from the MAFC National Food Security Department.

The SERA Project is working closely with the MAFC and the Prime Minister's Office to remove unnecessary permits and provide a better method of recording trade. In Year 4, the PMO has requested additional guidance on the appropriate use of export permits. SERA Project will continue to discuss and advocate for less burdensome requirements for exports and imports and respond to the PMO's request for guidance.

Policy Action Status:

- Stage 2: Stakeholder consultation/public debate.

Tasks planned in Q1:

- Continue research with support from the USAID NAFKA Value Chain Project.

Tasks completed in Q1:

- Consultants from Associates for International Resources and Development (AIRD) travelled to Tanzania in December to continue research on export permits.

Tasks planned for Q2:

- Present results of ongoing research to GoT at Policy Options Workshop.

Milestones:

- NA

Resources:

- SERA Senior Advisor
- SERA Senior Agriculture Policy Advisor
- SERA Policy Analyst

Key Partners:

- Big Results Now
- MAFC
- USAID NAFKA Value-Chain Project – AIRD
- PMO

Contribute to:

- IR 4.5.1-24 Number of agricultural and nutritional enabling environment policies completing the following processes/steps of development as a result of USG assistance in each case: State 1, Analysis; State 2, Stakeholder consultation/public debate; Stage 3, Drafting or revision; Stage 4, Approval (legislative or regulatory); Stage 5, Full and effective implementation.
- CI 4.1.1 Number of research outputs.

B. Transparent and Rules-Based Import Policy

Emergency food imports are allowed on a case-by-case basis and often unduly disrupt markets as was the case when GoT allowed duty-free rice imports from January to March, 2013. A more transparent and less disruptive policy would be for the GoT to enforce existing tariffs and allow the private sector to import and export freely based on market conditions. The SERA Project will assist the GoT in designing and implementing a rules-based and transparent mechanism to allow emergency food imports. This system is intended to rely on existing data systems.

Policy Action Status:

- Stage 2: Stakeholder consultation/public debate.

Tasks planned in Q1:

- Present Rules-Based Transparent Import Policy to GoT at the Food Security Policy Options Workshop.

Tasks completed in Q1:

- Rules-Based Transparent Import Policy prepared for GoT consideration, but not presented because the Workshop was cancelled.

Tasks planned for Q2:

- Present Policy Options Workshop to GoT.

Milestones:

- Rules-based transparent system presented to GoT and other stakeholders (Q2).
- Implementation plan and capacity building action plan created (Q3).
- Capacity building provided (Q4-Y5).

Resources:

- SERA Senior Advisor
- SERA Senior Agriculture Policy Advisor
- SERA Policy Analyst

Key Partners:

- MAFC
- PMO
- USAID NAFKA Value-Chain Project - AIRD
- SAGCOT

Contribute to:

- IR 4.5.1-24 Number of agricultural and nutritional enabling environment policies completing the following processes/steps of development as a result of USG assistance in each case: State 1, Analysis; State 2, Stakeholder consultation/public debate; Stage 3,

Drafting or revision; Stage 4, Approval (legislative or regulatory); Stage 5, Full and effective implementation.

- CI 4.1.1 Number of research outputs.

C. Export Promotion – *New Activity*

Tanzania has a history of restricting exports of food crops, but currently finds itself with a large cereals surplus. This has led to discussions with key GoT officials on ways to promote exports in order to clear the surplus before the next planting season. This activity focuses on relaxing policy constraints in order to facilitate exports. Various ideas have been considered, including fast tracking export procedures, facilitating the ease with which foreign traders can buy in Tanzania, and promoting the availability of surplus supplies to traders in neighbouring countries. The NFSD of MAFC did not express interest in this activity and no further activity is planned.

Policy Action Status:

- Stage 1: Analysis.

Tasks planned in Q1:

- Meet with key Ministry of Industry and Trade (MIT) and Ministry of Agriculture, Food Security and Cooperatives to support efforts to facilitate exports by the private sector.

Tasks completed in Q1:

- None completed.

Tasks planned for Q2:

- None planned.

Milestones:

- NA

Resources:

- SERA Senior Advisor
- SERA Senior Agriculture Policy Advisor
- SERA Policy Analyst

Key Partners:

- Tanzania Trade Development Authority (TANTRADE)

Contribute to:

- IR 4.5.1-24 Number of agricultural and nutritional enabling environment policies completing the following processes/steps of development as a result of USG assistance in each case: State 1, Analysis; State 2, Stakeholder consultation/public debate; Stage 3, Drafting or revision; Stage 4, Approval (legislative or regulatory); Stage 5, Full and effective implementation.
- CI 4.1.1 Number of research outputs.

D. Credit to Smallholders and SMEs /Collateral Registry

Credit is essential to investments and delivering credit to small- and medium-scale enterprises (SMEs) and small farmers has been a challenge in Tanzania because of the lack of assets that can be used as collateral. Land cannot generally be used as collateral because most land is

owned by the government and held in common by local communities. Other assets such as machinery have been used as collateral in other countries, but not extensively in Tanzania due to the weak legal structure and undeveloped registry to record liens against such assets. The SERA Project is working to improve this situation by completing the legal requirements for a modern collateral registry system. The SERA Project has agreed to collaborate with the World Bank on this important activity, with the World Bank providing financial support for the necessary computer equipment and software, and SERA providing policy support. Capacity to use this system will then be developed through trainings and capacity building activities. This will help SMEs who own moveable assets to use them as collateral and will also benefit smallholders with limited assets.

Policy Action Status:

- Stage 2: Stakeholder consultation/public debate.

Tasks planned in Q1:

- Support the BoT to review draft legislation in preparation for submission to parliament for approval.

Tasks completed in Q1:

- None completed due to failure of BoT to make necessary arrangements.

Tasks planned for Q2:

- None planned while BoT continues its preparation of a Concept Note and draft legislation.

Milestones:

- Draft legislation presented to the Ministry of Finance (Y4).
- Draft legislation presented to parliament for approval (Y4).
- Computer equipment procured (Y5).
- Training program for primary users designed (Y5).

Resources:

- SERA Senior Advisor
- SERA Senior Agriculture Policy Advisor
- SERA Policy Analyst
- Short term technical assistance (STTA) Legal Expert Dale Furnish
- M&N Law Associates (Advocates)

Key Partners:

- BoT
- World Bank

Contribute to:

- IR 4.5.1-24 Number of agricultural and nutritional enabling environment policies completing the following processes/steps of development as a result of USG assistance in each case: State 1, Analysis; State 2, Stakeholder consultation/public debate; Stage 3, Drafting or revision; Stage 4, Approval (legislative or regulatory); Stage 5, Full and effective implementation.
- IR 4.5.2-7 Number of individuals who have received United States Government (USG) supported short-term agricultural sector productivity or food security training.

E. Improving Performance of Maize and Rice Markets/Improve Markets

Improving food crop market's performance could result in higher prices to producers and lower prices to consumers because prices would adjust more quickly to changes in market conditions and crops would move more quickly from surplus to deficit areas. The SERA Project has begun research to better understand the performance of the maize market and will continue this effort as well as begin research on the performance of the rice market. The objective of this research is to propose policy reforms that will improve the functioning of these vital food crop markets. This activity was started in Year 3 and will continue in Year 4.

Policy Action Status:

- Stage 2: Stakeholder consultation/public debate.

Tasks planned in Q1:

- Complete Policy Research Brief on Drivers of Maize Price.

Tasks completed in Q1:

- Policy Research Brief on Drivers of Maize Price completed.

Tasks planned for Q2

- Submit research paper to academic journal.
- Begin research on rice market.

Milestones:

- Research results presented to stakeholders (Q1).

Resources:

- SERA Senior Advisor
- SERA Senior Agriculture Policy Advisor
- SERA Policy Analyst
- STTA Economist, Varun Kshirsagar

Key Partners:

- NA

Contribute to:

- IR 4.5.1-24 Number of agricultural and nutritional enabling environment policies completing the following processes/steps of development as a result of USG assistance in each case: State 1, Analysis; State 2, Stakeholder consultation/public debate; Stage 3, Drafting or revision; Stage 4, Approval (legislative or regulatory); Stage 5, Full and effective implementation.
- CI 4.1.1 Number of research outputs.

3. Intermediate Result 4: Improved Enabling Policy Environment for both Agriculture and Nutrition

An enabling environment is essential to a competitive private-sector led agricultural sector and the SERA Project has several activities designed to improve the enabling environment including, reviewing food security policies, reviewing operations of the NFRA, improving land policies, and improving the business environment.

A. Food Security

The SERA Project is working with the GoT to develop a more comprehensive food security program. Research completed in Years 1 to 3 have been combined with results from the assessment of the NFRA (Q1) and new research on maize market performance (Q1) to form the basis of a Policy Options Paper for GoT (Appendix 4). This activity is being jointly prepared by the SERA team and AIRD staff, with support from the FtF NAFKA Staples Value Chain Project. This Food Security Policy Options Paper will conclude our research efforts to provide mainland Tanzania with options for a more comprehensive food security program.

Policy Action Status:

- Stage 2: Stakeholder consultation/public debate.

Tasks planned in Q1:

- Complete Food Security Policy Options Paper and Present to GoT.

Tasks completed in Q1:

- Completed and circulated Food Security Policy Options Paper for comments.

Tasks planned for Q2:

- Present Food Security Policy Options Paper to GoT.

Milestones:

- Food Security Policy Options Paper presented to GoT (Q2).
- Food Security Policy Options Paper presented to stakeholders in public workshop (Q2).

Resources:

- SERA Senior Advisor
- SERA Senior Agriculture Policy Advisor
- SERA Policy Analysts

Key Partners:

- USAID NAFKA Value-Chain Project - AIRD

Contribute to:

- IR 4.5.1-24 Number of agricultural and nutritional enabling environment policies completing the following processes/steps of development as a result of USG assistance in each case: State 1, Analysis; State 2, Stakeholder consultation/public debate; Stage 3, Drafting or revision; Stage 4, Approval (legislative or regulatory); Stage 5, Full and effective implementation.
- CI 4.1.1 Number of research outputs.

B. National Food Reserve Agency/Food Security

An assessment of the policies and procedures of the National Food Reserve Agency was initiated in Year 2 and was planned for completion in Year 3. That assessment was intended to provide an improved understanding of Tanzania's emergency food requirements and implementation capabilities. Data and information requested of NFRA has not been received and the assessment could not be completed in Q1 of Year 4; every effort will be made to complete the assessment in Q2.

Policy Action Status:

- Stage 2: Stakeholder consultation/public debate (part of the Food Security activity).

Tasks planned in Q1:

- Complete the assessment of NFRA.

Tasks completed in Q1:

- None completed due to failure of NFRA to provide agreed data.

Tasks planned for Q2:

- Complete the assessment of NFRA.

Milestones:

- Assessment report completed and presented to GoT (Q4).

Resources:

- SERA Senior Advisor
- SERA Senior Agriculture Policy Advisor
- SERA Policy Analyst

Key Partners:

- USAID NAFKA Value-Chain Project - AIRD

Contribute to:

- IR 4.5.1-24. Number of policies/regulations/administrative procedures in each of the following stages: Stage 1, Analysed; Stage 2, Drafted and presented for public/stakeholder consultation; Stage 3, Presented for legislative decree; Stage 4, Passed/approved; or Stage 5, Implementation begun.

C. Business Environment for Maize and Rice Value Chains

The business environment faced by agricultural producers in key value chains is not well represented in existing reports of the World Bank's Doing Business Indicators or the World Economic Forum's report on competitiveness. These studies are concerned with economy-wide business conditions and are not sector specific. The SERA Project will undertake an exploratory study of the business environment for maize and rice value chains for producers in Tanzania and other large producers in the region to determine the feasibility and value of a more complete study.

Policy Action Status:

- Stage 1: Analysis.

Tasks planned in Q1:

- No activities planned.

Tasks completed in Q1:

- NA

Tasks planned for Q2:

- Prepare Concept Note.

Milestones:

- Desk study completed (Q2).
- Terms of reference (TOR) for field study approved (Q2).
- Field research completed (Q3).

- Draft report delivered (Q4).
- Final report delivered (Y5).

Resources:

- SERA Senior Advisor
- SERA Senior Agriculture Policy Advisor
- SERA Policy Analysts

Key Partners:

- SAGCOT

Contribute to:

- IR 4.5.1-24 Number of agricultural and nutritional enabling environment policies completing the following processes/steps of development as a result of USG assistance in each case: State 1, Analysis; State 2, Stakeholder consultation/public debate; Stage 3, Drafting or revision; Stage 4, Approval (legislative or regulatory); Stage 5, Full and effective implementation.
- CI 4.1.1 Number of research outputs.

D. Land Policy

Only one-quarter of the land suitable for cropping in Tanzania is actually used to grow crops, which suggests that there is substantial land available to expand agricultural production by new investors and existing farmers; however, much of this land is used for other livelihood activities by people with informal use rights. These people are often displaced when land is allocated to investors. The SERA Project was invited by the Ministry of Lands, Housing and Human Settlements Development to undertake a study on Compensation and Benefits Sharing approaches used in the region. The study was completed and presented to MLHHS D for comments prior to convening a national stakeholder’s workshop. Changes in the ministry’s leadership occurred at the end of Q1. The dates for the release of the report and national workshop have not been scheduled by the MLHHS D.

Policy Action Status:

- Stage 2: Stakeholder consultation/public debate.

Tasks planned in Q1:

- None planned.

Tasks completed in Q1:

- None completed.

Tasks planned for Q2:

- Contact MLHHS D to receive comments and a schedule for the release of report and presentation at a national workshop.

Milestones:

- Study and Policy Brief released (Q2).
- National Workshop held (Q2).

Resources:

- SERA Senior Advisor
- Landesa

Key Partners:

- MLHSD

Contribute to:

- IR 4.5.1-24 Number of agricultural and nutritional enabling environment policies completing the following processes/steps of development as a result of USG assistance in each case: State 1, Analysis; State 2, Stakeholder consultation/public debate; Stage 3, Drafting or revision; Stage 4, Approval (legislative or regulatory); Stage 5, Full and effective implementation.
- CI 4.1.1 Number of research outputs.

E. Price Stabilization

The MAFC has replaced the input subsidy program operating since 2008 with two new programs, including a price stabilization program for selected cash crops. Since such price stabilization programs have been tried in other countries without success, the SERA Project planned to prepare a Policy Brief on these experiences in an effort to inform GoT on the international experience. This activity is being done by Michigan State University and no further action is planned by SERA Project.

Policy Action Status:

- Not linked to a specific policy action; this activity is being done in collaboration with Michigan State University (MSU).

Tasks planned in Q1:

- None planned.

Tasks completed in Q1:

- None completed.

Tasks planned in Q2:

- None planned.

Milestones:

- NA

Resources:

- SERA Senior Advisor

Key Partners:

- MAFC Department of Policy and Planning (DPP).

Contribute to:

- IR 4.5.1-24 Number of agricultural and nutritional enabling environment policies completing the following processes/steps of development as a result of USG assistance in each case: State 1, Analysis; State 2, Stakeholder consultation/public debate; Stage 3, Drafting or revision; Stage 4, Approval (legislative or regulatory); Stage 5, Full and effective implementation.

COMPONENT II: INDIVIDUAL AND INSTITUTIONAL CAPACITY BUILDING

The SERA Project's approach to capacity building is twofold. The first approach focuses on institutional capacity building activities of selected organizations that can provide the greatest

impact to support development of an enabling policy environment. The second approach addresses increasing capacity for research and evidenced-based policy analysis of individuals through training and support for research and policy analysis.

