



**A REPORT ON  
RATIONALIZING MULTIPLE REGULATIONS IN TANZANIA  
AGRICULTURE: CASE OF LIVESTOCK FEEDS MANUFACTURING  
SUBSECTOR**



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## **LIST OF ACRONYMS**

ACT	Agricultural Council of Tanzania
BRELA	Business Registration and Licensing Authority
EU	European Union
LGA	Local Government Authorities
NEMC	National Environmental Management Council
SIDP	Sustainable Industrial Development Policy
SME	Small and Medium Enterprises
TAFMA	Tanzania Animal Feeds Association
TBS	Tanzania Bureau of Standards
TDB	Tanzania Dairy Board
TFDA	Tanzania Food and Drug Authority
TIN	Taxpayer Identification Number
TMB	Tanzania Meat Board
TRA	Tanzania Revenue Authority
TVLA	Tanzania Veterinary Laboratory Agency
VAT	Value Added Tax
VCT	Veterinary Council of Tanzania
WMA	Weight and Measures Agency

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## EXECUTIVE SUMMARY

While previous studies show that compounded feedstuffs production is estimated at 500,000 tons per annum, the potential demand stands at 2.5 million tons. However, production of compounded feedstuffs is constrained by low quality of feedstuffs, seasonal and inadequate availability of raw materials, inadequate credit facilities, inadequate raw materials, inadequate knowledge on feed formulation, high cost of production as well as multiple regulatory environment that are subject to compliance by feeds manufacturers.

In Tanzania, there are many public agencies and institutions that play a critical role in livestock subsector development, mostly related to regulatory issues. These include the Veterinary Council of Tanzania (VCT), Tanzania Dairy Board (TDB), Tanzania Revenue Authority (TRA), Tanzania Bureau of Standards (TBS), Tanzania Meat Board (TMB), Tropical Pesticides Research Institute (TPRI), National Environmental Management Council (NEMC), Local Government Authority (LGA) and Weights and Measures Agency (WMA).

Although the Government policy facilitates simplification and rationalization of the procedures and regulations so as to encourage compliance and minimize transaction costs; findings show that, there is still high cost of compliance with the regulations. This discourages potential entrepreneurs from new ventures, at the same time driving some existing enterprises out of business. Driven by the fact that there have been too many and sometimes unnecessary regulations that increase the costs of investments mainly due to duplication of the regulatory functions and fees charged by the regulators.

Several regulatory authorities involved in this study, have some of their regulations remarked relevant and others irrelevant to the livestock feed manufacturing subsector. The data were obtained by physical visits, on documentary reviews and available literatures.

### **Findings revealed that:**

- ❖ Livestock feeds manufacturers that are formally registered, have so many regulations to comply with that affect relevant actors in the value chain.
- ❖ The Government has created regulations that are business unfriendly to livestock feeds manufacturers, including the regulations for compliance with TBS, WMA, TVLA and TRA.
- ❖ Despite varying levels of compliances by feeds manufacturers and other members in the value chain, regulators have pointed out issues and bottlenecks they encounter during

monitoring of the feeds manufacturing and supplies. The identified issues and bottlenecks include low compliance, cheating of members on quality of raw materials, high cost for feeds analysis that manufacturers keep complaining about, insufficient experts and high operational costs, as well as increase of unauthorized feeds producers. They further expressed the fact that, government revenues decline because of unauthorized feeds manufacturers who do not comply with the regulations, and payment of fees plus other charges.

- ❖ Majority of livestock feeds manufacturers and members in the value chain have a feeling that regulatory environment is unfavorable for business growth and prosperity because of multiple and duplication of fees and charges by almost every regulatory authority. Such a regulatory environment has prompted increase in unauthorized feeds producers and cheating; thus making authorized feeds in compliance with regulations to face competition in markets from low quality feeds from unauthorized feeds producers. Such a trend has caused most of the feeds manufacturers in this survey express their business trend to be in stagnation, or to decline and some to close.
- ❖ To address various issues, including business instabilities and increase in cost of production, some of the feeds manufacturers have cut down cost of production through various ways, including retrenchment of workers.
- ❖ Efforts to create a structured platform by regulators to meet together and discuss issues about livestock feeds manufacturers are uncertain, as most regulators work independently. They do not have a platform to address common issues and agree on actions to take.

### **Conclusion and Recommendations**

This study concludes that existing regulatory environment has overlapping regulations, double taxation and duplication of regulatory functions. There is high dissatisfaction among livestock feeds manufacturers and members along the value chain to the existing regulatory environment. Therefore, the following recommendations have been made:

- ❖ To have a regulatory system for the livestock feeds manufacturing subsector which provides an avenue for all regulatory authorities to meet and determine a single regulator for business registration that covers business licensing.

- ❖ While TRA is responsible with VAT imposed on raw materials and final products in livestock feeds, the Ministry of Agriculture, Livestock and Fisheries (Livestock Department) is responsible to support manufacturers' initiatives. The department should champion the effort to eliminate deterrent overlapping regulations.
- ❖ Recognizing that Government does not extend its subsidies sufficiently to these regulatory authorities; this study recommends that the Government should increase its funding for operational costs to regulatory authorities, and abolish unnecessary fees and charges.
- ❖ Again, there is a need to allocate certain percent of tax collected from livestock feeds manufacturers, including other manufacturing subsectors to the regulatory authorities to cover for operational costs. This will encourage them to pay their taxes.
- ❖ This study recommends at least 5% of tax obtained from manufacturing sectors to be allocated to relevant regulators as operational costs, so that direct charges for inspections and product analysis are either minimized or eliminated completely.
- ❖ For synergy and harmony of the regulatory environment; there is need for regularly structured meetings that will bring together all regulators to meet and deliberate about issues surrounding livestock feeds manufacturing and allied businesses.
- ❖ To establish Government recognized board of livestock feeds manufacturers that can intervene in the debatable decisions making process, especially regarding taxation regime.
- ❖ There is need to eliminate unnecessary charges and fees pertaining to regulations, this will encourage compliance by payers.
- ❖ Discouraging all informal producers of livestock feeds by abolishing multiple fees and charges, and harmonizing existing regulatory environment. This can be done through reduction of charges and tax to livestock feeds manufacturers and reforming unfriendly regulations.
- ❖ There is need for a comprehensive study covering the entire country to determine the density of the problem and way forward. This can facilitate a much wider solution.

## **CHAPTER ONE**

### **BACKGROUND TO THE STUDY**

#### **1.1 About Livestock feeds in Tanzania**

The National Livestock Policy 2006 points out that compounded feedstuffs composed of protein, energy, mineral and vitamin concentrates are important especially for poultry, dairy and pig production. These feedstuffs account for about 60% of production costs of farm animals. Optimum productivity of animals largely depends upon the adequacy of all essential nutrients in proper rations. Compounded feedstuffs production is estimated at 500,000 tons per annum while the potential demand stands at 2.5 million tons. However, production of compounded feedstuffs is constrained by low quality of feedstuffs, seasonal availability of raw material, inadequate credit facilities, raw materials, lack of knowledge on feed formulation, high cost of production.<sup>1</sup>

The use of feed additives, that are included in animal rations, is growing especially in intensive livestock production i.e. dairying, poultry and pig production. Feed additives are used to improve milk yield, growth rate, feed utilization efficiency and disease control. These include enzymes, growth promoters, antibiotics and pro-biotics. Feed additives are mainly imported. Nevertheless, the use of feed additives is constrained by inadequate knowledge on the part of livestock farmers and their high costs (Ibid).

