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Enhancing Sunflower Value Chain for Rural Economy in Tanzania: A Village Computable General Equilibrium-CGE Approach

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Abstract

Proportionally, in Tanzania, the agricultural sector accounts for about 29 % of GDP, employs 65 % of the workforce, and generates more than 80 % of the total export earnings. Around 28.2 % of the households living below the poverty line are rural households where the main income activity is small-scale agriculture. Intervention leading to generation of employment and access to income is crucial for ensuring food access, and for the poor this is even more crucial, as their labour is often the main asset that they can rely upon for income generation. Hence, developing pathways for securing food and agricultural products value chains in Tanzania provide potential intervention points. Income alternatives to stabilise livelihoods, such as enhancing sunflower value chain, is deemed vital given that food security will not be negatively affected. This study uses a village computable general equilibrium (CGE) approach to assess the welfare effects of sunflower value chain upgrading strategies on labour and income for rural economy in Tanzania. To assess the effects of sunflower value chain upgrading strategies, we construct a village CGE for Idifu village in Dodoma, Tanzania where sunflower value chain upgrading strategies have been implemented by a Trans-Sec project. Results indicate that enhancing the sunflower value chain by increasing the output, introducing value addition through processing and linking sunflower farmers to markets has positive effects in terms of labour, income and household consumption. Consequently, we argue the government and other development practitioners in Tanzania to promote initiatives geared toward enhancing crops value chains which would lead to income generation and improve farmer household's consumption in rural setting.

Keywords: Income, labour, sunflower, Tanzania, village CGE