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ENHANCING LINKAGES BETWEEN TOURISM AND THE SUSTAINABLE AGRICULTURE SECTORS IN THE UNITED REPUBLIC OF TANZANIA

UNITED NATIONS

Note

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Acronyms

ACP	Africa, Caribbean and Pacific countries
AFIP	Agriculture and Food Investment Plan
AU	African Union
CAADP	Comprehensive Africa Agriculture Development Programme
CERES	Certificate of Environmental Standard
COLEACP	Europe-Africa-Caribbean-Pacific Liaison Committee
CTI	Confederation of Tanzania Industries
EAC	East African Community
EAOM	East African Organic Mark
EAOPS	East African Organic Products Standard
EU	European Union
FIEC	Food In Every Country
GAP	good agricultural practices
HAT	Hotel Association of Tanzania
HODECT	Horticulture Development Council of Tanzania
IFOAM	International Federation of Organic Agriculture Movements
IMO	Institute of Marketecology
IPM	integrated pest management
IQM	internal quality management systems
JAS	Japan Agricultural Standard
LDC	least developed country
MAFSC	Ministry of Agriculture, Food Security and Cooperatives
MNRT	Ministry of Natural Resources and Tourism
NBS	National Bureau of Statistics
NEPAD	New Partnership for Africa's Development
NOP	National Organic Program
oGAP	organic good agricultural practices
PiP	Partners in Protection program
PGS	participatory guarantee systems
PPT	pro-poor tourism
RTTZ	Responsible Tourism Tanzania
SADC	Southern African Development Community
SAGCOT	Southern Agricultural Growth Corridor of Tanzania
SAT	Sustainable Agriculture Tanzania
SB	SafariBookings™
SECO	Swiss State Secretariat for Economic Affairs
TanCert	Tanzania Organic Certification Association
TATO	Tanzania Association of Tour Operators
TBS	Tanzania Bureau of Standards
TCA	Tanzania Chefs Association
TCCIA	Tanzania Chamber of Commerce Industry and Agriculture
TIC	Tanzania Investment Centre
TIRDO	Tanzania Industrial Research and Development Organization
TNBC	Tanzania National Business Council
TOAM	Tanzania Organic Agriculture Movement
TTB	Tanzania Tourist Board
USDA	United States Department of Agriculture
WTTC	World Travel & Tourism Council

KEY FINDINGS

The United Republic of Tanzania has vast untapped natural resources, including an abundance of wildlife, unexploited mineral reserves and arable land, which offer a wide range of development opportunities.

Tourism and agriculture are important contributors to the development of the local economy. Many developing nations that are now experiencing rapid tourism growth have agrarian societies and tourism is the first or second source of export earnings. For example, 20 out of the world's 48 least developed countries (LDCs) rely on tourism and agriculture as the basis for the livelihoods of most of their inhabitants. It is imperative, therefore, that these sectors receive close attention, especially concerning the economic opportunity relationships that arise from tourism and sustainable agriculture. The main objective of this report is to enhance the understanding of linkages between these two sectors, as well as propose suggestions for how they could be strengthened with the aim of promoting bottom-up sustainable development in the United Republic of Tanzania.

Our report has close linkages with the joint initiative issued by the United Nations Inter-Agency Cluster on Trade and Productive Capacity, Ministry of Industry and Trade of the United Republic of Tanzania and the Swiss State Secretariat for Economic Affairs (SECO). The report lays the foundation for a more long-term strategy involving policy recommendations and guidelines for a national action plan. Our results are based on pro-poor tourism, which is an approach that aims at generating net benefits for the poor, including unlocking opportunities by building a more supportive policy and planning framework. The goal is to promote participation and bring the private sector into pro-poor partnerships through not only providing jobs to local people but also through purchasing local products.

The first stage in producing this report was to understand tourism development in the United Republic of Tanzania and identify its source markets. The average international tourist to the country is someone from Africa or Europe travelling with a spouse. They use a tourist agency to make travel arrangements and usually arrive by air. They stay in a hotel for around 10 days, eat out at local restaurants and enjoy the country's wildlife and beautiful beaches. On average, they spend US$ 1 690 per person.

With tourism growing rapidly in the United Republic of Tanzania, there is an opportunity to integrate pro-poor strategies into the international tourism agenda. Consumption of local food is broadly recognized as an essential part of the tourist experience and the majority of the country's poor inhabitants live in rural areas. In this context, linking pro-poor tourism initiatives with small-scale producers can have a pivotal role in fostering local rural development since agriculture is a prominent source of livelihoods. Also, agriculture is the sector that has the greatest potential linkages with tourism. Our report indicates food and beverages is an important sector, since this category has direct linkages with local agriculture. For example, the food and beverages sector is responsible for about 22 per cent of international tourism earnings in the country and has direct linkages with local agriculture.

Horticultural products like fruits, herbs and spices are important ingredients in Tanzanian restaurants and hotels. Despite the fact that horticultural production represents a small part of the overall agricultural production yield and value in the country, the sector makes a significant contribution to food security, improving nutrition, rural livelihoods and economic growth, since production is mainly based on small-scale farming.

Conventional thinking has been that the key issue for poverty reduction and economic growth of small-scale farmers and other stakeholders within agricultural supply chains – especially horticultural supply chains – is to gain access to more profitable niches, such as exports. This assumes that local and regional markets are stable and do not offer opportunities for growth. Yet, a growing body of evidence is showing that the local, national and regional markets are themselves experiencing large transformations driven by a variety of factors. For instance, domestic markets based on supplying international tourists through restaurants and accommodation services have more in common with export markets in terms of grades, standards, business practices and prices than is often perceived, as well as diversity of consumers and expectations. As a result, local supply should offer a minimum standard of quality and stability. Our interviews with stakeholders have

clearly established the importance of quality, reliability of delivery and price as determining factors.

Consequently, opportunities to purchase horticultural products locally are often not exploited by restaurants and hotels. Poor quality and inadequate quantity are the result of inefficiencies within local supply chains. For example, local farmers are not sufficiently aware of restaurant and hotel requirements, health and safety regulations, and tourist preferences to match the required quality. On the one hand, small-scale farmers often cannot access credit to invest in upgrading production to meet such requirements, unless they have secure contracts to present to funding agencies. On the other hand, hotel managers, restaurant owners and purchasing officers are used to existing channels using brokers and do not consider new local options despite an interest in improving their suppliers. In fact, most perceive local products as inferior and unreliable, preferring imported and wholesale goods because it is more convenient and they do not want to change existing supplier relationships. In short, small-scale farmers can supply fresh and high quality products and restaurants and hotels want to buy them. However, there is no operating market. There are no direct supply channels bridging buyers and sellers in order to share information and negotiate contracts and delivery.

Clearly, tourism and agriculture have an important contribution to make to local development in the United Republic of Tanzania. However, horticultural supply chains face a number of constraints that hold back growth and competitiveness in reaching the local tourism industry. These constraints can be divided into two main categories: lack of direct communication channels; and bottlenecks or inefficiencies in the supply chain.

Our report concludes that the United Republic of Tanzania has so far developed forward-thinking and effective legislation to promote the private sector at the national level and the tourism sector is already benefiting from this. This effort should be consolidated and supported at district and local levels in order to foster pro-poor practices through horticultural production from small-scale producers and connect their production to local and regional markets supplying the local hospitality industry.

In order to promote sustainable development, this report proposes a set of potential thematic strategies that can be used as stepping-stones for building an institutional framework able to link the tourism and agriculture sectors at multiple levels – country, regional, local and community. These strategies aim at generating net benefits for small-scale farmers and include unlocking opportunities by building a more supportive policy and planning framework. The thematic strategies are:

- Awareness and capacity building: Raising awareness and building capacity to attain a high level of consciousness, understanding and ability in support of the implementation of linkages between tourism and agriculture are critical.
- Start-up drivers (Utalii na Kilimo Kwanza): Selecting regions that can serve as multipliers based on successful local experiences such as the growth corridors initiative.
- Public-private partnerships and destination level cooperation and action: The private and public sectors and destination stakeholders are key components in the implementation of pro-poor tourism (PPT) practices. Achieving the objectives of this strategy will rely on collective commitment, strategic partnerships, effective institutional arrangements and facilitating processes. The theme also addresses the lack of supportive funding and other mechanisms as a key constraint in improving linkages.
- Effective promotion of pro-poor tourism and branding: This strategic theme focuses on the need for promotion of PPT products, experiences and destinations in the United Republic of Tanzania through an effective and robust marketing plans and branding.

These four themed strategies indicate ways to empower a cooperation platform linking tourism and agriculture in the United Republic of Tanzania. However, they require a detailed action plan, which should be developed by the national government together with local stakeholders, outlining interventions for each type of strategy.

PSPF Commercial Towers, Dar es Salaam

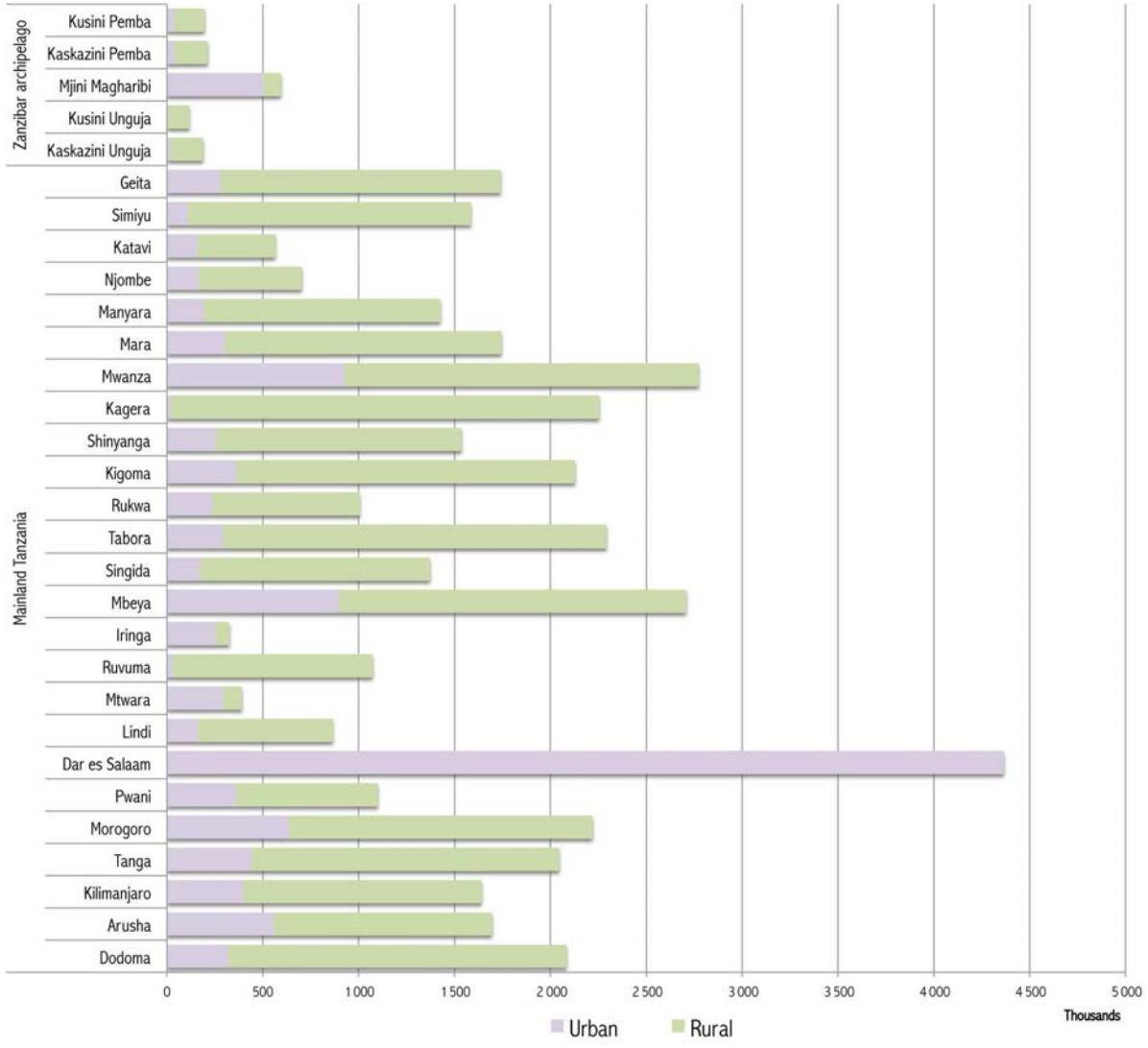
I. INTRODUCTION

The United Republic of Tanzania has vast untapped natural resources, including an abundance of wildlife, unexploited mineral reserves and arable land, which offer a wide range of development opportunities. The country was established in 1964 through the union of two sovereign states, mainland Tanganyika and the Zanzibar archipelago. Today, the country is ranked among the most politically stable countries in sub-Saharan Africa (IMF, 2014). Its leading sectors for investment include tourism, agriculture and transportation as well as manufacturing and real estate development.

According to the National Bureau of Statistics (NBS), in 2014 the United Republic of Tanzania had a total population of 47 million. The last population and housing census showed that 97 per cent of inhabitants live on the mainland with the remaining 3 per cent on the archipelago. Less than 30 per cent of the total population is urban (NBS, 2015). Currently, the country has 30 administrative units, of which 25 are located on the mainland and 5 on the Zanzibar archipelago. Figure 1 shows the population distribution per administrative unit by urban and rural areas.

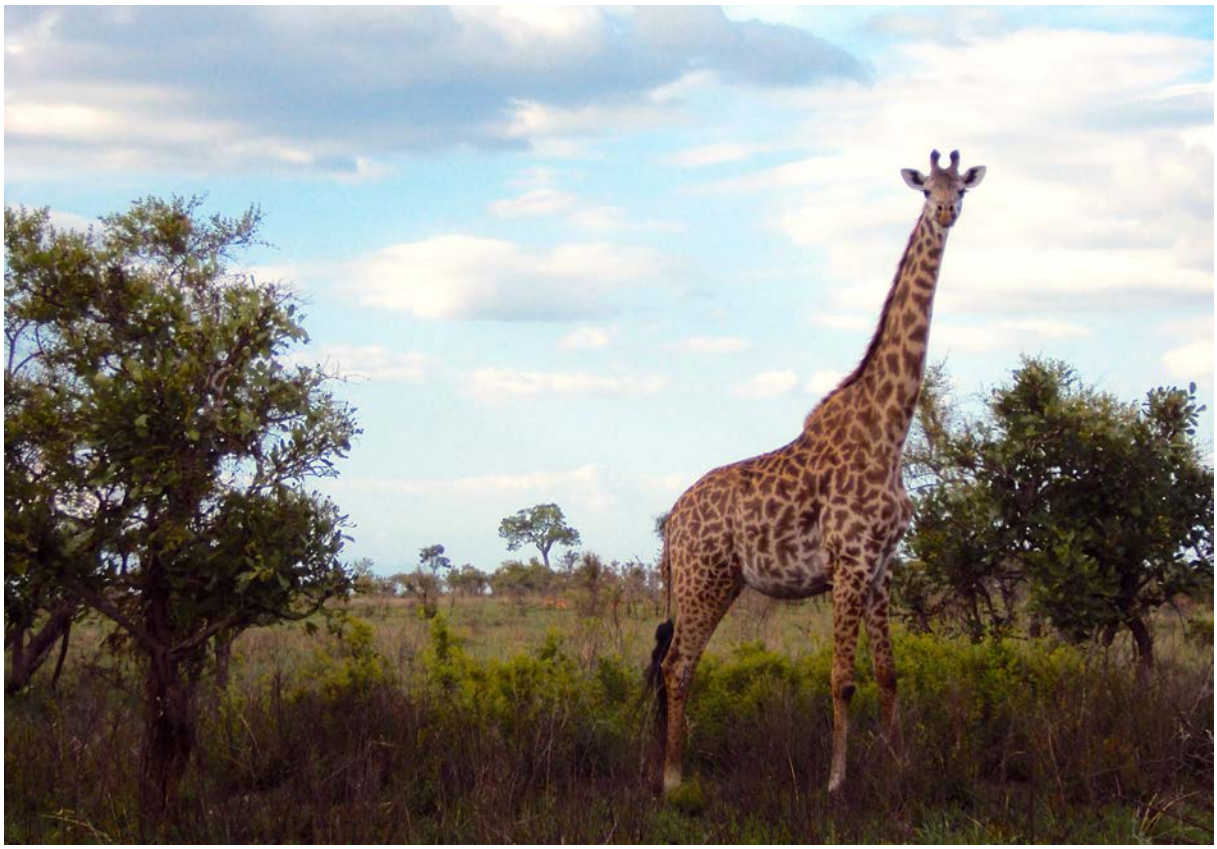
The majority of the population lives in rural areas. The average per capita income stands at US$ 570

Figure 1: Population distribution by urban and rural areas



Source: Prepared by UNCTAD based on data from NBS (2015)

Giraffe in Mikumi National Park



Buffalos in Mikumi National Park

– less than US$ 2 a day, placing the United Republic of Tanzania 176th out of 191 countries in the world. Even by the most optimistic poverty estimates, there are still approximately 12 million poor people living in the country, with 28 per cent of the population living below the poverty line. These estimates have changed little from those of 2001. Improving the socioeconomic circumstances of this large group of citizens must therefore remain a top priority for Tanzanian policy-makers (World Bank, 2015a).

The performance of exports has been weak in the last couple of years, largely due to lower commodity prices on international markets. Exported volumes of cotton, sisal and tobacco have declined by more than 30 per cent. Fortunately, the decline in value of agricultural exports was compensated for by an increase in the value of re-exports, demonstrating the significance of the country's role as a hub for neighbouring countries. At the same time, the value of revenues derived from tourism also increased (World Bank, 2015a).

The United Republic of Tanzania's climate and soil give the country a comparative advantage in farming a variety of crops, as well as in horticulture and floriculture. The country has 15 million hectares of arable land (out of which 2 million hectares are under permanent cropping) and 33 million hectares of forest (World Bank, 2014).

The country's tourism sector has grown by an average annual rate of 12 per cent between 2000 and 2012 (World Bank, 2015b). The growing tourism and hospitality sectors offer investment prospects in accommodation development, conference tourism, beach tourism, historical sites, amusement parks, leisure parks, specialized cuisine restaurants, golf courses, air and land transport infrastructure developments, and wildlife tourism.

Tourism and agriculture have an important and distinct contribution to make to local economic development. Many developing nations that are now experiencing rapid tourism growth have agrarian societies and tourism is the first or second source of export earnings. For example, 20 out of the world's 48 least LDCs rely on tourism, and agriculture remains the source of livelihoods of most inhabitants (UNWTO, 2015). It is imperative, therefore, to pay close attention to tourism and agriculture relationships. Hence, this report's objective is to inform and propose measures to enhance linkages between tourism and sustainable agriculture sectors in the United Republic of Tanzania, focusing on horticultural products and their local supply chains. In order to fulfil this objective, various research steps were undertaken and a number of different information sources explored. Secondary data were collected from government institutions and statistical databases, such as FAOstats and the NBS. Academic publications and reports from important stakeholders were used to complement and validate the gathered information.

Along with secondary data collection, interviews were conducted with a broad spectrum of representatives from the tourism, catering and agricultural sectors. These interviews were used to clarify and gather in-depth information about tourism development and local horticultural products.