#### **1.2 The Regulatory Environment**

In Tanzania, there are a number of public agencies and institutions that play a critical role in livestock development often of a regulatory nature. These include the Veterinary Council of Tanzania (VCT), the Tanzania Dairy Board (TDB) and the Tanzania Meat Board (TMB), the

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<sup>1</sup> URT, The National Livestock Policy, 2006, available at [www.mifugouvuvu.go.tz/wp-content/uploads/2013/06/Livestock-Policy.pdf](http://www.mifugouvuvu.go.tz/wp-content/uploads/2013/06/Livestock-Policy.pdf)



National Environmental Management Council (NEMC), the Tanzania Bureau of Standards (TBS) and the Cooperative Audit and Supervision Corporation (COASCO).<sup>2</sup>

While the Sustainable Industrial Development Policy (SIDP 1996-2020) provides an overall framework for Tanzania's future industrial development and lists specific national objectives, including making the industrial sector contribute more broadly and evenly by improving the legal and regulatory framework; the private sector continue to experience over-regulations. For example, the SME Development Policy (2002-2012) recognizes the complexity, bureaucratic and costly legal, regulatory and administrative environment in Tanzania is one of the bottlenecks hindering SME development in the country. It also highlights that the high cost of compliance with the regulations may discourage potential entrepreneurs from formally setting up their businesses, while driving some existing enterprises out of business and those working for them into unemployment. The policy states that the Government will enhance implementation of programmes aimed at simplifying and rationalizing the procedures and regulations so as to encourage compliance and minimize transaction costs.<sup>3</sup>

### **1.3 Scope and Objectives of the Study**

#### **1.3.1 Scope of the Study**

Driven by the fact that there have been many and sometimes unnecessary regulations that increase the costs of investments mainly due to duplication of the regulatory functions and fees charged by the regulators; there have also been supportive evidences from previous studies findings as documented by the Tanzania Milk Processors Association, Confederation of Tanzania Industries and Agricultural Council of Tanzania in 2010, 2013 and 2015 respectively, with similar claims.

Previous studies showed that some of the regulations are unnecessary, with multiplicity of charges; limited services and poor coordination among the regulators; yet most businesses are

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<sup>2</sup> URT, Livestock Sector Development Programme, August, 2011, pp.36. available at [http://www.tanzania.go.tz/egov\\_uploads/documents/Livestock\\_Programe\\_sw.pdf](http://www.tanzania.go.tz/egov_uploads/documents/Livestock_Programe_sw.pdf)

<sup>3</sup> Confederation of Tanzania Industries (CTI), Simplifying Compliance with Regulations in the Food and Processing Sector, to enhance the ease of doing business, Submitted by Dr. Goodluck Charles & Mr. Adam Mambi Institute of Management and Entrepreneurship Development, 2013.

not happy with the Tanzanian regulatory functions despite of assured claims that business policies in place do promote business growth. It was in some instances noted of inability of most regulators to identify synergy and areas of collaboration, limited initiatives by regulators to educate the business community on regulatory issues to improve compliance, performance and competitive of business enterprises. Based on these state of affairs, it is inevitable to rationalize the regulatory functions of the Tanzanian regulatory bodies working in the agribusiness to reduce them and make them relevant.

It is against this background that the Agricultural Council of Tanzania (ACT) therefore, with the support from Southern Africa Confederation of Agricultural Unions (SACAU) is implementing a project namely “**Rationalizing Multiple Regulations in Tanzanian Agriculture; Livestock feeds manufacturing subsector**”. Thus, ACT commissioned a study to investigate the impacts of regulatory functions in the livestock feeds manufacturers, building on the previous findings already captured from other subsectors. The findings obtained from this study would contribute to the ongoing advocacy work regarding the multiplicity of regulators and their regulatory functions on Tanzanian agricultural industry.

### **1.3.2 Objective of the Study**

#### ***1.3.2.1 Overall Objective***

The overall objective of the project is to investigate the overall regulatory functions and estimate how they influence the operations of the livestock feed manufacturers in Tanzania in terms of the overall cost of doing business; and consequently to the access to animal feeds by livestock keepers, as well as the quality of animal feeds, and eventually the quality of animal products.

#### ***1.3.2.2 Specific Objectives***

Specifically the project aims to:-

- a) Identify all the regulatory authorities and respective regulations governing the operations in the livestock feeds value chain;
- b) Determine the value and relevance of specific regulators and their respective regulations to the above-mentioned subsector value chain;

- c) Identify emerging issues and bottlenecks in terms of functions and activities that the regulatory bodies perform in the course of attending their customers in the subsector;
- d) Estimate the businesses costs of compliance with respect to regulations imposed, and how they impact the business itself;
- e) Identify the areas of synergies among the regulatory bodies for the purpose of harmonizing the regulatory system in agriculture;
- f) Make recommendations for reforms to improve the regulatory environment for the purpose of encouraging more investments in agriculture, based on best practice.

#### **1.4 Limitations of the study**

The study was confined to livestock feeds and value chain based in Dar es Salaam City. The study was conducted in the last few month of the year 2016; however, the timing made some most targeted respondents absent, this limited a number of respondents. Some regulatory authorities were not reached due to either bureaucracy, or not cooperative. Others could not provide a room to facilitate interviews. All these obstacles necessitated revisiting their institutions, whereas this component was allocated ten days only. In some cases, the consultant relied on available relevant information.

#### **1.5 Structure of the report**

The study is structured into four chapters, Chapter one being background to the study, a brief narration of livestock feeds in Tanzania, regulatory framework, scope and objectives of the study, limitations and winded up with structure of the report. Chapter two presents the approach and methodology used; while Chapter three is presentation and discussion of the findings, including the desk review section and primary data findings. All findings were presented and discussed in line with study objectives. Chapter four is about recommendations, pointing out the areas for regulatory and policy improvements and possible future research.

## **CHAPTER TWO**

### **APPROACH AND METHODOLOGY**

#### **2.1 Intensive Desk and Documentary Review**

Intensive desk review to gather relevant information on various Acts, Regulations, laws, policies and provisions within livestock feeds and manufacturing subsector has been made. The desk review enabled the study team to go through extra documents carrying information about revenues and various charges associated with such regulations.

Further reviews included various documents on issues raised by livestock feeds manufacturers, suppliers and consumers within value chain. Issues pointed out by advocating groups, e.g. ACT and TAFMA, and many others doing advocacy have been taken into account. Such a detailed desk review provided a roadmap to understanding key regulatory bodies and players in the livestock feeds value chain.

#### **2.2 Interview with stakeholders within the value chain**

This involved all stakeholders within the supply chain (manufacturers, suppliers and livestock owners), who experienced impacts of the reforms of various regulations in their efforts to comply with them. In this case, open ended questionnaires were administered through interviews. Such interviews involved a range of stakeholders of varying scales i.e. small, medium and larger ones.

#### **2.3 Sampling and sample size of the respondents**

Regardless of the size of the stakeholders in the industry/ or livestock feeds manufacturing subsector, the study focused mainly on gathering information from diverse number of regulators, livestock feeds manufacturers, suppliers and livestock owners. Sampling was obtained by short listing members of the animal feeds manufacturing based in Dar es Salaam, out of which randomly picking of the respondent was done to obtain 10 feeds manufacturers, 10 suppliers/sales and 10 end-users. However, timeframe and availability of target stakeholders was limited, ending up to obtaining 7 livestock feeds manufacturers, 3 suppliers

(whole sellers and retailers) and 5 livestock owners, who most of them are not members in animal feeds manufacturers associations.

## **2.4 Data gathering, entry and consolidation**

### **2.4.1 Type of Data**

This study was a combination of quantitative and qualitative research, although qualitative dominates most of the study. Quantitative components on revenue loss as the result of multiple charges if found impacting negatively to the business stakeholders or the national revenue as the result of declining investments.

### **2.4.2 Data collection**

Data collection involved members in the value chain. The Consultant was assisted by Data Collectors to interview all groups of stakeholders in the value chain. It is through field visits that study team was able to identify emerging issues and bottlenecks in terms of functions and activities that the regulatory bodies perform in the course of attending their customers.

## **2.5 Data Presentation, Analysis and Report Writing**

Intensive data analysis and report writing was done using content analysis following the order of study objectives. In each objective, each theme was sufficiently discussed, analysed and conclusion drawn accordingly.

## **2.6. Confidentiality and Ethical Consideration**

As research protocol recommends, the study was undertaken with high integrity and confidentiality, while bearing in mind correctness and accuracy in referring to various national regulations, proper citations and referencing. Views from respondents were held confidential, well analyzed without identifying individual names, but important quotations for case studies were noted and referred in the study to aid future advocacy.