In Year 4, the SERA Project will continue to focus on public sector institutions, providing institutional and individual capacity building to support the implementation of policy reforms. The majority of resources will focus on GoT and Revolutionary Government of Zanzibar (RGoZ) agriculture line ministries and institutions, and will complete institutional capacity building action plans. SERA will continue to provide strategic support to private sector institutions, targeting critical stakeholders in the policy reform process. Partnerships with private sector organizations will be limited in an effort to minimize conflicting priorities with GoT counterparts. SERA Project will continue the individual capacity building efforts already underway and will initiate new ones based on demand. In some cases trainings will be part of a larger institutional capacity building effort.

1. Intermediate Result 4: Improved Enabling Policy Environment for both Agriculture and Nutrition

A. MUCHALI - Institutional Assessments and Capacity Building Action Plan

In Year 3, SERA Project conducted an Assessment of Tanzania's Food Security Early Warning System. The objectives of this assessment were to determine information requirements, data sources, and to review systems that provide data and information for the Tanzania national food security system; specifically the Food Basket Methodology and the MUCHALI framework. The activity identified strengths, limitations, opportunities, gaps, and weaknesses in the current Food Security Early Warning Information System utilized by the MAFC.

In Q1 of Year 4, the draft report was circulated to key stakeholders for comment and input. Stakeholders contacted included:

1. MUCHALI, Acting Chairperson, Emmanuel Experious.
2. Tanzania Food Security and Nutrition Center, Senior Research Officer, Catherine Kimalando.
3. PMO Disaster Management Department (DMD), Economist and Disaster Risk Reduction Expert, Ewald Bonifasi.

Related Policy Action:

- Stage 2: Stakeholder consultation/public debate.
Food Security - Comprehensive Food Security Study, Policy Options Paper: better targeting of social safety.

Tasks planned in Q1:

- Incorporate comments and finalize the draft report.

Tasks completed in Q1:

- Comments received from two of the three key stakeholder institutions.

Tasks planned for Q2:

- Incorporate comments, finalize report, and present to stakeholders.

Milestones:

- Assessment Report delivered (Q2).
- Capacity Building Action Plan adopted by MUCHALI Secretariat (Q2).

Resources:

- SERA COP
- SERA Communications and Capacity Building Specialist
- SERA Policy Analyst

Key Partners:

- MAFC National Food Security Department, Crops and Early Warning Unit
- MUCHALI Secretariat
- PMO Disaster Management Department

Contribute to:

- IR 4.5.2-7 Number of individuals who have received USG support short-term agricultural sector productivity of food security training.
- CI 4.2.1. Number of institutions receiving USG assistance.

B. Ministry of Agriculture, Food Security and Cooperatives, National Food Security Department

Activities in Year 4 include the continuation of the Food Basket Methodology training, FBM implementation, and support for a Data Harmonization workshop.

Food Basket Methodology

Nancy Cochrane of USDA Economic Research Service (ERS) returned to Dar es Salaam to meet with the FBM training participants to review the materials and initiate discussions on implementation. (Annex 5, Training Schedule; and Annex 6, Workshop Participants.)

The final training workshop was held November 4 – 7, 2014, and was met with significant resistance from the participants. Participant surveys (Annex 7) highlighted concerns regarding:

- Lack of MAFC leadership involvement, specifically the Unit Director of the Crops and Early Warning Unit was not in attendance.
- Lack of advance notice of the activity (MAFC internal issue).
- Transportation allowance was not being provided. (SERA Project provided a bus for transportation to and from the MAFC to the meeting site).
- Concerns about the quality of the data used in the FBM.

As a result of the above stated concerns, Nancy Cochrane from USDA, and Aneth Kayombo and Alex Mkindi from the SERA Project met with the Unit Director of Crops and Early Warning Unit, Mr. Lemweli and the workshop participants on November 11. The purpose of the meeting was to gain a better understanding of specific issues and concerns. Participants requested a working session with representative from National Bureau of Statistics (NBS) to discuss questions and concerns regarding the data used in the methodology. In addition, it was agreed that SERA Project would develop a concept paper for the pilot implementation of the methodology. A concept paper was prepared and circulated to NFSD leadership (Annex 8).

On December 2, a meeting was held by the Director of NFSD and FBM training participants to discuss concerns and next steps. It was agreed that the NFSD would submit a proposal for the piloting of the FBM based on the Concept Note prepared by SERA.

Policy Action Status:

- Food Security, Stage 2: Stakeholder consultation/public debate.
- Food Basket Methodology, Stage 4: Approval.

Tasks planned in Q1:

- Hold final training workshop.
- Adopt implementation plan.

Tasks completed in Q1:

- Final training workshop was held November 4 – 7.

Tasks planned for Q2:

- Review of Proposal for pilot implementation activity.

Milestones:

- FBM Pilot completed (Q4).

Resources:

- SERA COP
- SERA Communications and Capacity Building Specialist
- SERA Policy Analyst
- STTA Training Specialist Marina Panov

Key Partners:

- MAFC NFSD
- USDA ERS

Contribute to:

- IR 4.5.2-7 Number of individuals who have received USG support short-term agricultural sector productivity of food security training.
- CI 4.2.1. Number of institutions receiving USG assistance.

Training of Trainers

The first draft of the training materials for the FBM Training of Trainers was completed in Q1. These materials include, slide presentations, a participant workbook, and the lead trainer manual. The drafts will be finalized in Q2. Implementation for this activity will be based on the commitment demonstrated by the NFSD at the conclusion of the FBM pilot implementation.

Related Policy Action:

- NA

Tasks planned in Q1:

- Complete draft of training materials.
- Identify potential training dates.

Tasks completed in Q1:

- Draft training materials completed.

Tasks planned for Q2:

- None planned.

Milestones:

- Training material finalized (Q2).
- Training delivered (TDB).

Resources:

- SERA COP
- SERA Communications and Capacity Building Specialist
- SERA Policy Analyst
- STTA Training Specialist Marina Panov

Key Partners:

- MAFC NFSD
- USDA ERS

Contribute to:

- IR 4.5.2-7 Number of individuals who have received USG support short-term agricultural sector productivity of food security training.
- CI 4.2.1. Number of institutions receiving USG assistance.

Data Harmonization Workshop

The issue of quality data for policy decision-making was discussed throughout Year 3. As early as January 2014, the MAFC prepared a draft program and agenda for a Data Harmonization Workshop that sought to bring together public and private sector stakeholders in the rice sector to discuss approaches to harmonizing data. This was a result of the GoT decision to import duty-free rice in December 2013. Both USAID NAFKA and USAID SERA projects were asked to consider supporting this activity. It was determined that primary leadership for the activity was with the MAFC with support from SAGCOT. A series of planning meetings and draft agendas did not result in agreed upon objectives and timing for this activity. Despite support from the PMO and the PDB on Agriculture, the workshop remains in the development stage. Competing priorities and weak leadership have contributed to delays in this activity. In Q2 SERA Project will work with SAGCOT to re-engage appropriate leadership in the MAFC and will work closely with the PMO and PDB on Agriculture on the development of the activity priorities and objectives.

Related Policy Action:

- Stage 2: Stakeholder consultation/public debate. Related to Food Import Policy - Transparent rules-based import policies: Efforts to establish a more stable and transparent trade regime that reduces tariff and non-tariff trade barriers.

Tasks planned in Q1:

- Plan workshop.

Tasks completed in Q1:

- This workshop was planned on three separate occasions in Q1: October 22 – 23, November 13 – 14, and December 12, 2014. All proposed dates for the workshop were

cancelled, the final postponement was due to financial limitation of the MAFC. The workshop agenda remains incomplete.

- An official planning committee for the Data Harmonization workshop was established with representatives from the MAFC NFSD, SAGCOT and the Rice Council of Tanzania.

Tasks planned for Q2:

- Follow-up with MAFC regarding interest in this activity.

Milestones:

- Data Harmonization agenda set (Q2).
- Data Harmonization workshop completed (Q3).

Resources:

- SERA COP
- SERA Communications and Capacity Building Specialist
- SERA Policy Analyst

Key Partners:

- MAFC NFSD
- USDA ERS

Contribute to:

- IR 4.5.2-7 Number of individuals who have received USG support short-term agricultural sector productivity of food security training.
- CI 4.2.1. Number of institutions receiving USG assistance.

C. Policy Analysis Unit – Sokoine University, iAGRI Collaboration Ministry of Agriculture, Food Security and Cooperatives, Department of Policy and Planning

The FtF iAGRI Project will lead this activity; SERA Project will support the development of a Policy Research Unit (PRU) in the Department of Agricultural Economics and Agribusiness (DAEA) at Sokoine University (SUA). The vision is for the PRU to conduct demand driven evidence-based policy analysis for internal and external clients. SERA Project and iAGRI met in Q1 to discuss the progress status of PRU. A director for the Unit has been identified, the concept approved, and activities are underway to develop the start-up plan. It is anticipated that this activity will be launched in Q2.

Related Policy Action:

- NA

Tasks planned in Q1:

- Meet with iAGRI to discuss the formulation and commitments to create a PRU.

Tasks planned for Q2:

- Receive and review proposal, provide comments, and finalize commitments.
- Begin recruitment process for technical support.

Milestones:

- PRU Staff hired (Q2).

Resources:

- Local STTA Economist

Key Partners:

- Diligent Consulting Ltd
- iAGRI

Contribute to:

- IR 4.5.2-7 Number of individuals who have received USG support short-term agricultural sector productivity of food security training.
- CI 4.2.1 Number of institutions receiving USG assistance.

D. Strategic Support – Rice Council of Tanzania

SERA Project began working with the Rice Council of Tanzania in Q1 supporting two separate activities; organizational strategic plan and a rapid assessment of the rice sector.

Strategic Plan Development

SERA Project was invited to meet with the RCT Board of Directors (BoD) on October 28 to discuss approaches in organizational development and strategic planning. As a result of this meeting, the RCT submitted a formal request for support and created a Strategic Planning Committee. The committee met in early December and determined the next steps for the proposed Strategic Planning Workshop: potential invitees, the initiation of an internal stakeholder's analysis (done by Rural Urban Development Initiatives - RUDI), identification of a Key Note speaker, and a proposed location.

The TOR for Strategic Planning activity was not completed. The meeting of the Strategic Planning Committee indicated a need for more direction and information from USAID SERA on the development and support of this activity. In addition, SERA Project required a written commitment from RCT participants to self-fund a portion of the activity. Additional meetings are planned in Q2 to address these questions and concerns.

Related Policy Action:

- NA

Tasks planned in Q1:

- Meet with RCT BoD to discuss organizational development support.
- Complete Rapid Institutional Assessment.
- Develop draft Capacity Building Action Plan.
- Initiate recruitment for Strategic Planning expert.
- Develop draft a TOR for the Strategic Planning activity.

Tasks completed in Q1:

- Met with RCT BoD to discuss organizational development support.
- Conducted Rapid Institutional Assessment.
- Initiated recruitment for Strategic Planning expert.

Tasks planned for Q2:

- Finalize the Draft Capacity Building Action Plan.
- Draft and finalized the activity TOR.
- Select Strategic Planning expert.

- Execute the activity TOR.

Milestones:

- TOR for Strategic Planning developed (Q2).
- Strategic Planning workshop held (Q2).
- Strategic Plan finalized (Q3).
- Strategic Plan presented to stakeholders (Q3).

Resources:

- SERA COP
- SERA Communications and Capacity Building Specialist
- STTA Strategic Planning Expert

Key Partners:

- USAID NAFKA Value-Chain Project.

Contribute to:

- IR 4.5.2-7 Number of individuals who have received USG support short-term agricultural sector productivity of food security training.
- CI 4.2.1 Number of institutions receiving USG assistance.

Rapid Rice Sector Assessment

The RCT seeks to establish a better understanding of the rice stocks held by the private sector in Tanzania by January 2015 and to use this information to improve policy dialogue with the MAFC. This information was identified as a major gap in understanding the current market and impact of the East African Community common external tariff (CET) policy. SERA Project met with the RCT and offered to assist the RCT to complete a rapid assessment of private sector rice stocks held in Tanzania. The rapid assessment would provide a snapshot of the location and quantities available from Mbeya, Morogoro, and Shinyanga regions. A TOR was developed and potential team identified. While this activity was initially planned for December 2014, it was postponed to January 2015 due to scheduling conflicts.

Implementation of this activity was delayed to scheduling conflict and the limited time available to execute the TOR.

Related Policy Action:

- NA

Tasks planned in Q1:

- Draft TOR.
- Recruit and mobilize assessment team.
- Execute TOR.
- Present draft report to RCT and USAID.

Tasks completed in Q1:

- TOR drafted.
- Assessment team recruited.

Tasks planned for Q2:

- Revise TOR.

- Execute TOR.
- Draft report presented to RCT and USAID.

Milestones:

- TOR developed (Q1).
- Study completed (Q2).

Resources:

- SERA COP
- SERA Communications and Capacity Building Specialist
- STTA Regional Rice Market Expert

Key Partners:

- USAID NAFKA Value-Chain Project

Contribute to:

- IR 4.5.2-7 Number of individuals who have received USG support short-term agricultural sector productivity of food security training.
- CI 4.2.1 Number of institutions receiving USG assistance.

E. Policy Seminar Series at Sokoine University

The SERA Project and iAGRI have jointly sponsored a Policy Seminar Series for faculty and students at Sokoine University to encourage agricultural policy research. The second Policy Seminar Series will begin in Year 4. Changes in the terms of reference have been made based on the experiences and lessons learned from the Series I. The teams in Series I did not produce the research within the designated timeframe, and the final papers did not meet the quality standards envisioned. A more structured and targeted approach will be taken in Series II. Specifically, teams and topic areas will be pre-identified, the number of teams will be limited to two, and additional supervision and support will be provided.

Related Policy Action:

- NA

Tasks planned in Q1:

- None planned.

Tasks completed in Q1:

- None completed.

Tasks planned for Q2:

- Meet with iAGRI staff to discuss the Policy Seminar Series II.

Milestones:

- Research teams and topics selected (Q2).
- First draft reviewed (Q4).

Resources:

- SERA COP
- SERA Senior Advisor
- SERA Senior Agriculture Policy Advisor

Key Partners:

- iAGRI

- Diligent Consulting Ltd

Contribute to:

- IR 4.5.2-7 Number of individuals who have received USG support short-term agricultural sector productivity of food security training.
- CI 4.2.1 Number of institutions receiving USG assistance.

COMPONENT III: ADVOCACY AND COMMUNICATIONS

The SERA Project will focus on communication activities that support the policy research agenda and will target public sector institution. The primary communication instruments will be the SERA Project website, policy briefs, and public events such as conferences and workshops.

1. Intermediate Result 4: Improved Enabling Policy Environment for both Agriculture and Nutrition

A. SERA Website

The website is the main communications tool for SERA, making available evidence-based research and other key policy information. In addition, SERA will explore ways to engage more directly with target audience of the website.

Related Policy Action:

- NA

Tasks planned in Q1:

- None planned.

Tasks completed in Q1:

- None completed.

Tasks planned for Q2:

- None planned.

Milestones:

- NA

Resources:

- SERA Communications and Capacity Building Specialist

Key Partners:

- OMIS

Contribute to:

- CI 4.1.3 Number of hits/visits to the SERA website.

B. Policy and Research Briefs

The SERA Project will publish Policy Briefs in Year 4 in support of policy analysis and research. Policy Briefs will summarize specific policy research and recommendations on key issues affecting the agriculture sector environment and are meant to inform decision makers and stakeholders.

Related Policy Action:

- NA

Tasks planned in Q1:

- Publish a Policy Research Brief on Drivers of Maize Prices in Tanzania.

Tasks completed in Q1:

- Policy Research Brief completed.

Tasks planned for Q2:

- Prepare Policy Brief of Food Security Policy Options.

Milestones:

- Policy Briefs published and circulated:
 - Food Security Policy Options (Q2),
 - Drivers of Maize and Rice Markets (Q2),
 - Land Compensation and Benefits Sharing (Q3),
 - Secure Transactions Systems: Collateral Registry (Q3).

