

**MINISTRY OF AGRICULTURE, LIVESTOCK
AND NATURAL RESOURCES
ZANZIBAR, TANZANIA**

**PRIORITY AREAS FOR INVESTMENT IN
AGRICULTURAL SECTOR**

*PRESENTATION MADE TO
THE US BUSINESS COMMUNITY IN SOUTH AFRICA TO
EXPLORE COMMERCIAL OPPORTUNITIES IN TANZANIA*

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INTRODUCTION

General Information

Zanzibar, which is one of the two constituents of the United Republic of Tanzania under a federal constitution, comprises two sister islands Unguja and Pemba and a number of islets. The total area of both islands is 2,643 km² (Unguja 1,658 km² and Pemba 985 km²). The two Isles lie between 4^o and 6^o South of the Equator and are separated from Tanzania Mainland by a channel of about 40km at its narrowest point. The total population is estimated at 850,000 (1998) with an average annual growth rate of about 3.0%. The climate of Zanzibar is tropical humid with a bimodal rainfall pattern. The temperature is equatorial type with little seasonal variation. Daily temperature varies from 22–30^oC and the mean annual rainfall is around 1,800 mm.

Contribution of Agriculture

Agriculture is the most important sector in Zanzibar. It contributes about 75 percent of foreign exchange earnings, employs about 60 percent of the labour force and provides 30 percent of tax revenues. Exports of cloves provide the most important source of cash income. However, its contribution to total GDP has been fluctuating during the 1990s. Between 1992 and 1994 agriculture's contribution to GDP (at current prices) declined from 43 percent to 34 percent; thereafter agriculture's share rose steadily to 38 percent by 1997. The decline in agriculture's share of GDP is partly explained by the drop in crop production and partly by an increase in the contribution to GDP by other sectors. Tourism in particular has increased its share to GDP (at constant prices) from 11 percent in 1992 to 14 percent in 1997.

Farming Systems

The agricultural sector has two major zones, namely, plantations on the more fertile upland areas of both islands, and the more marginal coral rag. The plantation zone has a total cultivable area of 130,000 hectares of which about 85 percent are under permanent tree crops; this leaves little scope for expansion. Landholdings are quite small, ranging between 1 and 1.2 hectares.

The average landholding of the cultivated area covering 70 percent of the farms is about 1.6 ha; the remaining 30 percent of the holdings are less than 0.8 hectares. About 5.4 percent of all rural households own no land and rural off farm employment opportunities are almost absent. Thus landlessness and the consequent vulnerability to poverty is an issue of concern to policy makers.

Export Crops

Export crops cover about 40 percent of the total cultivated land. Clove is the most important export crop. Despite a steady decline in world market prices, domestic fluctuation in annual production and limited absorptive capacity of the world market, clove exports still contributed about 70 percent of foreign exchange earnings in the pre 1994 period. In view of new clove plantations coming on stream in Indonesia and Latin America, there is no indication that the secular decline in prices of cloves will recover in the near future; hence the role of cloves as a leading source of growth and development remains uncertain. Other cash crops include coconut, seaweed, fruits and spices.

Food Crops

The remaining 60 percent of the total cultivated land are under food crops. Cassava, the major staple crop is grown by virtually every rural household; bananas, sweet potatoes, legumes and maize follow it. Rice, the preferred food, is grown wherever there is suitable land. Except for rice, all other crops are intercropped in complex associations, often under tree crops. Annual food crops production fluctuate widely and, with the exception of rice, which remains under state control, there has been a general decline in both planted area and yields of all major crops during the 1990s.

Livestock

Just over 50 percent of Zanzibar households own livestock and 23 percent own low producing indigenous cattle. Livestock contribute 12% of the Zanzibar GDP. Cattle provide high protein diets, draught power, serve as a live bank and are important in many religious and social functions. At present average annual consumption per capita of red meat and milk is estimated at 3 to 4 kg and 11 litres respectively. Cattle and goats slaughtered for urban markets have, in recent years, averaged 5000 and 4000 head annually. Climatic and ecological limitations constrain horizontal expansion of this sub-sector.

Fisheries

Fisheries constitute an important productive sector, contributing about 2.5% of GDP and 6.3% of agricultural GDP. Fish is Zanzibar's main source of animal protein with an average annual catch of 11,000 tonnes between 1992 – 1995. About 99 percent of the catch are consumed locally. Annual per capita fish consumption is estimated at 12 kg. Fish contribute 100 percent of the animal protein supplies for lower income families and about 22 percent of average family expenditure on food. In view of this important role, further exploitation of small-scale coastal fisheries and offshore fishing is considered an important untapped potential area for sectoral investment.

PRIORITY AREAS FOR INVESTMENT IN THE AGRICULTURAL SECTOR

The Ministry of Agriculture, Livestock and Natural Resources is responsible for all aspects of crops, livestock, fisheries and forestry. The Zanzibar agricultural sector offers various opportunities for investment and the domain is governed by the Investment Act of 1986 under The Zanzibar Investment Promotion Agency (ZIPA). ZIPA forms the focus of the investment climate in the Islands and all major private investments are directed through it. Priority areas for investment in the agricultural sector are elaborated as following:

(1) THE EXCLUSIVE ECONOMIC ZONE (EEZ)

Zanzibar's fisheries is mainly artisanal and most of the fishers cannot operate in the Exclusive Economic Zone (EEZ). This is due to the fact that fisheries in this zone require substantial capital and expertise, which are lacking. The only way that can help tapping offshore fish resources is by inviting the potential investors, International Agencies and donor countries to assist in promoting fisheries in the EEZ.