## CHAPTER THREE

### PRESENTATION AND DISCUSSION OF THE FINDINGS

#### 3.1 Chapter overview

This chapter presents Livestock feeds actors, regulators and authorities involved and detailed discussion of the findings obtained. The chapter further analysed in details regulations in practice as reflected from livestock feeds manufacturers, with encountered bottlenecks by the regulators in monitoring such regulations for compliance. Regulators and manufacturers and members in the value chain identified regulations with high and low compliance. While issues on synergy by regulatory bodies seemed unaddressed at all, recommendation for a structured platform has been in this report on the last chapter.

#### 3.2 Profile of Livestock Feeds Manufacturers and members in the value chain

Livestock feeds and manufacturers and members in the value chain were of varying characteristics. In terms of activities, there are livestock feeds manufacturers, suppliers of wholesalers, retailers and livestock owners. It was further noted that most of the stakeholders who were interviewed, were mainly dealing with production and sales of poultry feeds, few of them were selling mixed of animals' feeds. Poultry feeds also featured in buyers of the feeds. This reflects previous studies which found that approximately 90% of animal feeds is dominated by poultry feeds.

The interviewed stakeholders in manufacturing and sales have been in their respective activities for varying number of years, The interviewee were 16, and there work experience was: 4 (25%) have worked for over 10 years, 4 others (25%) for a period between 6 – 10 years, while 3 (19%) have been operating in the subsector for a period between 3 – 5 years, 3 (19%) have been operating for a period between 2 - 3 years, whereas a few of them have operated for less than 2 years.

**Table 3.1: Profile of Livestock Feeds Manufacturers and Members of the Value Chain**

Manufacturers/ members in value chain	Activity	Products	Time period in operation
Tanzania Animal Feeds Association –TAFMA	Advocacy	Networking	Over 10 years
Falcon Animal Feed Ltd	Manufacturing	10 varieties of poultry feeds	Over 10 years

<b>Interchick Co. Ltd</b>	Manufacturing	5 varieties of poultry feeds	Over 10 years
<b>Ijumaa Animal Feed Co. Ltd</b>	Manufacturing	Varieties of poultry feeds	Between 6 – 10 years
<b>Mkombozi Animal Feed Co. Ltd</b>	Manufacturing	Varieties of poultry feeds	Between 6 – 10 years
<b>Pil Animal Feeds</b>	Manufacturing	All livestock feeds	Not more than 1 year
<b>Rich Super Feeds Co. Ltd</b>	Manufacturing	Poultry, pigs and cattle feeds	Between 3 – 5 years
<b>Vet Feeds Co. Ltd</b>	Manufacturing	Poultry feeds	Between 2 – 3 years
<b>Tanfeeds Limited</b>	Sales and supply	Poultry, fish, pigs and cattle feeds	Between 6 – 10 years
<b>Quality Farmer</b>	Sales and supply	Varieties of animal feeds	Between 6 – 10 years
<b>Unifarm</b>	Sales and supply	Poultry and dogs feeds	Not more than 1 year
<b>Mama Swai</b>	Consumer	Cattle feeds	Over 10 years
<b>Mama Nancy</b>	Consumer	Layer feeds	Between 3 – 5 years
<b>Mahoo Chicks</b>	Consumer	Broiler feeds	Between 2 – 3 years
<b>Poultry Keeper (Anonymous)</b>	Consumer	Broiler	Between 2 – 3 years
<b>Poultry Keeper (Anonymous)</b>	Consumer	Layers	Between 1 – 2 years

### **3.3 Regulatory authorities with regulations subject to livestock feed manufacturers**

#### ***3.3.1 Regulatory Authorities***

Intensive desk review on available regulatory Acts and policy documents have more or less similar findings to what livestock feeds manufacturers identified. Very often, Tanzania Veterinary Laboratory Agency (TVLA), Tanzania Bureau of Standards (TBS), Tanzania Revenue Authorities (TRA), National Environmental Management Council (NEMC) and Weight and Measures Agency (WMA) have been mentioned to be regulatory authorities that work closely in this subsector. Similarly, Local Government Authorities (LGAs) with reference to Municipal Councils, Fire and Rescue as well as Tanzania Food, Drugs and Cosmetics Authorities (TFDA) attend to relevant regulations. All these regulatory authorities are considered to have regulations that livestock feeds manufacturers and members in the value chain are subject to compliance.

#### ***3.3.2 Relevance of the available regulations***

##### ***Regulation 4 (1) of the Grazing Land and Animal Feed Resources Act No. 10 of 2013***

prescribes and requires that premises for manufacturing, selling, transporting and storage of animal feeds, feed ingredients and feed additives are registered. The Ministry of Agriculture, Livestock and Fisheries is responsible for inspection of premises and granting of the premise permit.

**Section 23 (1)** of the Act, requires application to be in accordance with the prescribed manner, of which upon getting the permit, certificate of a registered premise will be granted by the Director for Livestock Development who is responsible for inspection of the registered premise. However, the Act provides for the payment of fees in almost all applications under the law by the livestock feed manufacturers during registration of the manufacturing premise and renewal of the premise.<sup>4</sup> However, the Act does not specify the amount, but guidelines are provided from time to time.

*The Business Licensing Act No. 25 of 1972 (Cap 208 R.E 2002) provides* for the licensing of all businesses and for related matters as enacted by *the Business Registration and Licensing Authority (BRELA)*. The Act prohibits any business from operating without a license from the legitimate authority, currently BRELA. The function of the Act is threefold: i) to regulate businesses; ii) to raise revenue from licensing; and iii) to gather and retain information on businesses. The system of licensing is applied to all firms and individuals, regardless of the size and nature of the business being undertaken. This includes livestock feeds manufacturing and the premise permit for manufacturing activities.

This universal business licensing regime enforced by the Business Licensing Act (Act No. 25 of 1972) as amended by the Business Licensing (Amendment) Act (Act No.9 of 1980) places the burden of proof of compliance with standards on the individual entrepreneur and vests considerable discretionary power on government officials, particularly at the local government level. However, *the Business Activities Registration Act, 2007* that provides for the establishment of a business activities registration system, business registration centre and other related matters has similar functions to that of Grazing Land and Animal Feed Resources Act No. 10 of 2013, section 23 (1) that requires premise registration.

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<sup>4</sup> URT, Ministry of Livestock and Fisheries Development: Application form for the Registration of Premises for Manufacturing, Selling, transporting and storage of animal feeds ingredients and feeds additives, available at [www.mifugouvuvu.go.tz/wp-content/uploads/2015/.../Application-form-English](http://www.mifugouvuvu.go.tz/wp-content/uploads/2015/.../Application-form-English)



Tanzania Veterinary Laboratory Authority (TVLA) on 4<sup>th</sup> March 2014 appointed TVLA to be a country Reference Laboratory for Animal Feed Analysis; in accordance with the Executive Agency Act CAP 245 with the purpose of testing safety and quality of animal feeds and animal products, quality assurance, accreditation of veterinary laboratories, conducting of laboratory consultancy and advisory services.<sup>5</sup>

<b>Responsibilities of the TVLA</b>	
i.	TVLA becomes a country Reference Laboratory for Animal Feed Analysis
ii.	According to the Grazing-Land and Animal Feed Resources Act No.13 of 2010, TVLA becomes the government feed analyst that shall, subject to the provisions of section 9 and any regulation made under this Act, analyse any sample submitted to the laboratory and issue a certificate.
iii.	TVLA shall issue a signed certificate for any sample delivered to the laboratory for analysis.
iv.	Every certificate of an analyst issued under this Act shall be in the form prescribed in the regulations. Where any method is prescribed for the analysis of any animal feed resources, the analyst shall, in his certificate, declare that he has used the prescribed method.
v.	The Agency offers service for analysis of animal feed to check for quality and quantity. The feed are analysed to determine the composition and amount of ingredient in the raw material and mixed feeds.
vi.	The ingredient analysed includes crude protein, energy, fat, crude fibre, ash, ether extract dry matter and vitamins. In addition the Agency provides animal feed formulation formulas of various animal feeds to the clients. The Agency also analyses animal feeds for toxins.
vii.	Individual test done include Wet chemistry for raw materials and mixed feeds for determination of: Dry matter, Ash, CP, CF, EE, NDF, Acid Detergent Fiber (ADF), Acid Detergent Lignin (ADL), Minerals (Calcium and Phosphorus). Near Infrared Reflectance Spectrophotometry (NIRS analysis) for determination of; Dry Matter, Crude Protein, and Crude Fiber. EE, Starch, Sugars, Metabolizable Energy, Lysine, Tryptophan, Methionine + Cysteine. <sup>6</sup>