Resources:

- SERA Communications and Capacity Building Specialist
- SERA Policy Analyst
- SERA Senior Advisor

Key Partners:

- NA

Contribute to:

- CI 4.1.2 Total number of SERA mentions in the press and social media.

C. Success Stories

In Year 4, SERA Project will prepare two USAID Success Stories: the Lifting of the Export Ban and the Food Basket Methodology. The success stories will follow USAID branding and marking requirements.

Related Policy Action:

- NA

Tasks planned in Q1:

- None planned.

Tasks completed in Q1:

- None completed.

Tasks planned for Q2:

- Draft Export Ban Success Story.

Milestones:

- Lifting of the Export Ban Success Story delivered (Q2).
- Food Basket Methodology Success Story delivered (Q4).

Resources:

- SERA COP
- SERA Communications and Capacity Building Specialist
- SERA Policy Analyst
- SERA Senior Advisor

Key Partners:

- USDA ERS

Contribute to:

- CI 4.1.2 Total number of SERA mentions in the press and social media.

D. Policy Conferences and Workshops

In Q1, SERA Project participated in three conference/workshop events, including the first Annual Agricultural Conference, sponsored by the Policy Analysis Group.

Africa Lead Super Champions/Parliamentary Workshop

The Africa Lead coordinated the Super Champions Leadership Training for Tanzanian Members of Parliament titled Leading Change Process on November 22 – 23, 2014 in Dodoma. The Leadership Training program is designed by Africa Lead II—the Feed the Future Capacity Building Program for African Agricultural Transformation. Tanzanian Parliamentarians create policies that are implemented at all levels of Government and are critical stakeholders in this transformational process. Lawmakers are the key to developing evidence-based policies that create a more conducive enabling environment to allow change to occur in the Tanzanian agricultural sector. The objective of the leadership training program is to create a cadre of Members of Parliament who understand the importance of agriculture for the country's socio-economic development and who embrace the important role they must play to achieve that development.

SERA participated as a Non State Actor and presented SERA's role in agriculture transformation in Tanzania. We presented a brief of three research findings on Food Export Ban, Seed Tax, and Importance of Stable Agriculture Policies. Other presenters were, Africa Lead, Comprehensive Africa Agriculture Development Program (CAADP) Focal Point, MSU, Regional Strategic Analysis and Knowledge Support System (ReSAKSS), Agricultural Non State Actors Forum (ANSAF), Tanzania Horticultural Association (TAHA), SAGCOT and MVIWATA (Mtandao wa Vikundi vya Wakulima, network of farmers' group). The audience was approximately 150 members of parliament.

Policy Analysis Group Annual Agricultural Conference 2014: The Changing Landscape of Tanzania's Agriculture, 2 – 4 December 2014, Serena Hotel, Dar Es Salaam.

The purpose of the Annual Agricultural Conference was to convene a forum and present research on current issues in agriculture to support evidence based policy-making process in achieving greater food security and poverty reduction in Tanzania. The three themes of the Conference were evidence based policy making, the potential role of the emerging gas sector, and youth and agriculture.

SERA Project presented two research papers on Day Three, Session VII. Agriculture Markets, Trade and Private Sector Investment: *Drivers of Maize Prices in Tanzania*, John Baffes, Varun Kshirsagar, and Don Mitchell; *Measurement of Regional Food Basket Costs in Tanzania*, Aneth Kayombo. The presentation were made by Don Mitchell and Aneth Kayombo respectively.

SERA Project also contributed to the logistics of the conference, supporting the development of conference material, including banners, conference programs, and other printed materials.

SAGCOT Annual Partnership Forum, 4 – 5 December 2014.

SERA staff also participated in the SAGCOT Forum on December 5. The purpose of the Forum was to discuss the progress of SAGCOT, including obstacles and opportunities. Don Mitchell served on an expert panel on Encouraging Investments in the SAGCOT Region.

Related Policy Action:

- NA

Tasks planned in Q1:

- None planned.

Tasks completed in Q1:

- None completed.

Tasks planned for Q2:

- NA

Milestones:

- NA

Resources:

- NA

Key Partners:

- NA

Contribute to:

- CI 4.1.2 Total number of SERA mentions in the press and social media.

ACTIVITIES IMPLEMENTED IN ZANZIBAR

1. Intermediate Result 2: Expanding Markets and Trade

A. Irrigated and Rain-fed Rice Profitability Analysis

The SERA Project worked with the NAFKA Project and the Tanzania Agricultural Productivity Program (TAPP) to evaluate the profitability of irrigated and rain-fed rice on Zanzibar. This analysis was used to guide policy and investment decisions of RGoZ, USAID, and other donors for the rice sector of Zanzibar. The activity is complete and no further action is planned.

Contribute to:

- IR 4.5.1-24 Number of agricultural and nutritional enabling environment policies completing the following processes/steps of development as a result of USG assistance in each case: State 1, Analysis; State 2, Stakeholder consultation/public debate; Stage 3, Drafting or revision; Stage 4, Approval (legislative or regulatory); Stage 5, Full and effective implementation.
- CI 4.1.1 Number of research outputs.

2. Intermediate Result 4: Improved Enabling Policy Environment for both Agriculture and Nutrition

A. Zanzibar Department of Food Security and Nutrition

In Q1, SERA Project continued to provide training and technical assistance on the development of a Zanzibar Food Basket approach, with support from USDA ERS. Progress on the development of communications materials was slow due to the unavailability of Department of Food Security and Nutrition (DFSN) counterparts.

USDA ERS consultant Nancy Cochrane and SERA Project staff led a 2-days workshop in Zanzibar on the Food Basket Methodology for six DFSN employees, six representatives from the Office of the Chief Government Statistician (OCGS) and three staff of the Ministry of Agriculture and Natural Resources (MANR). The activity took place on November 4 – 5, 2014 with the training taking place in two parts: Part 1; General Introduction and Part 2; Implementation (DFSN only). SERA will continue to work with USDA ERS to support the development of a Food Basket Analysis for Zanzibar and to provide training to staff on the development and application of the methodology. (Annex 9, Training Schedule; and Annex 10, Participants List).

Related Policy Action:

- NA

Tasks planned in Q1:

- Complete FBM analysis and training.

Tasks completed in Q1:

- FBM analysis and training for Zanzibar completed; however, additional information and analysis is required.

Tasks planned for Q2:

- Collect and analyze data for the development of the FBM – Zanzibar.

Milestones:

- Implementation for Performance Management Plan (PMP) evaluated (Q2).
- Capacity building plan for PMP created (Q2).
- Draft DFSN brochure finalized (Q3).
- DFSN newsletter template finalized (Q3).
- FBM Analysis for Zanzibar completed (Q2).
- FBM Training to DFSN staff delivered (Q2/3).
- FBM Operational Manual delivered to DFSN (Q3).

Resources:

- SERA Communications and Capacity Building Specialist
- SERA Policy Analyst
- USDA ERS Nancy Cochrane

Key Partners:

- USDA ERS

Contribute to:

- IR 4.5.2-7 Number of individuals who have received USG support short-term agricultural sector productivity of food security training.

- CI 4.2.1 Number of institutions receiving USG assistance.

PROJECT MANAGEMENT AND PERFORMANCE

1. Management Changes

In Q1 of Year 4, SERA Project experienced several personnel and contract changes. Ms. Marialyce Mutchler was approved and started as the COP. Mr. Don Mitchell transitioned to short-term Senior Advisor under the newly approved subcontract with DPR International. Mr. Sabittin Yelken replaced Jen Braswell as SERA Program Manager for Booz Allen Hamilton.

2. Internal Training

Josephat Kanyunyu participated in the USAID Poverty Counts Assessment Tool Training that took place from October 22 – 30, 2014. The Poverty Counts tool is designed to monitor the impact of activities accurately and in a cost effective way. The objectives of the training were to test the Poverty Counts survey tool (translation of questions, intent, and clarity) and pilot data entry and analysis (usability and utility). The training highlighted many of the same challenges SERA Project has faced with data collection and measuring the impact of policy changes. Quantifying the impact of policy changes on poverty using Poverty Counts tool is practical on a small-scale when baseline data is available.

PROBLEMS / CHALLENGES

SERA Project faced a series of challenges in Q1 with various Government of Tanzania institutions. Increased demands for time and resources from critical counterparts led to decreased accessibility. The parliamentary session in November and local elections in December accelerated the timeline for several outputs, but limited the government's ability to respond. In addition, weak internal communications and leadership within the MAFC have impacted the receptiveness of staff to training activities. It is anticipated that these challenges will remain throughout Year 4 as the GoT prepares for presidential elections in October 2015.

CROSS-CUTTING ISSUES

1. Gender

Gender is an important cross cutting issue and the SERA Project is exploring research topics on women maize farmers and how their input use, yields, and price received compare to men maize farmers.

2. Poverty

Poverty is an important cross cutting issue and SERA policy reform activities are expected to be pro-poor because they deal with food crops produced by most rural households.

3. Climate Change

Climate change is an important cross-cutting issue and the research conducted by SERA Project on the Determinants of Maize Prices in Tanzania provided some useful insights into policies that can mitigate climate change impacts. The findings of the study were that export bans intensify the impacts of weather shocks and seasonal price fluctuations, and open trade policies can mitigate the impacts of such factors. That implies that policies that restrict trade in food crops will result in greater price variability and delayed transmission of prices to market forces.

FINANCIAL SUMMARY

QUARTERLY REPORT	SERA YEAR 4 - QTR 1				
	Oct-14	Nov-14	Dec-14	Quarter Total	Project Cumulative
Reimbursable Costs	\$118,516	\$184,150	\$201,525	\$504,191	\$5,049,772
Fee	\$9,479	\$14,730	\$16,120	\$40,329	\$407,963
Reimbursable Costs plus Fixed Fee	\$127,995	\$198,881	\$217,645	\$544,521	\$5,457,735
Contract Cumulative	\$5,041,209	\$5,240,090	\$5,457,735		

PERFORMANCE MANAGEMENT PLAN

Table 1. USAID Standard Indicator and Required if Applicable Indicator Targets for Life of Contract

Indicator		Baseline	Y4 Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Y4 Total	LIFE OF CONTRACT TARGET
IR 4.5.2-7. Number of individuals who have participated in USG support training activities (RiA)	New	0	98	15	0	0	0	0	1,700
	Continue	0	100	9	0	0	0	0	
	Male	0	132	12	0	0	0	0	
	Female	0	66	12	0	0	0	0	
IR 4.5.2-36 Value of exports of targeted agricultural commodities as a result of USG assistance (RiA)	Maize	\$20,820,000	\$34,990,000	NA	NA	NA	NA	0	\$56,749,200
	Rice	\$37,050,000		NA	NA	NA	NA	0	NA
IR 4.5.2-30 Number of MSMEs businesses, including farmers, receiving USG assistance to access loans (S)	Medium	0	800	0	0	0	0	0	2,400
	Small	0	125	0	0	0	0	0	350
	Micro	0	75	0	0	0	0	0	250
IR 4.5.1-24 Number of policies / regulations / administrative procedures in each of the following stages of development (S)	NA								
	• Stage 1: Analyzed	0	0	0	0	0	0	0	2
	• Stage 2: Drafted and presented for public / stakeholder consultation	0	0	0	0	0	0	0	3
	• Stage 3: Presented for legislation decree	0	1	0	0	0	0	0	0
	• Stage 4: Passed / approved	0	0	0	0	0	0	0	0
	• Stage 5: Passes for which implementation has begun	0	3	0	0	0	0	0	11

Table 2. Project/Custom Level Indicator Targets for Life of Contract

Indicator	Baseline	Y4 Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Y4 Total	LIFE OF CONTRACT TARGET
1.1.1 Volume of improved seed available in domestic market	26,545 tons	5,000 tons	NA	NA	NA	NA	NA	36,000 tons
4.1.1. Number of research output	0	0	1	0	0	0	0	7
4.1.2 Total number of SERA mentions in the press and social media	0	5		0	0	0	0	40
4.1.3 Number of hits/visits to the SERA website	0	2,000	68*	0	0	0	0	9,000
4.2.1 Number of institutions receiving USG assistance	0	4	2	0	0	0	2	15

**Google Analytics is used to track this indicator. Tracking began on 2 December 2014.*

Annex 1. Research Brief – Drivers of Maize Prices in Tanzania, November 2014

RESEARCH BRIEF Drivers of Maize Prices in Tanzania¹ November 2014

Maize is the most important food crop in Tanzania. It accounts for nearly 50 percent of total calories in the diet and 40 percent of cropped area. Maize production is concentrated in the Southern Highland regions of Mbeya, Iringa, and Rukwa; but occurs in all regions and by an estimated 85 percent of farmers. This SERA Research Brief summarizes a study that quantifies the domestic and external drivers of Tanzanian maize prices. The objectives of the study were to better understand the impacts of trade policies, as well as the influence of other domestic and external factors that drive maize prices.

An econometric error correction model (described in Box 1) was estimated to determine the price relationship between 18 markets in Tanzania (Figure 1) and regional and global prices using monthly data from July 2002 to July 2014. The study extends the literature on price transmission in several ways. First, it considers several external markets as drivers of Tanzanian maize prices. Second, it separates long-run co-movement from short-term price variability. Third, it measures the influence of harvest cycles, weather anomalies, export bans, inflation, and fuel prices.

The study finds that long-run Tanzanian maize prices are determined by external markets (proxied by Nairobi and other regional and global prices), but in the short run price movements are driven by domestic factors. The export bans delay the adjustment of domestic maize prices towards long-run equilibrium and lowers domestic maize prices. The short-run influences of weather shocks on domestic prices are more pronounced during periods in which an export ban is imposed. Harvest cycles have a strong influence on maize prices, signaling the importance of improving storage and transportation in order to reduce seasonal price variations which currently are 40 percent from trough to peak. Inflation and fuel prices were also found to influence maize prices.

Price Transmission

The study examined the relationship between the maize prices in the 18 regional Tanzanian markets and the maize prices in Nairobi, South Africa, and the United States. The econometric estimates showed that the relationship between Tanzanian maize prices and Nairobi were

¹ Based on research conducted by the SERA Policy Project of the USAID Feed the Future Initiative and the Development Prospects Group of the World Bank. The full study can be obtained by contacting Don Mitchell at don.mitchell@tzsera.com or from the SERA website at www.tzsera.com.

The SERA Policy Project is a USAID funded project that seeks to improve agricultural policies and develop capacity for policy analysis and advocacy. The project is implemented by Booz Allen Hamilton.

highly significant in all regions and the strongest of the three external markets considered. U.S. Gulf maize prices and South African maize prices were found to have a smaller influence on Tanzanian prices in the short run, and the influences were considerably weaker than the influence of Nairobi prices.

Three key conclusions emerge from the price transmission analysis. First, of the three external markets considered, only Nairobi exerts a significant influence on Tanzanian prices in the long run. Second, the southern regions are more closely linked to markets in northern Mozambique than Nairobi. Third, the markets that adjust most quickly to external price changes all are in proximity to Nairobi or have access to a port, and the speed of adjustment diminishes with the distance from Nairobi.

Figure 1. Tanzanian Maize Markets



Export Bans

During 2002-2014, the United Republic of Tanzania imposed five export bans (Figure 2). The first and second bans spanned January 2005 to January 2007 with only a 3-month hiatus at the beginning of 2006. A 5-month export ban was in place in 2008, and a ban which lasted almost 2 years was in effect during 2009 and 2010. The duration of the last ban during this period was less clear—it was announced in March 2011, but only became effective in July and its removal was announced in October 2011 but ended in December 2011. The export bans (with the exception of the first one) were usually introduced at times of high maize prices, and their

removal took place when prices were low. This is consistent with the government imposing the export ban in response to food security concerns caused by production shortfalls or price increases in the region.

