



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

INNOVATION LAB FOR FOOD SECURITY POLICY

TANZANIA

Agricultural Sector Policy and Institutional Reform Strengthening (ASPIRES)

Policy Reform Briefs No 3

December 2016

ASPIRES SUPPORT TOWARDS THE ESTABLISHING OF A MARKET INTELLIGENCE UNIT (MIU)

ASPIRES Team

Background

Tanzania has been food self-sufficient in staples such as maize and rice in normal years. However, reoccurring draughts in cycles of about 7–10 years have resulted in occasional food shortages. In recent years, the predictability of food availability has become more complex because of climate change leading to draughts and floods, often associated with El Nino and La Nina, respectively. Also, as markets become more regionally integrated (through EAC or SADC), price shocks arising from food deficit in neighboring countries could be transmitted to Tanzanian markets. The Government of Tanzania has been responding to food price increase by releasing food stocks from National Food Reserve Agency (NFRA) or by restricting food trade.

Farmers and traders have expressed concerns on the use of trade restriction as a policy to address food insecurity. Such concerns were validated by a USAID/SERA research which revealed that export ban on maize and rice resulted in repression of domestic food price which negatively affected farmers' income. The study also showed that in fact export bans were not effective but rather increased market risk and hence transaction costs, and altered the share of market margins to the disadvantage of producers. The study therefore, recommended alternative policy tools including improving market information for better projection of food supply and demand; and improving the efficiency of NFRA. Market information could be improved by the establishment of the Market Intelligence Unit (MIU) at the Ministry of Agriculture, Livestock and Fisheries (MALF). ASPIRES is providing support to the Ministry of Agriculture, Livestock and Fisheries in establishing the MIU.

Key Message

The establishment of the Market Intelligence Unit will facilitate the availability of timely and reliable market information in the agricultural sector. It will also create a more effective and efficient manner for collecting, auditing and validating agricultural marketing information in order to guide decision making by producers, domestic traders, aggregators, processors, exporters and the government. Ultimately, MIU will contribute to improving agri-food trade policy through evidence based policy making.

Challenges in the Agricultural Market Information System (Ag-MIS)

The Ag-MIS was established in 1972 through FAO support to the Ministry of Agriculture. The Ag-MIS has been collecting price information in strategic markets and staple foods. Market monitors visited markets twice a week and transmitted market data to the Ministry where information was aggregated and disseminated in the media. At one time, Tanzania had one of the best Ag-MIS in the region.

However, as the Government of Tanzania embarked on economic reforms in early 2000, funding to support MIS gradually diminished. The problem was compounded with changes in the organization structure of the Ministry of Agriculture as leadership changed with the Ag-MIS unit moved from the Ministry of Agriculture to the Ministry of Cooperative and Marketing (2000) to the Ministry of Industry, Trade and Marketing (2010).

The institutional changes resulted in a disruption of the data collection resulting in data gaps, drop-off of some commodities and markets. Currently, information on producer prices is quite scanty. The most difficult challenge has been inadequate coordination between data collection by the Ministry of Industry of Trade (MITI) and the information utilization for policy making by Ministry of Agriculture (MALF). The on-going food systems transformation creates the need to revisit the sampling procedure in data collection but also revise prioritization of markets and commodities. The increasing complexity of agricultural markets arising from urbanization, climate change, etc., requires more robust analysis and monitoring of markets to inform policy makers

The Establishment of the Market Intelligence Unit (MIU)

The establishment of the MIU will address the existing challenges of the AgMIS by providing more comprehensive and holistic information for decision making by producers, domestic traders, aggregators, processors, exporters and the government. The Unit will be responsible for monitoring agricultural markets and prices. The Unit will initially start off as a Marketing Intelligence Unit (MIU) under the Ministry of Agriculture, Livestock and Fisheries (MALF) and eventually be rolled out to a semi-autonomous agency. Further, the Unit will provide a more accurate picture on key sector information and market trends both within Tanzania and across neighboring countries. This includes the current and forecast on commodity stocks held by different entities and thus guide exporting decisions. Once established, the Unit will produce regular market updates and policy briefs specific to each priority commodity from a selected crops traditional cash crops, food crops, horticultural crops, livestock and fish.

ASPIRES Technical Assistance to the Ministry of Agriculture (MALF)

ASPIRES support includes: Conducting a feasibility study for MIU establishment; Support MALF in various documentation for approval of institutional reforms; Support the Ministry of Agriculture in staff and equipment mobilization; Strengthen capacity of MIU staff in data collection, analysis and production of a quarterly Market Bulletin; and Facilitate policy dialogue on food trade.

Potential Impact

Improved quantity and quality of agriculture market information; Improved analytical quality for market reports through a quarterly Market Bulletin; Ensuring quality market information is available in a timely manner and is user friendly to farmers, the private sector and policy makers. The ultimate goal is improved agribusiness environment through evidence based trade policy.

Next Steps

Staff and equipment mobilization, capacity building to MIS staff; quarterly release of the Market Bulletin.

This research is made possible by the generous support of the American people through the United States Agency for International Development (USAID) under the Feed the Future initiative. The contents are the responsibility of study authors and do not necessarily reflect the views of USAID or the United States Government

Contract #: AID-OAA-L-13-00001. Partners: Prime Contractor: Michigan State University (MSU); Other Partners: Ministry of Agriculture Livestock and Fisheries (MALF); International Food Policy Research Institute (IFPRI); Sokoine University of Agriculture (SUA); President's Office – Regional Administration and Local Government (PO-RALG)

Copyright © 2016, Michigan State University, IFPRI, and Ministry of Agriculture Livestock and Fisheries (MALF); International Food Policy Research Institute (IFPRI); Sokoine University of Agriculture (SUA); President's Office – Regional Administration and Local Government (PO-RALG). All rights reserved. This material may be reproduced for personal and not-for-profit use without permission from but with acknowledgement to MSU and IFPRI, and University of Pretoria.

Published by the Department of Agricultural, Food, and Resource Economics, Michigan State University, Justin S. Morrill Hall of Agriculture, 446 West Circle Dr., Room 202, East Lansing, Michigan 48824