Like the previous regulations, TVLA had the following **fees and charges**<sup>7</sup> fees for sample analysis, which according to 2013 price lists had the following cost breakdown:

**Table 3.2: Price lists of samples of livestock feeds by January 2013**

Test of Wet chemistry for raw materials and mixed feeds to determine	Cost per sample in Tshs in 2013	Turn-around time
Dry matter	2,000	48 hours
Ash	5,000	48 hours
CP, CF, EE, NDF, ADF, ADL, each	10,000	48 hours

<sup>5</sup> URT, *Ministry of Agriculture, Livestock and Fisheries: Tanzania Veterinary Laboratory Agency (TVLA)*, available at <http://www.mifugouvuvu.go.tz/tanzania-veterinary-laboratory-agency-tvla>

<sup>6</sup> Tanzania Veterinary Laboratory Agency (TVLA), Tanzania Veterinary Laboratory Agency (TVLA) appointed to be a Reference Animal Feed Analyst in Tanzania, available at <http://www.tvla-tz.org/board-of-meet-journal>

<sup>7</sup> Tanzania Veterinary Laboratory Agency (TVLA), Prices for Sample, Analysis and Training dated from January 2013, available at <http://www.tvla-tz.org/board-of-meet-journal>

Minerals (Calcium and Phosphorus)	15,000	48 hours
Test of Near Infrared Reflectance Spectrophotometry (NIRS Analysis) per sample	15,000	24 hours
Research samples: DM, CP, CF. EE, Starch, Sugars, ME, Lysin, Tryptophan, Methionine+ Cystine (for each item)	15,000	24 hours
Emulsion stability (Registered products)	3,000	3 days
Emulsion stability (New products)	3,000	60 - 120 days
HPLC for measuring acaricide strength, Drug residues and Toxin	15,000	48 hours

**Tanzania Bureau of Standards (TBS)** established under the Ministry of Industry and Trade by an Act of Parliament, the Standards Act No.3 of 1975 as the National Standards Institute and became operational in April 1976; renamed Tanzania Bureau of Standards through an amendment to the Act by Act No.1 of 1977.

<p><b>The Standards Act.No.2 of 2009:</b> Tanzania Bureau of Standards (TBS) prescribes powers and functions of the Tanzania Bureau of Standards into;</p> <ul style="list-style-type: none"> <li>• Control the quality of commodities, services and the environment;</li> <li>• Promote standardisation in industry and trade;</li> <li>• Approve, register and control the use of standard marks in accordance with the provisions of this Act;</li> <li>• Provide for the inspection, sampling and testing of locally manufactured and imported commodities with a view to determining whether the commodities comply with the provisions of this Act or any other law dealing with standards relevant to those commodities;</li> <li>• Assist industries in setting up and enforcing quality assurance and environmental management systems and procedures.</li> <li>• The Act confers powers on the Bureau of Standards to issue a license for standard marks. Any mark approved by the Bureau for any commodity or for the manufacture, production, processing or treatment of any commodity will be a standard mark in respect of it and TBS may, in like manner, cancel or amend that mark.</li> </ul>
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While TBS compliance to standards is voluntary, TBS has some items in compulsory standards. The compulsory standards are monitored for compliance for safety and protection of the consumers. The items relevant to livestock feeds subsector include:

**Table 3.3: Livestock feeds in the list of Compulsory standards**

S/No	Compulsory Standards	Title
10	TZS 28: 2002 (E)	Compounded Poultry feeds – specification
163	TZS 398: 1990 (E)	Cattle feeds – specification
165	TZS 399: 1990 (E)	Compound pig feeds – specification
285	TZS 735: 2002 (E)	Maize bran for livestock feeds – specification
340	TZS 820: 2016 (E)	Wheat bran for livestock feeds – specifications
476	TZS 1350: 2012 (E)	Materials and articles in contact with foodstuffs insulated containers for domestic use – specifications for insulated bags and boxes.

***The Local Government (District Authorities) Act, Cap 287 of 2002:*** Local Governments (District Authorities) have been entrusted with powers to make by-laws to regulate various matters including imposing payment of fees and levies. This power endowed to local government authorities is specifically found in sections 153-162 of the Act, which empower each local government its area of jurisdiction to impose fees and levies on various activities, including livestock feeds manufacturing subsector and members of its value chain.

***The Local Government (Finance) Act, Cap 290 of 2002:*** The Local Government (Finance) Act and Local Government (District Authorities) Act empower LGAs to make by-laws to regulate various matters, including the payment of fees and levies for the manufacture of food and livestock feeds in their area of jurisdiction. More specifically, section 16 empowers LGAs to impose taxes and rates. Sections 7, 8 and 9 provide for Sources of revenue of district councils, township authorities and village councils. These provisions empower LGAs to impose taxes, fees and other charges on any business, including those producing and manufacturing food, including livestock feeds within their jurisdiction.<sup>8</sup>

*This makes enforcement of regulations become revenue oriented as charges and fees become primacy to the specific legitimacy objective, no institutionalized system by various regulators with one team of experts towards a particular area under regulated. However, this structure does not work well due to duplication of mandates for different agencies. This situation is a sign of lack of adequate understanding among policy makers and legislators and lack of seriousness to streamline the regulations by making appropriate revisions or amendments.<sup>9</sup>*

***The Income Tax Act, No.11 of 2004:*** The 4th Schedule of the Act specifies the transactions for which a Taxpayer Identification Number (TIN) is required. This requirement means that upon incorporating or registering a business the party concerned must immediately register with the TRA and produce the TIN prior to securing a license to undertake the business for which the entity was established. Generally, this law and other tax laws provide for compulsory registration and payment of the tax hitherto. Thus, the tax laws need to be

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<sup>8</sup> CTI, 2013

<sup>9</sup> Mohammad A Jabbar & Delia Grace (2012), “Case of Tanzania” in the Regulations for safety of animal source foods in selected Sub-Saharan African countries: Current status and their implications, Nairobi, International Livestock Research Institute, January, 2012, pp. 17.

amended to simplify the taxes, charges and other fees and to harmonise them with other tax laws through centralizing all charges and taxes in a one-stop centre.

**Value Added Tax:** The Value Added Tax (VAT) Act 2014 abolishes zero rated VAT on products, including the supply of layers mash, broilers mash and hay by a local manufacturer or animal or poultry feeds.<sup>10</sup>

***Occupational Health and Safety Act No.5 of 2003*** has as its main objectives to repeal the factories Ordinance, to make provision for the safety, health and welfare of persons at work in factories and other places of work, to provide for the protection of persons other than persons at work against hazards to health and safety arising out of or in connection with the activities of persons at work, and to provide for connected matters. Section 15 of the Act provides for the registration of factories or workplaces. The Chief Inspector is given discretionary powers to enter such particulars in relation to every factory and workplace as he may consider necessary. The Act obliges the owner or occupier of a factory or workplace to register such factory or workplace and obtain a certificate of registration or compliance license.

The Act established the Occupational Health and Safety Agency (OSHA), which checks the company's premises and inspects the health, safety and dwelling of workers and of workplaces. OSHA is responsible for coordinating the provision of health services for employees of these institutions, with technical support from the Regional Secretariat and Ministry of Health.

*The procedures for obtaining a certificate of registration and compliance in licensing process appear to be bureaucratic and taking long. Yet, registration of the business likes that of the premises that appear in NEMC as well as TVLA overly repeatedly. All these laws give discretionary powers to inspectors to inspect premises at any time and take legal action over non-compliance.*

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<sup>10</sup> Hanif Hatib & Co, 2015/2016 Tanzania Tax Guide, available at [www.russellbedford.com](http://www.russellbedford.com) & [www.habibadvisory.com](http://www.habibadvisory.com) pp. 9.

