

Factors Affecting Poverty Reduction among Tobacco Growers in Tabora Region: A Case of Tobacco Growers in Urambo District

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Abstract: *The purpose of this study was to investigate factors affecting poverty reduction among tobacco growers in Tabora region, a case of tobacco growers in Urambo District. The study employed a descriptive research design whereas a sample size of 131 respondents that include 119 tobacco growers and 12 TTB staffs selected in this study. Questionnaires, interviews and documentary reviews used as tools of data collection. Qualitative data analyzed by content analysis and quantitative data were analyzed by descriptive statistics. The study found that the economic factors affecting poverty reduction among tobacco growers included shortage of inputs and late application of inputs (89.6%), prices of farm inputs is usually high (89.6%), poor classification of farmers' tobacco process (89.2%), and late payment of members returns (71.5%); social factors were conviction of tobacco growers (61.3%) fear of witchcraft (76.9%) and self-centeredness (64%). The environmental factors were climate change (58.8%) and deforestations (58%). The study recommended that current cooperative society laws and regulations, governing the tobacco growers reviewed. Tobacco growers should consider the cultivation of alternative marketable cash crops, grown simultaneously with tobacco in order to diversify the sources of income for the farmers, and tobacco traders in collaboration with the union and the government extension staff, should improve the extension services on best practices, which will promote production and profitability instead of focusing more on data collection.*

Keywords: Poverty Reduction

1. Introduction

Tobacco is the world's largest cultivated non - food crop. In Africa, the majority of Tobacco growers are smallholder growers, cultivating between 0.25 - 1.0 ha of tobacco under the contract farming system (Keyser, 2002). There are major socio - economic factors encouraging tobacco growing, such as absence of alternative crops; tobacco as a crop gives superior returns compared with alternative crops; tobacco being a resistant crop against adverse weather conditions and failure of other crops raised in the past (NCAER, 1994). In most countries, there is no crop, which can substitute to tobacco with the same level of profitability, so other crops can only be supplementary for tobacco. According to TISA (2007), tobacco grown in East Africa for over sixty years.

Tobacco has been cultivated in Tanzania for a long time, by many small - scale farmers (Kafanabo, 2008). The history of tobacco in Tanzania goes back to 1930 when the crop was introduced in Songea from the then Nyasaland (now Malawi), although records show it to have been popularized in the country between 1945 and 1950 with the rising demand for tobacco on the world market (Masudi, et al., 2001). Tobacco in Tabora region was introduced at Urambo district by British company called Overseas Food Corporation (OFC) after World War II in 1958 (Geist, 1999). OFC cultivated the crop in blocks of land at Songambebe and Kondamoyo, near Urambo town. The go - downs and other farm buildings used by the farmers can still be seen today in those two places, although they are now dilapidated.

The major responsibilities of tobacco cooperative societies in tobacco industry, among others include, providing linkages between tobacco growers, tobacco companies,

tobacco board and other stakeholders like financial institutions that provide linkage between inputs suppliers and tobacco growers. Also to provide training to tobacco growers in collaborations with tobacco companies on Good Agronomic Practices (GAP) and tobacco marketing procedures; and assisting tobacco growers on price negotiations, and strengthening the relationship in tobacco industry key stakeholders (WETCU, 2022).

Despite various poverty reduction measures such as establishment of ATTT, tobacco growers still typically live in poverty as found by Ndomba (2018). Tobacco growers have no electricity at their houses, live in mud houses with grass roofing, and have toilets with poor standard, which reflect low living standards. The study further suggested that, tobacco growers left in poverty and starvation because of increasing agro - input debts, unfair tobacco grading and marketing system, corruption and inefficiencies of the cooperatives. This caused them to live in poverty by failing to meet the minimum basic needs.

Poverty alleviation and improvement of standard of living of people are the major concerns of many governments and non - governmental organizations as well as the society at large (Tereda, 2011). In most developing countries including Tanzania, the level of poverty in rural areas where the small - scale farmers live is still high.

In Tanzania, a number of tobacco research activities have been taking place. Including, Rweyemamu and Kimaro (2006), who examined the market distortions affecting poverty reduction efforts on smallholder tobacco production in Tanzania, Ntibiyoboka (2014) who investigated the economics of smallholder tobacco production and marketing in Mpanda District, and Rwekeza and Mhihi (2016) who

examined co-operative development in Tanzania as a tool for equality and socio-economic development.