Due to the fact that the initial stakeholder sample was limited and not representative of the complex situation on the ground, in order to explore fully the linkages between the tourism sector and good agricultural practices (GAP), the study conducted a non-probability sampling technique based on chain referral sampling, also known as snowball sampling. Initially 18 key local stakeholders were selected representing strategic institutions ranging from governmental institutions to private associations and non-governmental organizations (NGOs) (one stakeholder was unavailable). Using the non-probability sampling approach, the number of stakeholders increased almost fourfold.

There are three types of snowball sampling: linear; exponential non-discriminative; and exponential discriminative. This study applied exponential non-discriminative snowball sampling, where the interviewee nominates another person with the same profile as himself or herself for interview. The researcher then interviews the nominated subjects and continues in the same way until sufficient subjects have been obtained.

In total, 65 interviews were conducted, of which 17 were key local stakeholders and these are listed in Annex 1. The remaining 48 interviews were from anonymous contributors representing tourism sector professionals, persons from the informal sector, farmers and a few local consumers.

II. TOURISM

Tourism is a powerful vehicle for economic growth and job creation. In 2013, the tourism sector was directly and indirectly responsible for 1 out of 11 of all jobs globally, 9.5 per cent (US$ 7 trillion global GDP), 5.5 per cent of the world's exports and 4.4 per cent of the world's investment. The World Travel & Tourism Council (WTTC) estimates that 3.8 million jobs – including 2.4 million indirect jobs – could be created by the tourism industry in sub-Saharan Africa over the next 10 years (WTTC, 2014).

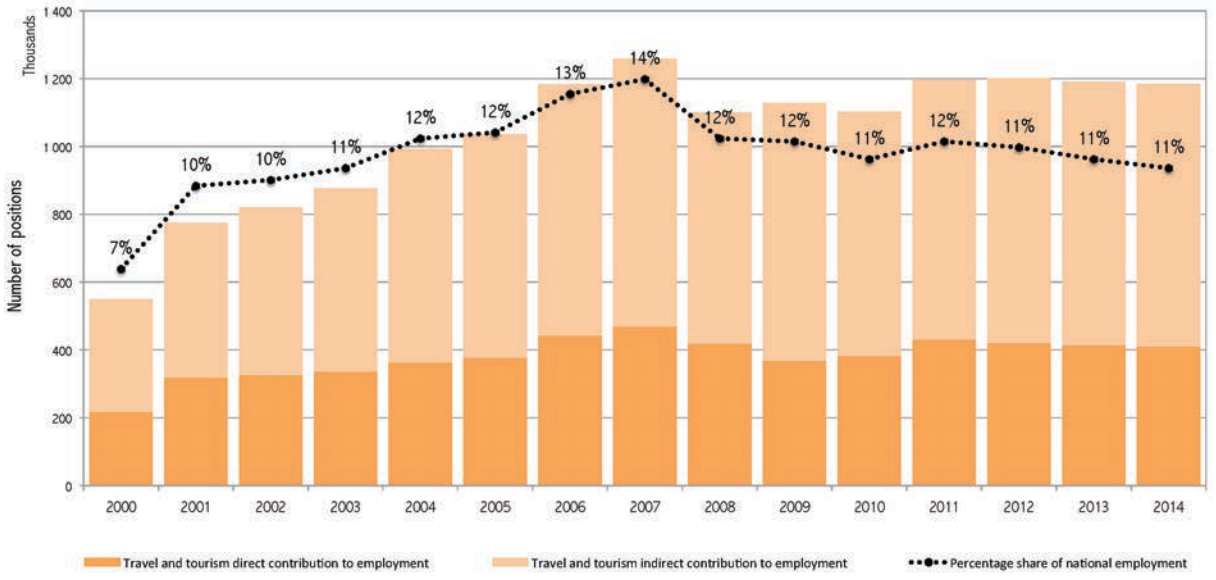
The main comparative advantage of the tourism sector over other sectors is that visitor expenditures have a "flow through" or catalytic effect across the local economy in terms of production and employment creation. For example, jobs are created during the construction phase of tourist accommodation and services. Tourism also generates a demand for transport, telecommunications and financial services. Through consumption of local products in tourist accommodation, restaurants and food markets, and through additional expenditures outside the selected accommodation, tourists stimulate demand for agriculture, fisheries, food processing and light manufacturing products, such as the garment industry, as well as for handicrafts and goods and services of the informal sector. Hence, the sourcing of goods locally – at first – can be seen as a key beneficial impact that tourism can provide to developing countries (World Bank, 2013; UNCTAD, 2014). If the country is sufficiently developed, the investment can generate demand locally for furniture and furnishings, and even for capital equipment. Tourism can therefore act as a catalyst for the development of small businesses in related production and service sectors. Notably, tourism can provide an economic base for a region whose main development options are its cultural and natural resources, whether coastal, mountain, wildlife or a combination of these. However, tourism's catalytic effect on an economy and its multi-sectorial nature is also a reason for its complexity. As a result, tourism is dependent on numerous stakeholders for its success – both domestic and international – with very different interests. In most cases, international visitors are those who determine its success (World Bank, 2013).

Many national tourism development plans are drawn up based on the assumption that the economic benefits of tourism will stimulate other sectors of the economy, particularly the agriculture sector. However, rather than creating synergies between the two sectors (tourism and agriculture), tourism may instead generate increased food imports, which both damage local agriculture production and drain foreign exchange earnings (World Bank, 2013; UNCTAD, 2014)

A. Tourism development

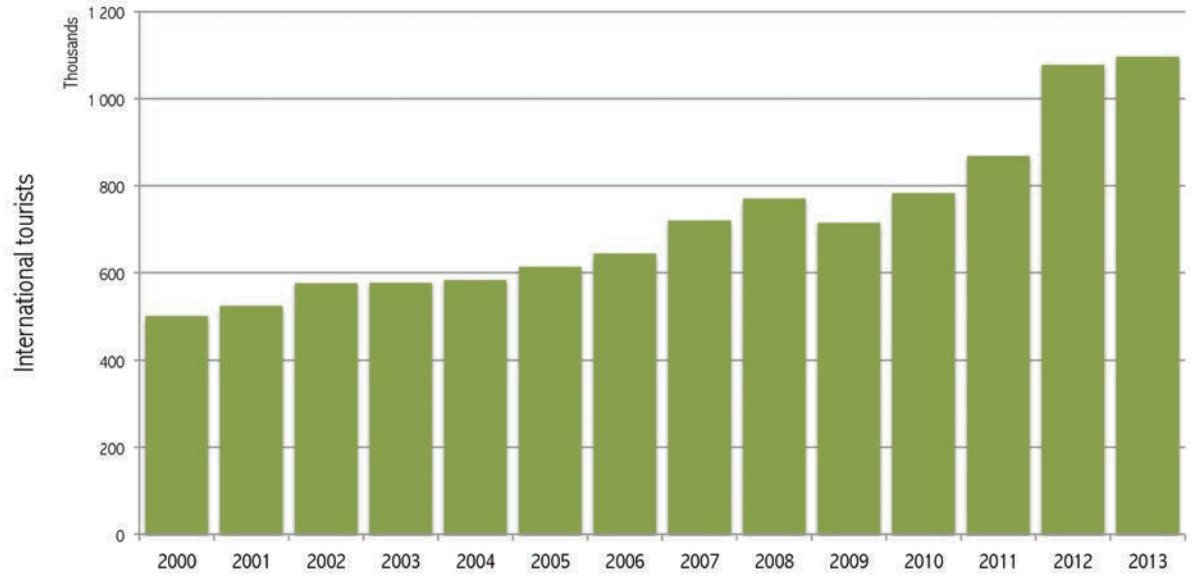
Tanzania has many tourist attractions, with more than

Figure 2: Tourism contribution to employment between 2000 and 2014



Source: Prepared by UNCTAD based on data from WTTC (2014)

Figure 3: The demand for tourism between 2000 and 2013



Source: Prepared by UNCTAD based on data from MNRT (2014)

25 per cent of its total area covered by national parks and game reserves. Its 15 national parks, 28 game reserves, 44 game-controlled areas, 1 conservation area and 3 marine parks define the United Republic of Tanzania as an important and diverse tourist destination in East Africa.

With nearly 2.4 million unemployed – 11 per cent of the active labour force (mostly youth) – unemployment is a concern. Lack of sufficient employment opportunities increases the importance of tourism sector growth as a driver for employment creation. The tourist industry currently supports 1 in 10 jobs in the country (NBS, 2015). According to the WTTC (2014), the tourism sector generated 411 700 direct jobs in the country in 2014. And more than this, it indirectly generated 31 per cent of the total positions in 2014 or about 771 400 jobs. This means that tourism corresponded to 1 183 100 jobs in the country in 2014 (WTTC, 2014). Figure 2 shows the tourism contribution to employment in the United Republic of Tanzania in the last 14 years. The bars illustrate the number of positions directly or indirectly related to the tourism sector while the dotted line reflects the share of contribution to employment.

B. The demand for tourism

Tourist demand is defined as the total number of persons travelling (i.e. effective demand) or wishing to travel (i.e. suppressed demand) to use tourist infrastructures and services at a place away from their residence and workplace (Mathieson & Wall, 1982). Figure 3 shows the tourism demand development in the United Republic of Tanzania from 2000 to 2013. Between 2000 and 2013 the number of tourists arriving in the country increased from 501 669 to 1 095 884.

These figures suggest that in spite of local and international challenges, the sector has performed well and remains on a positive growth trend. This indicates the United Republic of Tanzania is a strong tourist destination with an appealing tourism product. For example, in 2013, SafariBookings™ (SB) – which is one of the largest online marketplaces for African safaris – conducted an in-depth analysis of 3 061 reviews of safari tourists and travel experts, who voted the United Republic of Tanzania the best safari country. The study included two years of safari reviews from more than 1 000 tourists representing 53 different nationalities and 756 expert reviews from reputable guidebook authors working for publications such as Lonely Planet, Bradt, Rough Guide and Frommer's. The overall average rating of the country was 4.8 out of 5 stars, which was the top score among the eight major safari destinations (Morgan-Jarvies, 2014; NBS, 2011, 2012). As reflected in the new ranking of SB (see Table 1), the United Republic of Tanzania is still the leading safari destination (SafariBookings™, 2015).

The United Republic of Tanzania is endowed with many natural and cultural tourist attractions ranging

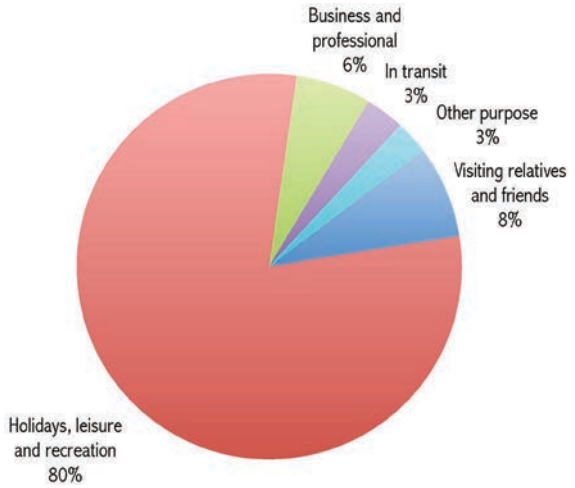
Table 1: Top-rated safari countries

Rank	Country	Category and Score				Overall score
		Wildlife	Scenic beauty	Bush vide*	Birding	
1	United Republic of Tanzania	4.95	4.80	4.40	4.60	4.69
2	Botswana	4.70	4.45	4.70	4.60	4.61
3	Kenya	4.85	4.70	4.10	4.60	4.56
4	Zambia	4.70	4.35	4.65	4.30	4.50
5	South Africa	4.70	4.70	3.85	4.45	4.43
6	Namibia	4.05	4.85	4.40	4.10	4.35
7	Uganda	4.10	4.35	4.20	4.55	4.30
8	Zimbabwe	4.25	4.35	4.20	4.00	4.20

* SB describes bush vide as facilities that present: dirty roads, few tourist, parks with large areas, unfenced parks, no self-driving tourist using normal cars, and no mass-tourism accommodations.

Source: Prepared by UNCTAD based on data from SB (2015)

Figure 4: Purpose of visit



Source: Prepared by UNCTAD based on data from MNRT (2014)

from spectacular scenery and topography to unmatched wildlife, fascinating heritage and friendly and welcoming people that form the basis of successful tourism product.

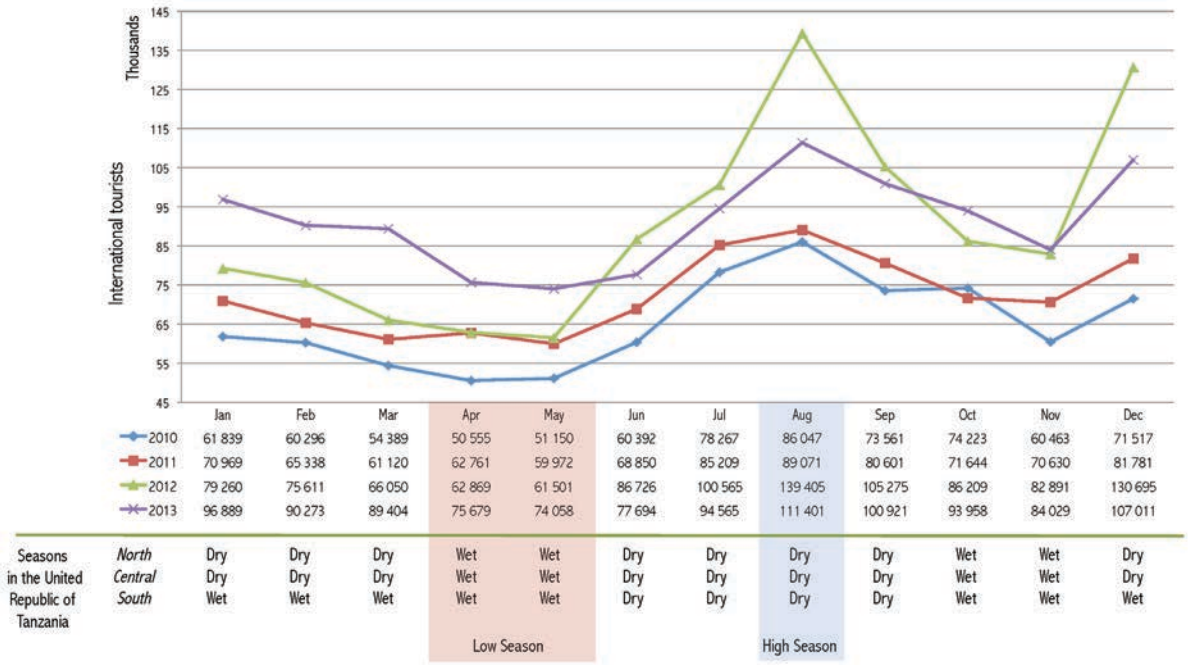
The country has impressive lakes and one of the longest coastlines in Africa, with pristine sandy beaches, coral reefs and marine parks ideal for snorkelling and diving. It also has archaeological sites offering dinosaur bones to early hominid remains such as rock art, sacred sites and historic ruins. In total the country contains seven UNESCO World Heritage Sites.

The Ministry of Natural Resources and Tourism (MNRT) estimated that 80 per cent of international visitors in 2013 came for holidays, leisure and recreation. Interestingly, this figure varies little when compared with previous years. The chart in Figure 4 shows purpose of visit statistics for 2013. The category "other purpose" includes people travelling for educational activities, medical treatment and athletes attending sports events, among others (MNRT, 2014).

Wildlife tourism is the main tourism product of the country. As a result, the high season for tourism overlaps with the dry season, since that is when visibility is increased by the lack of grass and foliage and the animals and birds are forced to flock around limited water sources. Figure 5 illustrates the number of international tourists arriving per month between 2010 and 2013 and the relationship with seasonal change.

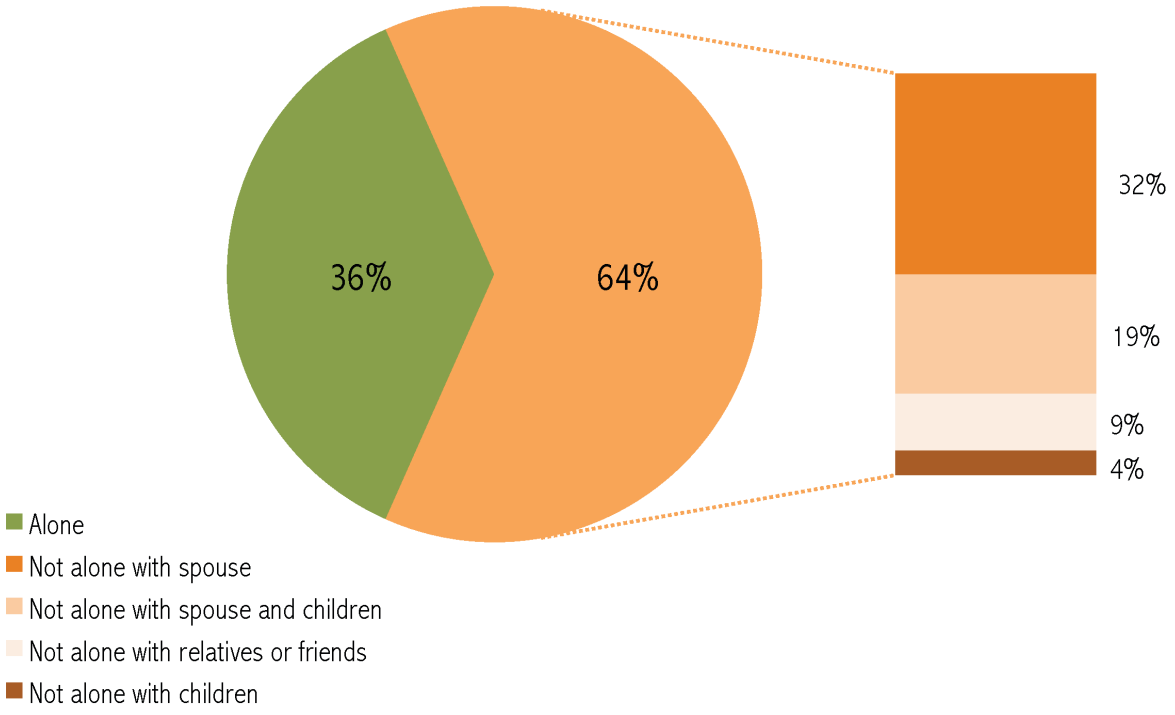
In 2012, NBS (2014) conducted a tourism sector survey and identified that 77 per cent of respondents were first-time visitors. About 50 per cent of the respondents heard about the United Republic of Tanzania's tourist attractions through travel agents and tour operators and about 28 per cent through friends and family members. As a result, 59 per cent of international visitors selected travel package arrangements. Figure 6 illustrates the travel party composition of the international visitors.

Figure 5: Monthly international arrivals between 2010 and 2013



Source: Prepared by UNCTAD based on data from MNRT (2014)

Figure 6: Travel party composition



Source: Prepared by UNCTAD based on data from NBS (2014)

The survey also indicated that there is gender balance – practically 50:50 – when it comes to the number of overall international tourist arrivals. The latest figures, which have changed little over the last years, indicated that 50.1 per cent were male and 49.9 per cent were female. However, looking only at the business and professional category, men were the dominant gender in accounting for about 70 per cent. The average the length of stay is 10 nights and the annual occupancy rate ranges between 31–35 per cent (NBS, 2014).