***The Fire and Rescue Force Act, 2007:*** The Fire and Rescue Force Act provides the Commissioner or any fireman or other person authorized by him in writing the right to enter any premises and inspect the fire safety standards. The Act also states that an applicant to the fire and rescue service shall pay the Commissioner for the services of any fireman and for the use of equipment fees as may be prescribed by the Minister. The provisions of this Act overlap other laws due to the fact that each law requires the inspection of the premise to be done by inspectors who have discretionary powers to inspect premises at any time and take legal action over non-compliance. , but this depends on the specific areas each inspector is inspecting. Here I can agree with you on the inspection of the workplace safety like what OSHA is doing. This means if these two can combine in one section that would be more helpful to reduce transaction as well as operation cost, unlike the monotony of different regulators visiting the same business at different times.

***The Weights and Measures Act, 1982*** revises and consolidates the laws relating to weights and measures and provides for the introduction of the International System of Units (SI) and related matters. According to section 11-(1), unless otherwise permitted by this Act, every contract, bargain, sale or deal made, whereby any work, goods, wares, merchandise or other thing is or are to be, or is or are done, sold, delivered, carried, measured, computed, paid for or agreed by weight or measure, shall be made according to one of the relevant units of measurement. Section 9 of the Act prescribes that it requires *time to time verification of standards of weights and measures.*<sup>11</sup>

The duties of an assizer include: (a) carrying out verification of weights, measures, weighing and measuring instruments; (b) to care for and maintain any working standards which may be entrusted to his care; (c) to keep records and make such reports as the Commissioner may require; (d) to give effect to the directions of the Commissioner; and (e) generally to exercise such other powers and duties as may be conferred or imposed by this or any other Act or by regulations made under this Act. Like in other regulations, Measures and Weight Act 1982,

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<sup>11</sup> Weight and Measures Regulations Act, 1982, Section 9 (h) available in [www.tanzania.go.tz/.../THE\\_WEIGHTS\\_AND\\_MEASURES\\_ACT,\\_CHAPTER\\_340](http://www.tanzania.go.tz/.../THE_WEIGHTS_AND_MEASURES_ACT,_CHAPTER_340)

Section 54 (h) is accompanied by fees that manufacturers of livestock feeds have been complaining to add cost burden in the course of production prescribed depending on quantity and varieties of products that manufacturer of feeds has. *Section 54 (h) prescribes that certain fees need to be paid for examining, verifying or stamping with a stamp of verification on any weight, measure, weighing or measuring instrument.*<sup>12</sup>

***National Environmental Management Council (NEMC):*** As prescribed in Environmental Impact Assessment and Audit Regulations of 2005, No. 5 (1-3), that prohibit a developer of any manufacturing project, prior undertaking and getting licensed with EIA certificate. The regulation further requires the environmental impact assessment be conducted by experts or firms of experts whose names have been duly certified and registered in accordance with the provisions of the Environmental (Registration of Environmental Experts) Regulations, 2005 as per EIA Regulation of 2005, No. 14. The same regulation, No. 17, requires a public notice and participation through notice in strategic public places and announcements in radio for wider community participation, including public meetings with various stakeholders from the surrounding communities.

For compliance with the regulations, all procedures involved in applications are accompanied with charges; as No.5 clearly states that the applicant shall submit the application together with the prescribed fee to the Council; upon submission of the final EIA reports, applicant is required to accompany the document reports with fee prescribed under these regulations (EIA Regulation, 2005).

### **3.4 Value and Relevance of specific regulators and their respective regulations**

#### ***3.4.1 Value and relevance by legitimacy Objectives regulatory authorities***

Most regulations under TVLA, TBS and linkages with other TFDA relevant regulations are meant for safety and protection of the consumers. TBS has a further role of control of quality

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<sup>12</sup> Weight and Measures Regulations Act, 1982, Section 54 (h) available in [www.tanzania.go.tz/.../THE\\_WEIGHTS\\_AND\\_MEASURES\\_ACT,\\_CHAPTER\\_340](http://www.tanzania.go.tz/.../THE_WEIGHTS_AND_MEASURES_ACT,_CHAPTER_340)

of the products that creates favorable business environment for manufacturers, also customers/consumers. Regulations prescribed by TRA and the LGAs have indices for a primary objective of revenue collection but also a control over production; however such revenues are meant by the Government as sources of funds for infrastructure development, improve business environment and livelihood of the people. Regulations prescribed by FIRE and OSHA are more of safety of workers and working premises, including workers in livestock feeds manufacturing.

*For example, TVLA is prompted to undertake sample analysis so that being the national responsible agency, can satisfy itself prior to consumers to avoid unexpected negative impacts resulting from unsafe and poisonous feeds that are likely to have further healthy impacts to humans. In addition, TVLA perceive that persistence of cancer pandemic is very likely caused by other factors, for instances unchecked feeds that have been produced without undergoing sample testing and analysis.*

*TBS on the other hand, as bureau of standards seeks voluntary compliance by producers of various products, something that has shown low response, prompting the Government to impose and list down compulsory standards so that producers are to comply for safety and protection of the consumers. It is upon manufacturers' own will to seek quality mark to satisfy their markets of the products. In the TBS Act No.2 of 2009, there are regulations of standards, with a list of compulsory standards that has specified products that need to be tested, essentially for consumers' safety and protection after realizing that there were no voluntary compliance,*

**Said TBS respondent**

### **3.4.2 Irrelevance on overlapping & duplication of regulations accompanied with fees**

**(a) *Overlapping regulators and regulations:*** while Grazing Land and Animal Feed Resource Act No. 10 of 2013 requires premise registration of livestock manufacturing related activities, and Business Activities Registration Act 2007 that has more or similar functions, implies overlapping in regulations. It is likely that BRELA would have rather point out focal persons in Ministry responsible for Livestock and TVLA to merge the Business registration and that of the premise to avoid such overlapping of regulations for easy inspection and monitoring for compliance.

Tanzania Revenue authority (TRA) and Local Government Authorities have regulations that are all revenue collection focused. For example, while Income Tax No. 11 of 2004 requires part concerned register with TRA and produce TIN for continuous payment of income tax, also the manufacturers are subject to VAT; it is again found that LGA Act Capt 287 of 2002 and Finance Act Cap 290 of 2002 allow LGAs to impose fees and levies to manufacturers in their areas of jurisdiction.

*Currently, livestock feeds manufacturers pay to the **Municipal Council (LGA) 0.3%** of their income, on Advertising Posts (Mabango) as well as contributions to ensure the surroundings are kept clean, commonly known as **Mchango wa Usafi wa Mtaa**. Manufacturers experience irrelevance due to revenue collected by different authorities as overlapping revenue regulations which is a responsibility of TRA.*

**(b) Double taxation:** it has been found that while raw materials for feeds (e.g. hay and by-products from cotton grains and sunflower) are charged VAT, the livestock feeds produced out of such raw materials are also charged with VAT. *While Tanzania exempt from VAT the supply of raw soya beans, unprocessed vegetables and unprocessed edible animal products and vitamins and food supplements does not include other raw materials including hay in VAT exempt. While Kenya on the other hand has exempted all raw materials for manufacture of animal feeds from VAT to make animal feeds affordable to farmers and to attract more manufacturers to invest in the Sector.<sup>13</sup>*

*It was added that while raw soya is VAT exempt, only 3,500 tons are locally produced compared to 4,000 tons required for domestic production, yet the Government restricts importation of raw soya beans by imposing high charges on. This imposition is a disincentive.*

**(c) Numerous fees and charges accompanied in almost all regulations:** These fees and charges raise many on the validity/ legitimacy. Despite revenues that livestock feeds

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<sup>13</sup> Thomson Reuters, Tax and Accounting Analysts, Kenya, Tanzania and Uganda's Budget 2016: VAT Measures, posted on **June 16, 2016**, available at <https://tax.thomsonreuters.com/blog/tax/indirect-tax/kenya-tanzania-and-ugandas-budget-2016-vat-measures>



manufacturers pay through Income Tax, VAT, Levies and Fees that are paid to the Local Government i.e Municipal Councils; still in every application, registration and inspections by TVLA, TBS, Fire and Rescue Force there are fees and charges to be paid.