An export ban increases the seasonal price variability by depressing prices at harvest and limiting the seasonal price increase prior to the next harvest (Figure 3). The impacts of the five maize export bans were analysed together and then the most recent export ban was analysed separately in order to capture its unique characteristics. The combined analysis (Table 1) and separate analysis for the most recent export ban (Table 2) are shown by zones for brevity, but the estimates for all regions are shown in the full study. The results show that the most recent export ban had a much larger impact on maize prices than the previous export bans and exerted larger downward pressure on local maize prices. For the country as a whole, the most recent export ban caused the monthly price to be 8.8 percentage points lower for every month that the ban was in effect than they would have been without the ban. While the effect of the ban was relatively more muted in the Southern zone, all five zones experienced an impact that was large and significant.

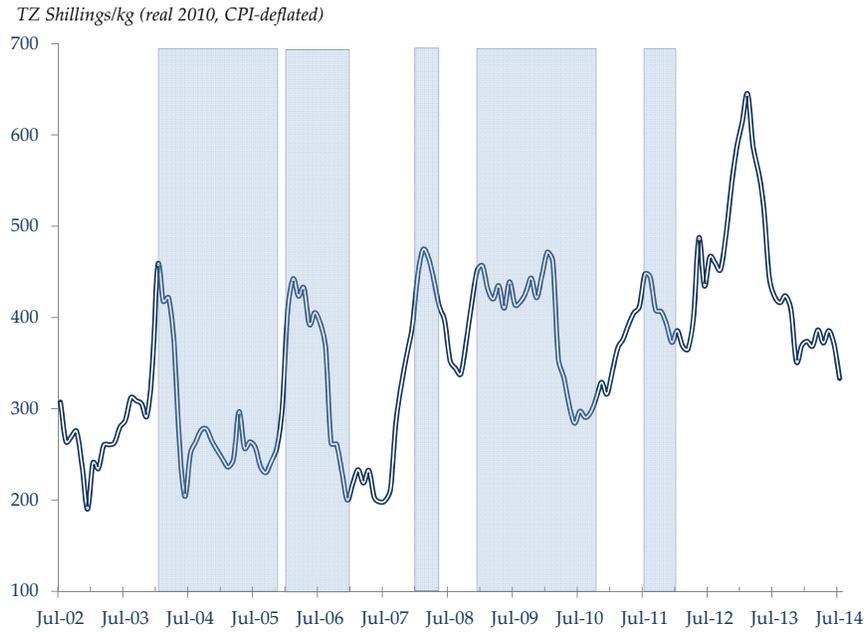
To illustrate the impact of the export ban, counter-factual estimates of maize prices in Dar es Salaam (Figure 4) and Songea were developed assuming there was no ban. These estimates show that for every month of the export ban maize prices would have declined by 9.2 percent in Dar es Salaam and 7.3 percent in Songea. By the last month of the ban, maize prices in Dar es Salaam would have been 38 percent higher without the ban, while maize prices in Songea would have been 31 percent higher. Further, even in the months following the removal of the ban, actual and counter-factual prices differ and take several months to converge because the adjustment to the Nairobi price is prolonged.

The relatively larger impact of the 2011 export ban compared to the other export bans analysed was likely due to two factors. First, prices in Nairobi were especially elevated during this ban due to a production shortfall in Kenya. Second, there were significant investments in Tanzanian transport infrastructure during the 2000s and that may have resulted in lower trade costs. As a consequence, the most recent export ban may have exerted a larger influence on both maize trade flows and local maize prices. In the future, the reduction in trade costs are likely to make a maize export ban exert even greater downward pressure on local maize prices than in the past.

Seasonality

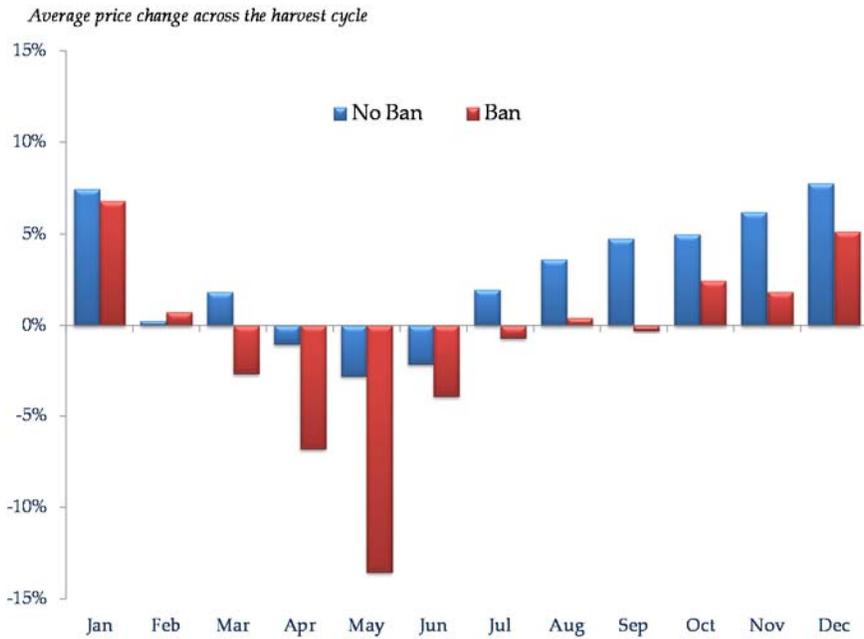
Because Tanzania's rural economy is characterized by limited storage facilities and transport bottlenecks, harvests are likely to have pronounced impacts on maize prices. To account for such impacts, the model controls for seasonal effect using trigonometric variables. In addition to capturing (cyclical) seasonal patterns by utilizing *a priori* information on cyclicity—strong negative (positive) impact on prices during harvest (lean) seasons—the trigonometric specification allows for a smooth transition from one phase of the cycle to another.

Figure 2. Maize Prices in Dar es Salaam and Export Bans (Shaded)



Source: FAO GIEWS, newspaper articles, and interviews with industry representatives

Figure 3. Average Price Changes during Ban and No Ban Periods



Source: Authors' calculation based on *unadjusted* price data.

Table 1. Parameter Estimates for Panel Specification with Simple Export Dummy

	Central	Coastal	Lake	Northern	Southern	National
μ	-0.02*** (8.38)	-0.02*** (3.20)	-0.00 (0.68)	-0.02*** (7.54)	-0.05** (4.66)	-0.02*** (5.33)
$(p_{t-1}^w - p_{t-1}^i)$	0.13*** (8.26)	0.23*** (5.76)	0.20*** (4.93)	0.13*** (19.82)	0.12** (7.02)	0.16*** (9.23)
Δp_t^w	0.21*** (6.90)	0.12 (1.52)	0.26*** (5.23)	0.33*** (21.13)	0.21*** (4.52)	0.21*** (6.75)
Δp_t^F	0.33*** (8.00)	0.01 (0.11)	0.32*** (5.01)	0.26*** (14.92)	0.09 (1.55)	0.20*** (4.37)
Δp_t^I	2.78*** (67.95)	0.77 (1.09)	1.70*** (4.33)	2.40*** (7.81)	1.25*** (7.30)	1.68*** (6.61)
I_{BAN}	-2.78*** (15.77)	-3.49*** (6.93)	-3.83*** (17.23)	-2.75*** (11.13)	-2.07*** (2.75)	-3.09*** (12.72)
$SEASON_t^1$	0.04*** (15.43)	-0.07*** (4.30)	0.03*** (7.14)	0.04*** (2.64)	0.05*** (9.68)	-0.05*** (8.20)
$SEASON_t^2$	-0.01 (0.81)	-0.01 (1.62)	-0.03*** (4.63)	0.02*** (4.54)	-0.03** (2.35)	-0.01** (2.32)
$NDVI_t$	-0.23*** (8.13)	-0.38*** (2.95)	-0.19*** (2.66)	-0.48*** (4.64)	-0.65*** (6.30)	-0.31*** (7.42)
<i>R-square</i>	0.28	0.22	0.24	0.32	0.18	0.20

Notes: The dependent variable is the change in the logarithm of the nominal price in market i . All regressions employ a (market) fixed effects methodology with bootstrapped standard errors (1,000 replications). Robust absolute z-statistics in parentheses, significance level, * = 10 percent, ** = 5 percent, *** = 1 percent; significance levels are different than typical due to clustering adjustment of the standard errors. The bootstrapped standard errors are clustered at the market level.

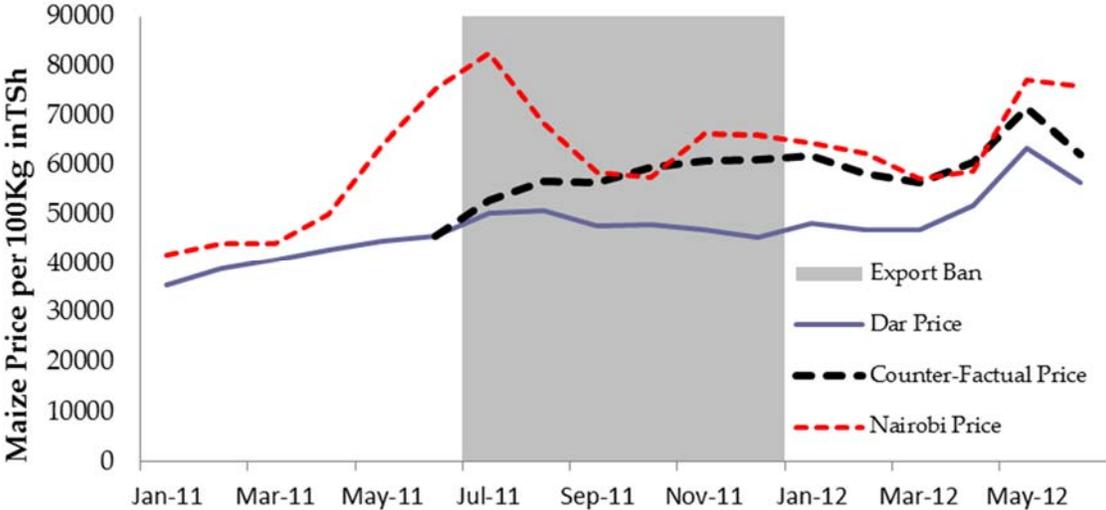
Table 2. Separating the Impacts of the 2011 Export Ban

	Central	Coastal	Lake	Northern	Southern	National
I_{BAN}	-2.78*** (15.77)	-3.49*** (6.93)	-3.83*** (17.23)	-2.75*** (11.13)	-2.07*** (2.75)	-3.09*** (12.72)
$I_{BAN, \text{ excluding } 2011}$	-2.27*** (14.43)	-2.80*** (4.27)	-3.30*** (18.22)	-2.01*** (9.48)	-1.62*** (2.36)	-2.52*** (10.46)
2011 BAN	-7.94*** (10.28)	-10.57*** (4.09)	-9.00*** (10.92)	-9.17*** (12.47)	-7.28*** (3.31)	-8.87*** (12.25)

Notes: The dependent variable is the change in the logarithm of the nominal price in market i . All regressions employ a (market) fixed effects methodology with bootstrapped standard errors (1,000 replications). Robust absolute z-statistics in parentheses; significance level, * = 10 percent, ** = 5 percent, *** = 1 percent; significance levels are different than typical due to clustering adjustment of the standard errors. The bootstrapped standard errors are clustered at the market level. The first row shows the parameter estimates of the export ban reported in Table 1. The second and third rows provide estimates of the bans prior to 2011 and the 2011 ban, respectively, which were estimated together with a similar specification as the model reported in Table 1.

In most markets, at least one of the two seasonality parameter estimates was significantly different from zero at the 5 percent level (Table 3). Yet, the magnitude of the seasonal changes differs across markets and zones. Most Southern zone markets exhibited strong seasonal patterns. Yet, even within the Southern zone, the seasonality impact differs. Prices in Songea — a remote surplus market with pronounced seasonality—exhibit the greatest seasonal variability. Prices begin increasing in September, reaching their peak in February. As the harvest approaches, prices moderate falling rapidly in April-June (declining nearly 6 percent during those months). On a cumulative basis, seasonality induces prices to be 20 percent lower in June compared to February and 20 percent higher in December compared to August. Such cyclicity is consistent with approximately a 40 percent gap between the lean season’s peak and the harvest season’s low.

Figure 4. The Impact of the Latest Export Ban, Dar es Salaam



Source: Authors’ estimates.

Weather Anomaly

Weather anomalies (measured by a vegetation index) exert a strong impact on domestic maize prices, with favourable weather conditions resulting in larger harvests and lower prices, and *vice versa*. The weather anomalies variable, NDVI, is significantly different from zero in 14 markets, including several food deficit markets (Table 3). The Southern Highlands (Songea, Sumbawanga, Morogoro and Mbeya), exhibit the strongest price response (as a group) to weather shocks. A 10 percent anomalous increase in the NDVI index (for example, as experienced in December 2012) is associated with a 10.6 percent decline in prices in Songea. In contrast, Mbeya which is also a food surplus area, but has a better connected and developed market, would have experienced a price decline of 5.1 percent. This is because Mbeya benefits from greater absorption of surplus production by other markets while Songea does not. Consistent with this, seasonal price changes are larger in Songea than they are in Mbeya.

Table 3. Parameter Estimates for Panel Specification with Interaction Dummies, Nairobi

	Central	Coastal	Lake	Northern	Southern	National
M	-0.04*** (9.10)	-0.03*** (5.83)	-0.02*** (4.01)	-0.04*** (18.49)	-0.05** (4.34)	-0.04*** (8.80)
$(p_{t-1}^w - p_{t-1}^i) * I_{BAN}$	0.10*** (6.46)	0.18*** (5.40)	0.14*** (7.09)	0.12*** (12.58)	0.10** (4.11)	0.13*** (7.98)
$(p_{t-1}^w - p_{t-1}^i) * I_{NO_BAN}$	0.17*** (10.80)	0.31*** (5.89)	0.25*** (5.03)	0.19*** (70.44)	0.15*** (7.62)	0.21*** (9.30)
$\Delta p_t^w * I_{BAN}$	0.22*** (6.56)	0.15 (1.58)	0.26*** (5.65)	0.34*** (27.60)	0.23*** (4.69)	0.23*** (7.60)
$\Delta p_t^w * I_{NO_BAN}$	0.22*** (6.73)	0.14 (1.51)	0.26*** (5.68)	0.35*** (27.00)	0.22*** (4.71)	0.23*** (7.51)
Δp_t^F	0.36*** (9.60)	0.04 (0.29)	0.35*** (4.70)	0.29*** (15.11)	0.17** (2.27)	0.23*** (4.82)
Δp_t^I	2.89*** (9.99)	0.40 (0.43)	1.75*** (3.84)	2.76*** (8.46)	0.65*** (3.15)	1.61*** (4.97)
$SEASON_t^1 * I_{BAN}$	0.04*** (13.09)	0.08*** (3.43)	0.03*** (3.84)	0.05*** (2.72)	0.06*** (5.95)	0.05*** (7.45)
$SEASON_t^1 * I_{NO_BAN}$	0.04*** (6.23)	0.09*** (5.24)	0.03*** (5.58)	0.04** (2.57)	0.06*** (8.10)	0.05*** (7.54)
$SEASON_t^2 * I_{BAN}$	0.00 (0.10)	-0.02 (1.24)	-0.02*** (3.35)	0.04*** (7.22)	-0.03** (2.33)	-0.01 (1.07)
$SEASON_t^2 * I_{NO_BAN}$	-0.02*** (3.66)	0.00 (0.36)	-0.03*** (5.56)	0.00 (1.14)	-0.03** (2.58)	-0.02** (3.47)
$NDVI_t * I_{BAN}$	-0.28*** (8.16)	-0.37*** (3.07)	-0.27* (1.74)	-0.59*** (5.55)	-0.86*** (3.98)	-0.38*** (6.18)
$NDVI_t * I_{NO_BAN}$	-0.19*** (3.17)	-0.40** (2.37)	-0.13** (2.01)	-0.43*** (3.73)	-0.21 (1.36)	-0.27*** (5.03)
<i>R-square</i>	0.27	0.23	0.24	0.30	0.21	0.20
Chi-square tests						
<i>Difference in adjustment</i>	0.07	0.14	0.11	0.07	0.05	0.08
<i>Diff in Adj-Chi</i>	29.56***	20.92***	11.16***	70.93***	21.05***	47.58***
<i>Difference in NDVI</i>	0.09	0.03	0.14	0.17	0.65	0.11
<i>Diff in NDVI-Chi</i>	1.31	0.05	0.95	6.39***	3.36**	3.30*

Notes: The dependent variable is the change in the nominal price in market i . All Regressions employ a (market) fixed effects methodology with bootstrapped standard errors (1,000 replications). Robust absolute z-statistics in parentheses, significance level, * = 10 percent, ** = 5 percent, *** = 1 percent; significance levels are different than typical due to clustering adjustment of the standard errors. The bootstrapped standard errors are clustered at the market level. The *Diff in Adj-Chi* and *Diff in NDVI-Chi* provide the Chi-squared statistics from a Wald test of the difference in the values taken by the adjustment coefficient and the NDVI anomaly, respectively, under Ban and No ban regimes.