The majority of those surveyed were 25–44 years old and accounted for 33 per cent of arrivals. Senior visitors – 65 years and above – accounted for a mere 6 per cent of the total due to a lack of infrastructure adapted to their needs. Visitors aged 45–64 years represented 26 per cent, while those 18–24 years old made up 14 per cent of total visitors. The remaining 21 per cent were below 18 years of age (NBS, 2014). In summary, the survey revealed that the average international tourist to the United Republic of Tanzania is someone aged 25–44, travelling with a spouse and without children.

i. Source markets and mode of transport

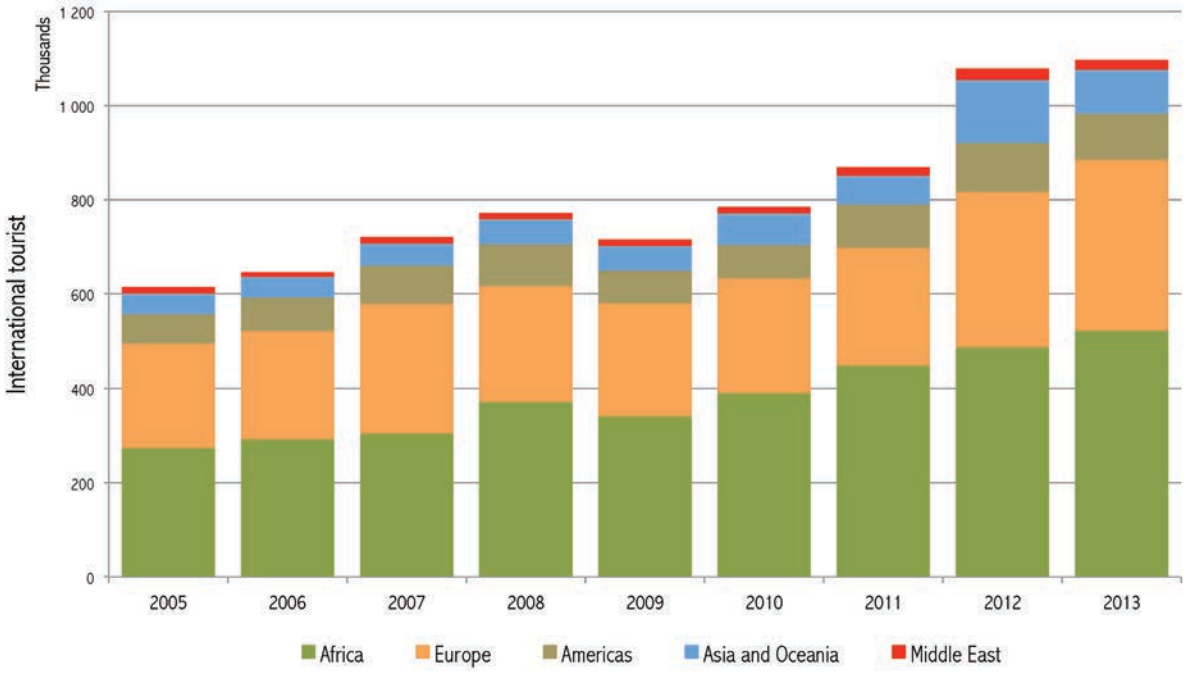
Due to the increased number of international flights to the United Republic of Tanzania in the last couple of years, the number of international tourists has also increased from all regions worldwide. In terms of number of visitors, Africa is still the leading region feeding the country's tourism sector. Figure 7 shows the international tourist numbers by region from 2005 to 2013 (MNRT, 2014).

In 2013, the 193 000 tourists from Kenya represented 37 per cent of the United Republic of Tanzania's African source market and almost 18 per cent of the global source market. From Europe, the United Kingdom, Italy and Germany are the frontrunners. Combined they accounted for 50 per cent of the European source market and about 17 per cent of the global source market. From the Asia and Pacific region, India was the main country of origin with a 29 per cent share of the regional source market. The United States of America is the main source market in the Americas with 71 per cent of total tourist arrivals from that region. Table 2 presents the top 10 source markets for the United Republic of Tanzania in 2013 (MNRT, 2014).

Air travel is the main mode of transport for international visitors. Figure 8 shows the figures between 2005 and 2013.

The data also show that road travel is an important mode of transport, especially for tourists arriving from

Figure 7: International tourist arrivals by region between 2005 and 2013



Source: Prepared by UNCTAD based on data from MNRT (2014)

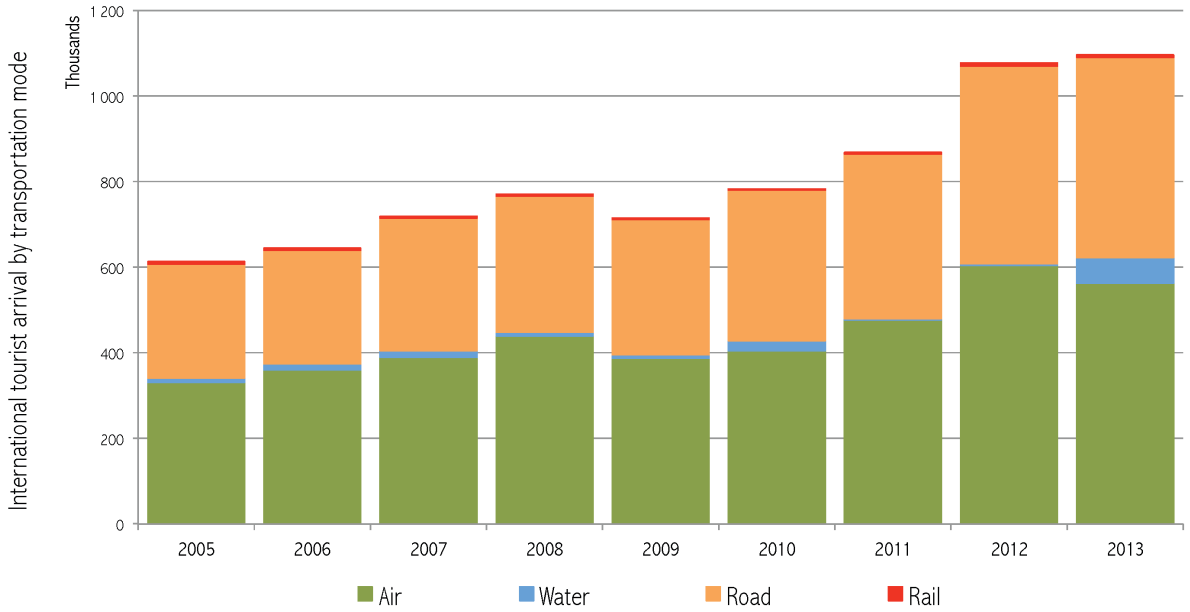
Table 2: Top 10 source markets in 2013

Ranking	Country	Number of arrivals in 2013	Percentage share of Global Source Market *
1	Kenya	193 078	17.62%
2	United Kingdom	70 620	6.44%
3	United States of America	69 671	6.36%
4	Zambia	64 825	5.92%
5	Italy	57 372	5.24%
6	Germany	53 951	4.92%
7	Uganda	39 488	3.60%
8	France	33 335	3.04%
9	Zimbabwe	30 765	2.81%
10	India	27 334	2.49%

* Total number of international tourist arrivals in 2013 = 1 095 884

Source: Prepared by UNCTAD based on data from MNRT (2014)

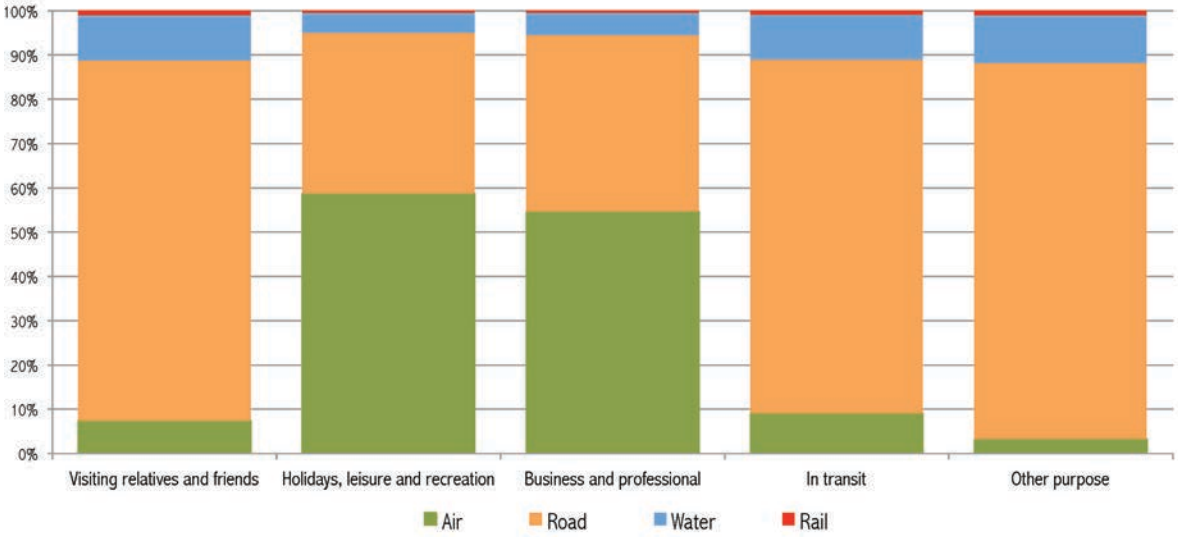
Figure 8: Mode of transport data between 2005 and 2013



Source: Prepared by UNCTAD based on data from MNRT (2014)

African countries. In 2013, about 85 per cent of African visitors used roads, 11 per cent water, 3 per cent air, and 1 per cent rail (MNRT, 2014). Figure 9 illustrates data correlating mode of transport and purpose of visit. It shows that air travel is the main mode of transport among visitors interested in leisure and business travel whilst road travel is the main mode of transport for the other categories of purpose of visit, especially for visitors visiting relatives and friends (MNRT, 2014; NBS, 2014).

Figure 9: Mode of transport by purpose of visit in 2013



Source: Prepared by UNCTAD based on data from MNRT (2014) and NBS (2014)

C. Tourism earnings

Travel and tourism are expected to have generated US$ 4.83 billion in 2014, which corresponds to about 12 per cent of the country's GDP. This amount includes direct and indirect contributions. The indirect input is estimated at US$ 3.12 billion approximately or 65 per cent of the total contribution of travel and tourism to the GDP (WTTC, 2014). Figure 10 shows the percentage of the contribution of tourism to GDP from 2000 to 2013. The dotted line presents the total value of all goods and services revenue related to tourism and includes estimates for 2014.

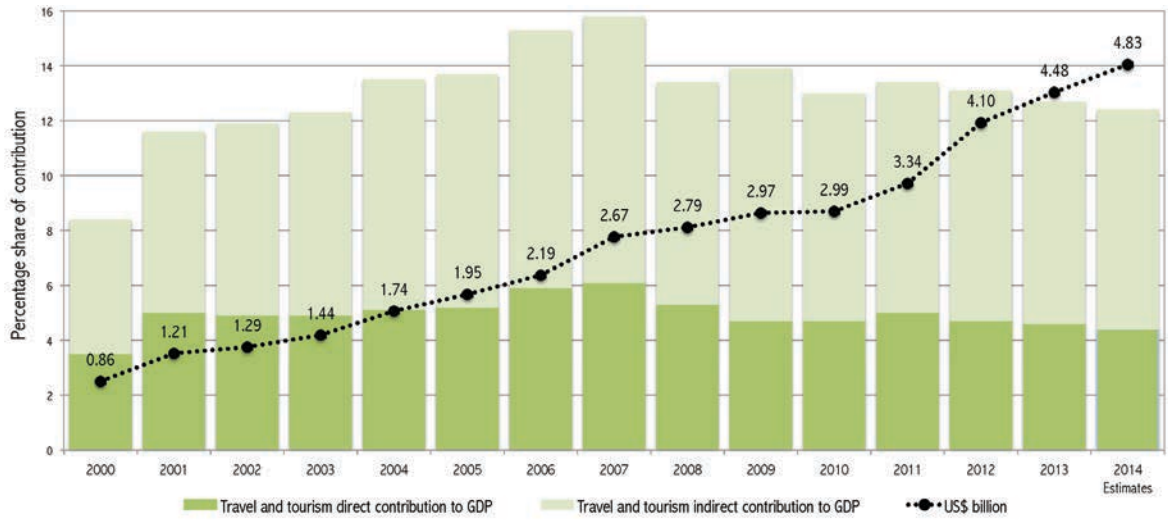
Foreign exchange earnings or tourist exports rose from US$ 739 million in 2000 to US$ 1.85 billion in 2013 (MNRT, 2014). Figure 11 shows tourist arrivals and spending in the country 2000–2013.

i. Tourism expenditure

In 2013, the average international tourist expenditure was US$ 1 691 per person (NBS, 2015). Table 3 shows the earnings by type of expenditure, differentiating between tourists on travel packages and those travelling independently.

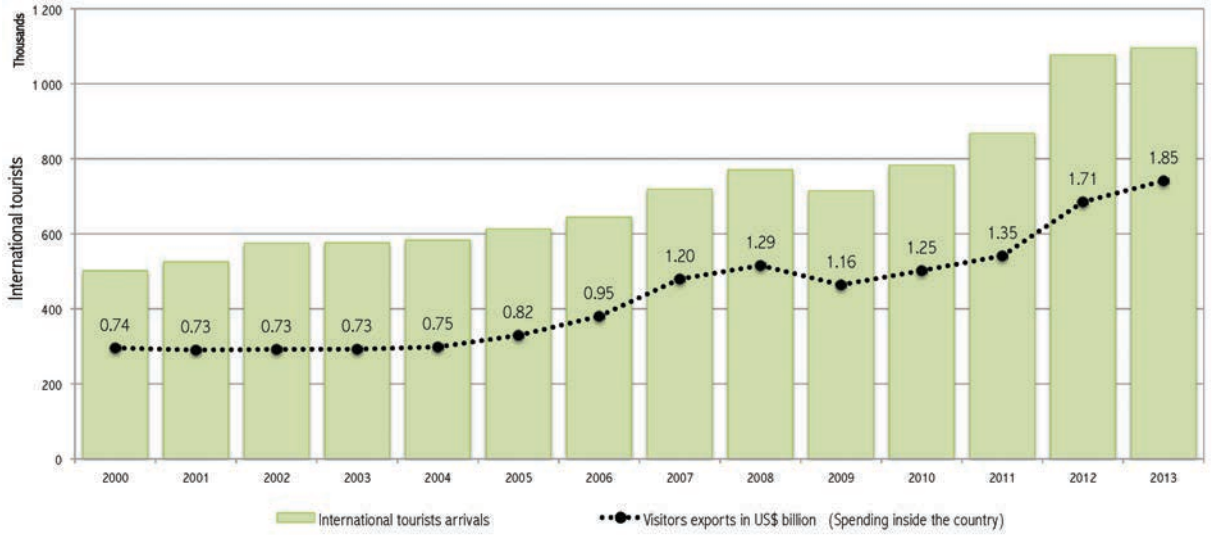
Table 3 also shows that independent visitors spent

Figure 10: Tourism sector direct and indirect contribution to the United Republic of Tanzania's GDP



Source: Prepared by UNCTAD based on data from WTTC (2014)

Figure 11: Tourist arrivals and spending between 2000 and 2013



Source: Prepared by UNCTAD based on data from MNRT (2014)

Table 3: Earnings by type of expenditure in 2013

Itens	Travel Package (US$)	Independent (US$)
Accommodation	102 383 872	211 418 261
Food and beverages	267 519 149	141 447 093
Shopping	354 490 395	115 866 236
Transport	134 310 025	124 894 773
Tourism attractions	138 713 633	87 275 866
Visa and fees	46 237 878	39 123 664
Other expenditure	57 246 896	32 352 261
Total	1 100 901 847	752 378 153

Source: Prepared by UNCTAD based on data from MNRT (2014) and NBS (2014)

about 28 per cent of their travel budget on accommodation and 19 per cent on food and beverages. However, visitors on travel packages spent around 32 per cent of their budget on shopping and 24 per cent on food and beverages (MNRT, 2014; NBS, 2014).

Overall, food and beverages – which has a strong link with local agricultural development – corresponded to around 22 per cent of the total earnings, just short of shopping which accounted for 25 per cent.

D. Ongoing government efforts to foster tourism

During the last couple of years, the Government of the United Republic of Tanzania has conducted surveys and studies to increase tourism earnings and to help tourism promotion and macroeconomic policy formulation (NBS, 2010–14). Table 4 presents the key recommendations from these studies. They are divided into two main blocks. The top block (in light green) clusters policy recommendations related to diversification of source markets and tourism product development. The bottom block (in light purple) groups policy recommendations connected to infrastructure developments, such as the improvement or increase in quality of services.

Table 4 shows that despite government commitment, diversification of source markets and tourism product development are lagging behind the desired goals. The tourism sector continues to rely on traditional source markets and its most important product is still nature-based tourism. When it comes to infrastructure developments, the outcome is no different. The country presents limited airport infrastructure and lacks human capacity and standards to serve the tourism sector.

E. Tourism system structure

Figure 12 illustrates the tourism system structure in the United Republic of Tanzania and highlights the eight key components based on data from 2013. These components are:

- **Source markets:** Share of international tourist arrivals by geographic region. It shows that Africa is the main source market.
- **International tourists:** Main characteristics defining the international tourist, such as whether they are a first-time visitor, travelling alone or in a group.
- **Booking:** Breakdown between package and independent travel arrangements.
- **Transport mode:** Mode of transport to arrive in the country.
- **Purpose of visit:** Reason for selecting the United Republic of Tanzania as a destination.
- **Accommodation:** Categories of accommodation.
- **Tourism activities:** Main types of activity.
- **Food:** Type of local infrastructure used for purchasing food.

The tourism system structure also helps to characterize the average international tourist visiting the country. As previously reflected, this international visitor is usually someone from Africa or Europe, travelling with a spouse, used a tourism agency to make travel arrangements and arrived by air. These visitors will most likely stay in a hotel for around 10 days, eat out at local restaurants and enjoy the country's wildlife and beautiful beaches.

F. Tourism value chain map

Basing the average international tourist expenditure of US$ 1 691 per person (data from 2013), Figure 13 provides a breakdown of the tourism sector value chain in the country.

Evident over the years is the lack of policy recommendations related to intersectoral relations, which is pivotal for tourism development. International tourism is a growing and increasingly profitable sector in the country. Linking tourism and poverty alleviation is an important strategy for local development. Pro-poor tourism is an approach that aims at generating net benefits for the poor, by unlocking opportunities and building a more supportive policy and planning framework. The goal is to promote participation and bring the private sector into pro-poor partnerships (Michael, 2011). Consumption of local food is broadly recognized as an essential part of tourism and the majority of poor inhabitants live in rural areas. As a result, tourism and agriculture have an important contribution to make to local development.