- ❖ TBS prescribes *that the issuance of a license shall be at the discretion of the Bureau or the person acting under its authority, and the license may be issued subject to conditions to be specified in it and subject to the payment of any fees which may be prescribed.*
- ❖ TVLA prescribes in **Section 23 (1)** *all applications need to be done in accordance to prescribed manner, including payment of fees in almost all applications under the law. Manufacturers find rating of sample analysis at 15,000 – 20,000 per a sample.*
- ❖ WMA prescribes in *Weight and Measures Act, 1982 section 54 that certain fees need to be paid for examining, verifying and stamping of the packed products.*
- ❖ FIRE require workers to be trained and become safety conscious, of which such regulatory bodies. *For Fire and Rescue force Act, 2007 states that, an applicant to the fire and rescue service shall pay the commissioner for the services of any fireman and for the use of equipments certain fee as may be prescribed. This includes payment for the certificate of Fire and Rescue as well as any service that may be required hitherto.*
- ❖ OSHA: *Occupational Health and Safety Act No.5 of 2003 provides for the registration of factories and workplaces. The Act obliges the owner or the occupier of a factory to register such factory or workplace to obtain certificate of registration or compliance license.*

### **3.4.3 Attitudes towards regulations and levels of compliance**

Analysis has been made to determine attitude towards regulators and relevant regulations in place.

It has been found that, of all interviewed livestock feeds manufacturers and the value chain, 60% find regulations to be too many; 18% simply many and 12% few, while 8% are not aware of the regulatory issues to comment about. The general view of most respondents is that there are multiple regulations in livestock feeds manufacturing subsector.

Regulations that are easy to comply with were explored. The Regulatory Authorities that are considered to have high compliance include: OSHA, Fire and Rescue services as most respondents said that they can easily comply, while TRA, TBS, WMA and NEMC have been

pointed out to be hard to comply with because of associated costs and charges. Therefore making some of the manufacturers do without, or practicing a certain level of cheating or evasion.

- ❖ Incidences of low compliance levels include small scale manufacturers of livestock feeds to operate without premise permit, thus using same residential buildings for manufacturing of feeds. This violates codes of practice as regards lightening and ventilation. Also the public health code is considered of low compliance as some OSHA requirements are in neglect, Said one of the staff of the regulatory authority.
- ❖ TBS has also been found to have costly testing, especially when it requires all varieties of feeds to be tested separately, for example starter and finisher, etc. With manufacturers who have varieties of feeds but undertaking manufacturing in a small scale find it hard to comply. This explains why some of the animal feeds are of poor quality (premix and nutrients).
- ❖ Regulation on sample analysis at TVLA is in the certain level of compliance racket, yet there are samples that are not submitted for analysis. Manufacturers experience costly analysis of the samples. Each sample costs Tshs 20,000/=, this makes it hard to comply. TVLA recognizes this predicament.
- ❖ Value added tax is also hard to comply with because of duplication of taxation related to raw materials and final products of the feeds. Manufacturers argue that VAT procedures increase the cost of production, and lead to a fall in productivity, profits; sometimes closure of feed processing plants.
- ❖ Weight and Measures Agency is also pointed to have regulations that are hard to comply with. WMA regulatory requirements costs producers and manufacturers an average of Tshs 1,000,000/= annually.

**Table 3.4: Levels of compliance to various regulations**

High compliance (easy to comply)	Low compliance (Hard to comply)
<ul style="list-style-type: none"> <li>❖ <b>Grazing Land and Animal Resources Act</b></li> <li>❖ <b>Fire and Rescue services Act</b></li> <li>❖ <b>Occupational, Health and Safety Act</b></li> <li>❖ <b>Municipality Public Health</b></li> </ul>	<ul style="list-style-type: none"> <li>❖ Sample analysis by TVLA said to be costly</li> <li>❖ Testing of the sample by TBS said to be costly</li> <li>❖ Measuring, and verifications of weights and labeling with WMA is also costly</li> </ul>

<b>contributions</b>	<ul style="list-style-type: none"> <li>❖ VAT has duplication on charges in raw materials and final products</li> <li>❖ Hard to comply with NEMC regulations as each time communities move closer to the factories while various forms of pollutions, in limited water utilities are subject to municipal supplies in shortage</li> </ul>
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### 3.4.4 Costs accompanied with regulations

It is almost in every regulatory authority and regulations that there are charges and fees to be paid by the manufacturers and other actors in the value chain. This is clearly presented in the list of charges recorded during the survey. Although TBS have justified payments paid for the service as technical operational costs covering preparation of standards, capacity building, laboratory equipments and training of experts. TBS in accordance to international standards ISO 17067, there are five satisfaction schemes, of which European Union uses scheme 2 with the understanding that consumers are aware of the products and its quality, and the required specifications for the best quality.

**Table 3.5: Various costs and charges that livestock feeds manufacturers pay**

Regulators	Associated charges/ fees			Average total costs charges
	Lowest	Medium	Highest	
Ministry i.e. Department of Livestock for registration	50,000		130,000	90,000
Tanzania Veterinary Laboratory Agency (TVLA)	1,400,000	2,400,000	3,800,000	2,533,000
Weight and Measures Agency (WMA)	200,000	800,000	1,500,000	833,000
Fire and Rescue services	150,000	700,000	1,000,000	650,000
Tanzania Revenue Authority,	1,200,000	1,800,000	3,000,000	2,000,000
VAT	18%	18%	18%	18%
Government Chemist Laboratory Agency (GCLA)	1,200,00	1,400,000	1,400,000	1,300,000
Municipal Council (LGA)	600,000	720,000	1,200,000	840,000
Municipal Council/ LGAs 0.3% of all income out of business	0.3%	0.3%	0.3%	0.3%
Occupational, Health and Safety Act			800,000	800,000
Tanzania Bureau of Standards	2,000,000		2,000,000	2,000,000
<b>Total</b>	<b>5,600,000</b>	<b>7,820,000</b>	<b>14,830,000</b>	<b>11,046,000</b>

### 3.5 Issues and Bottlenecks that regulators experience in monitoring

- i. ***There is low compliance to regulations:*** TVLA and other regulatory authorities suffer on premises, specifically on recommended space and physical design of the buildings. Sometimes, location referred during registration has been changed without notification to TVLA, as authorizer for a premise permit.
- ii. ***Cheating of members on quality of raw materials is in prevalence:*** This is caused by shortage of raw materials, especially the shortage of certain vital materials. Currently, there is a shortage of maize grain, and in other seasons fish (*dagaa*). This makes protein insufficient in the feeds.
- iii. ***High cost of analysis of the sample of feeds*** especially Aflatoxins and other micronutrients is high to the extent that other livestock feeds producers fail to submit samples for analysis at TVLA. This is also admitted by producers/ manufacturers that others are discouraged to submit costly samples for analysis because of high costs for analysis.
- iv. ***Insufficient Experts in both animal feeds inspection and feeds testing:*** There are no sufficient laboratories to test animal feeds; the department is still centralized with few experts. This problem is experienced by many authorities, including TVLA and TBS.
- v. ***Insufficient operational costs that make manufacturers bear most of the charges:*** Regulators including TBS impose charges for operation purposes and not for revenue purposes. Such costs cover for expensive facilities, equipments, experts' movement, transport costs and testing of products. In some regulatory authorities, (including TBS) the Government pays only salaries for employees, but no allocation is made for operational costs such as testing and quality check of the products. However, charges vary according to products being handled and the number of days spent.
- vi. ***Increase in unauthorized feeds producers:*** There are increasing cases for local feeds producers, with feeds that do not have the quality required, and thus continue distorting markets of feeds.