Despite all these research activities, which carried out in different parts of Tanzania, little has done as an attempt to address factors affecting poverty reduction among tobacco growers. Currently policy-makers and administrators, Government officials at different levels as well as other private actors are undertaking various efforts of poverty reduction in tobacco industry, but tobacco growers in Urambo district are still living in poverty. In this context, there is a need to go for evaluation of factors affecting poverty reduction among tobacco growers in Urambo district.

2. Theoretical Literature Reviews

A theory is a set of statements or principles devised to explain a group of facts or phenomena, especially one that has been repeatedly tested and can be used to make predictions (Kambuga & Iramba, 2011). The study was guided by the High Payoff Inputs Model as developed by Schultz (1965). According to this model, the inadequacy of policies based on the conservation, urban-industrial impact, and diffusion models led, in the 1960s, to a new perspective that the key to transforming a traditional agricultural sector into a productive source of economic growth is investment designed to make modern high payoff inputs available to farmers in poor countries. This model views the farmers in traditional agricultural systems as being rational and efficient resource allocators such that the peasants could remain poor because, in most poor countries, there is only limited technical and economic opportunities to which they could respond.

The high payoff inputs as identified by Schultz (1965), classified into three categories: (a) the capacity of public and private sector research institutions to produce new technical knowledge, (b) the capacity of the industrial sector to develop, produce, and market new technical inputs; (c) the capacity of farmers to acquire new knowledge and use new inputs effectively and efficiently. The high payoff inputs model considered as an economic doctrine as it promotes the development of new high-production crop varieties suitable for a specific weather condition, highly responsive to industrial inputs and to effective soils. Its impact on farm production and income has been sufficiently dramatic indicated as a “green revolution”.

The significance of the high payoff input model is that policies based on the model appear capable of generating a sufficiently high rate of agricultural growth to provide a basis for overall economic development consistent with

modern population and income growth requirements. The high payoff model selected to guide this study because it addresses the uses of high productive tobacco varieties, the use of high-quality industrial inputs at an affordable price and effective field management. The model also emphasizes the adoption of new farm technologies and adequate extension system to improve production, quality and subsequently the income anticipated to influence the standard of living of the tobacco growers as illustrated below on Figure 2.1 below:

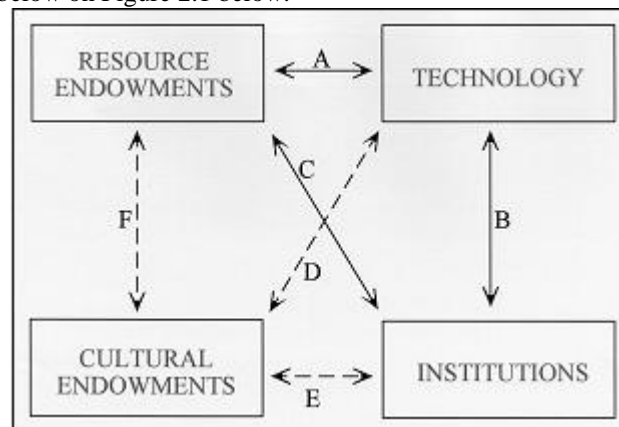


Figure 2.1: The High Payoff Input Model
Source: Schultz (1965)

3. Research Methodology

This section presents the methodology that guided the study. The mixed research approach and descriptive research design were used. The sample size of this study was 131 respondents that include 119 tobacco growers and 12 TTB staffs selected in this study. Simple random sampling technique was used in the selection of tobacco growers while purposive sampling technique was used in the selection of TTB staffs. Data were collected by questionnaires interview and focus group discussions. Quantitative data were analyzed by using descriptive statistics while qualitative data were analyzed through content analysis.

4. Research Findings and Discussions

This section focuses on presenting results on the factors affecting poverty reduction among tobacco growers in Tabora region, a case of tobacco growers in Urambo District. To gather data of this objective; questionnaire, interview and documentary reviews were applied as the data collection methods. The results of this objective are presented below.