With tourism rapidly increasing, there is an opportunity for integrating pro-poor strategies into the international tourism agenda. Local initiatives such as Responsible Tourism Tanzania (RTTZ), which is a non-profit organization encouraging and promoting a more sustainable tourism industry within the United Republic of Tanzania, can assist in unlocking PPT opportunities and building a more supportive policy and planning framework. This can result in contributions to the local economy not only providing jobs for local people but also through purchasing local products (RTTZ, 2015). Figure 13 and Table 3 indicate food and beverages as an important entry point since this category is responsible for around 24 per cent of international tourism earnings and has a direct impact on local agriculture. This is especially true for horticultural products such as fruits, herbs and spices – for restaurants and accommodation services (Vock, 2014; Sykes, 2014). Despite this, horticultural production represents a small part of the

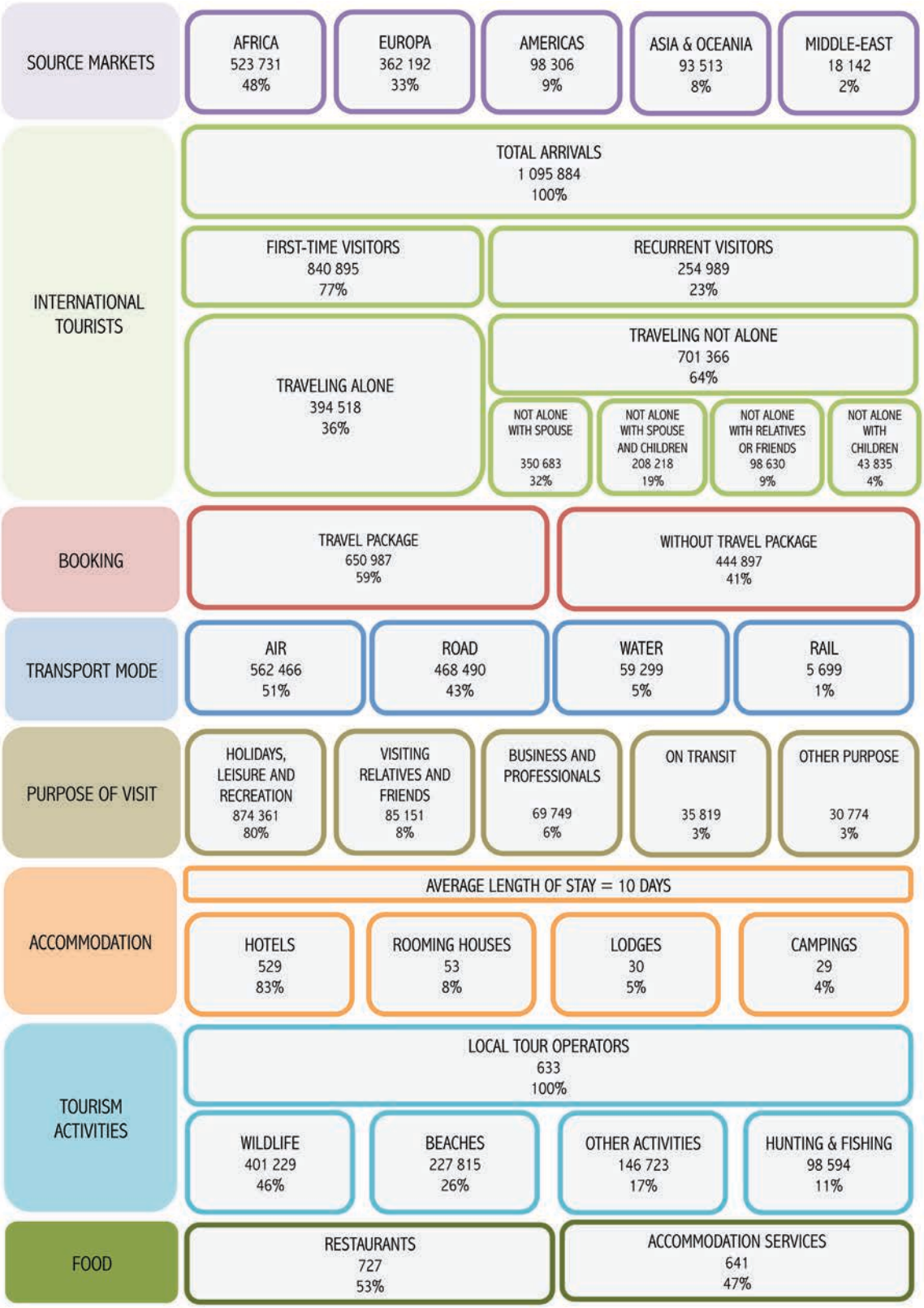
Table 4: Policy recommendations to the tourist sector from 2008 and 2012

2008	2009	2010	2011	2012
Dominance of Visitors from Europe and North America: The survey results continued to show the dominance of visitors from Europe and North America. In order to reduce the reliance on these two traditional blocs, efforts should be made to penetrate into emerging source markets like the Middle East as well as regional markets.	Enhance efforts of promoting Tanzania as a tourist destination in the emerging source markets like the Middle East as well as the regional markets.	Similar to the previous surveys, the 2010 survey continues to show the dominance of the European and American blocs as the main source markets to Tanzania. Although this is a typical characteristic for most African countries, given the long-haul nature of the destinations, caution has to be taken in case these markets are affected by economic and financial crisis. In order to minimize risks emanating from such kind of diversity, it is necessary to intensify promotional efforts to the emerging markets and at the same time continue to maintain the existing markets to encourage repeat visits.	The survey findings show that Europe and America continued to be the dominant tourist source markets for Tanzania. While efforts are needed to retain the large number of visitors from this part of the world, deliberate initiatives between the Government and the privite sector should be taken to attract visitors from other source markets notably, Brazil, Russia and China. Such initiatives should include enhanced marketing of Tanzania as a competitive and unique tourists' detination; as well as development of new products other than wildlife, mountain climbing and beaches. Products like cultural, historical and agro-tourism need to be developed.	The findings reveal that apart from Africa, Europe and North America have continued to be the traditional tourist souce markets for Tanzania. There is also an increasing number of arrivals from Asia and the Pacific; and the Middle East. This implies that there is a need to strengthen the current promotional efforts in the traditional markets and develop long-term strategies for attracting tourists from emerging markets.
Few Elderly Visitors (65 years and above): The survey results continue to reveal that a proportion of elderly visitors remained minimal despite the fact that they are potential markets. As a way to attract more elderly visitors, there is a need to upgrade standards in accommodation establishments especially facilities to cater for elderly and people with disabilities.	There is a need to improve the infrastructure and airport facilities such as air conditioners, signage and washrooms.	The results show little improvement on the average length of stay particularly for visitors coming for leisure and holidays despite the fact that they have the highest expenditure per person per night. This implies that the government and stakeholders in the tourism sector need to diversify the tourism products by incorporating into their programs, among other things, cultural and eco-tourism in order to increase visitors' length of stay.	Enhance availability and accessibility of information materials to touists at both source markets and entry points. The materials can be in the form of leaflets, guide maps and brief handbooks describing information about places to be visited.	The length of stay has remained almost the same, at 10 nights. Thus, in order to prolong the length of stay and increase toruism earnings at the destination, efforts should be made to diversity tourist products from reliance on wildlife tourism, to other productis like marine-based tourism, eco-tourism, cultural tourism and conference tourism. Moreover, urban tourism in Dar es Salaam city, Bagamoyo and other towns should be developed.
Low Number of Business and Conference Visitors: Despite the growing importance of the conference tourism in the world, the number of such visitors still remains low. There is a need to construct a large and modern state-of-the-art conference auditorium to attract international Meetings, Incentives, Conferences and Exhibitions (MICE).	There is a need of ensuring that payment methods are improved by enhancing the acceptability of credit cards, availability of ATMs and accessibility of the internet.	Wildlife tourism is the main activity to Tanzania due to its endowment in wildlife. It is also the home of Africa's most magnificent game reserves, fabulous national parks and the famous Ngorongoro Conservation Area. However, there is a need to intensify the ongoing promotion of other forms of tourism such as marine activities, cultural, sports and ecotourism in order to encourage repeated visits.	The ongoing government efforts to address the existing infrastructural problems in the country are commended. However, challenges still remain on further improvement of JNIA, KIA and airstrips, particularly those located in the national parks, as well as roads leading to the tourism attractions.	Large number of visitors were concerned with the state of infrastructure, particularly roads in the national parks, such as the road between Manyara and Tarangire. This implies that the government should continue with the efforts of improving roads, including those leading to the national parks and other natural and man-made attractions in order to attract more visitors.

2008	2009	2010	2011	2012
Tourism Industry has been Negatively Impacted by the Global Financial Crisis (GFC): In order to mitigate the effects of the Global Financial Crisis on the tourism sector, the following are recommended: i) There is a need to closely monitor the tourism business trend through compilation and analysis of statistical data, information and consulting with both the Public and Private Sectors; ii) Promote domestic and regional tourism. At the same time, target independent travelers who are more resilient at times of crisis. Tourism establishments should also concentrate on containment of cost and improving quality of products and services.	Upgrade standards in accommodation establishments, especially facilities that cater for the elderly and people with disabilities.	The government and other stakeholders in the tourism industry should continue to improve roads and the airport runways in the tourism attraction sites in order to attract modern and twin-engine aircrafts. This will increase the number of international visitors, particularly the senior citizens who are more risk averse.	In light of the ongoing competition in the tourism industry, the quality of services has become an important factor in determining the success of the tourism sector. Delivering quality service is one of the key factos in encouraging repeat visits. In view of this, there is a need to improve the quality of services delivered to visitors. This can be attained through designing tailor-made programs, focusing on customer care services at the hospitality instituitions.	Other concerns included those of unacceptability of credit csrds at most tourism establishments and unreliability of the internet access. This implies that there isa need to sensitize hotels and other toruism establishments to invest more in these facilities, i.e. credit card usage (platforms) as well as the internet.
Unsatisfactory State of Infrastructure and Other Facilities: Given that majority of the visitors who come to Tanzania use air transport; there is a need of improving airports and their facilities. Visitors also complained about poor conditions roads leading to Serengeti and Tarangire National Parks. Therefore, there is a need to improve airports, roads and other facilities such as air conditions, signage and washrooms.	Construct a large and modern state-of-the-art conference auditorium to attract international Meetings, Conferences and Exhibitions (MICE).	Studies have shown that international conferences, meetings, conventions, events and exhibitions are currently the most lucrative and high yield tourism sub sectors (UNWTO, 2010). However, the findings show that there are very few visitors who came for conferences in Tanzania. This implies that there is a need of intensifying efforts to attract new investments in the convention centres for hosting international meetings. However, this should go in tandem with marketing these convention centres and other facilities intensively in order to increase the number of visitors who come for conferences.	Visitors also complained on the cleanliness of the environment particularly in the cities, towns, side roads, streets and national parks. Therefore, there is a need to enforce municipal laws on cleanliness and public awareness-about usage of garbage collection facilities like dustbins placed among roads.	Transparency and cumbersome visa processing at entry points was an issue of concern to most visitors. In this regard, there is a need to increase transparency and efficiency in visa processing. This could be done by making forms and information about visa application available on the internet and putting adequate signage at entry points.
	There is a need of diversifying our tourist products from relying heavily on wildlife tourism to opting for other products like beach or marine based tourism, eco-tourism, and cultural tourism in order to prolong the length of stay and increase earnings.			Visitors also complained about the quality of services rendered to them, particularly in hotels. Efforts need to be macde to address these concerns. Such efforts include designing tailor-made programs, focusing on customer care services at hospitality institutions.

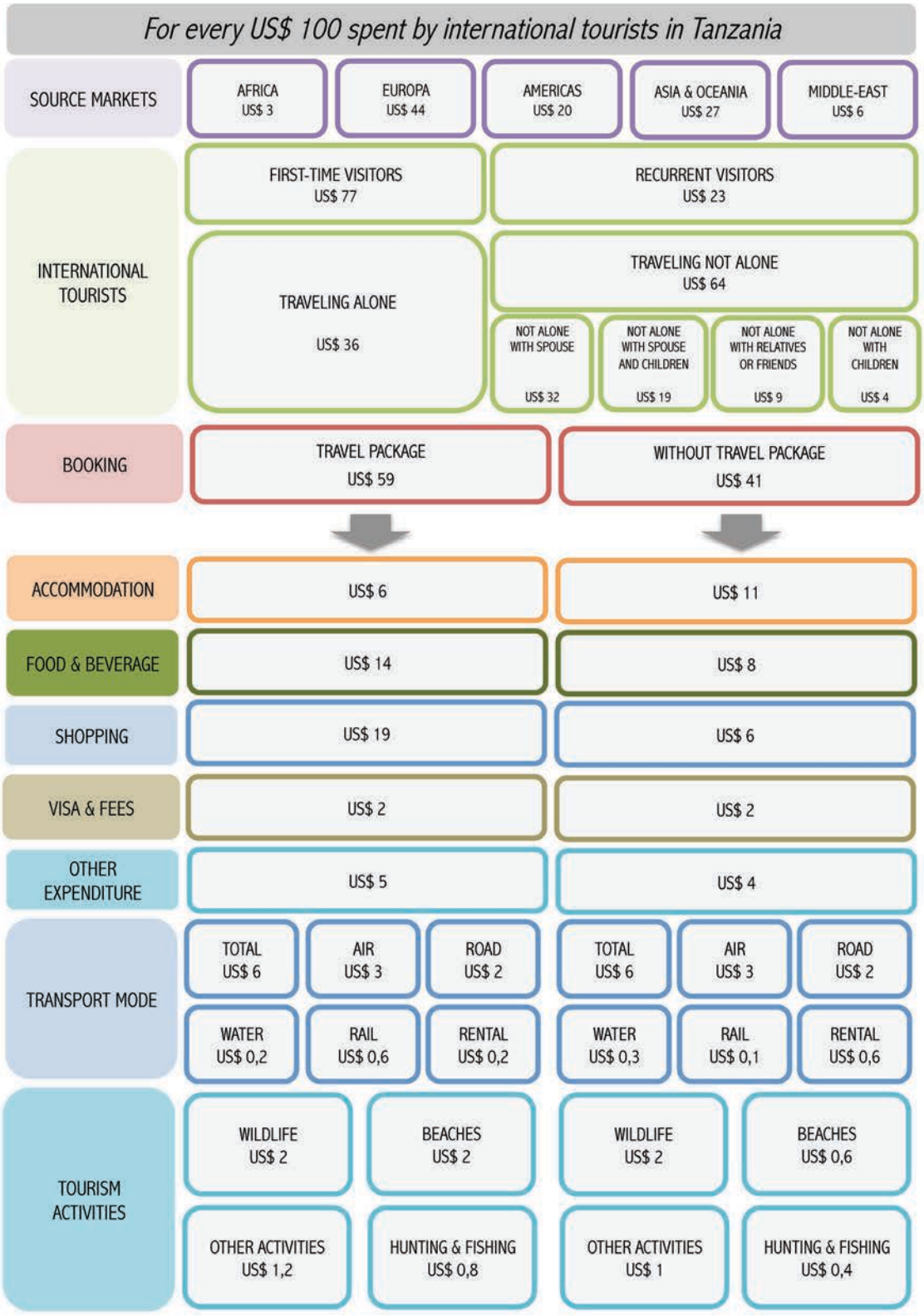
Source: Prepared by UNCTAD based on data from NBS (2010-14)

Figure 12: Tourism system structure



Source: Prepared by UNCTAD based on data from WTTC (2014), MPRINT (2014), NBS (2014), and SAFICO (2013).

Figure 13: Tourism value chain map



Source: Prepared by UNCTAD based on data from WTTC (2014), MPRINT (2014), NBS (2014), and UNWTO (2011).

overall agricultural production yield and value in the United Republic of Tanzania. The sector also makes significant contributions to food security, improving nutrition and economic growth since production is mainly based on small-scale farmers (Mashindano, 2014; MAFSC, 2015).

Darajani Market in Stone Town, Zanzibar

III. AGRICULTURAL DEVELOPMENT

Agriculture is the mainstay of the majority of the country's population. Therefore, the relationship between its performance and that of the key economic indicators such as GDP and employment cannot be overemphasized. Currently, the sector contributes around 25 per cent of GDP, 30 per cent of export earnings, and is the main source of employment and livelihoods in the country. By contrast, the rate of growth of the labour-intensive agricultural sector, which accounts for around 75 per cent of the labour market, has been lower than that of the overall economy, explaining the relatively slow decline in poverty in rural areas and the accelerated pace of migration from rural to urban areas (Tanzania, 2013; World Bank, 2015a).

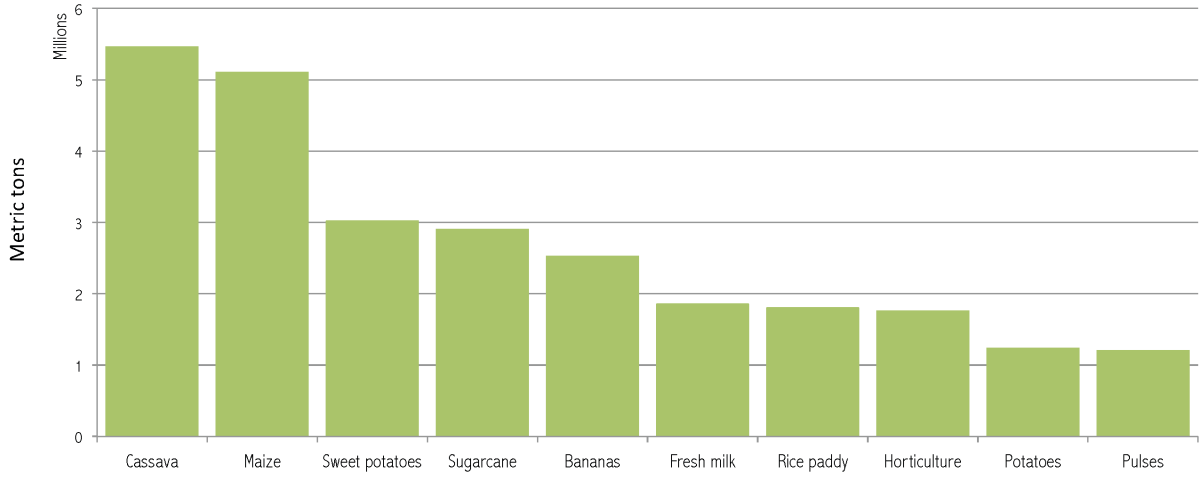
The main food crops grown in the country are maize, sorghum, millet, cassava, sweet potato, banana, pulses (beans, lentils, etc.), rice paddy and wheat. Food crops account for 65 per cent of agricultural GDP, from which maize is the most important food crop accounting for 20 per cent of agricultural GDP. Cash crops include coffee, cashew nuts, tea, cotton, tobacco and sisal. On average this crop subsector contributes around 10 per cent of agricultural GDP (Tanzania, 2013; MAFSC, 2015). Agriculture is the most important source of revenue for rural populations, accounting around 70 per cent of income (Tanzania, 2013).

The country has a dual agricultural economy based on small-scale farmers and large commercial producers. Small-scale farmers are estimated to comprise 31 million smallholdings, which are responsible for most of the food produced in the country. They cultivate a variety of rain-fed crops mainly for subsistence, with the surplus being sold as a source of income (MAFSC, 2015). As a result, agriculture is a sector in which significant achievements can be made, even with small initiatives. Growth in this sector reduces poverty more than growth in any other sector of the economy due to the high intersectoral linkages. It is imperative, therefore, to pay close attention to interactions between tourism and agriculture.