### 3.6 Impacts of regulatory environment to revenue and business development

- i. Anticipated loss in Government revenue:* Since there are emerging feeds manufacturers who are not registered, thus informally operating without TVLA approval of any kind. Such dubious operations are obvious affect government targets for revenue collection. It has also been noted that even statistics for exports are higher than the amount reported in analysis of samples. This implies that the current regulatory environment creates room for cheating and tax evasion, as it supports rising of informal feeds producers who do not pay for any formalization of their business, sample analysis and testing of their products.
- ii. Unfair Competition from unauthorized local feeds producers:* There is competition between small producers/ manufacturers who don't pay tax. This affects larger producers who buy raw materials at high costs and comply with all regulations and paying tax, thus making them less competitive as compared to those who don't comply with such regulations.
- iii. There is decline, stagnation and closure of registered and approved manufacturers:* Most businesses in livestock feeds manufacturing subsector and its value chain are said to be in stagnation, others in decline and some of them close. The main reason being high and multiple regulatory environments. ***There have not been any compromise for double taxation*** in VAT on raw materials for animal feeds and charges on final products on the same; this has completely turned the business from prosperity and growth into stagnation, decline and closure.

*Such business environment is a shock to the subsector and requires serious intervention from regulators own roundtable to determine benefits from cost breakdown including charges associated with regulations in place, and look forward for possibility for subsector sustainability, otherwise, many are at risk of closure”.*
- iv. Increase in cost of raw materials because of shortage of maize grains:* Livestock feeds require a number of mixed raw materials, while maize grains have higher percentage in the contents. Findings show that cost of maize grain has increased by more than 300% in one year, yet raw soya that is produced locally is only 3,500 tons against the requirement of 4,000 tons. Therefore, there is a need to import the deficit,

but the import duty is very high. Such a situation in unfriendly regulatory environment. One respondent added,

*“Although the Government has declared raw soya beans to a zero VAT to boost industrialization, yet at the environment of shortage, price goes higher and import is inevitable, thus it is necessary those regulatory environments to be flexible to adjust when necessary for business health, as for now. He added that while Tanzania continues charging VAT on animal feeds, Kenya has abolished completely to protect producers and consumers as well as they finally bear tax burden”.*

- v. **Retrenchment of workers:** A combination of factors including increase in charges and fees, increase in maize grains with shortage in some periods makes manufacturers reduce production, and therefore reduce number of workers to reduce unnecessary costs. Mixed feeds in absence of maize grains add costs of sample analysis, and sometimes insufficient nutrients. To reduce cost of production and retain quality products, some workers have been laid off, adding negative impacts to their livelihood. This case pertains to PIL ANIMAL feeds, who after realizing loss as the result of high costs on various charges, reduced number of workers from 20 to 8 to compensate loss the factory incurs.
- vi. **Regulations are not flexible:** Some respondent went further seeking a point of regulation flexibility, considering that, this is the time the Government and regulators need to be more concerned. Currently, maize grain is expensive, more than 200% price increase in a year time, yet this is the main raw material livestock feeds manufacturers rely on, but there have never been any consideration yet on other costs for the existing regulations; not even any subsidy The Government does not think of supporting livestock feeds manufacturers or regulators to enable them reduce cost on existing charges.
- vii. **Consumers experience increase in feeds and affect them in production:** In discussing with livestock owners, there have been continuous increase in price of feeds. For example, one said from 2012 to 2016, prices have escalated than expected. In 2012, poultry starter was Tshs 17,000/= per 50 kg and today (2017) is Tshs 50,000/=. During the same period grower was Tshs 14,000/= and today (2017) is Tshs 45,000/= per 50kg. The increase in price is more than 200% in five years period. Such feeds are said

to range at 60,000/= and 70,000/= in other places of the country for starter and growers respectively depending on where the buyer gets the stuff.

### **3.7 Need for harmonization of regulatory environment**

**Regulatory Authorities:** Tanzania Revenue Authority (TRA) has introduced Electronic Fiscal Devices (EFD) to assist in recording the sales and profits so that, a fair estimate is made, and the tax is fair. Other authorities including TBS and TVLA continue rating costs for sample analysis and testing of quality of products at operational costs. This is because, the Government does not provide funding for such costs to these institutions. TBS talked about schemes that are less costing, if Tanzania would have been able to adopt the EU Scheme 2, where bureau inspects products from market, assured that producers comply, all these costs and regulations wouldn't be the case. However, with scheme 5, which requires frequent visits, inspection and testing, makes all the costs shift to producers, as the government offers no subsidies for operation costs. Compliance would save producers from unnecessary charges on fines imposed by NEMC, FIRE and WMA, instead warning and education could be more constructive alternatives.

**Tanzania Animal Feeds Association (TAFMA)** has made efforts to meet with stakeholders and identify challenges; and forward them to the Minister responsible without success. This issue is still on the pending list. TAFMA went further to meeting Members of the Parliamentary Committee responsible at the National Assembly, but none of their claims have been addressed.

**Manufacturers, suppliers and consumers:** Such members in the feeds value chain have remained in compliance, reducing costs of production through retrenchment of workers and reduce production, others adding more loans to meet various charges; while others evade from tax and charges to sustain their businesses.

### **3.8 Avenue and platforms for stakeholders dialogue on issues about livestock feeds**

**Avenue that bring all regulators together to discuss about subsector challenge:** Findings reveal that, most of these regulators do not have commitment to meet together in a

roundtable to discuss about specific manufacturer's challenges, including livestock feeds. Although TBS meet with TFDA to determine progress on premise registration and permit; TVLA plan to bring together all regulatory bodies responsible with livestock feeds to determine compliance and plan for future improvements. To-date this has not yet materialized. Lack of avenue for regulatory authorities to meet together has been considered a weakness which makes livestock feeds manufacturers complaints negligible and unfelt beyond their own experience.

***Avenue to bring together stakeholders of the subsector with regulatory authorities:***

This has been in plans by stakeholders' own initiatives, but not regulated by any law or bi-law on either part of the Ministry or members of the subsector Associations. A former Minister responsible for Livestock Development (Hon. Kamani) requested to convene a working meeting with stakeholders in poultry subsector some years back. There is a need to arrange for regular meetings between all actors in this subsector. TVLA is planning to undertake a training for livestock feeds manufacturers and suppliers on inspection of feed quality and safety and the importance of testing, but this has not been implemented because of lack of funds.

***Avenue to bring feeds manufacturers and members in the value chain together:***

This has been done and continues with the support from TAFMA and ACT. However, a number of challenges remain unaddressed, because of lack of commitment from policy and decision makers. That is the Government and Regulatory Authorities. TAFMA has been convening meetings with other association members including Commercial Poultry Association, Tanzania Cross Breeders, Arusha Poultry Keepers (APOKA) Mwanza Multipurpose, etc. In each of such meetings, regulators and representative from various institutions are invited, but the attendance is very poor.



**CHAPTER FOUR**  
**RECOMMENDATIONS FOR THE IMPROVEMENT REGULATORY**  
**ENVIRONMENT**

This study intends to provide recommendations that can as well be a tool for workable advocacy for improving the regulatory framework in line with business environment in livestock feeds subsector. The following are the recommendations:

**4.1 Recommendations on need for improved regulatory environment**

- i. To have a regulatory system for the livestock feeds manufacturing subsector which provides an avenue for all regulatory authorities to meet and determine a single regulator for business registration which will cover licensing and the premise. Unlike the current system where, BRELA is responsible for business registration in all sectors, it would rather assign a BRELA focal person in Livestock Department (including TVLA) who upon registration for Manufacturing of Livestock feeds, submits details to BRELA to avoid overlapping of regulations.
- ii. While TRA is responsible with VAT imposed to both raw materials and final products in livestock feeds, the Livestock Department is responsible to support manufacturers' initiatives. It should be engaged fully to avoid double taxation.
- iii. Various regulatory bodies have regulations that are accompanied with charges, most of them being detrimental to the business development, including charges by TVLA, TBS, OSHA, FIRE and WMA. Recognizing that the Government does not extend its subsidies sufficiently to these regulatory authorities; this study recommends the Government to avail fund for operational costs of the regulatory authorities.
- iv. Again, as livestock feeds manufacturers are tax payers, there is a need to allocate a certain percent of tax collected from livestock feeds manufacturers to the regulatory authorities as operational costs. This will encourage them to pay taxes, because they will see its direct impacts on their business.
- v. The study team recommends that 5% of revenue collected from manufacturing subsectors go to regulatory bodies; at the same time abolish all other fees charged as operation costs.