Table 4.1: Factors Affecting Poverty Reduction among Tobacco Growers

Factors Affecting Poverty Reduction among Tobacco Growers	N	Perception of Respondents	
		Agree (%)	Disagree (%)
Economic Factors			
The crop financing system is poor	119	41.5%	58.4%
There is poor financial management at AMCOS level and individual level	119	23.1%	76.9%
There is late payment of members returns	119	71.5%	28.5%
The control of individual members' debts is poor	119	26.2%	73.8%
There is shortage of inputs and late application of inputs	119	89.6%	10.4%

The prices of farm inputs is usually high	119	89.6%	10.4%
The extension services offered to the farmers are inadequate.	119	23.5%	76.5%
The curing facilities available to the farmers are inadequate and poor.	119	23.5%	76.5%
There is poor quality of the tobacco produced	119	17.3%	82.7%
There is poor classification of farmers' tobacco process	119	89.2%	10.8%
Social Factors			
Conviction of tobacco growers	119	61.3%	38.7%
Fear of witchcraft	119	76.9%	23.1%
Self - centeredness	119	64%	36%
Environment Factors			
Deforestations	119	58%	42%
Climate change	119	58.8%	41.2%

Source: Field Data (2022)

4.1 Economic Factors

The analysis in Table 4.1 revealed that the major economic factors affecting poverty reduction among tobacco growers as agreed by majority of respondents included shortage of inputs and late application of inputs (89.6%), prices of farm inputs is usually high (89.6%), poor classification of farmer's tobacco process (89.2%), and late payment of members returns (71.5%).

The accomplishment of objective number one on the factors affecting poverty reduction among tobacco growers also involved the interview guide to collect data from the TTB staffs. The analysis of data collected through interviews revealed the other factors affecting poverty reduction among tobacco growers include high interest rate of financial institutions, poor financial management and lack of accountability among the cooperative leaders.

The implication of these findings is that, since most of tobacco growers are low incomes and had limited income sources, they are unable to self - finance the purchase of adequate improved farm inputs. Through this, tobacco growers take small amount of agro - input loans (fertilizers and agro chemicals i. e., CAN, NPK and CONFIDOR) from financial institutions.

Shortage of inputs and late application of inputs: shortage of inputs cause tobacco growers to fail in meeting the needed contracted volume from tobacco companies and thus their sales declines. As sales decline, the income earned by tobacco growers also declines which tend to affect the purchasing power and thus increase their level of poverty. Furthermore, failure to meet the allocated contracted volume among tobacco growers result into dismissal from the contract of the next season. In addition to that, late application of inputs results into decline of production and thus leads into low income, which is one of the reasons of poverty. These findings are in line with the study by Jerie and Ndaningi (2011), Dekker and Kinsey (2011) who revealed that production affected by many other factors including shortage of agro inputs and late application of inputs. As production declines, income of tobacco growers decline also which results into the decline in purchasing power.

Poor classification of farmers' tobacco process: Tobacco classification is the positioning of tobacco plants in a tobacco leaf. Poor classification of tobacco leaf lead into lower tobacco sales. For instance, tobacco leaf of grade L1OF worth \$5 per Kg classified into C1OF worth \$3 per

Kg. It observed that this has caused lower income among tobacco growers since they receive less income as compared to what they expect.

Tobacco growers are required to join primary society whereby they get reliable market because of contract farming, and get assurance of receiving agro - input loans from financial institutions and seeds from tobacco companies. After tobacco production, farmers are required to sell their tobacco produce to companies through their primary societies, and they expect payments at the end of the season after deducting agro - input loans. Late payments from tobacco companies affect the welfare of tobacco growers because majority of them depend on tobacco production as their main source of incomes.

Late payments of tobacco growers after sales affect tobacco productions since it lead into delay in farming preparations, usually growers in AMCOS they are paid their income at the end of marketing. Tobacco Companies buy tobacco from growers and pays them through AMCOS bank account. AMCOS management pays growers at the end of marketing through grower's bank accounts, so growers payments depends on how soon they have finished the marketing of tobacco. If the marketing delays also grower's payments delays, therefore, delaying in grower's payments affects production plans for the next season, which results into poor yield in terms of quality and quantity, which eventually cause poverty. These findings concur with study by AgriHunt (2012) who found that, mostly the tobacco growers belong to poor segment of the society who cannot afford even the minor loss to their crop due to already high cost of production followed by skyrocketing prices of inputs.

High interest rate of financial institutions: Findings from field revealed that tobacco growers get agro - input loans from financial institutions at high interest rates. This tends to affect tobacco growers' income since it increases their production cost and lower their profit margin. As profit margin decline, the purchasing power of tobacco growers decline and thus affect their welfare. These findings are in line with study by Musavi (2010) who found that the high farm input prices had an effect on the social economic welfare factors of the households. The effect was statistically significant on household incomes, food security and formal education.