Conclusions

The study summarized in this Research Brief found that Tanzanian maize prices are primarily influenced by Nairobi prices in the long run, but short-run price movements are governed by a constellation of domestic factors. Discretionary trade policies delay the adjustment towards long-run equilibrium. Weather shocks have a strong short-run influence on local prices. Harvest cycles matter as well, indicating the limitations of storage and transportation facilities. Fuel prices also exert a short-run influence.

The study also found that responses to weather shocks are less pronounced in local markets that are connected to regional and international trade networks. That suggests that trade mitigates the influence of local shocks. An export ban amplifies local price movements. Consequently, markets (such as Songea and Sumbawanga) with pronounced seasonality and greater sensitivity to weather anomalies are likely to be more seriously affected if climatic changes intensify.

An important policy conclusion from the analysis is that Tanzanian maize prices are not closely linked to South African maize prices while they are more closely linked to Nairobi. This distinction could afford a source of supplies during periods of high prices in Tanzania since price increases in one market are not likely to be affected in the other market.

Greater price uncertainty creates a disincentive for smallholder farmers to make investments that raise their agricultural productivity. This study points to two mechanisms that may reduce uncertainty arising from domestic sources. First, policies that encourage a shift away from traditional agrarian techniques (with the attendant problems associated with low input use as well as poor seed quality, storage, and irrigation) and towards more modern production and marketing methods may serve to partially mitigate the impact of domestic weather shocks. Second, and perhaps more importantly, a predictable trade policy regime will lessen the influence of a major source of price uncertainty.

References

Baffes, John, Varun Kshirsagar, and Donald Mitchell, Domestic and External Drivers of Maize Prices in Tanzania, Working Paper November 2014.

Box 1. Econometric Model

This study estimates the following regression model specification:

$$\Delta p_t^i = \mu + \gamma_1(p_{t-1}^W - p_{t-1}^i) + \gamma_2\Delta p_t^W + \gamma_3\Delta p_t^F + \gamma_4\Delta p_t^I + \gamma_5^S SEASON_t^1 + \gamma_5^C SEASON_t^2 + \gamma_6 NDVI_t + \gamma_7 I_{BAN} + u_t^i,$$

where Δp_t^i , p_{t-1}^W , p_{t-1}^i , Δp_t^W , p_t^F and p_t^I denote the percent change in the local maize price in market i in month t , the world price in month $t-1$, the market price in month $t-1$, the percent change in the world price in month t , the percent change in the price of fuel in month t and the percent change in urban consumer price index in month t , respectively. I_{BAN} is the export ban taking the value of one when the ban was effective and zero otherwise. $SEASON_t^1$ and $SEASON_t^2$ denote seasonality and are set to $SINE[2\pi t/12]$ and $COSINE[2\pi t/12]$, respectively. $NDVI_t$ represents the Normalized Difference Vegetation Index anomaly.

The parameter estimates of the lagged price difference between external and domestic markets are expected to be positive (or not significantly different from zero in the absence of co-integration). Fuel (a key cost of production and transportation) price changes have a positive impact on maize price changes. The consumer price index, which captures other cost pressures such as increases in rural wages and costs of intermediate materials, is also expected to have a positive impact on maize prices. The export ban is expected to exert downward pressure on domestic prices since it increases availability of supplies that would have otherwise been exported. The trigonometric variables capture seasonal influences on food prices arising from the interaction of harvest cycles and inadequate storage and transport capacity. Finally, the $NDVI$, which could take non-zero values during the growing season, November-April, and zero in the remaining six months, is expected to have a negative impact on prices since a larger than expected harvest is associated with more supplies and *vice-versa*. In sum, the expected signs of the parameter estimates of equation (6), noted as superscripts, are: γ_1^+ , γ_2^+ , γ_3^+ , γ_4^+ , $\gamma_5^{S^?}$, $\gamma_5^{C^?}$, γ_7^+ .

In the study, the effect of trade policy is examined and its interaction with the adjustment process, seasonality, and weather anomaly by re-parameterizing (6) as follows.

$$\Delta p_t^i = \mu + \gamma_1^T (p_{t-1}^W - p_{t-1}^i) * I_{No_BAN} + \gamma_1^B (p_{t-1}^W - p_{t-1}^i) * I_{BAN} + \gamma_2^T \Delta p_t^E * I_{No_BAN} + \gamma_2^B \Delta p_t^E * I_{BAN} + \gamma_3 \Delta p_t^F + \gamma_4 \Delta p_t^I + \gamma_5^{ST} SEASON_t^1 * I_{No_BAN} + \gamma_5^{SB} SEASON_t^1 * I_{BAN} + \gamma_5^{CT} SEASON_t^2 * I_{No_BAN} + \gamma_5^{CB} SEASON_t^2 * I_{BAN} + \gamma_6^T NDVI_t * I_{No_BAN} + \gamma_6^B NDVI_t * I_{BAN} + u_t^i.$$

I_{NoBAN} takes the value of 1 when maize exports take place (zero otherwise) and I_{BAN} takes the value of 1 when an export ban is in effect (zero otherwise). It is expected that during no-ban periods the adjustment to external price shocks will be faster compared to export ban periods, thus $\gamma_1^T > \gamma_1^B$. Moreover, the effect of weather anomaly will be more pronounced during export bans, i.e. $|\gamma_6^T| < |\gamma_6^B|$. In the study, the results from this specification are reported and provide additional evidence to show that export bans both delay adjustments to the equilibrium with Nairobi and also exacerbate the impacts of anomalous weather events (see also Figure 3).

Note: Complete references and tables (including stationarity tests) are included in the full report.

Annex 2. Abstract – Drivers of Maize Price in Tanzania, December 4, 2014

ABSTRACT

Drivers of Maize Price in Tanzania

by Donald Mitchell, Senior Advisor, SERA Project
for presentation at National Policy Workshop on 4 December 2014

Maize is the most important food crop in Tanzania, accounting for nearly 50 percent of total calories in the diet and 40 percent of cropped area. Production is concentrated in the southern highland regions of Mbeya, Iringa, and Rukwa, but occurs in all regions and by an estimated 85 percent of farmers. This study quantifies the domestic and external drivers of Tanzanian maize prices using an econometric error correction model to determine the price relationship between 18 markets in Tanzania and regional and global prices. Monthly wholesale prices from 2004 to 2013 collected by the Ministry of Industry and Trade were used for the analysis along with global and regional prices from various sources. The study extends the literature on price transmission, by considering several external markets as drivers of Tanzanian maize prices, separating long-term co-movement from short-term price variability, and measuring the influence of harvest cycles, weather anomalies, export bans, inflation, and fuel prices on maize prices. The study finds that long-run Tanzanian maize prices are determined by external markets (primarily Nairobi), but short-run price movements are driven by domestic factors. When an export ban is in effect, it delays the adjustment of maize prices towards long-run equilibrium and reduces local maize prices in the short-run. The short-run influences of weather shocks on local prices are also more pronounced during periods in which an export ban is imposed. Harvest cycles have a strong influence on maize prices, signaling the importance of improving storage and transportation in order to reduce seasonal price variations. Inflation and fuel prices were found to be less important determinants of maize prices.

Keywords: Maize prices, export bans, regional prices, seasonal prices, weather shocks.

Annex 3. Abstract – Measurement of Regional Food Basket Costs in Tanzania, December 4, 2014

ABSTRACT

Measurement of Regional Food Basket Costs in Tanzania

by Aneth Kayombo, Policy Analysts, SERA Project
for presentation at National Policy Workshop on 4 December 2014

Measurement of food basket costs is important for monitoring of food access, which is one of the four food security pillars. This paper describes the Food Basket Methodology (FBM) for calculating the cost of a typical food basket and the methodology is applied at the regional level in Tanzania. The methodology is an improvement over current food cost estimates used by the National Food Security Department of the Ministry of Agriculture, Food Security and Cooperatives (MAFC) which are based on prices of a few key food items, anecdotal information and regional reports. FBM calculations use regional retail prices collected by the National Bureau of Statistics and regional consumption estimates from the National Panel Survey. The food basket cost estimates can be used to monitor food costs on a monthly basis as well as allowing comparisons of typical food basket costs across regions and over time. Improved information on food basket costs can contribute to better policies by providing decision makers with better information. The methodology is being implemented by the National Food Security Department in the MAFC at the regional level, and could be applied at the district level. The FBM would benefit from greater detail on the composition of the food basket at the regional and district level, and better retail price data. When combined with per capita income, the methodology would allow access to food to be measured.

Keywords: Food Basket Methodology, food security, calories, access, retail prices, per capita income, MAFC.

*The Tanzania SERA Policy Project is a USAID-funded Feed the Future Activity implemented by Booz Allen Hamilton. The objectives of the project are to improve agricultural policies through evidence-based research and develop individual and institutional capacity to undertake policy research and advocate for improved policies.

Annex 4. Food Security Policy Options, December 6, 2014

Policy Options for Food Security in Tanzania: Increase Food Supplies, Reduce Rural Poverty, and Contribute to Economic Growth USAID SERA Policy Project, December 6, 2014

The Government of the United Republic of Tanzania has committed to the objectives of achieving long-term food security, agricultural growth, and poverty reduction. These objectives are interrelated, with agricultural growth contributing to poverty reduction, and poverty reduction contributing to improved food security. Agricultural growth is especially important to improved food security, because poverty is concentrated in rural areas and the poor often depend on agriculture as their main source of income. Thus, improved food security is multifaceted and complex, and increasing food production is only one important aspect of increasing food security. It is also necessary to increase incomes and achieve higher economic growth in rural areas in order to provide the means for most people to acquire food from the market and achieve greater food security. Those who cannot acquire food from the market, due to extreme poverty or lack of marketable skills, will need assistance and this is also an important part of a comprehensive food security program.

Tanzania has a unique opportunity to improve food security by increasing rural incomes through exports of food crops to the East Africa region. It has an abundance of natural resources that can be used to increase food crops production, and it faces a regional market that is expected to remain food deficit for at least the next decade because of rapid population and income growth and limited capacity for many countries to increase production to meet their own needs. Tanzania's exports will depend mostly on its ability to increase production. Enabling policies are essential for Tanzania to achieve its export potential both in order to provide incentives to farmers to increase production and in order to maintain access to regional export markets. These policies should focus on private sector-led growth and allowing market forces to guide the economy, because policies that distort market forces lead to inefficiencies, lower economic growth, and inequities.

Whether Tanzania becomes the food basket of East Africa, depends primarily on its policies. It has the natural resources, and it has the market opportunity; but these are not enough. It is also essential that it make the right policy choices in order to achieve its export potential. The SERA Project has worked closely with the Government on policy issues during the past four years and based on that research and the international experience has grouped these policy choices into five key areas. These five key policy areas are: 1) Support Increased Food Crop Production, 2) Encourage Exports of Food Crops to Stabilize Prices and Raise Incomes, 3) Improve Systems to Identify Food Insecure and Vulnerable Groups and Deliver Assistance, 4) Hold Adequate Food Grain Reserves for Emergencies, and 5) Establish a Transparent Rules-Based System for Emergency Food Imports. If Tanzania can make the right policy choices in these key areas, then it can expect to achieve long-term food security, reduce rural poverty, and achieve rapid growth in the agricultural sector. Stable macroeconomic policies are also very

important, including maintaining a fairly valued exchange rate, but are beyond the scope of this study and are not discussed further.

1. Support Increased Food Crop Production

Increasing food crops production is an important component of improving food security and policies that support increased production should focus on market-based economic incentives, adoption of improved technologies, and increasing availability of productive resources. Investments by Government should focus on improving infrastructure and supporting public goods such as research and extension. Direct support to producers should be well targeted and defined time limits. Stable and transparent policies are important because they reduce uncertainty and encourage the private sector to invest and produce. It is also important to communicate policy changes and the details of current policies to Government officials and the private sector so they are well informed on current policies and advised of future policy changes.

Recommendation: Follow stable and transparent policies to provide incentives and encourage production, and communicate policies and policy changes.

Action: Ministry of Agriculture, Food Security, and Cooperatives to publish agricultural policies on the Ministry Website.

Access to improved inputs, such as high quality seeds and chemicals, are essential to a competitive agricultural sector and policies should focus on making these inputs available at competitive prices. While much has been done by the Government to improve seed policies in recent years, improved seed use in Tanzania is still among the lowest in the region at approximately 20 percent of total seeds planted. Seeds produced by publicly-funded research stations need to be made more readily available to farmers at competitive prices by allowing the private sector greater access to such foundation seeds. Procedures for approving seeds and agricultural chemicals are too long and costly, and a more streamlined approval process is needed. Reduced taxes on seeds and seed packaging materials would also reduce costs and reduce seed prices to the farmer.

Recommendation: Improve access to improved seeds and agro-chemicals.

Action: Allow private seed companies greater access to protected varieties from publically-funded research. Streamline approval process for seeds and agro-chemicals. Reduce taxes on seeds and seed packaging materials.

Improved access to credit by smallholders is another essential component of increasing the commercialization of agriculture in Tanzania and the Collateral Registry System being developed by the Bank of Tanzania (BoT) with SERA Project and World Bank support provides such a credit system. It will allow financial institutions greater certainty in using movable assets as collateral on loans and thereby reduce lending costs and expand credit to agriculture.

Recommendation: Introduce a modern Collateral Registry System to make credit more easily available.

Action: Being taken by Bank of Tanzania.

Closing the gap between actual and potential yields is one way that Tanzania can increase food crops production and take advantage of regional export opportunities. The USAID-funded NAFKA Project has worked closely with maize and rice farmers to adopt modern technology with outstanding success. Rice farmers using the System of Rice Intensification (SRI) and other improved technologies were able to more than double yields and profitability compared to farmers using traditional technology and maize farmers were able to increase yields by almost 30 percent on rain-fed areas.

Recommendation: Support smallholders to access technology and increase production and incomes

Action: Institutionalize the efforts of NAFKA to close the yield gap, by greater involvement of extension officers.

Attracting foreign investment has been a cornerstone of Kilimo Kwanza, the Southern Agricultural Growth Corridor (SAGCOT), and Big Results Now (BRN) initiatives. However, according to the Bank of Tanzania (BoT) foreign investment in agriculture averaged just USD26 million per year from 2008-2011 and comprised only 2 percent of Foreign Direct Investment (FDI) and greater efforts are needed to make agriculture more attractive to investors in order to boost inflows to agriculture. Investment incentives available to production agriculture do not meet the needs of the sector and special incentives are needed as are available to the mining and petroleum sectors.