A. Kilimo Kwanza (Agriculture First)

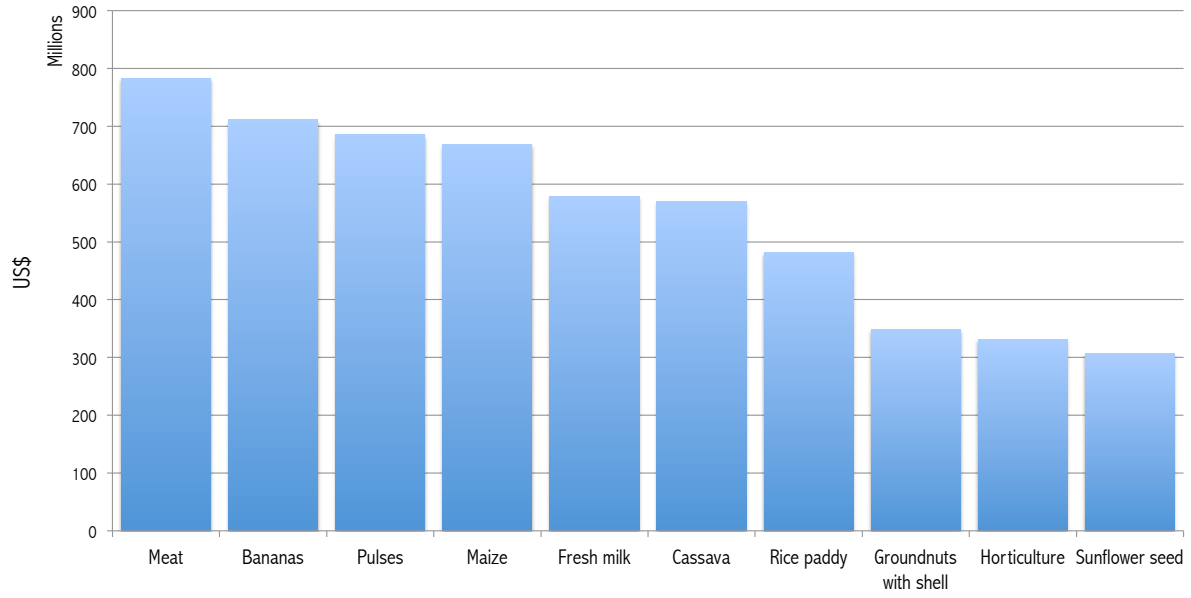
In 2009, the Government of the United Republic of Tanzania launched the Kilimo Kwanza (Agriculture First) resolution aimed at transforming the country's agriculture into a modern and commercial sector mainly through enhanced productivity. In 2010, the Kilimo Kwanza Growth Corridors Initiative was launched. Since then many ongoing initiatives ensure that agricultural inputs reach local farmers. Two of these initiatives are the Southern Agricultural Growth Corridor of Tanzania (SAGCOT) and the Agriculture and Food Investment Plan (AFIP), which are facilitating the implementation of the Comprehensive Africa Agriculture Development Programme (CAADP) in the country. The CAADP is a policy framework (launched by the African Union in 2003 as an integral part of the New Partnership for Africa's Development – NEPAD) for agricultural transformation, wealth creation, food security and nutrition, economic growth, and prosperity for all.

Figure 14: Top 10 agricultural commodities by production quantity



Source: Prepared by UNCTAD based on data from FAO (2015)

Figure 15: Top 10 agricultural commodities by production value



Source: Prepared by UNCTAD based on data from FAO (2015)

SAGCOT aims to help establish linkages between small-scale farmers and large commercial farms so as to promote productivity improvements through the use of modern irrigation systems, seeds and fertilizers (Kyaruzi, 2014). The next stage will establish two new growth corridors, which will cover the regions of Dodoma and Singida (in the centre of the country) The aim is to keep on broadening the initiatives until they encompass the whole country (Ki Ayo, 2014; MAFSC, 2015).

The United Republic of Tanzania has a land area of 44 million hectares, of which 16 per cent is arable agricultural land (World Bank, 2014). The top 10 agricultural commodities based on production quantity are cas-

Table 5: Key agricultural commodities by production yield and value

Agricultural commodity	Production quantity (metric ton)	Production value (US$ million)	Value per metric ton (US$)
Cassava	5 462 454	571	104
Maize	5 104 248	668	131
Bananas	2 524 740	711	282
Fresh milk	1 853 099	578	312
Rice paddy	1 800 551	482	268
Horticulture	1 755 000	331	188
Pulses	1 199 267	685	571
Total	19 699 359	4 026	

Source: Prepared by UNCTAD based on data from FAO (2015)

sava, maize, sweet potato, sugarcane, banana, fresh milk, rice paddy, horticultural products, potato and pulses (FAO, 2015). Figure 14 shows the top 10 commodities and their production quantities in millions of metric tons based on 2012 harvest volumes.

By production value, the top 10 agricultural commodities are meat, banana, pulses, maize, fresh milk, cassava, rice paddy, groundnuts with shell (i.e. peanuts), horticulture and sunflower seeds (FAO, 2015). Figure 15 shows the top 10 commodities and their production values based on 2012 harvest volumes.

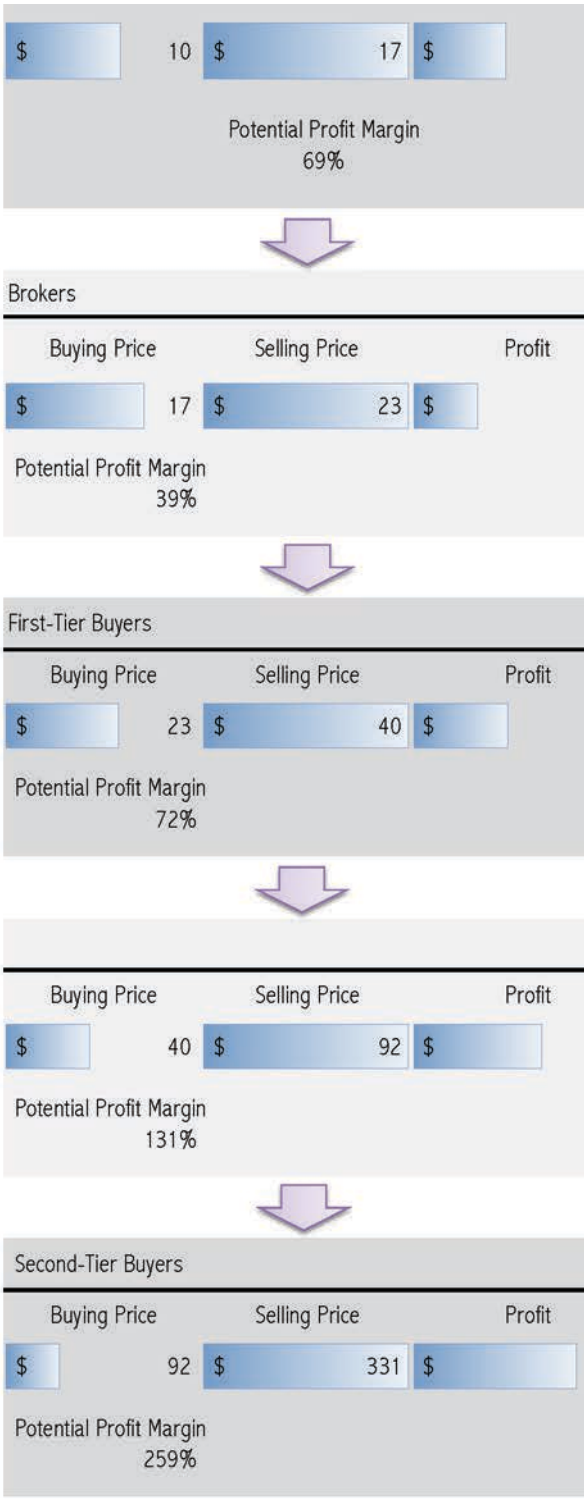
Seven out of the top 10 agricultural commodities by production value are also commodities with high production yields. They account for 74 per cent of the overall top 10 production values and 73 per cent of production quantities (FAO, 2015). Table 5 presents details of these agricultural commodities.

Table 5 shows that horticultural production represents a small part of the overall agricultural production yield and value. However, it has grown significantly in the last decade. In fact, horticulture makes a significant contribution to food security, improvements in nutrition and economic growth since its production is mainly based on small-scale farmers (MAFSC, 2015).

Looking exclusively at horticulture, the subsector accounted for around US$ 331 million in revenue in 2012, from which only 2 per cent reached small-scale farmers (FAO, 2015). Figure 16 illustrates the general horticulture value chain, which does not account for seasonal variation.

Conventional thinking has it that the key issue for poverty reduction and economic growth of small-scale farmers and other stakeholders within agricultural supply chains – especially horticulture – is to gain access to more profitable niches through exports. This assume that local and regional markets are stable and do not offer opportunities for growth. Yet a growing body of evidence shows that local, national and regional markets are themselves experiencing large transformations driven by a variety of factors. For instance, domestic markets based on supplying international tourists through restaurants and accommodation services have more in common with export markets in terms of grades, standards, business practice and prices than is usually perceived, as well as diversity of consumers and, therefore, expectations (Mafuru, Babu and Matutu, 2007). As a result, local supply should offer a minimum standard of quality and stability. Our interviews have clearly established the

Figure 16: General horticulture value chain



Note: Values are given in US$ millions based on 2012 harvest.

Source: Prepared by UNCTAD based on data from Leijdens (2008) and FAO (2015)

importance of quality, reliability of delivery and price as determining factors (Sykes, 2014; Vock, 2014). In this context and since agriculture is a prominent source of livelihoods; linking PPT initiatives with small-scale producers can have a pivotal role in fostering local development in rural areas. Moreover, agriculture is possibly the sector in which potential linkages are the greatest (Michael, 2011), especially local agricultural linkages, because around 22 per cent of international tourist expenditures are on food and beverages (see Figure 13 and Table 3).

B. The role of organic farming

There are about 1.2 million hectares of certified organic agricultural land in Africa, which constitutes 3 per cent of the total organic agricultural land in the world. Uganda is the frontrunner in the region with the largest organic area (231 157 ha) and the largest number of organic producers (189 610). The United Republic of Tanzania is the second with 186 537 ha of organic agricultural land and 148 610 organic producers and 28 exporters. There is a growing recognition among policymakers that organic agriculture has a significant role to play in addressing food security issues, land degradation impacts, poverty alleviation and climate change in Africa (FiBL and IFOAM, 2015).

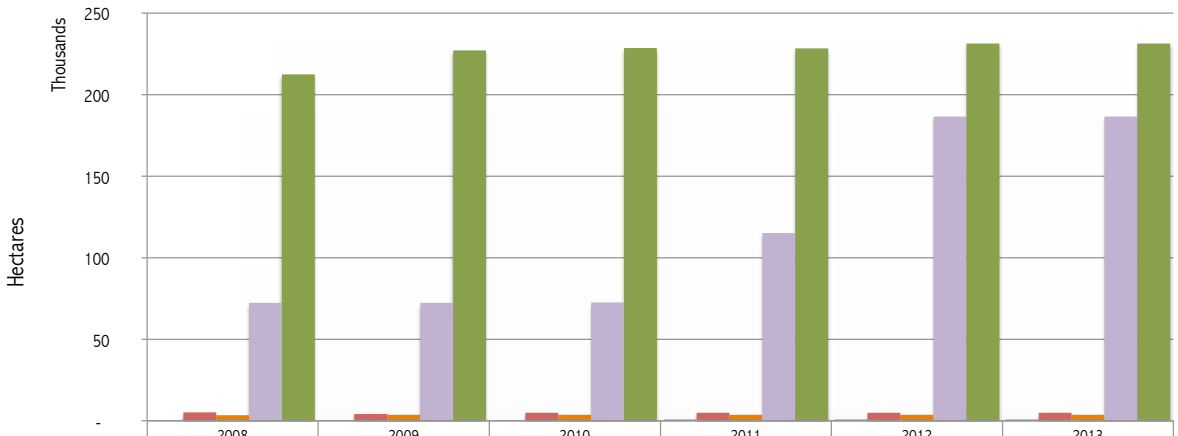
Organic agriculture is one of the fastest growing subsectors in the United Republic of Tanzania among all the five countries of the East African Community (EAC – Burundi, Kenya, Rwanda, Uganda and the United Republic of Tanzania). Figure 17 shows the development of organic agricultural land in the region from 2008 to 2013 (FiBL and IFOAM, 2013; 2014; 2015).

These five countries alone make up 35 per cent of the African organic agricultural land or 428 843 ha of farming land, which does not include wild collection areas. Wild collection is important in Africa with more than 10 million ha certified as organic (FiBL and IFOAM, 2015). Figure 18 shows the contribution of organic agricultural land by EAC member country in 2013.

This growth in the United Republic of Tanzania has been attributed to a number of factors:

- Increasing global demand for organic products and associated price premiums, which contribute to increased access to markets for small-scale farmers, resulting into improved household incomes in rural communities.
- Suitability and compatibility of organic agricultural practices with small-scale farming systems. Due to the fact that organic agriculture utilizes mostly traditional farming practices and its adoption is relatively low risk, given production and resource constraints among small-scale farmers.
- Organic agricultural goods present low market entry barriers to small-scale producers, compared with conventional fruits and vegetables where all producers are required to test and monitor pesti-

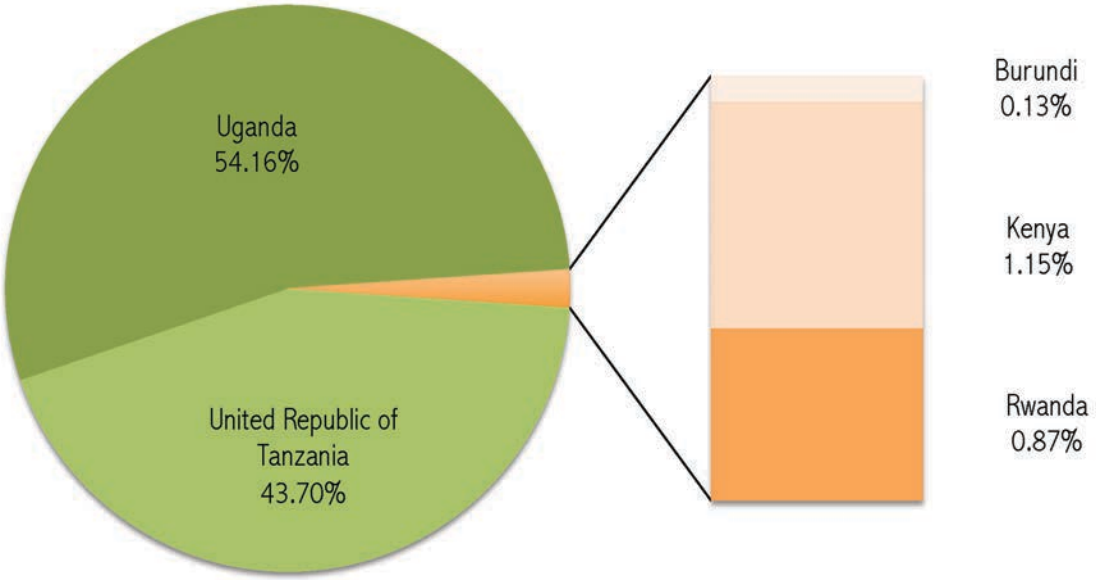
Figure 17: Development of organic agricultural land in EAC from 2008 to 2013



	2008	2009	2010	2011	2012	2013
Burundi	350	350	350	550	550	550
Kenya	5 159	4 227	4 842	4 969	4 894	4 894
Rwanda	3 508	3 697	3 600	3 705	3 705	3 705
Tanzania	72 188	72 188	72 665	115 022	186 537	186 537
Uganda	212 304	226 954	228 419	228 166	231 157	231 157

Source: Prepared by UNCTAD based on data from FiBL and IFOAM (2013, 2014, 2015)

Figure 18: Contribution of organic agricultural land within EAC countries in 2013



Source: Prepared by UNCTAD based on data from FiBL and IFOAM (2015)

cide residues in their products as due diligence for selling to international markets. Such processes are very expensive and, in many cases, unaffordable for the majority of small-scale producers. As a consequence, these small-scale producers that cannot afford to produce organically to export are being pushed out of markets.

- The global market for organic products has been rising from almost nothing 30 years ago to over US$ 72 billion in 2013. The sales in 2013 represent an impressive growth of 12.5 per cent over the previous year (US$ 64 billion for 2012) (FiBL and IFOAM, 2015). By region, the United States of America remains the largest single market, representing 43 per cent of global retail sales of organic products, followed by the European Union at 40 per cent.

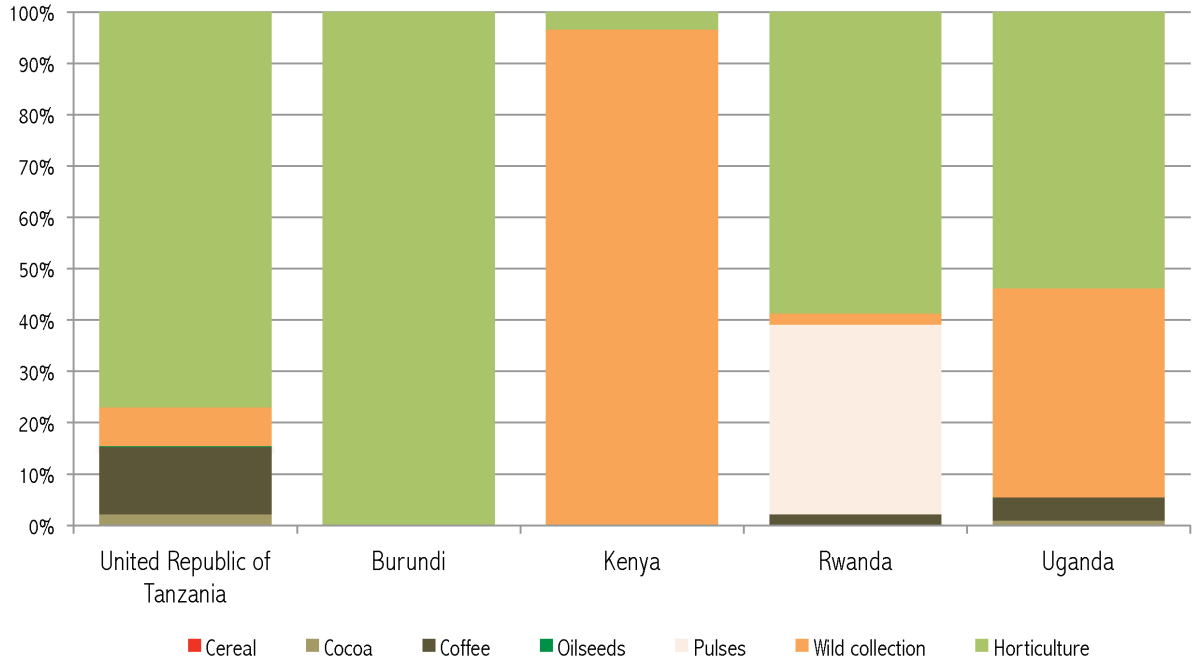
In the United Republic of Tanzania, organic farming is mostly associated with traditional farming, in which no inputs are used and therefore on this basis one can say that many small-scale farms are organic by default. However, they cannot benefit from the price premiums associated with certified organic products (Biovision, 2015).

When it comes to organic certification, there are only a few large-scale farms that are certified as organic producers, mostly producing coffee, cocoa, cereals, oilseeds, pulses, wild collection and crops such as onions, carrots, spices and fruits (Biovision, 2015; FiBL and IFOAM, 2015). Figure 19 presents the composition of certified crops on organic agricultural land within the EAC in 2013 (FiBL and IFOAM, 2015).

