

An Economic Assessment of Small Holder Tobacco Village Project in Tabora Region

Sebastian Nziabo Kange

Master of Science (Agricultural Economics)

University of Dar es salaam, collage of Agriculture and Fisheries Technology, 1977

Tanzania, as in many developing countries, depends on agriculture as a major source of overall income and foreign exchange. Her policies stress vigorously an increased production of food and cash crops for social and economic development. The major export crops in Tanzania for the ten years after independence have been coffee, sisal, and cotton. The need for increased export earnings plus the problem of price fluctuation of the major crops promoted the government to expand other crops that were minor, especially those combining domestics and export demand. Flue-cured tobacco was one of these crops. The world demand for this type continued to rise, especially in the mid-1960's. The export opportunities for Tanzania tobacco became brighter especially since 1965 when a major producer, Rhodesia, lost its markets due to a unilateral declaration of Independence and subsequent economic sanctions against her. Until then, the Tanzania crop was mainly sold for local cigarette manufacturing. This new increased export opportunity plus this already existing domestic demand for cigarettes called for more production of flue cured tobacco, which averaged 1.6 million kg per annum by 1964 and soared to over 10 million by 1970. The development trend of Tanzania tobacco is discussed in chapter I. Further government emphasis on flue-cured tobacco was incorporated in the second five-year plan – 1969/1974. It was envisaged that tobacco output would increase at a growth rate of 25 percent per annum, bringing the annual output to 17.5 million kg flue-cured leaf by the of the plan period. In order to successfully implement this ambitious programmed the government planned to spend over 30 million from internal resources as credits to small holder growers. In addition, the government negotiated a soft loan with the World Bank to finance the tobacco industry. This loan was approved and affected through the International Development Association (IDA). The IDA and the Tanzania government agreed jointly to contribute and undertake the “Tobacco Project” in Western Tanzania, aimed at raising the productivity of small farmers in village communities and increasing export earnings of the country as a whole. It is this project for which the author attempts to make some assessment. The drive to study this project originated through discussion with various people indicating that the project target in the appraisal report is not being realized. The evaluation is not designed to criticize and/or discredit anyone but simply to provide a simultaneous assessment of all aspect (social, economic institutional and managerial) of the on-going project. The main purpose of the study is to point out the shortcoming and the constraints which hinder achieving the target envisaged. The study lays emphasis on the

performance of the small holder farmers, especially on the constraints which limit their access to public service like credit, marketing and extension details are elaborated in chapter II. The study is directed mostly to small farmers situated in two tobacco complexes namely Igagala and uyowa in Urambo District in Western Tanzania. The farms were visited once in August/September 1976 to collect data gross margin analysis was the main techniques used to gauge the financial performance of the farmers. The empirical fare results are discussed in chapter V. Although gorse margin analysis is a simple tool, it is an important and widely -used technique in farm management. The analysis has established economic and technical indicators which were useful in throwing light on the performance and potential of the farms and the project as a whole. The major argument in this study is that application of recommended inputs plus proper husbandry practices could result in higher output and subsequently increased family incase. An important finding of the study is that family labor is the key element in these farms and at the peak season cannot be stretched to cover all activities of the farm. Thus, labor tends to be used for subsistence crops which have higher priority for the farmer rather than to meet tobacco targets. On the performance of the project as a whole, costs are higher than anticipated due to inflation. Some construction has been delayed due to lack of funds. It is hoped that when investment in social infrastructures is over the project will generates a profit. This expectation will only be true if the operating expenses are minimized. Also, the administrative bureaucracy should be relayed to re-juvenats the extension worker' enthusiasts of doing their duties. This study highlights the achievements of the project and sometime emphasizes some of the bottleneck that hamper tobacco hectarage and output expansion. In this way it provides information which could be useful to the government and other interested bodies in undertaking and carrying out similar development projects, especially if they relate to smallholder tobacco production in Tanzania