Recommendation: Provide special incentives to investors in production agriculture that are competitive with those of other countries in the region.

Action: Review investment incentives for agricultural investors, develop special incentives, and seek approval for a greater package of incentives for investors in agriculture.

Access to conflict-free land is essential to encourage investments in Tanzania. This is only possible when local communities are supportive and benefit directly from such investments. That can best be achieved by making local communities partners in such investments. Recent research by the SERA Project concluded that local communities have the legal authority to engage directly with investors. If these conclusions are confirmed, it could allow local communities to retain control of village lands while leasing or partnering with investors on productive activities.

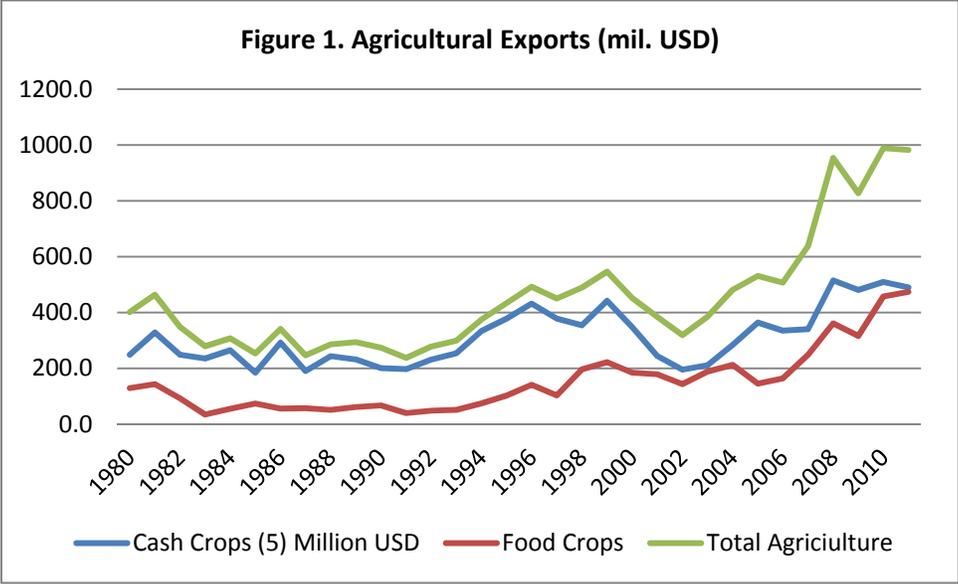
Recommendation: Improve land policies to allow underutilized land to be used for crop production.

Action: Clarify the legal authority of local communities to retain control of village lands while leasing or partnering with investors on productive activities.

2. Encourage Exports of Food Crops to Stabilize Prices and Raise Incomes

Export-led growth has been the path out of poverty in many countries, such as China, Malaysia, and Brazil, and the link between export growth and overall economic growth is well established from both cross-country and country-specific research. The research shows that trade openness increases the growth of income and output, and there are strong links between overall economic growth and poverty reduction especially when the growth comes from the agricultural sector. Tanzania's agricultural export growth averaged 7.3 percent from 2000 to

2011 according to FAOSTAT (Figure 1). However, more rapid growth may have occurred because customs records often underestimate exports. Food crop exports have emerged to rival cash crops (cashews, cotton, coffee, tea and tobacco) and probably exceed cash crops if accurate data were available. The tobacco sector has achieved very high rates of export growth over 20 years since it was liberalized in the mid-1990s. The tobacco sector is private-sector led and production is only by smallholders, with private tobacco companies contracting with smallholders to produce green leaf tobacco. The Government regulates the industry through the Tobacco Board. The value of tobacco exports has increased from USD21 million to USD129 million from 1994 to 2010 under private sector production and management.



Fully capitalizing on Tanzania’s export opportunities must be private sector-led and requires policies that support rather than restrict exports. Tanzania made an important policy choice in 2012 when it lifted the export ban on maize and that policy should be continued. Recent research conducted by the SERA Project in collaboration with the World Bank has now quantified the impacts of the export ban on maize using econometric techniques (Baffes, Kshirsagar, and Mitchell 2014). Those results showed that the 2011 export ban reduced wholesale maize prices by 8.8 percentage points for every month that the ban was in effect and by 36 percent by the time it was lifted. The short-run influences of weather shocks on domestic prices were also found to be larger during an export ban, and harvest cycles more pronounced. The study also pointed to the importance of improved transport linkages and storage.

While Tanzania removed the maize export ban in 2012, it still requires export permits for food crops such as maize and rice. The purpose of the permits is to allow the Government to monitor exports. However, they may have the opposite effect—they may discourage accurate reporting of exports by customs. Since export permits are costly for traders to obtain due to travel and approval time, traders may fail to secure the permits and instead they may bribe officials to allow exports. Our research shows that there are parallel permit systems in place. One significant such system is that clearing agents “rent” permits to traders, which adds financial

cost despite the fact that the permits are supposed to be free of charge. The clearing agents also re-use the permits, which undermines collection of accurate trade data. Without an export permit, the customs official may be reluctant to record exports resulting in underreporting. If export permits are required, they should be available at minimal cost and inconvenience so that there is little incentive to evade them. The authority to issue export and import permits comes from the Cereals and Other Produce Act of 2009, though there is no obligation in the Act to issue these permits. In fact, many of the activities detailed in the Act are not being undertaken by the MAFC.

Recommendation: Promote private-sector led agricultural exports by reducing trade barriers and streamlining export approval requirements.

Action: Remove export permits and streamline granting of other permits required for exports.

Other impediments to trade include frequent road blocks to inspect produce and collect crop cess or transit fees which add to transport costs. A recent study on the Agricultural Produce Cess in Tanzania concluded that the Cess should be reduced from a maximum of 5 percent of the gross value of agricultural produce to 3 percent in accordance with the Government's commitment under the G8's "New Alliance for Food Security and Nutrition" declaration. The crop produce cess was found to be poorly implemented and widely evaded, but still very high on certain crops. Greater efficiency in collection could increase revenues of LGAs while reducing the burden on farmers.

Recommendation: Reduce the Crop Produce Cess from 5 percent to 3 percent in order to reduce barriers to trade.

Action: Support the efforts of Michigan State University to reduce the Crop Produce Cess and implement measures to increase efficiency in collections in order to support LGAs.

Monitoring of food crop exports is a legitimate need of Government and improvements are needed to make such information more reliable. Since customs is mandated to collect data on exports, they should be the focus of efforts to improve the data. In addition to underreporting of exports crossing official border points, there are also unrecorded exports and imports along both land routes and sea ports. The differential tariff rates between Zanzibar and mainland Tanzania contribute to the problem and can lead to trade conflicts with neighboring East Africa Community (EAC) countries which undermine efforts to export food crops in the region. This situation has recently affected rice exports from Tanzania and has prevented legitimate rice exports within EAC by Tanzanian rice farmers. It is important to increase the capacity of customs to collect and communicate such data to MAFC in a timely manner.

Recommendation: Improve monitoring of food crop exports.

Action: Engage with customs to develop a plan to improve monitoring of food crop exports.

Food crop imports are widely reported to enter Tanzania unrecorded and duty-free. This deprives Tanzania of needed tariff revenues and undermines local producers. For example, in 2012 raw sugar imports reported by customs were 30,000 tons while major exporters, such as Brazil and Thailand, reported exporting 130,000 tons to Tanzania. The tariff revenue on the 100,000 tons of unrecorded imports would have been about USD50 million. That revenue could

allow customs to modernize its systems and also support the Government budget. There were also large unreported imports of other food crops.

Recommendation: Strengthen monitoring of food crop imports and collect appropriate tariff revenues.

Action: Engage with customs to develop a plan to improve monitoring of food crop imports and tariff enforcement.

3. Improve Systems to Identify Food Insecure and Vulnerable Groups and Deliver Food Aid

Monitoring food costs, identifying the food insecure and delivering food or financial assistance are essential parts of a comprehensive food security program. Tanzania has historically monitored key food prices such as maize and rice to assess food costs and focused on regions with production shortfalls to identify the food insecure. This approach overemphasize the prices of certain food crops and leads to food aid assistance when not needed or fails to recognize food insecure areas because key food crop prices are not rising. The focus on regions that have production shortfalls fails to identify food insecure individuals or groups in regions that have not experienced a food production shortfall. A more comprehensive approach would be to monitor the cost of a typical food basket and identify food insecure regardless of their location. Delivery of food aid assistance is focused on providing maize at low or no costs to food insecure regions. This approach does not meet the food needs of consumers in regions where maize is not a large share of the diet, and conditional cash transfers may be more appropriate in such cases.

Food consumption patterns are also changing rapidly and maize will become a smaller share of diets while rice and other high value food items will become more important. Recent research (Lazaro 2014) estimated the demand for rice and maize from primary household data and found that the demand for rice is growing five times faster than the demand for maize in response to income growth. While the results are not nationally representative, they do show strong changes in consumer demand for the areas of the study. The results show that consumers have a high preference for domestic rice varieties with elasticity estimates indicating weak substitutability between domestic and imported rice varieties.

Category	Expenditure elasticity	Budget shares
Imported rice	1.0736	0.05
High quality domestic	1.0245	0.13
Average quality domestic	0.9934	0.32
Other domestic varieties	1.0725	0.07
Other cereals	1.0497	0.08
Maize	0.1803	0.36

MUCHALI is the multidisciplinary operational framework designed to provide actionable knowledge to stakeholders in food security. It does not exist as a government department in its own right, but operates on the basis of cooperation amongst the various stakeholders who allocate the resources that allow the MUCHALI framework to function. In its original design, MUCHALI was expected to undertake situation analysis (especially the real-time updating of current and projected food and nutrition conditions), intervention analysis, decentralization support, information management, operational support and additional research when needed. However, current resources are inadequate to support the comprehensive activities described. Instead MUCHALI oversees a twice-yearly process of data collection and analysis by cooperating stakeholders. This process results in the generation of actionable knowledge in the form of Integrated Phase Classification (IPC) data for each District that is presented in report form for onward circulation both to stakeholders and to other agencies (including other Ministries and Donor agencies). As of July 2014, MUCHALI has yet to undertake a 2014 assessment due to the limited availability of resources. Part of the reason for the limited scope of activities of MUCHALI lies in the delay in its formalization as an institutional entity rather than the ad-hoc assembly of stakeholders interested in food security that it currently represents. Until such formalization has occurred, the MUCHALI framework will lack a single dedicated source of finance and remain exposed to external influences.

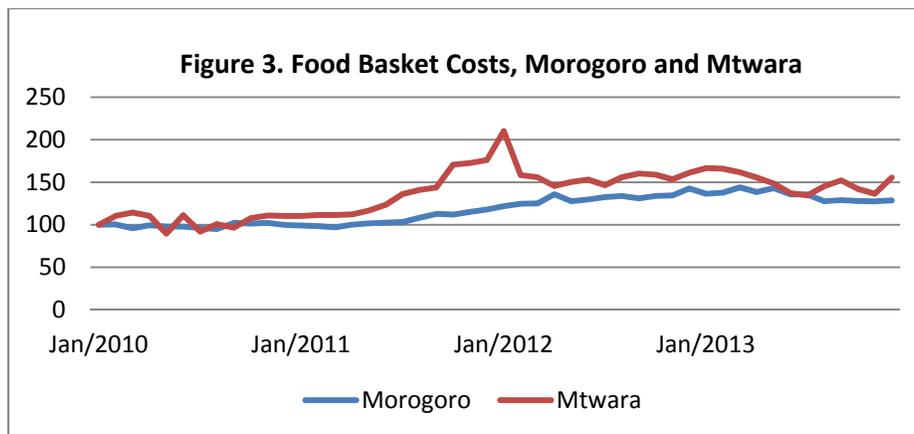
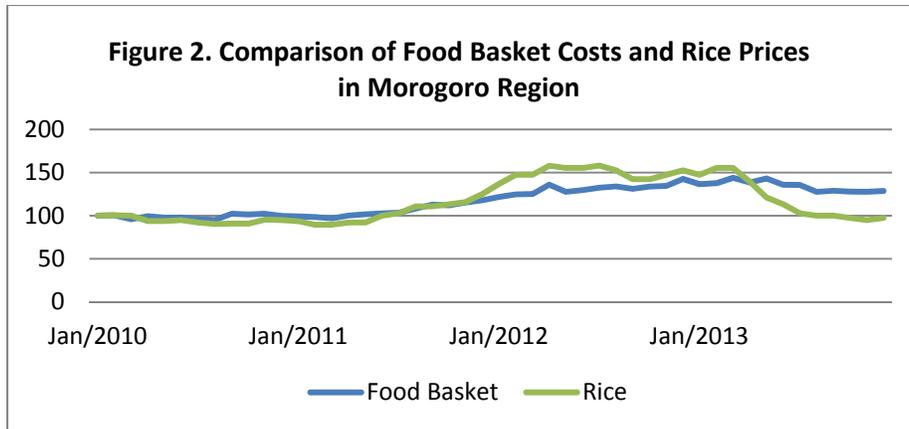
Recommendation: Formalize MUCHALI into an institutional entity and increase resources for its activities.

Action: Begin efforts to institutionalize MUCHALI and obtain dedicated financing.

The SERA Project in collaboration with the USDA's Economic Research Service has developed, piloted, and trained Ministry of Agriculture, Food Security, and Cooperative's staff on the estimation and use of the cost of a typical food basket in each region. This broader measure of food costs is computed from the retail prices of the 17 largest food items in the typical food basket, and is significantly less variable than the prices of key food items typically monitored. For example, the cost of the typical food basket in Morogoro region and the retail prices of rice are shown in Figure 2. The cost of the typical food basket rose 19 percent from January 2011 to December 2011, while the retail price of rice rose 34 percent. Conversely, the cost of a typical food basket fell 6 percent from January to December of 2013 while rice prices fell 15 percent. The Food Basket Methodology has the advantages of being timely, objective, and quantitative which facilitates comparison of food costs over time and between regions. The food basket costs can also capture significant food cost increases in regions without a food crop shortage as shown by the case of Mtwara compared to Morogoro in Figure 3.

Recommendations: Monitor food basket costs in each region using the Food Basket Methodology.

Action: Ministry of Agriculture, Food Security, and Cooperatives to calculate food basket costs in each region and disseminate results to other Ministries for their own use.



The estimation of food basket costs can be integrated into the MUCHALI framework to better identify vulnerable groups through regular monitoring of food basket costs in all regions. Such monitoring can provide MUCHALI with a regular overview that facilitates focusing on key regions when food security concerns are identified. However, the chronically food insecure in each region will not be identified by this approach and community based efforts are needed to identify such groups and individuals and provide targeted support through TASAF or other programs. Better coordination between MUCHALI and TASAF would also be beneficial.

Recommendation: Integrate food basket costs into MUCHALI framework

Action: MUCHALI to work closely with MAFC to integrate the Food Basket Methodology into their analysis.

Good agricultural data is essential to good policy decisions, and efforts are underway to improve the estimates of food crop production, stock levels, and prices. This effort is led by the National Bureau of Statistics with support from USAID and other donors, and an implementation team that includes the U.S. Department of Agriculture. An annual survey of agriculture has been designed, but not completed by NBS and this is a high priority. Retail prices collected by NBS and wholesale prices collected by the Ministry of Industry and Trade do not differentiate quality and variety, and this is also a high priority.

Recommendation: Improve agricultural data.

Actions: NBS to complete survey of agriculture. NBS and MIT to expand their price collection activities to include prices for different crop varieties and qualities.