Certification costs are an important limiting factor for many small-scale African farmers, which hinder them from accessing the growing organic market. In the United Republic of Tanzania, annual certification costs range from US$ 4 000 to US$ 13 000 for groups/associations/cooperatives for small-scale farmers or projects engaged in exporting to international markets such as the European Union and the United States of America (Gama, 2014). These costs only represent the fees paid to the certification companies. They do not include the organizational and logistical costs incurred during the mobilization of farmers into groups, building their business skills and establishing internal quality management (IQM) systems – all of which need to be in place before inviting the certification auditors for the final assessment prior to being granted the certification. These costs normally amount to double or even triple the fees paid to certification bodies (Gama, 2014).

In an effort to reduce the cost of international certification and allow the access of more small-scale producers to the lucrative export market, stakeholders in the United Republic of Tanzania established a local certification body – the Tanzania Organic Certification Association (TanCert) – to offer affordable certification services. Unfortunately, the certification provided by TanCert is not accepted in all major international

Figure 19: Composition of certified crops on organic agricultural land within the EAC in 2013



Source: Prepared by UNCTAD based on data from FiBL and IFOAM (2015)

organic markets because it has not yet received international accreditation and, therefore, local organic production still requires international certification, which remains quite expensive and largely carried out by international bodies that fly in their inspectors from outside the country. In order to improve local conditions, TanCert requires financial support not only to attain but also to maintain international accreditation and build a team of local experts to provide affordable inspection services across the whole country (Gama, 2014).

i. Organic production – export market

Most of the country's organic products are sold outside the country. There are currently 29 producers running organic projects in the United Republic of Tanzania exporting to international markets (see Annex 3). Their production includes coffee, cocoa, tea, spices, horticultural produce such as fruits and vegetables, cotton, maize, sesame, banana and cassava (Gama, 2014).

Approximately 10 operators are certified through local participatory guarantee systems (PGS) or follow local organic standards such as Tanzania Bureau of Standards (TBS) and TanCert. The remaining operators are certified through international certification bodies operating in the country – the Institute for Marketecology (IMO), EcoCert, Control Union, Bio Inspecta AG and Certification of Environmental Standards (CERES). Despite the fact that the Rainforest Alliance Certification and UTZ do not certify organic products they still play an important role as international certification bodies for sustainable agriculture produces. TanCert is the only local certification body serving local and export markets, but in partnership with CERES as it is not accepted in all major international organic markets (Gama, 2014). Table 6 summarizes the certified organic produce exported between 2010 and 2014.

ii. Organic production – home market

The organic market within the country is not regulated. On the one hand, there is no official policy on organic farming in the country. On the other hand, organic farming is mentioned in two important policies – the 2006 Livestock Policy and the 2013 Agriculture Policy – as a form of agriculture that offers an opportunity to export high-value agricultural produce to international markets. Also, organic farming relies on techniques such as crop rotation, green manure, composting and biological pest control that promote and enhance biodiversity, biological cycles and safe food production for consumers.

Table 6: Organic produce exported between 2010 and 2014

	Exports 2010	Exports 2011	Exports 2012	Exports 2013	Exports 2014
Banana	12 265	15 201	17 605	20 103	22 200
Pulses	1 543	2 178	3 294	3 808	4 271
Cassava	6	10	9	10	8
Cereal	1 723	1 456	1 558	1 751	1 666
Cocoa	1 529	2 363	1 973	2 865	3 196
Coffee	4 618	6 010	7 056	8 844	7 323
Cotton	1 064	466	453	622	803
Groundnuts	58	30	104	1 034	1 474
Horticulture (Fruits and vegetables)	342	354	394	462	482
Spices	897	1 022	2 045	2 035	3 456
Sesame	500	234	378	489	365
Sweet Potato	12	17	19	20	21
Tea	476	551	563	644	730
Total	25 033	29 892	35 451	42 687	45 995

Source: Prepared by UNCTAD based on data from Gama (2015)

The regional market for organic products is small but has been growing, especially after the launch of the East African Organic Products Standard (EAOPS) in 2007 as the official standard for organic production and trade across EAC. Compliance with EAOPS remains voluntary. However, the Ministry of Agriculture, Food Security and Cooperatives (MAFSC) has been very supportive and works closely with the Tanzania Organic Agriculture Movement (TOAM) and other stakeholders to promote organic farming in the country (Gama, 2014; Ki Ayo, 2014).

According to a consumer survey commissioned by the International Federation of Organic Agriculture Movements (IFOAM) in 2013, awareness of organic food products and farming in East Africa increased from 62 to 67 per cent between 2006 and 2013. The United Republic of Tanzania ranked third among the EAC states with 63 per cent, after Uganda with 83 per cent and Burundi with 75 per cent. Despite a high awareness about the benefits of organic products, this is not fully translated into actual purchases. The survey also identified that international tourists and urban consumers caused the growing interest for organic products (IFOAM, 2013). In fact, the tourism sector has been instrumental in creating awareness and interest in organic products since the majority of customers demanding organic products in Dar es Salaam and Mombasa were international tourists, who perceive organic foods as being healthy and nutritious, and free from chemical residues (IFOAM, 2013).

Darajani Market in Stone Town, Zanzibar

IV. LINKAGES BETWEEN TOURISM AND HORTICULTURAL PRODUCTS

Consumption of local food is broadly recognized as an essential part of tourism. Locally distinctive food shapes the tourist experience and can be an attraction in itself (Mgonja, Backman and Backman, 2014). In the United Republic of Tanzania, food consumption corresponded to about 22 per cent of the total earnings from tourism activities in the country in 2013 or US$ 409 million (MNRT, 2014; NBS, 2014). As a result, local food experiences can become strong linkages between tourism and local horticultural production since local communities have a unique culture in terms of food, which could be incorporated into the touristic experience of international visitors (Manwa and Manwa, 2014). They also have the potential to contribute considerably to sustainable development, help maintain regional identities and support agricultural diversification in the country.

Most food that makes up Tanzanian cuisine is typical of the East African region in general. Locally distinctive food can be important both as a tourism attraction in itself and in helping to shape the image of a destination (Mgonja, Backman and Backman, 2014).

The Tanzanian diet is largely based on starches such as cassava, millet, sorghum, beans and cornmeal. *Ugali*, which is made of those starches, could be considered the country's national dish. It is typically served with a sauce containing meat, fish, beans or cooked vegetables and eaten out of a large bowl that is shared by everyone at the table. *Wali* (rice) and various types of *samaki* (fish) cooked in coconut is the preferred dish for those living in coastal communities (FIEC, 2015). The introduction of various spices by the Arabs is highly evident in a popular coastal dish named *pilau*, a dish of rice cooked in a seasoned broth. The dish consists of rice spiced with curry, cinnamon, cumin, hot peppers and cloves. *Matunda* (fruits) and *mboga* (vegetables) such as plantains, similar to the banana, *ndizi* (bananas), *pawpaw* (papaya), *biringani* (eggplant), *nyana* (tomatoes), beans, *muhogo* (cassava), spinach and other greens, and maize are frequently eaten by locals, many of which are grown in backyard gardens. *Ndizi kaanga* (fried bananas or plantains) is a local dish that is very popular with Tanzanians and tourists alike (FIEC, 2015).

A. Existing linkages

There is high recognition by the local government that tourism can be an important player in poverty alleviation and local development. However, there is not yet a holistic strategy nor are there indicators for measuring tourism development and poverty reduction (SNV, 2007; Michael, 2011; UNWTO, 2015).

At the country level, there are various business and trade associations, but none focused on linking the agriculture and tourism sectors: the Tanzania Chamber of Commerce Industry and Agriculture (TCCIA), Tanzania National Business Council (TNBC), Confederation of Tanzania Industries (CTI) and the Tanzania Investment Centre (TIC). These organizations do provide information and limited promotion, especially in commerce, manufacturing and agriculture but there is no organization linking the hospitality industry and local farmers directly. There are other tourism business related groups like the Tanzania Association of Tour Operators (TATO) and the Hotel Association of Tanzania (HAT). These associations mainly deal with advocacy and lobbying but hardly with cross-sectorial business linkages. Likewise, the Tanzania Tourism Board (TTB) deals mainly with marketing strategies.

At the local level, food supply is needed by the tourism sector but linkages are done on personal business terms through individual brokers – middlemen – or via street markets. There are currently no formal agricultural programmes that assist local farmers in meeting the requirements of hotels and restaurants or tap into their markets (Vock, 2014; Kyaruzi, 2014; Mashindano, 2014).

As a result, the food supply chain in the country is very complex and disorganized. Most agricultural goods (i.e. horticultural products) are traded through middlemen to wholesale markets. Kariakoo in Dar es Salaam is the most important hub for the vegetable trade. In fact, more than 50 per cent of horticultural products are traded through this large market. Most small-scale farmers depend on rain-fed agriculture meaning in the main harvest season there is enormous overproduction and much of the crop that cannot be sold is lost (Ki Ayo, 2014).

With regard to organic agriculture, there are large numbers of organic farmers for whom formal certification does not have any advantages, since all their organic produce is sold unlabelled and mixed up with conventional produce by brokers. This is true for farmers who practise subsistence farming for the

food security of their families or their community and the majority of organic producers who sell in local markets. Unfortunately, there are no official statistics to quote on this type of informal uncertified organic production. The majority of certified organic produce from the United Republic of Tanzania is destined for export markets, particularly in Europe. However, consumer interest for organic products is picking up in Dar es Salaam and other tourist towns such as Arusha (Gama, 2014).

i. Supply and demand

Producers and traders or their associations are the stakeholders linking agriculture to tourism. Producers of horticultural products are mainly small-scale farmers either growing a single crop or a wider variety of horticultural products. These small-scale farmers tend not to be organized when it comes to supplying local or regional markets, and their smallholdings have an average size of about 2.5 ha (Salami, Kamara and Brixiova, 2010). There are a few larger properties but none above 4 ha (Ki Ayo, 2014; Kyaruzi, 2014; Manege, 2014; Mashindano, 2014). In this context, the supply of organic products can be categorized into two distinctive channels: the supply to formal export markets and the supply to local or regional markets.

Supply to formal export markets

This channel tends to be coordinated by international requirements and is characterized by the need to comply with importing countries' regulations and/or standards on organic products. Tanzanian organic export products are largely destined for Europe, the United States of America and Japan. Therefore, compliance with European regulation on organic agriculture (EC 834/2007), the United States Department of Agriculture (USDA) National Organic Program (NOP) and the Japan Agricultural Standard (JAS) is mandatory for all stakeholders along the supply chain. In order to meet these requirements, small-scale farmers are organized in groups along specific commodity chains destined mainly for export. This context is also a reality for horticultural products grown under GAP schemes, mainly destined to export, such as Serengeti Fresh Ltd in Arusha, which is a member of the Partners in Protection (PiP) program. PiP is a European cooperation programme managed by the Europe-Africa-Caribbean-Pacific Liaison Committee (COLEACP). Its goal is to facilitate the flow of trade between Africa, Caribbean and Pacific (ACP) countries and the EU by, for example, promoting GAP, strengthening competition, and lobbying and advocating on behalf of the industry. In the United Republic of Tanzania, nine export companies working directly with small-scale horticultural producers have been supported by PiP since 2001. This includes 4 145 small-scale farmers and 816 employees (PiP, 2015). As the agricultural developments take shape, most farmer groups involved in the production and marketing of products form associations to develop linkages with markets and the private sector (Nyang, Webo and Roothaert, 2010).

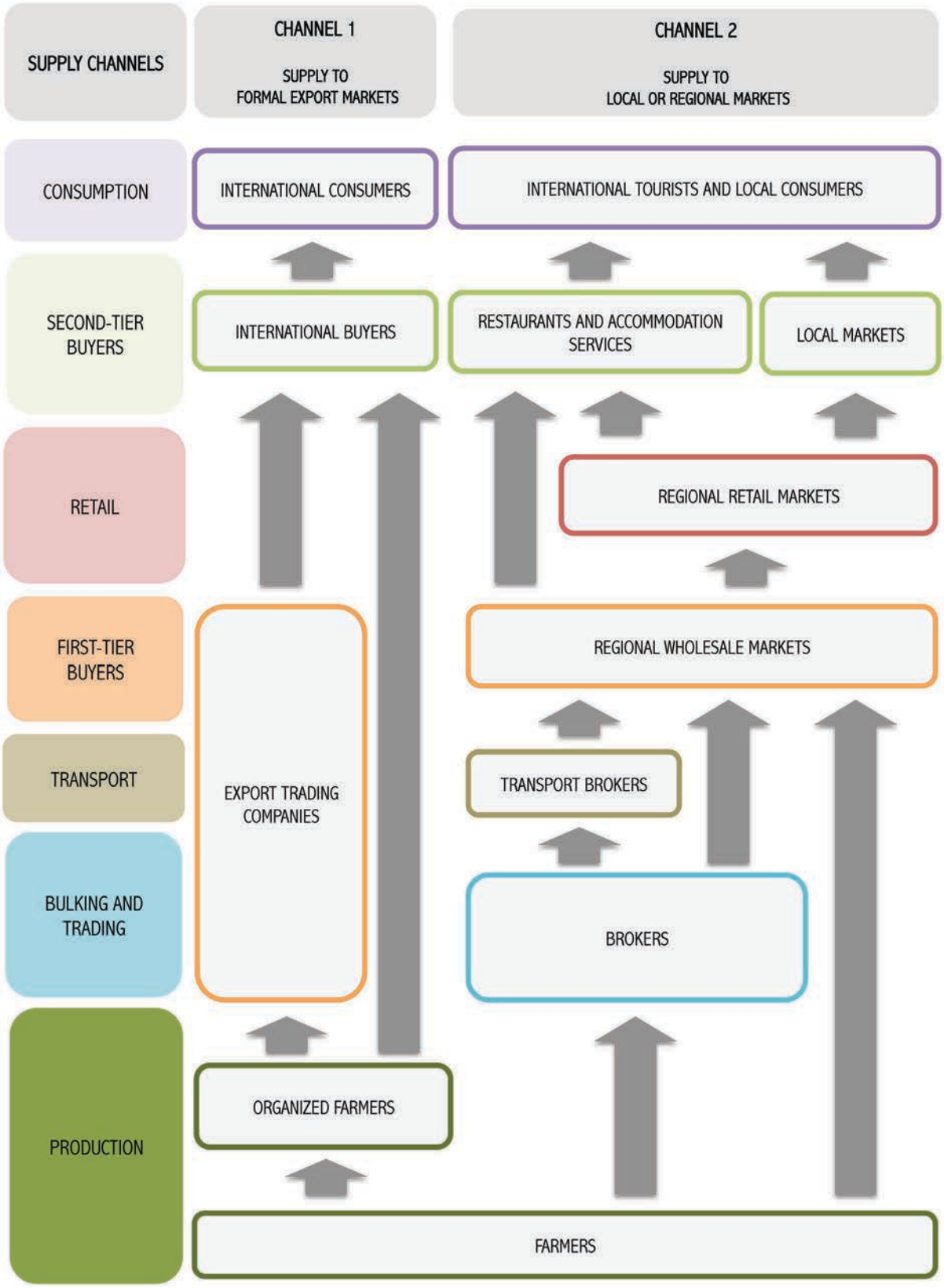
Through such channels, small-scale farmers tend to be largely organized and contracted by export trading companies, who are interested in a specific commodity for export (i.e. organic goods). To facilitate the certification process, IQM is introduced within the groups. In fact, exporting companies largely invest in farmer mobilization, IQM development, certification and logistics. They also provide support services on organic practices and GAP. Besides support, small-scale farmers that are organized into groups – sometimes these groups establish themselves into cooperatives or associations – are rewarded by exporting companies for their loyalty and organic quality with a premium price.

The main products exported under such arrangements include coffee, cotton, tea, cashew nuts, honey, fruits (such as pineapple) and spices. These products are largely exported as raw materials with limited value-added benefit to local suppliers.

Supply to local or regional markets

Unlike the export chain, where formal processes exist and farmers are organized as a requirement for export market certification and compliance, the domestic market supply system is highly diversified and informally organized. Within this supply chain structure there are *dalali* (local brokers) who negotiate deals between farmers and buyers. There are also two types of buyers. The first, *wanunuzi* (first-tier), usually buy large quantities from many local brokers which they later sell in wholesale markets. These buyers hire transport through *dalali wa magari* (transport brokers) to carry the goods to wholesale markets such as the main markets in Kariakoo or Arusha. At the markets, there are market brokers (also known as *dalali*) who receive the load of products, commonly on credit, and sell it on to retail traders or second-tier buyers, including retail market traders, shops, hotels and restaurants. These market brokers know each other and work closely together, forming a cartel and making it difficult

Figure 20: General supply chain for conventional and organic horticulture products



Source: Prepared by UNCTAD based on data from Leijdens (2008), Gama (2014), Ki Ayo (2014), and Mashindano (2014)

for newcomers to enter the market (Leijdens, 2008; Gama, 2014; Ki Ayo, 2014; Mashindano, 2014).

Since farmers are not well organized and are mostly small-scale producers, their bargaining power is limited and usually they have to accept the low prices brokers offer. Hence, there is little transparency in the trade, putting farmers in a disadvantaged position (Mashindano, 2014; Vock, 2014). Moreover, the low prices offered to farmers by brokers together with the high price they present to second-tier buyers such as hotels and restaurants has not been helpful in motivating producers and consumers to develop organic market chains in the local market.

Despite the interest in organic horticultural products by some hotels, restaurants and in wealthy districts, there is a lack of suppliers, and demand has not been met. For example, the White Sands Hotel in Dar es Salaam wanted to brand all their vegetable as organic but could not get the supplies (Leijdens, 2008). In another case, diplomatic staff in embassies located in Dar es Salaam attempted to reach out to organic products in the Rushoto area and requested TOAM to verify that producers follow organic practices and standards. However, farmers were not organized and could not sustain the volumes and delivery requirements. Eventually, the supply and trade relationship collapsed (Gama, 2014; Sykes, 2014).

Figure 20 shows the horticulture supply chain for conventional and organic products and highlights the key components. Focusing on local and regional supply, we can identify two sub-channels based at farm-level transactions. In one of these sub-channels, horticultural products require a broker for transactions between farmers and buyers. Buyers usually transmit orders by phone to the local brokers who negotiate with farmers to fulfil the order. Farmers receive payment directly from brokers. The brokers' profit is the difference between what was paid to the farmer and the payment received from the buyer after deducting costs for packing materials and loading the goods for transport. The buyer hires a truck but the hiring is arranged through a local transport broker, who coordinates the transport. Several buyers will usually be in charge of filling a truck together. On arrival at the regional wholesale market, the load is passed on credit to market brokers, who sell it in smaller quantities to retail traders or directly to restaurants and accommodation services. In the second sub-channel, farmers organize their own sales and take their crops directly to regional wholesale markets. A few large farmers might also buy from their neighbouring farmers to fill a truck. Alternatively, there are buyers who buy at the farm gate and take the crop directly to the wholesale or retail markets, where they sell the products themselves. An example of this channel is found in Oldonyo Sambu in the Ngorongoro District of Arusha Region (a mainly carrot producing area). Local farmers buy from neighbouring farms and deliver directly to Arusha (Leijdens, 2008). In the case of organic products, farmers are organized into groups or associations. These organized farmers are contracted and certified to supply directly to an export company that then delivers on to international buyers. However, the export company sometimes sells the organic products locally, delivering them to local urban markets (Gama, 2014). Since this is not a regular practice, this particular channel is not present in Figure 20.

ii. Horticulture value chain

Figures 21 and 22 illustrate the horticulture value chain, conventional and organic products respectively, of local and regional markets supplying the tourism sector in the United Republic of Tanzania. It shows the value chains of the surplus and shortage seasons taking into consideration the same parameter – for every US$ 100 spent by international tourists in Tanzania, US$ 22 were spent in food and beverages (see Figure 13).