Tobacco growers after payments by the financial institutions through their AMCOS they improperly allocate the funds, Instead of using funds in tobacco productions, they tend to

misuse them. For instance, it was observed that a certain tobacco grower from Nsimbohiari AMCOS gets Tshs.1, 450, 000/= from sells of tobacco and use 720, 000/= for luxurious spending, and remain with Tshs.730, 000/= which is not enough for purchasing agro inputs as the preparation for the next agricultural season. This affect tobacco growers' welfare because they have to take agro - input loans from financial institutions again as to start productions instead of self - financing. Hence continuing depending on agro input loans from financial institutions, increasing production costs and reduce profit margin, which leads into poverty

Lastly, most of cooperative leaders lack required education for managing the primary societies. These results indicate that, most cooperative leaders lack necessary skills for running primary societies. Through this, some of necessary duties by primary societies include seeking of agro - input loans from financial institutions, price negotiations and linking customers with buyers are affected. These findings are in agreement with study by Kiongo (1998) who found that, some cooperative leaders recognized to bypass the principles of cooperative for their own interests, which at the end of the day do affects the performance of the cooperatives. This tend to bring difficulties in accessing agro - input loans from financial institutions, and thus affect production of tobacco growers.

4.2 Social Factors

The analysis in Table 4.1 revealed that the major social factors affecting poverty reduction among tobacco growers as agreed by majority of respondents was conviction of tobacco growers (61.3%), fear of witchcraft (76.9%) and self - centeredness (64%).

Conviction of tobacco growers: The results indicate that, majority of tobacco growers cultivates tobacco in small scale farms so as to get extra time for doing laborious activities to other tobacco growers' farms. Their aim is to get additional income, which is very little and is not even enough to fulfill their basic needs. Such conviction of tobacco growers affect their living standards since they end up earning low from tobacco productions which tend to affect their welfare.

Fear of witchcraft: The study also indicated that, fear of witchcraft is another great challenge in poverty reductions. Through fears of witchcraft among each other, tobacco growers are uncertain of visits and giving out success stories to their fellow growers for fear of losing the crop in the magical ways. Through that they fails to share the important information's to their fellow growers as results they end up getting low quality produce and generates little income which causes failure to fulfill their basic necessities of life, that results into poverty.

Self - centeredness: The successful tobacco growers hide their good agronomic practices (GAP) knowledge from their fellow growers. With the expectations that, their fellow growers will use those good agronomic practices to produce competitive crops with high quality compared to their own. Due to self - centeredness of few tobacco growers, leads others to remains poor as they fail to share importation information's and best practices concerning crop production

to other growers. As the results tobacco growers remain dormant in crop production knowledge hence poverty.

4.3 Environmental Factors

The analysis in Table 4.1 revealed that the major environmental factors affecting poverty reduction among tobacco growers as agreed by majority of respondents including deforestations (58%) and climate change (58.8%).

Deforestations: The study found that most tobacco growing areas such as Usisha, Usoke, Kalemela Uyogo and Katunguru in Urambo district affected by deforestation. This cause land to be unproductive and huge investment of agro inputs needed to make it productive again. This affect tobacco growers since they have to incur costs in preparing the land before another planting season. These findings are in line with study by Natacha, Guilherme, Jumanne and Novotny (2011) who found that tobacco farming does not provide even a single incidence of soil enrichment to any art of the farm as other crops do. The tobacco remains after harvest cannot used as livestock and poultry feeds compared to other crops. Furthermore, stalks are cut and burnt immediately, to reduce incidences of tobacco diseases and weeds before another planting season.

Climate change: The study also found that, environmental degradation cause dramatic changes in climatic conditions such as unfavorable rainfall and persistent drought. Such climatic changes affect negatively tobacco growers as they used to have reliable rainfall pattern but recently they experiencing short rains, which affect productions. This has result into low harvest with poor quality, which generate little sales, hence it affect the welfare of tobacco growers as they fail to afford necessities of life and causes poverty.

5. Conclusion and Recommendations

Basing on study findings having tobacco as cash crops is not a panacea alone in reducing poverty among tobacco growers. In this perspective, enough efforts taken, by various key stakeholders of tobacco productions including Government, financial institutions, tobacco companies and AMCOS in minimizing or even eliminating factors affecting poverty reduction among tobacco growers.

The study recommends that, current cooperative society laws and regulations governing tobacco growers should be reviewed.

Tobacco growers should consider the cultivation of alternative marketable cash crops, grown simultaneously with tobacco in order to diversify the sources of income for the farmers, and tobacco traders in collaboration with the union and the government extension staff, should improve the extension services on best practices, which will promote production and profitability instead of focusing more on data collection.

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