4. Hold Adequate Food Grain Reserves

Tanzania is a surplus food crops producer in most years, and the magnitude of the surplus is expected to increase in the future as production increases faster than demand. However, Tanzania is also vulnerable to droughts and other weather disturbances that can lead to production shortfalls. Food grain reserves can offset the impacts of such production shortfalls and also provide stocks for disaster relief and food aid to vulnerable groups. However, stockholding is costly and budgets for such stockholding are limited; and it is important to determine the appropriate level of stocks that will meet a shortfall of an expected frequency. Research undertaken by Associates for International Resources and Development (AIRD) for this Policy Options Paper reached a number of important conclusions, which are summarized here.²

In the long run, the most cost-effective way of promoting food security in Tanzania is to exploit its comparative advantage within the region in food production, especially of rice and maize, and build up its capacity to increase that production in ways that involve the poorer elements of the population as farmers or wage laborers. This will increase their incomes, providing them with their best insurance against food insecurity.

Since increases in grain production will result in the generation of growing surpluses in most years, it is important that the Government do everything that it can to encourage the export of those surpluses to neighboring countries, which are likely to increasingly be in food deficit. This will raise incomes in Tanzania and contribute to broader based food security. This means avoiding any quantitative restrictions on trade, such as export bans and trade permits. These do not work as intended and are quite disruptive to grain markets, which inhibits their development and discourages growth of production.

In the meantime, the Government has an obligation to assist those households which do not produce enough food for their own needs and do not have the income and wealth to supplement their own food resources. The choice has been made to provide most of this assistance in the form of food, primarily maize. The analysis shows that 100,000 MT of food purchased by NFRA each year at the time of harvest and held seasonally until sold or otherwise distributed before the next harvest will on average be sufficient for the food assistance program over a five-year period, especially now that production of maize and rice has increased quite markedly. The balance of what is not used for food assistance can be sold on the market before the new crop is harvested. This serves as a buffer that enables supplies of food available for assistance to vary according to need, within the 100,000 MT ceiling, without resorting to retaining expensive carryover stocks.

² Details of this analysis are contained in J. Dirck Stryker and Mukhtar Amin, "Tanzania National Food Reserve Agency's Role in Assuring Food Security," Final Report Draft, Revised December 2014.

The magnitude of emergency food shortfalls that are likely to occur less frequently than once in five years, because of variations in production about the trend, is low in relation to the size of private carryover stocks and the capacity of the private sector to fill much of the gap through food imports. Nevertheless, the shock of these shortfalls will fall disproportionately on poor households without the means to supplement their own production through food purchases. To cushion these households, additional food supplies for public sector food distribution will be necessary – from food storage carryover or from food imports.

The cost of NFRA storing food carryover beyond the annual food procurement, which is only held seasonally, can become prohibitive. The financial cost of this carryover for a period of five years is estimated at 698 USD/MT, which is considerably in excess of the cost of importing food from South Africa and transporting it up country to food deficit regions, which is about 464 USD/MT. If these carryover stocks are held for longer than five years (assuming three-year turnover to avoid spoilage), costs rise in proportion to the time held.

It is recommended that NFRA continue to procure about 100,000 MT of grain annually. This may be used for food assistance, based on the MUCHALI assessment, or, to the extent that not all the grain is needed for that purpose, it can be sold to World Food Program (WFP), millers, prisons, external buyers, and other destinations at market prices, which should in the long run cover procurement and storage costs because of the seasonal rise in prices. To the extent that the Government requires that these sales be below market prices, NFRA should be compensated for the subsidy implicitly involved. However, it should be recognized that these subsidized sales are disruptive to market development and generally involve the allocation of unearned rents to selected buyers. The same can be said for prices paid above the market price for grain purchases. In neither case are NFRA transactions sufficiently large to establish effective price ceilings or floors. Instead they disrupt the market, transfer rents to favored parties, and reduce NFRA's profitability. This is especially important to the extent that NFRA is called upon to perform public functions for which it is unable to recover costs, such as food assistance, maintaining strategic reserve carryover stocks that are greater than those required for transactions purposes, and price stabilization operations.

NFRA continue to procure about 100,000 MT of grain annually

- Use what is required for food assistance, with the rest being sold on the market
- Subsidized sales should be compensated for in Government budget
- Improve system of sales to reduce or eliminate transfers of economic rents

Beyond this annual procurement, additional carryover stocks should be determined by the budgetary resources that are available, the degree to which the Government is willing to pay more for the security of having GMO-free stocks compared with imports, and the degree to which additional evidence suggests there is greater risk than is shown by existing food production data. Such risk might involve the danger of flooding, pestilence, or other natural disaster – with respect to both its magnitude and its frequency. Costs will vary with each of these dimensions. The greater the magnitude, the more grain must be set aside; the lower the

frequency of occurrence, the longer on average will the grain have to be retained in reserve until used and the higher the cost of holding it.

Determine level of carryover stocks

- Determine target level of carryover stocks in relation to budgetary resources that are available, degree to which the Government is willing to pay more for the security of having GMO-free stocks compared with imports, and degree to which additional evidence suggests there is greater risk than is shown by existing food production data. Such risk might involve the danger of flooding, pestilence, or other natural disaster.
- Apply this target to NFRA operations.

In the event of the unlikely coincidence of a very bad crop year and a price spike on world markets, Tanzania would have to take extraordinary measures to assure adequate supplies of food for its population. This would likely involve assistance from the international community. Financial instruments such as futures and options could be used to secure offshore reserves, but they present challenges including the cost of maintaining such financial instruments and the inability to secure GMO-free reserves. All the evidence presented in this analysis suggests, however, that the coincidence a very bad crop year and a price spike on world markets is extremely unlikely and would be highly costly to protect against in advance by holding food reserves.

One low-cost approach for NFRA to hold larger reserves is by designating these reserves as available for sale on a seasonal basis. Recently, Tanzania sold 200,000 MT of grain to Kenya and there is also the possibility of arranging a sale to the DRC. Sales contracts have also been signed with WFP. As Tanzania moves increasingly into surplus grain production, these transactions can assist in the disposal of surpluses through exports. In the event of local shortages in Tanzania that require more food assistance than the 100,000 MT of annual purchases, some these stocks could be diverted to local assistance programs. However, care must be taken to avoid building up large carryover stocks in order to remove surplus grain from the market and support the market price. This will become very expensive. Even more threatening would be to build additional storage capacity for the purpose of storing most of the surplus grain that is produced. Disposal of this surplus must involve increased exports and not just putting the surpluses into storage. To do otherwise would be very expensive, would be unaffordable, would disrupt the market, and would create great uncertainty regarding what market price would prevail. This was one of the reasons why the old Strategic Grain Reserve went bankrupt.

Enlarge NFRA grain reserves

- Study feasibility of enlarging NFRA grain reserves by commercial operations that serve as a backup source of food security in the event of an emergency
- Ensure that these reserves can be disposed of at reasonable prices on the export market
- Avoid building additional storage capacity for this purpose

One operating consideration is whether NFRA should purchase reserves from regional markets when adequate supplies are not available in Tanzania. This situation occurred in 2013 when

Tanzania purchased maize from Zambia to replenish warehouse stocks. In this capacity, NFRA is operating in an efficient manner, reducing its costs, and maintaining its role as a public grain agency. As long as these operations are not taken for political reasons, which might impose losses upon NFRA, there seems to be no reason why the agency should not operate, regionally or internationally, on both sides of the market.

At present, NFRA's procurement and storage costs are very high. This will make it difficult to compete with the private sector. One item that has been identified as contributing to these high costs is the maintenance of buying stations throughout the country. There are also inefficiencies in and lack of proper equipment for handling and storage. These constraints need to be investigated and steps need to be taken to reduce their costs if NFRA is going to be competitive in the commercial purchase, storage, and export of grain.

Reduce NFRA operating costs

- Analyze the feasibility of closing most NFRA buying stations and buying directly from farmers and traders instead
- Identify changes and equipment required for NFRA operations to become less costly

Prices of food in Tanzania are linked with food prices within the region, and particularly in Kenya, where prices are determined by local demand and supply conditions and by the price of grain imported from South Africa. Demand and supply conditions in Tanzania are also important, especially during the vuli season, which can determine the direction of trade with Kenya early in the year. When the major crop is harvested, however, Tanzania becomes an exporter to Kenya and its prices are determined largely as a residual after subtracting transport and other transfer costs. This presents an opportunity for Tanzanian producers and exporters. The Government can do very little to alter these market relations and any attempts to do so will just disrupt the market, creating rent-seeking opportunities and lower prices to farmers without lowering prices for consumers.

The issue of the optimum location of storage is determined by economies of scale in storage, the cost of transport, the degree of heterogeneity of consumption patterns, the timing of harvest and hungry seasons, and numerous other variables, which are likely to change over time. No thorough analysis of existing patterns of intra-NFRA transport and storage has been attempted here, though these costs appear to be high. Furthermore, no data were available to analyze quantitatively the relative merits of storage by farmers, traders, and NFRA.

One way in which NFRA could lower its cost would be to operate competitively in a transparent and rules-based way. This not only would reduce the market disruptions that occur, but it would also enable NFRA to maximize its trading profits to offset its other costs. This is especially important to the extent that it will have carryover stocks to roll over because in most years the demand for food assistance will be well below the stocks that it is carrying against bad years.

Ensure that NFRA operates in a transparent and rules-based way

- Issue procedures manuals that specify how operations take place in transparent and rules-based way

- Provide oversight assure manuals being adhered to
- Define list of equipment needs and their cost, and incorporate into budget request

Although it is important that Tanzania be well integrated into the East and Horn of Africa grain market, this does not imply that there would be much benefit to Tanzania from participating in a regional public storage program. The experience in SADC is not reassuring regarding the ability to get agreement among member states on such a program. Furthermore, climate conditions among potential members are not sufficiently different that there would be important gains from taking a regional approach. Finally, transportation costs and other barriers to trade would minimize any advantages that might pertain.

NFRA could help develop private storage sector. For example, a warehouse receipts system might be coupled with the option of NFRA using part of its storage capacity for private storage, conditional upon the private trader making those stores available for public distribution at an agreed upon price in the event of an emergency. There might also be a role for forward contracts for food delivery to NFRA. This would help to reduce the risk associated with market transactions.

NFRA assist in developing private sector storage

- NFRA develop a warehouse receipts system coupled with the option of NFRA using part of its storage capacity for private storage, conditional upon the private trader making those stores available for public distribution at an agreed upon price in the event of an emergency.
- NFRA investigate possible role of forward contracts for food delivery

5. Establish a Transparent Rules-Based System for Emergency Food Imports

When Tanzania experiences unusually high and sustained domestic food price spikes, policy makers will be forced to alter the prevailing policies related to food importation. Under emergency food security conditions, the Government can employ various trade and other food policy instruments for mitigating the effects of extreme price increases. One such option is a trigger price mechanism where the Government intervenes by suspending or significantly reducing import tariff rates. The tariff reduction should be coupled with an auction-based import permit system where the market is allowed to determine the “effective tariff rate” that the private sector is willing to pay for the predetermined quantity of import permits. The main advantages of such a system is that market forces drive the process and the level by which tariff rates are reduced, without the disadvantage of being too drastic and disrupting the domestic market. However, there are several practical reasons why such a policy option may not work well under emergency food security conditions. First, importers may bring in large amounts of food, but not release it to the market. The incentive would be for the private sector not to release the imports, but to hold them in stock, waiting until tariff rates are re-imposed. Once prices fall below the trigger price and the Government re-imposes tariffs, the stored imports will have a cost advantage over any subsequent imports brought in under a full tariff regime. The second problem is disruptions related to regional markets. Since Tanzania is a member of the East African Community and can export within the EAC duty-free, reduction of tariff rates in

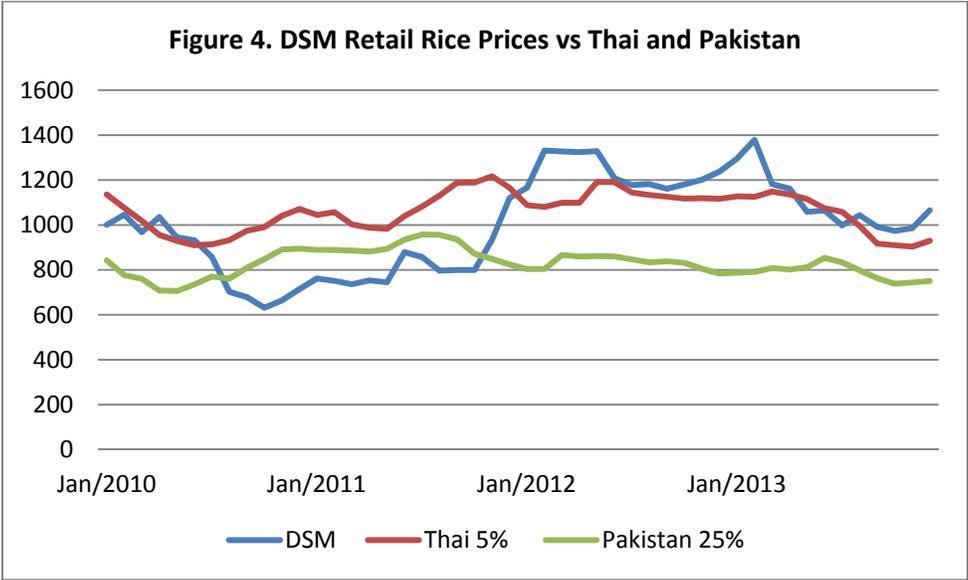
Tanzania without corresponding reductions in other neighboring countries would encourage re-exports, defeating the very purpose of increasing food availability in the country. In this situation, neighboring countries would be entitled to impose import taxes. This would be particularly harmful to potential exports from Tanzania, since importing countries would not be able to differentiate between actual re-exports and exports legitimately originating in Tanzania.

A second option is for the Government to assume the responsibility of importing food, although not directly taking on the task of food importation. Instead, the public sector can issue Government tenders, after which the Government can negotiate fixed price contracts with private importers. Once the private sector imports the food, the Government can then either distribute the food itself or release the food through existing marketing channels. The latter might be the case if the domestic price has fallen below the price paid to the importers by the Government. The rationale for such a system may be that, under emergency food security conditions, the Government may not feel assured that the private sector will respond quickly based on tariff changes alone. In particular, the public sector may be under political pressure to show that it is actively managing a food security crisis. In such a circumstance, the Government may opt to take a more direct action by assuming the responsibility of importing food. There is also a symbolic advantage in such a measure: the message sent by direct Government importation is very different from that conveyed by changing tariff rates and leaving it to the private sector to do the rest. An announcement of Government importation sends the message that the State is looking to protect its population from famine, whereas tariff rate changes do not have as strong political symbolism. In practice, however, such a system would entail a major Government involvement in food marketing, which will clearly set back the country's long-term goal of developing its private marketing system.

Given the fundamental limitations of the alternatives described above, Tanzania should opt for a rules-based emergency food import system that is predictable, transparent, and consistent with ensuring stable markets and long-term development of the private sector. Frequent policy shifts can create uncertainty and dampen trader incentives to import in potential food emergency situations. It is therefore crucial for the Government to put in place rules-based trade policy instruments that have some basic features in their design, including:

- a) They should be least disruptive to the private market
- b) The rules should be spelled out in advance, and Government needs to be credible in that it would fulfill its commitments. Lack of commitment to pre-defined rules would defeat the very essence of a rules-based emergency import system.
- c) The process of identifying and spelling out the roles of all the stakeholders should be transparent and inclusive.
- d) The policy option chosen should be one that the Government is administratively capable of accomplishing. A policy prescription may be sound in its design, but if the public sector does not have the capacity for effective implementation, it is unlikely to improve the situation.
- e) The policy option should sufficiently address the main concerns of the Government, including the risks of price spikes and their impact on social order and macro-economic stability.