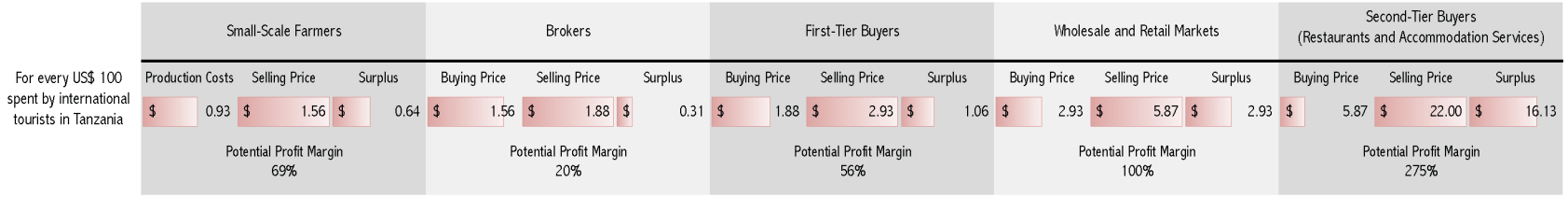
In local organic products value chains, brokers are normally left out of the supply chain due to traceability requirements. In order to sell their products as organic and get a premium, farmers must guarantee that their products can be traced along the entire chain as organic. Hence, producers either sell directly to first- and second-tier buyers or to consumers.

The reason for omitting local brokers from the supply chain is that they are informally organized and commonly mix products from different producers to improve profitability. Therefore, the only way brokers can remain in the organic supply chain is to get formalized and put in place a traceability system that can comply with the requirements for produce segregation and traceability along the entire value chain. That would be the ideal situation. In practice, what happens is that when organic farmers fail to sell directly to buyers, they have no option but to sell through brokers, who can no longer claim the organic label. Therefore, most organic products are sold at conventional prices. Currently in the country, most certified organic production is exported.

Figure 21: Conventional horticulture value chain used to supply the tourism sector

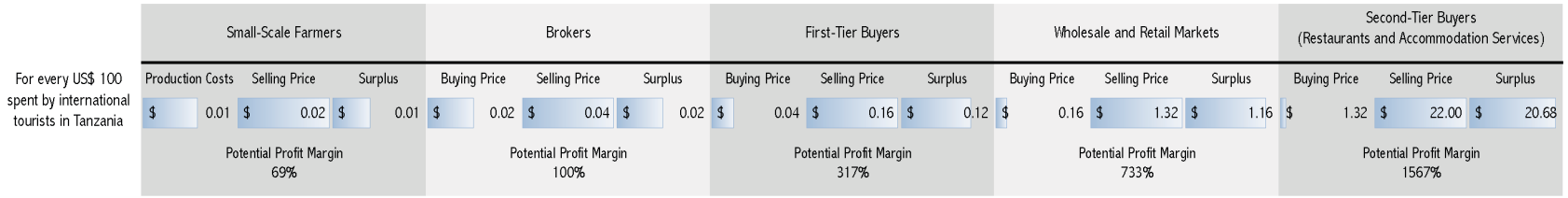
Production costs for small-scale farmers range from 34% to 80% of the selling price depending on season and products.
In average the production costs correspond to about 59% of the selling price

During the Shortage Season, US$ 1 buys in average 5 kg of conventional horticulture products



Overall value added from farmers to final consumers is about 1406%

During the Surplus Season, US$ 1 buys in average 31 kg of conventional horticulture products



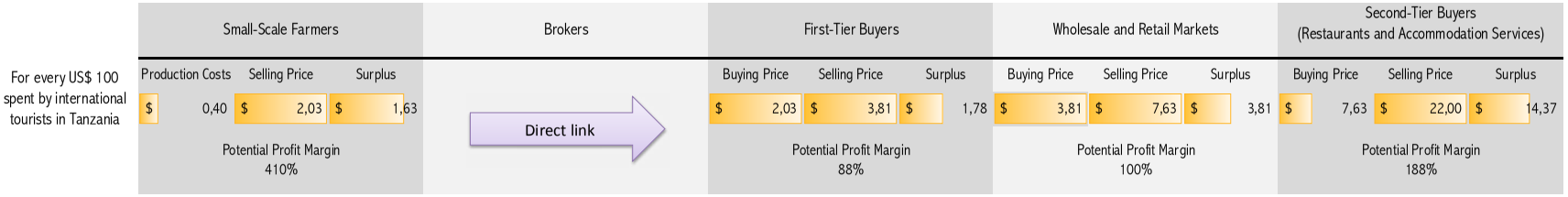
Overall value added from farmers to final consumers is about 115741%

Source: Prepared by UNCTAD based on data from Leijdens (2008), Gama (2014), Ki Ayo (2014), Vock (2014), and Mashindano (2014)

Figure 22: Organic horticulture value chain used to supply the tourism sector

Production costs for small-scale farmers range from 34% to 80% of the selling price depending on season and products.
In average, the production costs correspond to about 59% of the selling price for conventional products.
Organic products do not use pesticides and chemical fertilizers that correspond to about 57% of the production costs.

During the Shortage Season, US$ 1 buys in average 4 kg of organic horticulture products



Overall value added from farmers to final consumers is about 1082%

During the Surplus Season, US$ 1 buys in average 23 kg of organic horticulture products

Production costs are lower than US$ 0,01
Overall value added from farmers to final consumers is about 105219%

Source: Prepared by UNCTAD based on data from Leijdens (2008), Gama (2014), Ki Ayo (2014), Vock (2014), Mashindano (2014) and ASARECA (2015)

Source: Prepared by UNCTAD based on data from Leijdens (2008), Gama (2014), Ki Ayo (2014), Vock (2014), Mashindano (2014), and ASARECA (2015)

It is important to mention that the supply and demand analysis is an estimate since data gathered are not consistent. This is no surprise because local supply is largely informal and neither the government nor private institutions are capturing data from these local informal transaction channels (Gama, 2014; Ki Ayo, 2014; Mashindano, 2014; Manege, 2014). However, it is an important exercise since figures 21 and 22 show that there is large variation in price and profit margins throughout the value chain. Looking only at farmers, we recognize a large variation between the shortage and surplus seasons and conventional versus organic products.

The low prices during the surplus season can be attributed to a number of factors but two of them are decisive in defining selling prices:

- Small-scale farmers correspond to 75 per cent of the rural population, whose farming practices are largely rain fed. As a result, farmers mainly produce at the same time during the rainy season generating an oversupply that cannot be absorbed by local markets. Due to limited market linkages with stakeholders at regional markets, small-scale producers have to accept low prices.
- Substantial pre- and post-harvest losses occur as a result of inefficiencies of the agricultural value chain. It is estimated that about 30 to 40 per cent of the overall crop production is lost annually because of the limited processing or value-adding infrastructure accessible to small-scale farmers. At times, farmers can lose their entire harvest (Tanzania, 2013).

In this context, brokers are definitely the key stakeholders within the local horticulture trade. However, they often are considered as hindering agents. They manipulate weights and measures, mislead farmers and withhold market information (Vock, 2014; Mashindano, 2014; Gama, 2014). Although their practices are sometimes questionable, they also take huge risks and perform important functions such as:

- Linking buyers to farmers and their products since buyers would not deal with farmers individually due to their large numbers and distance from market hubs.
- Delivering payments in cash to farmers or using balance transfers through mobiles.
- Bulking and transporting goods to urban centres and assuming the risk when there is a breakdown or quality loss, especially given the fact that the road transport infrastructure is still very poor in the rural areas where farmers are located. Moreover, the transport arrangements used to move horticultural products from production sites to local or regional markets are based on ordinary non-refrigerated or open trucks. The lack of a cold chain and packaging standards often hasten the deterioration of the products before reaching the market.

Currently, there are a few initiatives attempting to directly link producers and consumers without the need for brokers. One of these initiatives is the farmers' market concept, which is supported by TOAM. On a specific day, consumers can appreciate and buy organic products directly from farmers. This approach has been successfully used in Uganda and Kenya for not only stimulating awareness of organic products but also their local consumption. The farmers' market concept provides a direct link between farmers and buyers. It enables information exchange on product quality, volumes and other characteristics. The introduction of farmers' markets can facilitate diversity and innovation and increase marketing of organic products to the tourist industry.

In addition, through the MAFSC, the Tanzanian Government is developing a policy on contract farming aimed at regulating and guiding contract farming (Mwasha, 2014). However, it is important to emphasize that the contract farming policy in the offing needs to focus more on strategies that will motivate the private sector to engage and invest in smallholder contract farming rather than just highlighting rules that have to be followed in contract farming.

B. Main challenges

Ensuring a reliable supply of fresh and high quality horticultural products (including organic produce) to restaurants and accommodation services is one of the main obstacles to overcome in linking small-scale farmers to the tourism sector. As the horticulture supply chains faces a number of constraints growth and competitiveness are held back. These constraints can be divided into two main groups: lack of direct communication channels and bottlenecks or inefficiencies in the supply chain.

i. Lack of direct communication channels

The current lack of direct communication channels results in the following challenges:

- Farmers lack sufficient technical knowledge such as improved production techniques, pest and dis-

ease control, soil fertility assessment, and harvesting and post-harvesting techniques. As a result, there are low production efficiency, crop losses and unsustainable production systems.
- Farmers lack market information, resulting in slow or no development in production and marketing practices.
- Farmers lack information on handling chemicals and on alternative ways to control pests and diseases, resulting in health and environmental problems.
- Farmers lack sufficient knowledge on integrated pest management (IPM) and organic production techniques, resulting in the continued use of expensive chemicals and fertilizers, cutting profit margins and putting their health and the local environment at risk.
- The communication channels within the supply chain are not transparent and the middlemen are the dominant stakeholders in the chain; this results in farmers having no power in marketing their production.
- First-tier buyers benefit from farmers not being organized.
- Lack of standardization of measurements makes it difficult to assure quality control of products, so stakeholders cannot easily compare the different products in the market.
- Lack of sufficient data available at district level makes it difficult for policymakers and support organizations to understand the reality and take well-evidenced decisions.
- Lack of a legal framework to enforce compliance with contracts and high informality in the sector result in insecurity for farmers and for companies entering into contract farming.
- Lack of effective institutions to support the sector and implement regulations.

ii. Bottlenecks in the supply chain

A bottleneck limits the flow of products in a supply chain. Such bottlenecks can be caused by inefficiencies or resources working at full capacity. Currently, there are many bottlenecks or inefficiencies in the local horticulture supply chain (both conventional and organic chains) linking producers to consumer markets. Some of these inefficiencies are related to infrastructure problems, while others are related directly to local brokers. This study identifies the following challenges:
- Lack of irrigation infrastructure causes farmers to be unable to produce off-season crops and improve market access.
- Lack of irrigation causes farmers to rely on rain-fed production, resulting in farmers trading their produce at low prices. In short, the dependency on rain-fed production forces all farmers to sell at the same time, which increases the competition among them and makes joint marketing difficult.
- There are no sufficient quality control or management systems able to reduce crop losses and increase profit margins.
- Limited availability of organic pesticides and knowledge to manufacture natural pesticides result in farmers continuing to use chemicals.
- The existing organic guarantee system through certification by TanCert and PGS based on the EAOPS has not been widely promoted and/or adopted in order to guarantee the quality of organic vegetables to buyers, even when they are grown organically, which hampers the development of local consumption of organic products by restaurants and accommodation services.
- Quality does not seem to be a factor that influences price. This is a missed chance to increase the price paid to farmers for higher quality. This is also influenced by the common practice of brokers mixing different product qualities from diverse producers to improve profitability.
- Spot market arrangements through brokers prevail over supply chain systems, which are long channels with high transaction costs that reduce farmers' profit margins.
- Very few farmers are organized. Hence, there is no joint bulking or trading practices. This limits trade of horticultural products that usually requires small-scale farmers to work together in groups to establish IQM as a way of ensuring traceability and quality integrity for organic products. In turn, this gives brokers the chance to assume those activities themselves and reduce farmers' profit margins.

C. Facing the challenges

Looking at the agriculture sector, particularly at horticulture, the United Republic of Tanzania needs to deal with the lack of direct communication channels and bottlenecks in the horticulture supply chain so as to provide a reliable supply of fresh and high quality products (including organic) to restaurants and accommodation services. Focusing on six improvement themes can strengthen the linkages between small-scale farmers and tourism:
- **Cooperation platform:** Communication and

knowledge sharing can also be improved by means of sector and supply chain specific websites, training programmes and other forms of direct collaboration among key stakeholders, including associations and government bodies in the country. The establishment of a cooperation platform can provide information about the benefits and availability of organic products. This could be achieved through partnerships among the Tanzania Chefs Association (TCA) HAT, MAFSC and TOAM. The TCA represents chefs, cooks and caterers at all levels with the aim of setting and maintaining the highest level of culinary excellence, food standards and professionalism. The cooperation platform could use and establish partnerships with the media to promote EAOPS and the East African Organic Mark (EAOM) as a common label. It could also promote the farmers' market concept throughout the country. The goal is to enhance awareness and increase the demand for organic products in the country.

- **Bottom-up supply chain innovation:** Strategic, technological and structural innovations, as well as supply chain performance improvements, are vital if the Tanzanian horticulture supply chain wishes to move forward successfully. The mobilization and organization of small-scale farmers into associations or cooperatives or through contract farming can enable bottom-up changes in the chain. Organized farmers are better equipped to handle and deliver larger volumes and reliably supply local markets even when demand increases rapidly. Building strong groups of organized farmers can help in enhancing their capacity in organic good agricultural practices (oGAP), quality assurance, as well as business skills and marketing. These groups could be linked directly to second-tier buyers such as restaurants, wholesale and retail outlets, tourist shops and street markets. In short, a coordinated effort to enable small-scale organic farmers to become organized is needed. This effort will require the work of all partners, including organic NGOs led by TOAM, local government, central government and private companies already sourcing organic products from farmers.
- **Start-up financing and participatory certification systems:** Currently, most organic small-scale farmers are unable to meet the certification costs before they can sell their products as organic. Start-up grants can facilitate certification and build up a pool of local technicians/experts that would not only guide small-scale farmers in setting up IQM but also help them build local capacity so as to comply with EAOPS. For example, TanCert could offer, through financial support, affordable organic certification services to bring more small-scale farmers on board and increase the supply of certified organic products for local markets. The concept of PGS also should be widely promoted, as this is less costly and encourages several stakeholders, including farmers themselves, to be proactive in the verification and certification process of products.
- **Synchronization of information:** A more effective exchange of information throughout the supply chain will reduce not only the time to reach markets but also handling expenses. It will also increase supply-chain efficiency. One way to achieve this is through mobile phones. The United Republic of Tanzania is already leading in mobile money services known as m-commerce across sub-Saharan African markets. In fact, more farmers have access to mobile phones than to bank accounts, giving the poor the opportunity to be involved in the formal financial sector (TANZICT, 2014). One drawback is getting the mobile service companies to interact and work with local developers to create mobile money systems specific for linking farmers to first- and second-tier buyers.
- **Standards and protocols:** The absence of adequate standards and protocols within the horticulture supply chain directly affects the quality of local products. Certification is a pre-requisite in marketing organic products since it guarantees to consumers the quality and integrity of the product. In order to increase the availability of certified organic products in local markets, organized farmer groups (associations and cooperatives) require a simplified certification process.
- **Education on quality management and packaging:** Areas such as education, quality management and packaging require closer attention. Farmers, transporters and other handlers are not as aware as they should be of the basic requirements in these areas, nor how to meet them. Retail is another group in need of education on quality management since their knowledge and experience with organic products lags behind their increasingly dominant market position. Particularly at the retail level, product and packaging wastage figures can be astonishingly high – between 20 and 40 per cent (IFAMA, 2014).

Nungwi Beach, Zanzibar

V. CONCLUDING REMARKS

Opportunities to purchase organic horticultural products locally are often not exploited by restaurants and accommodation services. A lack in quality and quantity is the result of inefficiencies within the supply chain. For example, local farmers are not sufficiently aware of restaurant and hotel requirements, health and safety regulations, and tourist preferences to match the required quality. Looking at the agricultural sector, small-scale farmers and farmers' associations often cannot access credit to invest in upgrading production for the tourism sector, unless they have secure contracts to show to funding agencies. In the tourism sector, hotel managers, restaurant owners and purchasing officers are used to existing channels using brokers and do not consider new local options despite an interest in improving their services. In fact, many perceive local products as inferior and not reliable. They prefer imported and wholesale goods because it is more convenient and they do not want to change existing supplier relationships. In short, small-scale farmers can supply fresh and high quality products and restaurants and accommodation services want to buy them. However, there is no operating market. There is no direct supply channel putting them in touch with each other so as to share information and negotiate contracts and delivery.

A. Policy recommendations

The United Republic of Tanzania has so far developed forward-thinking, effective legislation to promote the private sector at the national level. An example of this is TIC and the tourism sector is already benefiting from it (HODECT, 2010; Mwandanga, 2014). This effort should be consolidated and mirrored at district and local levels so as to foster horticulture production from small-scale producers and connect their production to local and regional markets, supplying restaurants and accommodation services.

Good infrastructure connects farmers to their suppliers and buyers, reducing the effects of distance between producers and market. Targeted infrastructure investments or improvements in existing ones are therefore needed at the district and national levels with a specific focus on facilitating horticultural development (HODECT, 2010). Interestingly, the expanding tourism in the country will rely on the same infrastructure, strengthening the linkages between these two sectors. Improvements in roads are critical to ensure that production reaches markets on time and in good condition. Management services at airports and seaports need to be equipped with the appropriate systems and facilities that are suitable for horticultural products. The same requirements can be applied to tourism – with better roads, travel within the country with be facilitated.

Significant domestic and export market opportunities already exist for traditional processed fruits and vegetables as well as a number of new agro-processed horticultural products (conventional and organic). Stakeholders within the horticulture supply chain should take advantage of the national export strategy and use governmental agencies to research and access the export market with high quality sustainable supply. At local and regional markets, coordination of small-scale farmers, through producer associations, development of market chains directly to restaurants and accommodation services, and value addition through food processing, packaging, branding and labelling must be enhanced and applied to develop opportunities and access lucrative markets (HODECT, 2010). In short, the increments in domestic and exports due to tourist sector expansion – hotels, international institutions, investors – can offer opportunities to small-scale farmers as well as large producers. However, support from local government will be required to create organizations able to add value through food processing, packaging, branding and labelling.

There is a strong need to adhere to GAP and its corresponding certification procedures due to the lack of formal agricultural programmes that assist local farmers in meeting the requirements of hotels and restaurants or tap into their markets (Vock, 2014; Kyaruzi, 2014; Mashindano, 2014). Moreover, investment in post-harvest management and value addition to horticultural produce should also be addressed so as to effectively compete in and access the regional and international markets (HODECT, 2010).