- vi. For synergy and harmony of the regulatory environment; there is need for structured meetings that bring together all regulators of various products to determine the relevance and value of regulations imposed by each regulatory body. Such meetings would be effective if proceeded by stakeholders own meetings.
- vii. Lack of flexibility of regulations in place should be reconciled; while maize grains and other raw materials stand high, livestock feeds suffocate to sustain their business and no any regulation that can immediately provide them with a relief, including tax exemption or reduction, until such regulations are reviewed by parliamentary sessions for amendment after a bill is tabled. In such a situation, we recommend for flexibility when businesses are in stagnation, deteriorating or about to collapse. Such a situation is imminent to most livestock feeds manufacturers.
- viii. There is a need to eliminate unnecessary charges and fees that are accompanied with regulations. This will encourage compliance by implication that regulations are important than fees accompanied. In some incidences, manufacturers have continued paying fees than compliance, since regulators showed interest in fees than compliance to the regulations.
- ix. Discouraging all informal producers of livestock feeds by abolishing multiple fees and charges, and harmonizing existing regulatory environment. This can be done through reduction of charges and taxes to livestock feeds manufacturers, reforming unfriendly regulations, including abolishing charges to be paid to the Local Government Authorities (Municipal) and remain with charges paid to TRA alone as National Custodian for revenue collection.
- x. There is a need to open more windows for credits to local producers to get capital for improved and formalized livestock feeds manufacturing.
- xi. This study was confined to Dar es Salaam City, where livestock feeds manufacturers and members in the value chain have similar environment for business. It would rather be important if a comprehensive study is undertaken for a wider coverage in other parts of Tanzania on similar subject to determine the density of the problem and the way forward that can be of a wider solution.

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### ***Relevant Acts referred***

The Business Licensing Act No. 25 of 1972  
The Environmental Impact Assessment Act Regulation No. 14 of 2005  
Fire and Rescue Force Act, 2007  
The Income Tax Act, No. 11 of 2004  
The Local Government (District Authorities) Act Cap 287 of 2002  
The Local Government (Finance) Act, Cap 290 of 2002.  
The Occupational Health and Safety Act, No. 5 of 2003

## APPENDICES: TOOLS

### APPENDIX 1: INTERVIEW WITH REGULATORY AUTHORITIES

Agricultural Council of Tanzania (ACT) as part of advancing its advocacy role in terms of rationalizing multiple regulations in the agricultural sector; undertakes a survey to understand the operations of the animal feeds manufacturing business by exploring the regulatory functions governing livestock manufacturing industry in terms of their effectiveness, growth and compliance of the subsector to existing regulations. The findings obtained from this study are intended to contribute to the ongoing education on compliance and where necessary doing advocacy work regarding the multiplicity of the regulators and their regulatory functions in Tanzania.

Respondent's designation \_\_\_\_\_

Name of the regulatory authority (regulator) \_\_\_\_\_

1. Does your regulatory authority have regulations that are relevant to the livestock feeds manufacturing subsector and its value chain? 1. Yes 2. No
2. **(If yes, mention the relevant regulations, and offer us relevant document if there is any).**

1.	
2.	
3.	
4.	
5.	

3. Of these regulations mentioned in (No.3) which ones are in high compliance by the subjected stakeholders and which ones are not high compliance?

Regulations with high compliance	Regulations with low compliance

4. What are the emerging issues or bottlenecks when members of the regulatory body attend members in value chain to monitor the foresaid regulations?  
 .....  
 .....
5. Are these regulations linked or intended to raise government revenue in any way? Or are there cost fees or charges associated, that need to be paid by manufacturers of livestock feeds and members in the value chain? 1. Yes 2. No  
 Explain your answer  
 .....

6. What is the current trend of revenue obtained from value chain of livestock feeds? How is the response in associate fees and charges? Explain your answer, specifying loss or gain in revenue, or provide the general picture.
7. Are there areas of synergy among regulatory bodies for the purpose of harmonizing the regulatory system in agriculture, with specific focus on livestock feeds subsector? What areas have been harmonized for business relief among members within the value chain?
8. How have areas of synergy been attained? What approach? Do various regulatory bodies meet to discuss areas of common understanding in the subsector/ how often/ do they involve livestock feeds manufacturers as well? Explain.
9. What do you recommend to be improved by both, the regulatory bodies and the livestock feeds manufacturers and all within the value chain for more compliance to the regulations and at the same time, finding their business in prosperity and government revenue goal attained?

**APPENDIX 2: INTERVIEW WITH LIVESTOCK FEEDS MANUFACTURERS AND MEMBERS IN THE VALUE CHAIN**

Name of the Respondent .....

Affiliation/ Institution .....

Position of the respondent .....

Education Level .....

Street/ village .....

Municipal .....

1. What is your area of production in the livestock feeds value chain? Tick the appropriate.

	Type of stakeholder in the value chain	Tick the appropriate
1.	Manufacturer	
2.	Supplier/ whole sale	
3.	Supplier/ Retail	
4.	Consumer/ livestock keeper	
5.	Apex organization	
6.	Other, specify	

2. What types of livestock feeds are you dealing with?

- (i) .....
- (ii) .....
- (iii) .....
- (iv) .....,
- (v) ....., etc.

3. For how long have you been in livestock feeds subsector, as manufacturer, supplier or consumer?

- (i) Less than 1 year
- (ii) 1 – 2 years
- (iii) 3 – 5 years
- (iv) 6 – 10 years
- (v) More than 10 years

4. Which regulatory authorities in livestock feeds manufacturing subsector and the value chain are you responsible to them?

S/No	Regulatory Authorities	Relevant regulations
1		
2		
3		
4		

5. Of all the shortlisted regulatory authorities and relevant regulations, which ones have charges or fees accompanied with them for compliance?

S/No	Regulatory Authorities/ regulations	Fees and charges
1		
2		
3		
4		

6. What is your attitude towards regulators and regulations subjected for compliance in livestock feeds manufacturing and value chain?

- (i) So many regulations
- (ii) Normal
- (iii) Few
- (iv) No regulations at all

7. Of these regulations mentioned in (No.3) which ones are in high compliance by the subjected stakeholders and which ones are not high compliance?

Regulations with high compliance	Regulations with low compliance

8. Are there regulations that are threat to business prosperity in livestock feeds subsector?

- i. Yes ii. No, Explain your answer

.....

9. How do you describe your business trend in the current regulatory environment?

10. How have areas of synergy been attained? What approach? Do various regulatory bodies meet to discuss areas of common understanding in the subsector/ how often/ do they involve livestock feeds manufacturers as well?
11. Do livestock feeds manufacturers and members in the value chain meet to discuss issues about the subsector? How often? Do they involve regulatory authorities?
12. What do you recommend to improve the current regulatory environment?

**APPENDIX 3: NAMES AND CONTACTS OF STAKEHOLDERS CONSULTED**

<b>Stakeholders Consulted</b>	<b>Activity</b>	<b>Contacts</b>
<b>Tanzania Animal Feeds Association –TAFMA</b>	Advocacy	+255 655396634
<b>Falcon Animal Feed Ltd</b>	Manufacturing	
<b>Interchick Co. Ltd</b>	Manufacturing	
<b>Ijumaa Animal Feed Co. Ltd</b>	Manufacturing	+255 715 602 035
<b>Mkombozi Animal Feed Co. Ltd</b>	Manufacturing	
<b>Pil Animal Feeds</b>	Manufacturing	+255 756 006 666
<b>Rich Super Feeds Co. Ltd</b>	Manufacturing	+255 658 949 473
<b>Vet Feeds Co. Ltd</b>	Manufacturing	
<b>Tanfeeds Limited</b>	Sales and supply	+255 657 707 777
<b>Quality Farmer</b>	Sales and supply	+255 659 470 661
<b>Unifarm</b>	Sales and supply	+255 657 029 020
<b>Mama Swai</b>	Consumer	+255 715 857 163
<b>Mama Nancy</b>	Consumer	+255 755 383 962
<b>Mahoo Chicks</b>	Consumer	+255 765 277 140