Possible areas that need immediate foreign intervention are:

- (i) **Surveillance**
To establish a well organised surveillance needs expertise and sufficient capital. However, Zanzibar does not have such capability and is therefore seeking bilateral co-operation with International Agencies.
- (ii) **Surveys**
Proper management plan of the EEZ cannot be established if there is no enough data on the quantity and quality of fish available. No survey has been done on fish abundance in the EEZ, thus making it difficult to understand as to how many fishing vessels ought to be licensed so as to maintain sustainable exploitation of fish resources. On that basis, international co-operation is invited in conducting surveys in EEZ.
- (iii) **Training**
Providing technical know-how to local fishers on seminal industrial fisheries by tapping offshore fish resources.
- (iv) **Fish Marketing and Storage Facilities**

In order to ensure that fish is distributed to the consumer in a hygienic condition it will be important to promote the use of market facilities that meet such conditions. Presently, there are no established storage facilities for marine products. Fishers are obliged to use their own cooling plants or refrigeration, which are costly, inefficient and do not guarantee that fish are frozen under the proper conditions. This restricts the distribution, preservation and price of marine products. The establishment of storage infrastructure is crucial in order to develop the fishing industry to its full potential.

(2) THE MAHONDA SUGAR AND PERFUME CORPORATION

The Mahonda Sugar and Perfume Corporation is located at Mahonda, about 25 km North of Zanzibar Town. The Corporation owns two sugarcane plantations, one at Mahonda extending over an area of 1,000 ha and the other at Upenja covering an area of over 400 ha. Sugarcane production is purely rainfed. The present average sugarcane production is approximately 58 tons/ha. Research results indicate that under good farm management yields could be raised to 75 tons/ha

The Mahonda Sugar Factory has a rated capacity of 400 tons of sugarcane per day, which in a 150 days milling season is expected to produce 6,000 tons of sugar per year. The sugar factory is very well designed and equipped.

Originally the Corporation was supposed to provide enough sugarcane (about 60,000 metric tons per year) to feed the mill at Mahonda whose potential production capacity is 6,000 metric tons of sugar. However, statistics shows that during its twenty-five years of operation from 1973/1974 to 1997/98, the Corporation only managed to exceed the sugarcane production target of 60,000 metric tons in 1976/77 and 1977/78 and met the sugar production target in 1976/77. The fluctuating tendency of production has persisted even during recent years with tremendous declines.

There are a number of factors contributing towards the poor performance of the Corporation. These include:

- Ageing plant and machinery coupled with poor sugarcane preparation, resulting in poor extraction of sucrose. Also, these give rise to high operating costs.
- Inadequate farm implements, tractors and sugarcane transportation equipment cause massive delays in the delivery of raw material to the factory in time for processing
- Lack of funds to purchase farm inputs such as fertilisers, herbicides and other essential pesticides.
- Lack of standby boiler and generator, which are essential to sustain the activities of the plant in case of breakdowns.

(3) THE RANCH OF ZANZIBAR – BAGAMOYO (RAZABA)

The Zanzibar Government Ranch is situated at Makurunge, Bagamoyo District, Coast Region in Tanzania Mainland, about 32 km North of Bagamoyo Town. The ranch extends on an area of 31,429 ha.

The climate of the area is characterized with a bimodal rainfall pattern and the area experiences a mean annual rainfall of 1,000 mm ranging from 600 mm (min) to 1,400 mm (max). Temperatures are fairly high ranging between 28^o-32^oC (max) and 20^o-25^oC (min).

The ranch terrain is almost flat with few hilly areas and small valleys. The soil types are mainly sandy loam and heavy alluvial black cotton clay in the valleys and flood plains. Soil test analysis to determine chemical and physical composition has not been conducted.

The natural vegetation cover is comprised of degraded woodlands and closed thickets in which the predominant tree species include *Acacia* and *Brachystegia* species and mangrove forests along the River Ruvu brackishwater.

The ranch harbours a variety of wild animals such as elephants, giraffes, lions, antelopes, large number of baboons, hippopotamus; a wide variety of birds; and snakes.

Investment priorities/alternatives in the area include rehabilitation of the livestock ranch, establishment of plantations, cultivation of annual crops, introduction of agroforestry farming, development of ecotourism industry, fish farming and production of salt.

(4) FRUIT PROCESSING

Zanzibar Islands are famous for the production of various types of fruit in particular and vegetable crops. The most prominent fruits include citrus species (orange, lime, lemon etc), mango, papaya rambutan, pineapple, bungo (*Landolphia florida*), passion fruit and guava, while tomato production is the most widespread amongst vegetable crops. Production of these crops face several constraints, which include poor production organisation, lack of appropriate technological packages, disorganised/under developed marketing systems and poor post-harvest technology.

Fruits are seasonal crops and during the peak period of harvest local markets are normally flooded with the commodities but lack of processing facilities causes some of them to rot in the farms as well as in the markets. The introduction of agro-processing industries for fruit and vegetable canning, juicing and pulping are therefore encouraged to facilitate establishment of wholesale and retail agricultural produce markets in strategic production and consumption centres. The development of rural industries using agricultural produce as raw materials will encourage employment creation and progressive shifts in employment patterns from primary production to secondary industries based on agriculture. At community and household levels, cottage industries focusing on promoting improved techniques for small-scale storage and processing of agricultural produce are also essential. The development of agro-processing industries and hence improved marketing channels should stimulate production and satisfy the growing demand of the tourists visiting Zanzibar.