The final potential linkage between horticulture and tourism that can be used as a policy instrument is contract farming, which is an agreement between two parties, a farmer or an organized group of farmers, and the buyer. Private sector participation can be promoted through contract farming arrangements to allow accelerated technology transfer, capital inflow and assured markets for crop production. Contract farming can be used to organize commercial agricultural

production of both small- and large-scale farmers. One example of its success is the global agricultural value chains that are increasingly governed by contractual frameworks (HODECT, 2010; MAFSC, 2015). Contract farming is becoming common in the United Republic of Tanzania and restaurants and accommodation services can benefit from the same contractual framework and increase product quality and supply reliability.

Lastly, 2013 agriculture policy establishes the local government commitment to putting in place an accreditation systems for organic products in order to reduce certification costs and allow many small-scale farmers to benefit from the system. One option to reach this commitment is by supporting TanCert to attain both regional and international accreditation and guarantee affordable certification services to small-scale organic farmers in the country.

i. Potential strategies

Based on the policy recommendations, four potential strategies have been identified via stakeholder interviews and situational analysis as presented in sections II, III and IV. These themed strategies can be used as stepping-stones for building an institutional framework able not only to meet policy recommendations but also to link the tourism and agriculture sectors at multiple levels, from country to regional, local and community levels. These strategies rely on PPT practices since it is an approach that aims to generate net benefits for the poor, in this case small-scale farmers, and includes unlocking opportunities by building a more supportive policy and planning framework.

Awareness and capacity building: Raising awareness and building capacity to attain a high level of consciousness, understanding and ability in support of implementing linkages between tourism and agriculture are critical. Here the objective is to understand the linkages between tourism and agriculture in a balanced and consistent manner that reflects all core elements of local sustainable development.

The key actions identified for implementation of this strategy are:

- Create awareness about linkages between tourism and agriculture through principles, criteria and application of PPT among diverse audiences (government tourism departments, tourism marketing organizations, trade associations and other associations related to tourism and agriculture).
- Design a PPT visitor awareness programme, in which tourists are informed about their contribution to local sustainable development.
- Awareness and capacity building on PPT within all branches of MNRT and MAFSC.
- Awareness and capacity building on PPT within related/affected departments and entities and state-owned enterprises.
- Awareness and capacity building on PPT within all spheres of government.
- Support training and provision of information sources to tourism businesses and communities to enable implementation of PPT practices at local level.

Start-up drivers (Utalii na Kilimo Kwanza): Selecting regions that can serve as multipliers based on successful local experiences such as the growth corridors initiative, is key. Here the objective is to create a shared approach between tourism (*utalii*) and agriculture (*kilimo*) to drive local sustainable development.

The key actions identified for implementation of this strategy are:

- Designated focal points for PPT in administrative units.
- Designated focal points for PPT at local level.
- Collective planning and implementation for PPT at national level.

Public-private partnerships and destination level cooperation and action: The private and public sectors and destination stakeholders are key components in the implementation of PPT practices. Achieving the objective of this strategy, to establish public-private partnerships to foster local sustainable development, will rely on collective commitment, strategic partnerships, effective institutional arrangements and facilitating processes. This area also addresses the lack of supportive funding and other mechanisms as a key constraint in improving linkages between tourism and agriculture through PPT practices.

The key actions identified for implementation of this strategy are:

- Voluntary accord as a mechanism to support collective action.
- Incentives to encourage the adoption of PPT practices.
- Collective planning and implementation for PPT at destination level.

Effective promotion of pro-poor tourism and branding: Effective and robust marketing plans and branding are essential for the promotion of PPT products, experiences and destinations. Here the objective

is to become the leading tourist destination with PPT as an overarching principle.

The key actions identified for implementation of this strategy are:

- Marketing the United Republic of Tanzania as a PPT destination regionally and internationally.
- Incorporate PPT into national tourism standards and awards.

These four themed strategies should empower any cooperation platform linking tourism and agriculture. However, for their objectives to be met the Government of the United Republic of Tanzania together with local stakeholders need to develop a detailed action plan. The action plan should outline interventions for each strategic objective. Annex 4 presents an example of such an action plan, which should assist policymakers to design strategies to foster sustainable development in the country through linkages between tourism and agriculture.

Zebras in Mikumi National Park

The Rock Restaurant, Michanwi Pingwe Beach, Zanzibar

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ANNEX 1: KEY LOCAL STAKEHOLDER INTERVIEWEES

Key stakeholders		
Organization	**Interviewee**	**Position**
African Organic Network	Jordan A Gama	President
TOAM – Tanzania Organic Agriculture Movement		Chief Executive Officer
Economic and Social Research Foundation	Oswald Mashindano	Senior Research Associate
HAT – Hotels Association of Tanzania	Lathifa K Sykes	Chief Executive Officer
Ministry of Agriculture, Food Security and Cooperatives	Lukas Ki Ayo	Assistant Director
	Adah Mdesa Mwasha	Principal Agricultural Officer
Ministry of Natural Resources and Tourism	Dorothy F Massawe	Director
	Joseph Sendwa	Senior Tourism Officer and Head of the Hotel Section
	Josephat Simeon Msimbano	Tourism Officer
	Kanisia Mwadua	Tourism Officer
	Tully R Kulanga	Tourism Officer
National College of Tourism	Rosada M Msona	Chief Executive Officer
	Francis M Makori	Head of Research and Consultancy
SAGCOT – Southern Agriculture Growth Corridor of Tanzania	John Joel Kyaruzi	Executive Director
TCA – Tanzania Chefs Association	Joe Vock	Executive Director
TIC – Tanzania Investment Centre	Lilian Mwandanga	TIC Representative
TIRDO – Tanzania Industrial Research and Development Organization	Ludovick C Manege	Director of Industrial Research
TTB – Tanzania Tourist Board	Geofrey R Meena	Marketing Manager

Anonymous stakeholders		
Number	**Description**	**Location**
1	Charter pilot	Mikumi National Park
2	Safari guide	Mikumi National Park i
3	International tourist #1	Mikumi National Park
4	International tourist #2	Mikumi National Park
5	International tourist #3	Mikumi National Park
6	Lodge manager	Mikumi National Park
7	Lodge staff (server #1)	Mikumi National Park
8	Lodge staff (server #2)	Mikumi National Park
9	Lodge staff (clerk)	Mikumi National Park
10	Small-scale farmer #1	Morogoro region
11	Small-scale farmer #2	Morogoro region
12	Small-scale farmer #3	Morogoro region
13	Small-scale farmer #4	Morogoro region
14	Small-scale farmer #5	Morogoro region
15	International tourist #4	Ruaha National Park
16	International tourist #5	Ruaha National Park
17	Hotel manager #1	Unguja, Zanzibar
18	Hotel staff (clerk #1)	Unguja, Zanzibar

19	Hotel staff (clerk #2)	Unguja, Zanzibar
20	Hotel staff (server #1)	Unguja, Zanzibar
21	Restaurant staff (server #1)	Unguja, Zanzibar
22	Restaurant staff (server #2)	Unguja, Zanzibar
23	Restaurant staff (server #3)	Unguja, Zanzibar
24	Street vendor #1	Unguja, Zanzibar
25	Street vendor #2	Unguja, Zanzibar
26	Street vendor #3	Unguja, Zanzibar
27	Tourist guide #1	Unguja, Zanzibar
28	Taxi driver #1	Unguja, Zanzibar
29	Small-scale farmer #6	Unguja, Zanzibar
30	Small-scale farmer #7	Unguja, Zanzibar
31	Fisherman #1	Unguja, Zanzibar
32	International tourist #6	Unguja, Zanzibar
33	International tourist #7	Unguja, Zanzibar
34	Hotel manager #2	Dar es Salaam
35	Hotel staff (clerk #3)	Dar es Salaam
36	Hotel staff (clerk #4)	Dar es Salaam
37	Hotel staff (server #2)	Dar es Salaam
38	Hotel staff (cleaning #1)	Dar es Salaam
39	Taxi driver #2	Dar es Salaam
40	Taxi driver #3	Dar es Salaam
41	Taxi driver #4	Dar es Salaam
42	Organic shop staff #1	Dar es Salaam
43	Organic shop staff #2	Dar es Salaam
44	Restaurant staff (server #4)	Dar es Salaam
45	Street vendor #5	Dar es Salaam
46	Street vendor #6	Dar es Salaam
47	Street vendor #7	Dar es Salaam
48	International tourist #8	Dar es Salaam

ANNEX 2: TECHNICAL NOTES

Arrival

Arrival data refer to the number of international visitors, not the number of persons. A person, who makes several trips – entering, leaving and entering the country again – during a given period, will be counted each time as a new arrival.

International visitor

International visitor describes any person travelling to a country other than the one he/she resides for a period not exceeding 12 months and that the main purpose of the visit is for anything other than work. The international same-day visitor, who visits another country for less than 24 hours, is not counted in this report.

Accommodation

Accommodation refers to the number of rooms and number of bed places. Rooms indicate the total capacity of establishments available during the peak tourist season. Bed places indicate the total capacity available during the peak tourist season.

Occupancy rate

The occupancy rate is the ratio of units occupied to the total number available.

Average length of stay

The average length of stay is the total number of room nights in a hotel or a hotel market segment divided by the number of reservations in the hotel or segment. It is used to estimate the relative values of various segments and to keep track of hotel performance in attracting and retaining guests.

ANNEX 3: TANZANIAN ORGANIC PRODUCE EXPORTS

Company	Administrative unit	Certifying body	Produce	Exports 2010/2011 (Metric tons)	Exports 2011/2012 (Metric tons)	Exports 2012/2013 (Metric tons)	Exports 2013/2014 (Metric tons)	Exports 2014/2015 (Metric tons)
BIOLAND	Mbeya	Rainforest Alliance Certification	Cocoa	550	467	447	490	476
BIORE	Simiyu	Bio Inspecta AG	Cotton	4 200	5 700	6 600	8 200	6 550
BIOSUSTAIN	Singida	TanCert	Cotton	377	274	400	567	675
		Control Union	Sesame	500	234	378	489	365
BOFA	Shynyanga	TanCert CERES	Cotton	41	36	56	77	98
CHAI BORA	Iringa	EcoCert	Tea	36	34	45	66	59
CTC	Kilimanjaro	IMO	Tea	150	157	145	123	156
DODOMA Farmers	Dodoma	PGS	Tea (hibiscus)	5	9	21	22	24
FRANK AGRICULTURE	Njombe	TanCert	Horticulture (fruits and vegetables)	14	13	14	20	22
HAI	Mbeya	UTZ	Cocoa	102	100	101	122	134
HOPE	Mbeya	Rainforest Alliance Certification	Coffee	38	79	80	98	98
KADERES	Kagera	IMO	Coffee	122	154	167	178	179

Company	Administrative unit	Certifying body	Produce	Exports 2010/2011 (Metric tons)	Exports 2011/2012 (Metric tons)	Exports 2012/2013 (Metric tons)	Exports 2013/2014 (Metric tons)	Exports 2014/2015 (Metric tons)
KCU	Kagera	IMO	Banana	12 200	15 123	17 500	20 000	22 000
			Pulses (beans)	10	11	12	15	17
			Cassava	6	10	9	10	8
			Coffee	722	1 450	1 005	1 600	1 500
			Groundnuts	2	5	7	5	9
			Horticulture (pineapple)	2	2	2	3	4
			Sweet potato	12	17	19	20	21
KDCU	Kagera	IMO	Pulses (beans)	1 300	2 000	2 896	3 396	3 798
			Coffee	346	247	345	456	573
			Groundnuts	56	25	97	1 029	1 465
			Cereal (maize)	897	1 022	2 045	2 035	3 456
			Pulses (pigeon peas)	233	167	386	397	456
			Horticulture (pineapple)	122	110	112	123	123
			Banana	65	78	105	103	200
KIMSEWE	Tanga	PGS	Spices (ginger)	315	-	-	-	-
KNCU	Kilimanjaro	IMO	Coffee	255	344	298	444	756
KIWATA	Ruvuma	PGS	Spices (ginger)	378	111	120	190	187
KONDOA Farmers	Dodoma	PGS	Tea (hibiscus)	4	2	1	3	6

Company	Administrative unit	Certifying body	Produce	Exports 2010/2011 (Metric tons)	Exports 2011/2012 (Metric tons)	Exports 2012/2013 (Metric tons)	Exports 2013/2014 (Metric tons)	Exports 2014/2015 (Metric tons)
LUPONDE	Mbeya	Rainforest Alliance Certification TanCert	Tea	75	63	78	70	77
MADEKE	Njombe	CERES	Horticulture (fruits and vegetables)	150	178	165	179	187
MARA COFFEE	Mara	TanCERT	Coffee	46	89	78	89	90
MATUNDA MEMA	Kagera	IMO	Horticulture (fruits and vegetables)	5	5	10	8	8
MAYAWA	Kagera	CERES TanCert	Spices (vanilla)	71	67	77	87	95
MeTL	Mbeya	Rainforest Alliance Certification (Partnership with BIOLAND)	Cocoa	315	256	345	385	478
MOCOA	Morogoro	CERES TanCert	Cocoa	290	288	365	456	378
MWAUKI	Morogoro	PGS	Horticulture (fruits and vegetables)	25	20	56	90	98
NATUMBO Farmers	Ruvuma	PGS	Tea (hibiscus)	6	8	13	15	18
OLAM	Mbeya	Control Union	Cocoa	466	345	300	298	200
TAZOP	Zanzibar	IMO	Spices	300	288	256	345	521
UWAMWIMA	Zanzibar	TanCert	Horticulture (fruits and vegetables)	24	26	35	39	40

Source: Prepared by UNCTAD based on data from Gama (2014).

ANNEX 4: EXAMPLE OF AN ACTION PLAN ON POTENTIAL STRATEGIES

OBJECTIVE 1: To understand the linkages between tourism and agriculture in a balanced and consistent manner that reflects all core elements of local sustainable development				
Action	**Sub-action**		**Performance indicator**	**Implementation partners**
1.1 Awareness creation about linkages between tourism and agriculture through principles, criteria and application of PPT among diverse audiences (government tourism departments, tourism marketing organizations, trade associations, other associations related to tourism and agriculture)	1.1.1	Raise awareness and understanding of linkages between tourism and agriculture among diverse audiences	Number of awareness workshops	MRNT, MAFSC, RTTZ, HAT, TCA, HODECT, TOAM, TTB, National College of Tourism, TanCert, Economic and Social Research Foundation, and Sustainable Agriculture Tanzania (SAT)
1.2 Design a PPT visitor awareness programme, in which tourist are informed about their contribution to local sustainable development	1.2.1	Develop materials for visitor awareness	Material distributed or made available	MRNT, TTB and MAFSC
	1.2.2	Raise awareness amongst visitor information staff, frontline hospitality staff and other target audiences regarding PPT	Number of awareness workshops	MNRT and HAT
1.3 Awareness and capacity building on PPT within all branches of MNRT and MAFSC	1.3.1	Implement communication channels between MRNT and MAFSC to facilitate inclusion of PPT practices	Annual PPT programme developed in conjunction with government departments	MRNT and MAFSC
1.4 Awareness and capacity building on PPT within related/affected departments and entities and state-owned enterprises	1.4.1	Implement communication channels to facilitate inclusion of PPT practices in government departments	Annual PPT programme developed in conjunction with government departments	MRNT and MAFSC
1.5 Awareness and capacity building on PPT within all spheres of government	1.5.1	Raise awareness and understanding of PPT with politicians within national, provincial and local government	Number of awareness workshops	MNRT
	1.5.2	Raise awareness and understanding of PPT with provincial tourism officials	Number of awareness workshops	MNRT and provincial tourism authorities
	1.5.3	Raise awareness and understanding of PPT with local tourism officials	Number of awareness workshops	MNRT and local tourism authorities

1.6 Support training and provision of information sources to tourism businesses and communities to enable implementation of PPT practices at local level	1.6.1	Create training materials, guidelines, toolkits, templates, case studies and workbooks	Material distributed or made available	Local tourism authorities, MNRT, RTTZ, HAT and National College of Tourism
	1.6.2	Conduct training workshops with tourism business representatives and communities	Number of training workshops	

OBJECTIVE 2: To create a shared approach between tourism (utalii) and agriculture (kilimo) as drives to drive local sustainable development				
Action	**Sub-action**		**Performance indicator**	**Implementation partners**
2.1 Designated focal points for PPT in administrative units	2.1.1	Identify and designate PPT agents/drivers in administrative units	At least one agent identified at each administrative unit	MRNT and MAFSC
	2.1.2	Establish mechanisms to promote PPT practices	Mechanism established	MRNT, MAFSC, RTTZ, HAT, TCA, HODECT, TOAM, TTB, National College of Tourism, TanCert, SAT and Economic and Social Research Foundation
2.2 Designated focal points for PPT at local level	2.2.1	Identify and designate PPT agents/drivers at local or community level	At least one agent identified at each community listed as tourist destination	MRNT and MAFSC
2.3 Collective planning and implementation for PPT at national level	2.3.1	Establish the PPT task force	Task force established	MRNT, MAFSC, RTTZ, HAT, TCA, HODECT, TOAM, TTB, National College of Tourism, TanCert, Economic and Social Research Foundation, TIC and SAT

OBJECTIVE 3: To establish public-private partnerships to foster local sustainable development				
Action	**Sub-action**		**Performance indicator**	**Implementation partners**
3.1 Voluntary accord as mechanism to support collective action	3.1.1	Develop a PPT charter through multi-stake-holder process	PPT charter	MRNT and MAFSC
	3.1.2	Encourage and facilitate the adoption of PPT charter by tourist destination and individual tourism business	Adoption of the PPT charter	MRNT, MAFSC, RTTZ, HAT, TCA, SAT and HODECT
3.2 Incentives to encourage the adoption of PPT practices	3.2.1	Investigate local needs and existing incentives mechanisms	Survey on local needs and existing incentives	MRNT, MAFSC, RTTZ, HAT, TCA, SAT and HODECT
	3.2.2	Develop funding mechanism specifically aimed at agriculture products (i.e. horticulture goods) destined to the tourism industry	Funding mechanism developed and guidelines defined	MRNT, MAFSC, RTTZ, HAT, TCA, SAT and HODECT
	3.2.3	Provide investment facilitation to encourage the development of public-private partnerships based on PPT practices	Facilitation entity nominated	MRNT, MAFSC, RTTZ, HAT, TCA, SAT and HODECT
3.3 Collective planning and implementation for PPT at destination level	3.3.1	Establish the PPT community task force	Community task force established	MRNT, MAFSC, RTTZ, HAT, TCA, HODECT, TOAM, TTB, National College of Tourism, TanCert, Economic and Social Research Foundation, TIC and SAT

OBJECTIVE 4: To become the leading tourist destination with pro-poor tourism as an overarching principle				
Action	**Sub-action**		**Performance indicator**	**Implementation partners**
4.1 Marketing the United Republic of Tanzania as a PPT destination regionally and internationally	4.1.1	Implement media and communication programme to showcase the United Republic of Tanzania's PPT practices	Marketing strategy designed	TTB, RTTZ, MRNT and MAFSC
	4.1.2	Report the success	Annual report containing the success and learning experiences	TTB, RTTZ, MRNT and MAFSC
4.2 Incorporate PPT into national tourism standards and awards	4.2.1	Establish a PPT awards task force	Task force established	TIC, RTTZ, MRNT, MAFSC, HAT, TCA, SAT and HODECT