Under normal market conditions, Tanzania should therefore rely on the East Africa Communities’ Common External Tariff on imports of food crops, such as rice, to regulate imports. Fluctuations in domestic prices would make imports profitable at certain times and unprofitable at other times and that would allow imports to dampen Tanzanian price movements. For example, the tariff on rice imported from outside the EAC is 75 percent and the landed world market price plus tariff on rice from Thailand was approximately USD890 per ton in October 2014: the landed price of lower quality Pakistan rice was approximately USD750 per ton. The retail price of local rice in Dar es Salaam (DSM) was approximately 1,200 TSH/kg or about USD725 per ton. Consequently there was no incentive to import rice from Thailand after paying the EAC tariff, and little incentive to import lower quality Pakistan rice. However, over the period 2010-2013 (Figure 4), there would have been several times when it would have been profitable for traders to import rice from Thailand and Pakistan, and those imports would have moderated or capped DSM retail rice prices. As shown in Figure 4, for example, DSM rice prices were above the levels required to make imports profitable during most of 2012 and part of 2013. Since Thailand’s rice is less preferred than locally produced rice, imports may not fully cap the DSM price but they would moderate the price increases and provide a lower cost alternative to consumers. Pakistan rice would have been imported almost continuously during 2012 and 2013, though this would have had little effect on DSM domestic rice prices because of the large quality differential. Thus under normal market conditions (when imports are occasionally profitable after paying the EAC import tariff), imported rice would moderate domestic prices and emergency imports would not be required.



On rare occasion, the landed prices of rice imported from Thailand and Pakistan may be above the level that would provide incentives for imports and the domestic price may be higher than desired by Government. For example, suppose the landed world market price plus EAC tariff was USD1,200 per ton for high quality rice from Thailand and the DSM price reached USD1,000 per ton. Imports from the world market would not enter until the Tanzanian price reached

USD1,200, and the Government might want to prevent such price increases. This would be an occasion when emergency imports could be considered.

In such conditions, the Government should intervene by reducing the tariff rates, but only after the pre-determined price level has been exceeded. Here, we take USD1,000 as the domestic price per ton of rice that the Government would not want to exceed, but the general price threshold that triggers Government intervention must be determined according to well-defined criteria and take into account both technical matters as well as social/political choices. The targeted domestic price of the imported food can then be achieved by a variable levy, which would arrive at the targeted domestic price by varying the duty rate in relation to the import parity price so that the sum of the two would equal that target.

Under this scenario, the variable levy would call for EAC tariff reduction from 75 percent to a level, such that the landed price of rice from Thailand would fall to just under USD1,000 per ton, which would allow imports to prevent DSM prices from rising significantly above USD1,000 per ton. These emergency import procedures would need to be submitted to the EAC in advance and Tanzania would want to engage in discussions with EAC members prior to its request for approval of specific application of the procedure.

A critical aspect of this policy instrument is that it allows the private sector to determine the volume of imports that are needed to bring the market price down below the trigger price. In other words, the Government would not dictate the volume of imports that importers can bring into the country, since the ultimate goal of the Government is simply to ensure that prices stay below the predetermined ceiling. In addition, the Government would not set a date by which importers need to bring in their imports, but instead would concentrate on manipulating tariff rates until the desired price level is achieved. Once prices have come down and are below the trigger price, the tariff rate would automatically go up to its original point, but would not rise above that rate.

Another situation when emergency imports might be required is when world market prices are above levels that allow profitable imports even with a zero EAC tariff. This happened in 2008 and 2009 when world market rice prices rose to extreme levels. In this case, Tanzania could take several actions, including obtaining approval from the EAC to reduce the import tariff to zero. Tanzania could also request support from the donor community and development agencies for financial assistance for emergency food imports (as was done by many countries in 2008 and 2009). This would allow limited imports of key food items. Tanzania could also reduce import tariffs on other food crops such as wheat (with EAC approval) to provide consumption alternatives to consumers. Other actions could also be considered such as regularly using foreign futures markets to secure offshore stocks, but such actions are costly and could go unused for many years while being costly to maintain.

These cases provide the basis for a rules-based system for emergency food imports.

Rules-Based System for Emergency Food Imports

1. Under normal market conditions, allow the East Africa Community's Common External Tariff to regulate food imports and stabilize domestic prices.
2. When domestic market prices breach a predetermined trigger level and imports paying full EAC tariff rates are not profitable for the private sector, request approval from the East Africa Community to reduce the Common External Tariff by an amount required to make imports profitable and cap domestic price increases.
3. In extreme circumstances, when world market prices are above the levels that allow profitable imports even with a zero EAC import duty, approach the international community for financial assistance for market imports, and request approval from the EAC to reduce the import tariff on related food items.

A transparent and rules-based system would provide an action plan when emergency food imports may be needed. The role of the public and private sectors should be clearly identified in order to prevent rent seeking and market manipulation, and decisions should be communicated to prevent market disruptions. The decision to allow emergency imports should be based on the most reliable data available. At this time, that appears to be retail food prices which are collected monthly by the National Bureau of Statistics from major markets in each region. While this data lacks details on grades and volumes, it appears to be the best available information for policy decision making and is internally consistent when subjected to rigorous statistical analysis. Food production and stock data can be used to validate signals provided by the price data, but such data is only periodically available. Prices of a typical food basket could be used to quantify the impact of the rise in a specific food item such as maize or rice on the consumer's food costs. A price trigger could take the form of prices exceeding a previously agreed threshold or prices increasing by a certain percentage over a specified period. Once a price trigger is reached, an investigation should be undertaken to determine whether emergency food imports are required. Transparency is important to allow the private sector time to adjust.

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Annex 5. Schedule – Food Basket Methodology Training, November 6 – 7, 2014

SCHEDULE
Food Basket Methodology Training
6 – 7 November 2014
Blue Pearl Hotel, Dar es Salaam

Time	Activity	Responsible
Day 1, Thursday, November 6		
9.00 – 9.15	Welcome and Introduction	Aneth, Josephat, Nancy
	Training Schedule and Logistics	Josephat – SERA Project
9.15 - 10.00	Review results of June training	Nancy
10.00 – 10.30	Review of data used in Food Basket Cost	Nancy, Aneth
10.30 - 11.00	Tea Break	
11.00 – 12.30	Class divided into groups of 2 to begin updating the food baskets with new price data	Class
12.30 - 1.30	Lunch	
1.30 – 3.00	Presentation of new results by region Class assignment: Prepare a one-page report summarizing food basket results and explaining the factors behind the trends	Class
3.00 - 3.30	Tea Break	
Day 2, Friday, November 7		
8.30 - 10.30	Review of class write-ups	Nancy, Aneth
10.30 - 11.00	Tea Break	
11.00 – 12.30	Group discussion: <ul style="list-style-type: none"> • Can this analysis be integrated into your other work • What obstacles do you face in integrating this methodology • Resolving remaining data issues 	Nancy, Aneth
12.30 - 1.30	Lunch	
1.30 – 3.30	Group discussion continued	Nancy, Aneth

Annex 6. List of Participants – Food Basket Methodology Training, November 6 – 7, 2014

**LIST OF PARTICIPANTS
Food Basket Methodology Training
6 – 7 November 2014**

Name of Participants	6 Nov	7 Nov
1. Marystella Mtalo	√	√
2. Wilson Katunzi	√	√
3. Halima Kwikwega	√	√
4. Godian Magai	√	√
5. Eradius Katigano	√	√
6. Beatrice Ntoga	√	√
7. Emmanuel Experius	√	√
8. Abas Kambo	√	√
9. Robert Julius	√	√

Annex 7. Knowledge Evaluation – Food Basket Methodology Training, November 7, 2014

**SUMMARY OF KNOWLEDGE EVALUATION
Food Basket Methodology Training
7 November 2014**

Number of Training Participants: 9

Questions: 1-9

Q1. Knowledge and Experience in applying concept and skills

Response:

More than 50 percent participants said they have mastered the subject and can teach others however 80 percent of those who have mastered the topic have not yet applied. Exceptional case whereby one responded saying ‘had no knowledge of the concept’

Q2. Training seminar was informative:

Response:

90 percent of participants agree while 20 percent neither agreed nor disagree on if presenter covered the subject matter in detail and addressed all questions and issues.

Q3. Evaluation of training topics 1 to 5 with 5 very useful and 1 as little use

Topics:

- 1. Basic principles of Food Basket Methodology**
- 2. Demonstration of Food Basket Costs (FBC) - Two regions**
- 3. Clarifications of data used in FBC**
- 4. Scale up to derive total FBC and measure access by income quintile**
- 5. How to prepare report on calculations and results**
- 6. Comparisons across regions and time series**
- 7. Compile one report for submission to the authority**
- 8. Presentation of the report to the authority**

Response:

On average for all topics about 90 percent of participants rated 3 and 4 which indicate each topic was useful

Q4. What did you find most helpful in this training program?

Response:

- *Including other food items*
- *No comment*
- *Effect of prices in the region affected by supply and demand of crop*
- *No comment*
- *Calculating the food basket cost per region*

- *No comment*
- *Use of FB approach to measure food access*
- *Useful*
- *Learning more methodology of food security*

Q5. What did you find was least helpful in this training program?

Response:

- *Practical (field)*
- *Price data not correct*
- *No comment*
- *Price data*
- *Conversion of milk, chicken and oil*
- *Nothing*
- *Plan of activities should avoid overlapping with Ministry activities*
- *Data source are questionable*
- *Data source not good*

Q6. How could the training around FBM have been made more useful and productive for you?

Response:

- *Improving my knowledge on food access issues*
- *Set data for district prices and pay transport allowance daily*
- *Price changes as a result of supply and demand provide early warning to intervene*
- *Average*
- *Calculating FBC and analysis*
- *Knowing food access*
- *More field work and practice*
- *Trained FBM to train local government staff at district level*

Q7. What did you learn in this program that you were able to apply in your work?

Response:

- *All are applicable only limiting factor –data sources*
- *Nothing serious (for us business as usual)*
- *Plotting graph and calculating nominal and real cost*
- *All topics*
- *Graphical presentation and report writing*
- *Knowledge of FBM will be useful for food vulnerability*
- *To estimate food access*
- *Use of price to analyze food security*

Q8. What additional FBM training would help you improve your effectiveness?

Response:

- *No comment*
- *Nutritional aspect*
- *Interpretation of results and implications*
- *moderate*
- *to calculate calories share*
- *Training of local/district price collectors*
- *More practical needed*
- *Practice to master it*

Q9. Please provide any additional comments or questions you have on this training program.

Response:

- *Strengthening data sources in order to draw reliable inferences to decision makers*
- *Sitting allowance and transport allowance*
- *Price data to come from lower than regional market*
- *No comment*
- *Careful cross-check price data*
- *Train extension officers at district level on FBM because they are compiling data from farmers and village markets*
- *Program is good but data should be retail price/farm gate price*
- *Consideration of comments provided by trainees to move forward*

Annex 8. Concept Note – Implementation of the Food Basket Methodology

CONCEPT NOTE Implementation of the Food Basket Methodology

Background

SERA Project has facilitated three Food Basket Methodology (FBM) training for nine MAFC - NFSD staff. The FBM calculates cost of food basket using retail prices available on request from NBS and regional per capita consumption of basic foods common in the Tanzanian diet from NPS. This method allows the food basket cost to be calculated over time to measure food security trends. With the timely price data available from NBS, this method can provide early warning of an impending food crisis. Monitoring changes in food costs relative to consumer purchasing power can provide feedback on the effectiveness of government food security policies, the efficiency of marketing systems, and the investment required to address problems of food security. Furthermore, this method relies on data that are already available and avoids the high cost of primary data collection

In January and June 2014, ERS and SERA Project conducted training for staffs of the MAFC National Food Security Department (NFSD). At the end of June training nine participants demonstrated that they were able to calculate food basket costs. A total of twelve regional food basket cost was calculated and results were analyzed and a presentation of the work was made to Deputy Permanent Secretary MAFC. Review conducted in November 2014 on the status of the application of the methodology indicated that a pilot phase is required.

Objective

The objective of the pilot activity is to demonstrate how the FBM can be applied across various regions over a time series and explore how the information can used and incorporated in the work of the Early Warning Unit. Specifically participants will:

- i) develop and sharpen the skills of calculating the cost of the food basket for regions for a three month period of time;
- ii) experiment the use of existing data and build confidence on the use and application of the Methodology;
- iii) practice reporting the of FBM for policy decision; and
- iv) explore how FBM can be integrated to other activities of monitoring food security.

Activities

- i) Select and agree number and name of regions for piloting
- ii) Collect relevant data from NBS for use in computation of food costs
- iii) Calculate FBC for agreed regions using FBM template
- iv) Interpret results and write report for the regions.
- v) Present report (with recommendations) to a panel of NFSD early warning top officials. SERA to be invited.

Deliverables

A report of the Food Basket Cost (FBC) for agreed regions

Timeframe

Suggested period is beginning January 2015 for the agreed months.

Annex 9. Schedule – Zanzibar Food Basket Methodology Training, November 4 – 5, 2014

SCHEDULE
Zanzibar Food Basket Methodology Training
4 – 5 November 2014
Zanzibar Beach Resort, Zanzibar

Time	Activity	Responsible
Day 1, Tuesday, November 4		
8.30 – 9.00	Registration	All
9.00 – 9.15	Welcome and Introduction	Aneth – SERA Project
	Training Schedule and Logistics	Josephat – SERA Project
9.15 - 10.00	Basic principles of Food Basket Methodology	Nancy
10.00 – 10.30	Review of data used in Food Basket Cost	Nancy, Aneth
10.30 - 11.00	Tea Break	
11.00 – 12.30	Constructing the Food Basket for Zanzibar	Nancy
12.30 - 1.30	Lunch	
1.30 – 2.30	Using Retail Prices to Calculate Food Basket Cost	Nancy
2.30 – 3.00	Measuring Access	Nancy
3.00 - 3.30	Tea Break	
3.30 – 4.30	Participants Update Food Basket using most recent retail price, CPI and GDP data	Nancy, Aneth
Day 2, Wednesday, November 5		
8.30 - 10.30	Participants finish updating food basket; prepare charts illustrating main trends	Nancy, Aneth
10.30 - 11.00	Tea Break	
11.00 – 12.30	Group discussion: How to interpret results?	Nancy, Aneth
12.30 - 1.30	Lunch	
1.30 – 3.30	Group discussion continued: <ul style="list-style-type: none"> • Can this analysis be integrated into your other work • Resolving remaining data issues • Can you use this OCGS household survey • Can you calculate food baskets at the sub-regional level? 	Nancy, Aneth

Annex 10. List of Participants – Zanzibar Food Basket Methodology Training, November 4 – 5, 2014

**LIST OF PARTICIPANTS
Zanzibar Food Basket Methodology Training
4 – 5 November 2014**

S/No	Name of Participants	Institution	Position	4 Nov	5 Nov
1	Khamis Ahmada Shauri	OCGS	Head	√	
2	Khamis Abdulrahman Msham	OCGS	Statistician	√	
3	Salma Saleh Ali	OCGS	Statistician	√	
4	MwatimaKheirChimbeni	OCGS	Data collector	√	
5	MwatimaAbdiBakari	OCGS	Data collector	√	
6	SafiaAbdalla Ali	OCGS	Data collector	√	
7	Mansura M Kassim	MANR-FSND	Director	x	
8	Asma Bilal Gharib	MANR-FSND	Head of FSN, Monitoring and Early Warning	√	√
9	Aziza Othman Mohammed	MANR-FSND	Assistant MIS	√	√
10	HidayaAbdalla Ali	MANR-FSND	Data Clerk	√	√
11	HabibaSuileman Mohamed	MANR-FSND	Data Clerk	√	√
12	Anisa K. Suleiman	MANR-FSND	Nut Officer	√	√
13	Bahati Kitwana Hussein	MANR-Market Collector	Darajani, Mombasa, Mwanakwerekwe markets	x	
14	KomboMakameKhamis	MANR-Market Collector	Mkokotoni market	√	
15	Suleiman A Hamad	MANR-Market Collector	Head of market	√	

x - invited, but unable to attend.

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